

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): February 10, 2012

GLOBALWISE INVESTMENTS, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

000-31671
(Commission
File Number)

87-0613716
(I.R.S. Employer
Identification No.)

2190 Dividend Drive
Columbus, Ohio
(Address of principal executive offices)

43228
(Zip Code)

(614) 921-8170
(Registrant's telephone number, including area code)

2157 S. Lincoln Street
Salt Lake City, Utah 84106
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act.
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act.
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act.
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act.

Forward Looking Statements

This Current Report on Form 8-K and other reports (collectively the “Filings”) filed by Globalwise Investments, Inc. (the “Company”) from time to time with the Securities and Exchange Commission (the “Commission”) contain or may contain forward looking statements and information that are based upon beliefs of, and information currently available to, management as well as estimates and assumptions made by management. When used in the Filings the words “anticipate,” “believe,” “estimate,” “expect,” “future,” “intend,” “plan” or the negative of these terms and similar expressions as they relate to the Company or management identify forward looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions and other factors (including the risks contained in the section of this report entitled “Risk Factors”) relating to the Company’s industry, operations and results of operations and any businesses that may be acquired by the Company. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Although the Company believes that the expectations reflected in the forward looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward looking statements to conform these statements to actual results. The following discussion should be read in conjunction with the financial statements and the related notes that are filed herein.

Item 1.01. Entry into a Material Definitive Agreement.

On February 10, 2012 (the “Closing Date”), the Company entered into a Securities Exchange Agreement (the “Exchange Agreement”) by and between the Company and Intellinetics, Inc., an Ohio corporation (“Intellinetics”). Pursuant to the terms of the Exchange Agreement, all of the former shareholders of Intellinetics transferred to the Company all of their shares of Intellinetics in exchange for the issuance of 28,034,850 shares of the Company’s common stock, \$0.001 par value (the “Common Stock”), which represented approximately 86% of the Company’s total shares outstanding immediately following the closing of the transaction (such transaction, the “Share Exchange”). As a result of the Share Exchange, Intellinetics became a wholly-owned subsidiary of the Company. The Company is now a holding company, which through Intellinetics, is engaged in document and content management.

This transaction is discussed more fully in Section 2.01 of this Current Report on Form 8-K. The information therein is hereby incorporated into this Section 1.01 by reference.

A copy of the Exchange Agreement is incorporated herein by reference and is filed as Exhibit 2.1 to this Current Report on Form 8-K. The description of the transaction contemplated by such agreement set forth herein does not purport to be complete and is qualified in its entirety by reference to the full text of the exhibit filed herewith and incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

Immediately prior to the Share Exchange described in detail below, the Company was a “shell company,” as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Item 2.01(f) of Form 8-K states that if the registrant was a “shell” company, such as the Company was immediately before the Share Exchange, then the registrant must disclose on a

Current Report on Form 8-K the information that would be required if the registrant were filing a general form for registration of securities on Form 10. Accordingly, this report includes all of the information that would be included in a Form 10. Please note that unless indicated otherwise, the information provided below relates to the Company after the Share Exchange. Information relating to periods prior to the Share Exchange relate only to the party specifically indicated.

EXCHANGE AGREEMENT AND TRANSACTION

As described in Item 1.01 above, on the Closing Date, we completed our acquisition of Intellinetics pursuant to the Exchange Agreement. The acquisition was accounted for as a recapitalization effected by a share exchange, wherein Intellinetics is considered the acquirer for accounting and financial reporting purposes.

Pursuant to the Exchange Agreement, the shareholders of Intellinetics exchanged 6,029 Intellinetics shares (representing all of the outstanding Intellinetics stock) for a total of 28,034,850 shares of our Common Stock. As a result, the former Intellinetics shareholders held approximately 86% of our outstanding stock and Intellinetics became our wholly-owned operating subsidiary.

The issuance of our outstanding stock under the Exchange Agreement is intended to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") pursuant to Section 4(2) thereof and Regulation D promulgated thereunder. These 28,034,850 shares will not be registered under the Securities Act and the shares may not be offered or sold absent registration or an applicable exemption from registration.

Of the 32,590,850 shares of our stock outstanding as a result of the Share Exchange, only 4,556,000 shares will be freely tradable without restriction under the Securities Act. The remaining shares will be "restricted securities" as that term is defined under Rule 144 under the Securities Act which will be freely tradable subject to the applicable holding period, volume and other limitations under Rule 144.

The Share Exchange is intended to be a tax free reorganization within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended, with the result that shareholders of Intellinetics will not incur any income tax liability as a result of the Share Exchange.

The Exchange Agreement provides for various changes in our officers and directors. These changes are described in Item 5.02 of this Report.

Pursuant to the Exchange Agreement, Intellinetics paid us \$300,000 to cover fees and transaction costs relating to the closing of the Exchange Agreement.

Except for the Exchange Agreement and the transactions contemplated thereby, neither Intellinetics nor any of its officers or directors serving before the Share Exchange had any material relationship with us or any of our shareholders.

In connection with the closing of the Exchange Agreement, we filed a press release announcing the closing and the consummation of the Share Exchange, a copy of which is included as Exhibit 99.3 to this Report.

This Report contains summaries of the material terms of the Exchange Agreement and the transaction contemplated thereby. These summaries are subject to, and qualified in their entirety by reference to the Exchange Agreement, which is incorporated herein by reference.

DESCRIPTION OF THE BUSINESS

The disclosure in this “Description of the Business” section relates primarily to Intellinetics, an operating company that became a wholly-owned subsidiary of the Company at the time of the Share Exchange.

Company Overview – Intellinetics, Inc.

Intellinetics is a leading-edge enterprise content management (“ECM”) software development, sales and marketing company, and has been serving both the public and private sectors since 1996. Intellinetics was organized as an Ohio corporation on December 24, 1996. References in this “Description of the Business” section to “we” or “us” refer to Intellinetics. Our current principal office is at 2190 Dividend Drive, Columbus, Ohio 43228-3806, and our telephone number at that location is (614) 921-8170. Our internet address is www.intellinetics.com. Intellinetics has no subsidiaries.

Our revenue is derived primarily from the sale of software solutions and from fees paid for consulting services and software maintenance services. Our software solutions are sold through (i) direct licensing of software for installation on customer computer platforms, and (ii) providing software applications as a service, accessible through the Internet. For the nine months ended September 30, 2011, our revenues from cloud application services were \$110,902, and our revenues for sales of traditional client-computer installed software licenses were \$384,587. For more information about our past revenues, profits and losses, and total assets, please see our audited and unaudited financial statements, attached to this Current Report on Form 8-K as Exhibit 99.1. In time, we anticipate that the provision of “cloud” application services, or software as a service, will become the principal part of our software sales business. Our comprehensive services include pre-installation assessment, project scoping, implementation consulting, and ongoing software maintenance and customer support.

Our software products allow customers to manage “enterprise content” (unstructured data such as Word documents, Excel spreadsheets, JPEG files, images, pictures, faxes, audio/video files, emails, and PowerPoint presentations) through its entire life cycle. Through our flagship platform, Intellivue™, we specialize in improving and enhancing business operations for clients by making document and content management simple, accessible and affordable. Intellinetics offers industry-specific vertical “composite content applications” (“CCA”) to clients in a pre-configured, on-demand basis through our “On-demand Solution Store™.” This approach to deploying templates for specific business processes empowers clients to affordably manage their complete document life cycle inherently within the turnkey Intellivue™ platform.

Products and Services

We sell three distinct software products – Intellivue™, Redactivue™, and DCIDE™:

Intellivue™

Our flagship platform, Intellivue™, makes the economic and operational benefits of ECM readily available to underserved small to medium sized businesses, who in the past could not afford the turnkey platforms available only from providers such as IBM or EMC Corporation. Intellinetics is the only ECM provider in the market that offers the seven core components of ECM inherently within a single price as part of its core go-to-market strategy. The single-price strategy makes cost of ownership simple to understand as support for a buying decision and distinguishes our marketing strategy from that of most ECM providers.

The seven components of Intellivue™ are as follows:

- **Image-processing Application:** The Intellivue™ platform includes image processing modules used for capturing, transforming and managing images of paper documents. Intellivue™ supports distributed and high volume capture, optical and intelligent character recognition, and form-processing technology. Intellivue™'s open architecture enables plug-and-play compatibility with industry-leading advanced capture tools from providers such as Kofax and IBM (Datacap).
- **Records Management:** The Intellivue™ records management module is designed to address needs relating to long-term retention of content through automation and policies, ensuring legal, regulatory and industry compliance for our clients.
- **Workflow/BPM:** Intellivue™ is designed to support business processes, routing content electronically, assigning work tasks and states (e.g., reviews or approvals), and creating related audit trails.
- **Social Content:** Intellivue™ addresses document sharing, collaboration and knowledge management, and project teams. Specifically, video files are the fastest-growing category of new content in this defined area. Previously referred to as "document collaboration," social content reflects a broader audience and a range of content types.
- **Web Content Management:** The Intellivue™ platform specifically addresses native functions such as templating, workflow, change management, and content deployment functions that deliver prepackaged or on-demand content (via Intellivue™ WebVue™). A key strength in this area is the ability of Intellivue™ to use our full-functioned web services based on our Software Development Kit (SDK) and Application Protocol Interface (API).
- **Extended Components:** Intellivue™ includes document composition and e-forms (via third party OEM integration partnership), search, content and web analytics (via third party Advanced OCR engine partnership), email and information archiving and packaged application integration (via Intellinetics' DirectVue™).
- **Document Management:** The Intellivue™ platform allows for check-in/check-out and security. Intellivue™ enables up to 99 levels of role-based security around each piece of content (if applicable).

Redactive™

Our second software product is Redactive™. The Redactive™ platform addresses the industry need for redaction of confidential or legally protected information from documents prior to release to a third party. Redactive™ provides users the ability to quickly and efficiently design, test, and deploy intelligent redaction templates that support an unlimited number of unique content filters. In addition, Redactive™ includes a comprehensive quality review and approval workflow engine that is completely configurable by document category.

Features of Redactivue™:

- Enables “Redaction-Aware” document management for business software applications quickly & easily
- Real-time filter testing provides methods to rapidly optimize accuracy using one of three powerful filter models (i.e., template libraries):
 - Regular Expression/Pattern Matching;
 - Label Proximity; and
 - Fixed Templates.
- Allows different redaction levels to simultaneously accommodate multiple views to the same document without any file duplication.
- Preserves:
 - Redaction History;
 - Rules Applied; and
 - User Approval Workflow.
- Exports comprehensive document and meta-data to any system, including:
 - ECM Platforms (e.g., SharePoint, IBM, EMC Corporation, Open Text, Hyland Software, and Oracle)
 - Websites; and
 - Host Business Applications (e.g., ERP, CRM, EMR, and HRIS).

Deployment Methods:

Redactivue™ is flexible and can function in several different deployment models across an organization, including:

- As an end-to-end document management solution;
- As a “pre-process” to an existing ECM; and
- As an integrated sub-system to another host business software application (e.g., by redaction-enabling a Court Management System).

In addition, any of the above models can blend user controlled, semi-automated, or fully automated redaction methods to maximize our client’s throughput, yet at the same time ensure their accuracy requirements.

DCIDE™

Our third software product is DCIDE™, which is an acronym for Document Classification, Identification, and Data Extraction. DCIDE™ is designed to quickly and efficiently analyze in-bound documents to capture important information for delivery to enterprise resource planning (ERP) systems with little or no manual data entry. As an advanced data capture product, it fills growing market needs for

increased productivity and automation related to transaction oriented, repeatable capture information. DCIDE™ uses advanced optical character recognition (OCR) to accurately capture data from a wide variety of documents, such as invoices, medical Explanations of Benefits (EOB), tax forms and bills of lading. In addition, DCIDE™ can perform intelligent character recognition (ICR, which recognizes handwriting) and optical mark recognition (OMR) for processing documents such as tests and surveys.

DCIDE™ provides clients with innovative capabilities to help eliminate costly template creation at setup. Designed to set up a new client document layout in seconds without expensive programming, DCIDE™ stores each document's design and field data locations automatically. Each scanned document is matched against a library of document layouts known as "fingerprints". Zones and location rules are set up to help ensure that data located in key fields are captured and stored ready for export to the client's host system. "Verify" operators are presented with easy-to-use features to correct recognition errors, easily locate data on a document, and quickly add new documents with a few clicks of the mouse button.

Features of DCIDE™:

- Increases productivity for the data processing staff;
- Reduces document processing costs;
- Enhances data accuracy;
- Improves compliance;
- Reduces costly incorrect or duplicate data; and
- Enables smooth integration with ERP systems.

Marketing and Sales

Historically, our marketing efforts have focused on generating sales leads primarily through the use of a direct sales force, limited channel partnership, and trade shows. To a lesser extent, we use our website featuring solution overviews, case studies, white papers, and customer testimonials. Our traditional direct sales approach changed dynamically in the fourth quarter of 2010.

In September 2010, we reviewed what we had learned from our limited channel relationships with such companies as Lexmark International, Inc., Tiburon, and ACS Wagers and began a focused sales transformation. We reduced our direct sales force and immediately began implementing a national channel partner strategy to market our suite of products (i.e., Intellivue™, Redactivue™ and DCIDE™). For purposes of this section, a "channel partner" is a company that we partner with to market and sell our products and technologies.

This change in our marketing strategy led to a substantial increase in new customers within the first twelve months after implementation. As a result, we are now committed to offering a best-in-class channel partner program serving mid-market customers in both the public and private sectors. In 2011, we placed increased effort on building the support infrastructure required to compete more efficiently using a channel partner strategy. Through these efforts we now have expanded to fourteen reselling partners across the entire United States, which partners we believe are positioned to yield financial growth in 2012. At this time, we have no partnerships internationally, but we are exploring international opportunities.

Our historic sales cycle for ECM products is long (i.e., 18-24 months) when compared to that of most ECM vendors. With our advanced open-source platform, ‘on-demand’ solution templates, and advance prompting controls, we believe that working with our channel partners will help achieve much shorter sales cycles, ranging from 30 to 120 days.

We believe that a targeted increase in channel relationships will dynamically increase our sales. Our goal is to have approximately 25 channel relationships selling our Intellinetics suite by the end of 2012. A new partner portal on our website was launched in November 2011. During the third and fourth quarters of 2011, we witnessed a dramatic increase in our sales funnel through our increased channel network. We view this channel transformation as a critical component of our future business success.

Competition and Market Position

The market for our products is highly competitive, and we expect that competition will continue to intensify as the ECM markets consolidate. We believe our primary competitors in our market, the small-to-medium business sector, are Perceptive Software, Hyland Software and Autonomy. The principal competitive factors affecting the market for our software products and services include: (i) vendor and product reputation; (ii) product quality, performance and price; (iii) the availability of software products on multiple platforms; (iv) product scalability; (v) product integration with other enterprise applications; (vi) software functionality and features; (vii) software ease of use; (viii) the quality of professional services, customer support services and training, and (ix) the ability to address specific customer business problems. We believe that the relative importance of each of these factors depends upon the concerns and needs of each specific customer.

For the small-to-medium market, computer industry leaders such as Microsoft, IBM, EMC Corporation, Open Text, and Oracle all face the same problem: they either cannot scale bi-directionally (i.e. cannot scale down, and have no lower price point for offerings), or are proprietary in nature and do not integrate well with others. Therefore, these leaders are caught in a price-point dilemma and are facing major decreases in market share. Due to their operating overhead, these vendors’ easiest path into the small-to-medium business sector or enterprise augmentation (‘departmental play’) is through acquiring a smaller ECM vendor such as Intellinetics. Alternatively, these vendors may simply avoid such opportunities, leaving an evergreen field of opportunities for Intellinetics.

We believe that Intellinetics has advantages over our competitors in the small-to-medium market. In our view, Intellinetics will remain competitive by remaining a focused niche provider with product offerings aligned with buyer-specific requirements. We anticipate that Intellinetics will benefit from three specific advantages already in place:

- We leverage the “On-demand Solution Store™” to reduce the time and cost of on-boarding new clients and expanding footprint with existing clients. Our solution templates substantially reduce change management costs and contain most of the best practices for horizontal and vertical business processes.
- We achieve higher ease-of-use satisfaction among client-users by expanding the client’s software as a service deployment options with simple, accessible pricing models.
- We benefit from partner synergies by connecting our portfolio of cloud and premise-based solutions into a growing network of strategic partners focused on demand generation serving both captive and new client bases.

We believe that Intellinetics is well positioned as a niche ECM provider offering a complete world of ECM on one platform, requiring no modular pricing, enabling our clients assemble, protect, find, collaborate on and ultimately use their content more effectively. Intellivue™ can provide a complete set of industry-unique CCA solutions, accelerated by cloud delivery, that have been previously unavailable to the markets we serve.

Customers

We market our Intellinetics product suite (i.e. Intellivue™, Redactivue™ and DCIDE™) primarily to companies in the public and private sectors within the United States. Revenues from a limited number of clients have accounted for a substantial percentage of our total revenues. Intellinetics' two largest clients, Tiburon, Inc. ("Tiburon") and Lexmark International, Inc. ("Lexmark") accounted for approximately 16% and 15%, respectively, of our revenues for the year ended December 31, 2010. For the year ended December 31, 2009, our two largest clients, Tiburon and the Ohio State Department of Commerce, accounted for approximately 14% and 12%, respectively, of our revenues. For the nine months ended September 30, 2011, revenues from our three largest clients, the Washington State Patrol, Tiburon and Ohio State Office of Budget and Management, accounted for approximately 12%, 11% and 10%, respectively, of our revenues. For the nine months ended September 30, 2010, revenues from our two largest customers, Tiburon and Lexmark, accounted for approximately 19% and 14%, respectively, of our total revenues.

For the years ended December 31, 2010 and 2009, government contracts represented approximately 46% and 58% of our net revenues, respectively. The most significant of those government contracts, in 2009, represented 12% of net revenues. For the nine months ended September 30, 2011 and 2010, government contracts represented approximately 54% and 46% of net revenues, respectively. The most significant of those government contracts, in 2011 and 2010, represented approximately 12% and 10% of net revenues, respectively. Due to their dependence on state, local and federal budgets, government contracts carry short terms, typically less than 18 months. Since our inception, our contracts with government customers have always been renewed on the original terms and conditions upon expiration.

Intellectual Property

Our software and most of the underlying technologies are built on a Microsoft.Net framework. We rely on a combination of copyright, trademark laws, non-disclosure agreements and other contractual provisions to establish and maintain our proprietary intellectual property rights.

Customers license the right to use our software products on a non-exclusive basis. We grant to third parties rights in our intellectual property that allow them to market certain of our products on a non-exclusive or limited-scope exclusive basis for a particular application of the product or to a particular geographic area.

While we believe that our intellectual property as a whole is valuable and our ability to maintain and protect our intellectual property rights is important to our success, we also believe that our business as a whole is not materially dependent on any particular trademark, license, or other intellectual property right.

Government Regulation

We are subject to federal, state and local laws and regulations affecting our business. Other than government procurement rules affecting sales to governmental customers, we do not believe that we are subject to any special governmental regulations or approval requirements affecting our products or services. Complying with the regulations and requirements applicable to our business does not entail a significant cost or burden. We believe that we are in compliance in all material respects with all applicable governmental regulations.

Employees

As of September 20, 2011, we employed a total of 20 individuals, 19 of whom are full-time employees. We believe that relations with our employees are good. None of our employees is represented by a labor union, and we do not have collective bargaining arrangements with any of our employees.

DESCRIPTION OF THE PROPERTIES

Our property consists of an office facility measuring approximately 6,000 square feet in Columbus, Ohio that we lease for our headquarters and chief executive offices. The lease term continues until December 31, 2012.

RISK FACTORS

You should carefully consider the risks described below together with all of the other information included in this Current Report on Form 8-K before making an investment decision with regard to our securities. The statements contained in or incorporated herein that are not historic facts are forward looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward looking statements. The risks and uncertainties described below are not the only risks and uncertainties facing us. Additional risks not currently known to us or that we currently believe are immaterial may also impair our operating results, financial condition, and liquidity. Our business is also subject to general risks and uncertainties that affect many other companies. For purposes of this section, references to our business include the business of our wholly-owned subsidiary Intellinetics, Inc. The risks discussed below are not presented in order of importance or probability of occurrence.

Risks Relating to the Company's Business

We are subject to risks common to technology-based companies, including dependence on key personnel, rapid technological change, competition from alternative product offerings and larger companies, and challenges to the development and marketing of commercial products and services. We believe that our future results of operations could be affected by various factors including, but not limited to, the following:

- Cultural acceptance of cloud computing technologies associated with sensitive information;
- Market acceptance of enhancements or products;
- Changes in the demand for our products and for the products of our competitors;
- Changes in our pricing policies or those of our competitors;
- The introduction or enhancement of products by us and by our competitors;
- Delays in the introduction of products or enhancements by us or by our competitors;

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- Customer order deferrals in anticipation of upgrades and new products;
 - Changes in the lengths of sales cycles;
 - Delays in product installation with customers;
 - Change in the mix of distribution channels through which products are licensed;
 - Change in the mix of products and services sold;
 - Acquisitions and the integration of acquired businesses;
 - Restructuring charges taken in connection with any completed acquisition or otherwise;
 - Inability to secure capital on favorable terms, or at all, if we need additional capital in the future;
 - Inability to attract and retain key personnel;
 - Intellectual property disputes;
 - Fluctuations in quarterly operating results;
 - Impairment of goodwill, intangible, or long-lived assets;
 - Costs to ensure compliance with United States corporate governance and accounting requirements;
 - Unanticipated changes in accounting rules;
 - Unanticipated changes in tax rates and regulations;
 - Changes in general economic and business conditions; and
 - Changes in general political developments.

A general weakening of the United States economy or economic or business uncertainty could cancel or delay customer purchases. A cancellation or deferral of even a small number of licenses or delays in the installation of our products could have a material adverse effect on our operations. As a result of the timing of product introductions and the rapid evolution of our business as well as of the markets we serve, we cannot predict whether patterns or trends experienced in the past will continue. For these reasons, you should not rely upon our past results to forecast future performance. Our revenues and operating results may vary significantly, and this possible variance could materially reduce the market price of our Common Stock.

We have a history of losses and we may not achieve or maintain profitability.

We have a history of losses and have not yet achieved profitability. We had net losses of \$646,774 and \$632,704 for the years ended December 31, 2010 and 2009, respectively, and a net loss of \$555,891 for the nine months ended September 30, 2011. Our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements for the years ended

December 31, 2010 and 2009 about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that led to the opinion issued by our independent registered public accounting firm including our explanation that the Company's ability to continue as a going concern is contingent upon us being able to secure additional capital. You must consider our business, financial history and prospects in light of the risks and difficulties we face. There can be no assurances that we will achieve or maintain profitability.

Weakened economic conditions and uncertainty could adversely affect our operating results.

Our overall performance depends in part on economic conditions. The United States has experienced a prolonged downturn as a result of a multitude of factors, including, but not limited to, turmoil in the credit and financial markets, concerns regarding the stability and viability of major financial institutions, declines in gross domestic product, increases in unemployment and volatility in commodity prices and worldwide stock markets, and excessive government debt. The severity and length of time that the downturn in economic and financial market conditions may persist, as well as the timing, strength and sustainability of any temporary recovery, are unknown and are beyond our control. Moreover, any instability in the global economy affects countries, including the United States, with varying levels of severity, which makes the impact on our business complex and unpredictable. During such downturns, many customers may delay or reduce technology purchases. Contract negotiations may become more protracted, or conditions could result in reductions in sales of our products, longer sales cycles, pressure on our margins, difficulties in collection of accounts receivable or delayed payments, increased default risks associated with our accounts receivable, slower adoption of new technologies, and increased price competition. In addition, continued deterioration of the United States and global credit markets could adversely impact our ability to complete sales of our products and services, including maintenance and support renewals. Any of these prolonged events, as well as a general weakening of, or declining corporate confidence in, the United States and global economy, or a curtailment in government or corporate spending could delay or decrease customer purchases.

Stress in the global financial system may adversely affect our finances and operations in ways that may be hard to predict or to defend against.

Recent events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, financial developments seemingly unrelated to us or to our industry may adversely affect us over the course of time. For example, material increases in applicable interest rate benchmarks may increase the payment costs for any debt we have incurred. Credit contraction in financial markets may hurt our ability to access credit in the event that we identify an acquisition opportunity or require significant access to credit for other reasons. Similarly, volatility in our stock price due to seemingly unrelated financial developments could hurt our ability to raise capital for the financing of acquisitions or other reasons. Potential price inflation in the United States may increase the cost we incur to provide our solutions and may reduce profit margins on agreements that govern our provision of products or services to customers over a multi-year period. A reduction in credit, combined with reduced economic activity, may adversely affect businesses and industries that collectively constitute a significant portion of our customer base, such as the public sector. As a result, these customers may need to reduce their purchases of our products or services, or we may experience greater difficulty in receiving payment for the products or services that these customers purchase from us. Any of these events, or any other events caused by turmoil in domestic or international financial markets, may have a material adverse effect on our business, operating results, and financial condition.

We may not be able to generate sufficient cash to service any indebtedness that we may incur from time to time, and we may be forced to take other actions to satisfy our obligations under any such indebtedness, which actions may not be successful.

Our ability to make scheduled payments on or to refinance any debt obligations that we may incur depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on any indebtedness.

If our cash flows and capital resources are at any time insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital, or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations.

We are currently subject to loan covenants.

In connection with our indebtedness to the State of Ohio, we are subject to certain loan covenants and requirements. We are required to create and maintain a certain number of full time jobs within Ohio. Should we violate a covenant or requirement, we may be subject to an escalation of our interest rate and/or we may be required to repay the loan before its term.

Our gross margins on our revenues have not been stable.

Our gross margins on our revenues have not been stable. Accordingly, it is difficult for us to manage and forecast our gross margins and our earnings. Historically, our product mix and profitability per project have not been consistent. These conditions may adversely impact our future financial performance and may hinder our ability to attract investors.

Our liquidity and ability to raise capital may be limited.

As of September 30, 2011, we had cash and cash equivalents of \$145,905. However, over the nine months ended September 30, 2011, we had a net loss of \$555,891. We believe that based on our current operating plan, we will need to obtain debt or additional equity financing prior to December 31, 2012. We intend to raise a minimum of \$2,000,000 during the years 2012 and 2013 through a private placement of our Common Stock. The type, timing and terms of the financing we may select will depend on, among other things, our cash needs, the availability of other financing sources and prevailing conditions in the financial markets. Any financing would be dilutive to our stockholders. There can be no assurance that any of these sources will be available to us at any time or that they will be available on satisfactory terms.

As a result of the Share Exchange, we have become subject to more reporting requirements of federal securities laws, which can be expensive.

As a result of the Share Exchange, we have become an operating company. Accordingly, we will be subject to more information and reporting requirements of the Exchange Act and other federal securities laws, including compliance with the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"). The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the Commission (including reporting of the Share Exchange) and furnishing audited reports to stockholders may increase and may cause our expenses to be higher.

In addition, it may be time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications required by the Sarbanes-Oxley Act.

If we do not implement necessary internal control over financial reporting in an efficient and timely manner, or if we discover deficiencies and weaknesses in existing systems and controls, we could be subject to regulatory enforcement and investors may lose confidence in our ability to operate in compliance with existing internal control rules and regulations, either of which could result in a decline in our stock price.

It may be difficult to design and implement effective internal control over financial reporting for combined operations as the Company integrates the business of Intellinetics it acquired as a result of the Share Exchange, and perhaps other acquired businesses in the future. In addition, differences in existing controls of acquired businesses may result in weaknesses that require remediation when internal controls over financial reporting are combined.

If we fail to maintain an effective system of internal control, we may be unable to produce reliable financial reports or prevent fraud. If we are unable to assert that our internal control over financial reporting is effective at any time in the future, or if our independent registered public accounting firm is unable to attest to the effectiveness of internal controls, is unable to deliver a report at all or can deliver only a qualified report, we could be subject to regulatory enforcement and investors may lose confidence in our ability to operate in compliance with existing internal control rules and regulations, either of which could result in a decline in our stock price.

The length of our sales cycle can fluctuate significantly, which could result in significant fluctuations in license revenues being recognized from quarter to quarter.

The decision by a customer to purchase our products often involves a comprehensive implementation process across the customer's network or networks. As a result, licenses of these products may entail a significant commitment of resources by prospective customers, accompanied by the attendant risks and delays frequently associated with significant expenditures and lengthy sales cycles and implementation procedures. Given the significant investment and commitment of resources required by an organization to implement the type of software we supply, our sales cycle may be longer compared to other companies within our own industry, as well as companies in other industries. In the current economic environment, it is not uncommon to see reduced information technology spending. It may take several months, or even several quarters, for marketing opportunities to materialize. If a customer's decision to license our software is delayed or if the installation of our products takes longer than originally anticipated, the date on which we may recognize revenues from these licenses would be delayed. Such delays could cause our revenues to be lower than expected in a particular period.

Our success depends on our relationships with strategic partners, and any reduction in the sales efforts or cooperative efforts from our partners could materially impact our revenues.

We rely on close cooperation with partners for sales and product development as well as for the optimization of opportunities that arise in our competitive environment. Our success will depend, in part, upon our ability to maintain access to existing channels of distribution and to gain access to new channels if and when they develop. We may not be able to retain a sufficient number of our existing partners or develop a sufficient number of future partners. We are unable to predict the extent to which our partners will be successful in marketing and licensing our products. A reduction in partner cooperation or sales efforts, or a decline in the number of channels, could materially reduce revenues.

If we do not continue to develop new technologically-advanced products that successfully integrate with the software products and enhancements used by our customers, future revenues and our operating results may be negatively affected.

Our success depends upon our ability to design, develop, test, market, license, and support new software products and enhancements of current products on a timely basis in response to both competitive threats and marketplace demands. Recent examples of significant trends in the software industry include cloud computing, mobility, social media, and software as a service. In addition, software products and enhancements must remain compatible with standard platforms and file formats. Often, we must integrate software licensed or acquired from third parties with our proprietary software to create or improve our products. If we are unable to achieve a successful integration with third-party software, we may not be successful in developing and marketing our new software products and enhancements. If we are unable to successfully integrate third-party software to develop new software products and enhancements to existing products, or to complete products currently under development which we license or acquire from third parties, our operating results will materially suffer. In addition, if the integrated or new products or enhancements do not achieve acceptance by the marketplace, our operating results will materially suffer. Also, if new industry standards emerge that we do not anticipate or adapt to, our software products could be rendered obsolete and, as a result, our business and operating results, as well as our ability to compete in the marketplace, would be materially harmed.

If our products and services do not gain market acceptance, our operating results may be negatively affected.

We intend to pursue our strategy of growing the capabilities of our ECM software offerings through our proprietary research and the development of new product offerings. In response to customer demand, it is important to our success that we continue: (i) to enhance our products, and (ii) to seek to set the standard for ECM capabilities. The primary market for our software and services is rapidly evolving, which means that the level of acceptance of products and services that have been released recently or that are planned for future release by the marketplace is not certain. If the markets for our products and services fail to develop, develop more slowly than expected or become subject to increased competition, our business may suffer. As a result, we may be unable to: (i) successfully market our current products and services, (ii) develop new software products, services and enhancements to current products and services, (iii) complete customer installations on a timely basis, or (iv) complete products and services currently under development. In addition, increased competition could put significant pricing pressures on our products, which could negatively impact our margins and profitability. If our products and services are not accepted by our customers or by other businesses in the marketplace, our business and operating results will be materially affected.

If our existing customers fail to renew their support agreements, or if customers do not license updated products on terms favorable to us, our revenues could be adversely affected.

We currently derive a significant portion of our overall revenues from maintenance services and software subscriptions, and we depend on our installed customer base for future revenue from maintenance services and software subscriptions and licenses of updated products. The IT industry generally has been experiencing increasing pricing pressure from customers when purchasing or renewing

support agreements. Moreover, the trend towards consolidation in certain industries that we serve, such as financial services and telecommunications, could result in a reduction of the software and hardware being serviced and put pressure on our maintenance terms with customers who have merged. Given this environment, there can be no assurance that our current customers will renew their maintenance agreements or agree to the same terms when they renew, which could result in our reducing or losing maintenance fees. If our existing customers fail to renew their maintenance agreements, or if we are unable to generate additional maintenance fees through the licensing of updated products to existing or new customers, our business and future operating results could be adversely affected.

Our investment in our current research and development efforts may not provide a sufficient, timely return.

The development of ECM software products is a costly, complex, and time-consuming process, and the investment in ECM software product development often involves a long wait until a return is achieved on such an investment. We make and will continue to make significant investments in software research and development and related product opportunities. Investments in new technology and processes are inherently speculative. Commercial success depends on many factors including the degree of innovation of the products developed through our research and development efforts, sufficient support from our strategic partners, and effective distribution and marketing. Accelerated product introductions and short product life cycles require high levels of expenditures for research and development. These expenditures may adversely affect our operating results if they are not offset by increased revenues. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts in order to maintain our competitive position. However, significant revenues from new product and service investments may not be achieved for a number of years, if at all. Moreover, new products and services may not be profitable, and even if they are profitable, operating margins for new products and businesses may not be as high as the margins we have experienced for our current or historical products and services.

Product development is a long, expensive, and uncertain process, and we may terminate one or more of our development programs.

We may determine that certain product candidates or programs do not have sufficient potential to warrant the continued allocation of resources. Accordingly, we may elect to terminate one or more of our programs for such product candidates. If we terminate a product in development in which we have invested significant resources, our prospects may suffer, as we will have expended resources on a project that does not provide a return on our investment and we may have missed the opportunity to have allocated those resources to potentially more productive uses, and this may negatively impact our business operating results or financial condition.

The use of open-source software in our products may expose us to additional risks.

Certain open-source software is licensed pursuant to license agreements that require a user who distributes the open-source software as a component of the user's software to disclose publicly part or all of the source code to the user's software. This effectively renders what was previously proprietary software open-source software. As competition in our markets increases, we must strive to be cost-effective in our product development activities. Many features we may wish to add to our products in the future may be available as open-source software, and our development team may wish to make use of this software to reduce development costs and speed up the development process. While we carefully monitor the use of all open-source software and try to ensure that no open-source software is used in such a way as to require us to disclose the source code to the related product, such use could inadvertently occur. Additionally, if a third party has incorporated certain types of open-source software into its software but

has failed to disclose the presence of such open-source software, and we embed that third-party software into one or more of our products, we could, under certain circumstances, be required to disclose the source code to our product. This could have a material adverse effect on our business.

Failure to protect our intellectual property could harm our ability to compete effectively.

We are highly dependent on our ability to protect our proprietary technology. We rely on a combination of intellectual property laws, as well as non-disclosure agreements and other contractual provisions to establish and maintain our proprietary rights. We intend to protect our rights vigorously; however, there can be no assurance that these measures will, in all cases, be successful. Enforcement of our intellectual property rights may be difficult. While U.S. copyright laws may provide meaningful protection against unauthorized duplication of software, software piracy has been, and is expected to be, a persistent problem for the software industry, and piracy of our products represents a loss of revenue to us. Certain of our license arrangements may require us to make a limited confidential disclosure of portions of the source code for our products, or to place such source code into escrow for the protection of another party. Although we will take considerable precautions, unauthorized third parties, including our competitors, may be able to: (i) copy certain portions of our products, or (ii) reverse engineer or obtain and use information that we regard as proprietary. Also, our competitors could independently develop technologies that are perceived to be substantially equivalent or superior to our technologies. Our competitive position may be adversely affected by our possible inability to effectively protect our intellectual property.

Other companies may claim that we infringe their intellectual property, which could materially increase costs and materially harm our ability to generate future revenues and profits.

Claims of infringement are becoming increasingly common as the software industry develops and as related legal protections, including patents, are applied to software products. Although we do not believe that our products infringe on the rights of third parties, third parties may assert infringement claims against us in the future. Although most of our technology is proprietary in nature, we do include certain third-party software in our products. In these cases, this software is licensed from the entity holding the intellectual property rights. Although we believe that we have secured proper licenses for all third-party software that is integrated into our products, third parties may assert infringement claims against us in the future. The third parties making these assertions and claims may include non-practicing entities whose business model is to obtain patent-licensing revenues from operating companies, such as ours. Any such assertion, regardless of merit, may result in litigation or may require us to obtain a license for the intellectual property rights of third parties. Such licenses may not be available, or they may not be available on reasonable terms. In addition, such litigation could be time-consuming, disruptive to our ability to generate revenues or enter into new market opportunities, and may result in significantly increased costs as a result of our defense against those claims or our attempt to license the intellectual property rights or rework our products to avoid infringement of third-party rights to ensure they comply with judicial decisions. Our agreements with our partners and end-users typically contain provisions that require us to indemnify them, with certain limitations on the total amount of such indemnification, for damages sustained by them as a result of any infringement claims involving our products. Any of the foregoing results of an infringement claim could have a significant adverse impact on our business and operating results, as well as our ability to generate future revenues and profits.

The loss of licenses to use third-party software or the lack of support or enhancement of such software could adversely affect our business.

We currently depend upon a limited number of third-party software products. If such software products were not available, we might experience delays or increased costs in the development of our products. In certain instances, we rely on software products that we license from third parties, including software that is integrated with internally-developed software, and which is used in our products to perform key functions. These third-party software licenses may not continue to be available to us on commercially reasonable terms, and the related software may not continue to be appropriately supported, maintained, or enhanced by the licensors. The loss by us of the license to use, or the inability by licensors to support, maintain, and enhance any of such software, could result in increased costs or in delays or reductions in product shipments until equivalent software is developed or licensed and integrated with internally-developed software. Such increased costs or delays or reductions in product shipments could adversely affect our business.

Current and future competitors could have a significant impact on our ability to generate future revenues and profits.

The markets for our products are intensely competitive, and are subject to rapid technological change and other pressures created by changes in our industry. The convergence of many technologies has resulted in unforeseen competitors arising from companies that were traditionally not viewed as threats to our marketplace. We expect competition to increase and intensify in the future as the pace of technological change and adaptation quickens, and as additional companies enter our markets, including those competitors who offer similar products and services to ours, but offer them through a different form of delivery. Numerous releases of competitive products have occurred in recent history and are expected to continue in the future. We may not be able to compete effectively with current competitors and potential entrants into our marketplace. We could lose market share if our current or prospective competitors: (i) introduce new competitive products, (ii) add new functionality to existing products, (iii) acquire competitive products, (iv) reduce prices, or (v) form strategic alliances with other companies. If other businesses were to engage in aggressive pricing policies with respect to competing products, or if the dynamics in our marketplace resulted in increased bargaining power by the consumers of our products and services, we would need to lower the prices we charge for the products we offer. This could result in lower revenues or reduced margins, either of which could materially and adversely affect our business and operating results. Additionally, if prospective consumers choose other methods of ECM delivery, different from those that we offer, our business and operating results could also be materially and adversely affected.

Consolidation in the industry, particularly by large, well-capitalized companies, could place pressure on our operating margins which could, in turn, have a material adverse affect on our business.

Acquisitions by large, well-capitalized technology companies have changed the marketplace for our goods and services by replacing competitors that are comparable in size to our company with companies that have more resources at their disposal to compete with us in the marketplace. In addition, other large corporations with considerable financial resources either have products that compete with the products we offer, or have the ability to encroach on our competitive position within our marketplace. These companies have considerable financial resources, channel influence, and broad geographic reach; thus, they can engage in competition with our products and services on the basis of sales price, marketing, services, or support. They also have the ability to introduce items that compete with our maturing products and services. The threat posed by larger competitors and their ability to use their better economies of scale to sell competing products and services at a lower cost may materially reduce the profit margins we earn on the goods and services we provide to the marketplace. Any material reduction in our profit margin may have a material adverse effect on the operations or finances of our business, which could hinder our ability to raise capital in the public markets at opportune times for strategic acquisitions or general operational purposes, which may prevent effective strategic growth or improved economies of scale or put us at a disadvantage to our better-capitalized competitors.

We may not realize the anticipated benefits of past or potential future acquisitions, and integration of these acquisitions may disrupt our business and management, negatively affecting our business, operating results, or financial condition.

We may not realize the anticipated benefits of an acquisition, and each acquisition, including our recent acquisition of Intellinetics, has numerous risks. Particularly with regard to any future acquisitions of operating businesses, we may experience difficulties in integrating personnel and operations from the acquired businesses and in retaining and motivating key personnel from those businesses, and difficulties caused by potential incompatibility of business cultures. We may experience difficulty in effectively integrating the acquired technologies, products, or services with our current technologies, products, or services. We may experience difficulty in maintaining controls, procedures, and policies during the transition and integration, as well as difficulty integrating the acquired company's accounting, management information, human resources, and other administrative systems. We may not be able to assert that internal controls over financial reporting are effective. Acquisitions may disrupt our ongoing operations, divert management from day-to-day responsibilities, increase our expenses, or adversely impact our business, operating results, and financial condition. We also may not be able to retain key technical and managerial personnel of the acquired business or key customers, distributors, vendors, and other business partners of the acquired business, and we may not be able to achieve the financial and strategic goals for the acquired and combined businesses. We may incur acquisition-related costs or amortization costs for acquired intangible assets that could impact our operating results, expose us to fluctuations in currency exchange rates, impair relationships with employees, customers, partners, distributors or third-party providers of our technologies, products or services, and delay customer and distributor purchasing decisions due to uncertainty about the direction of our product and service offerings.

While we currently have no acquisitions of other businesses pending or planned, we may pursue acquisition opportunities in the future. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, or such acquisitions may be viewed negatively by customers, financial markets, or investors. Future acquisitions may reduce our cash available for operations and other uses, and could result in an increase in amortization expense related to identifiable assets acquired, potentially dilutive issuances of equity securities, or the incurrence of debt, which could negatively affect our business, operating results, and financial condition. Mergers and acquisitions of high technology companies are inherently risky, and ultimately, if we do not complete an announced acquisition transaction or integrate an acquired business successfully and in a timely manner, we may not realize the benefits of the acquisition to the extent anticipated.

Our acquisition activity may lead to a material increase in the incurrence of debt, which may adversely affect our finances.

We may borrow money to provide the funds necessary to pay for companies we seek to acquire, if we deem such financing activity to be appropriate. The interest costs generated under any such debt obligations may materially increase our interest expense, which may materially and adversely affect our profitability as well as the price of our Common Stock. Our ability to pay the interest and repay the principal for the indebtedness we incur as a result of our acquisition activity depends upon our ability to manage our business operations and our financial resources. In addition, the agreements related to such borrowings may contain covenants requiring us to meet certain financial performance targets and operating covenants, and limiting our discretion with respect to certain business matters, such as, among other things, any future payment of dividends, the borrowing of additional amounts, and the making of investments.

Businesses we acquire may have disclosure controls and procedures and internal controls over financial reporting that are weaker than or otherwise not in conformity with ours.

Upon consummating any acquisition, we will seek to implement our disclosure controls and procedures, as well as our internal controls over financial reporting, at the acquired company as promptly as possible. Depending upon the nature of the business acquired, the implementation of our disclosure controls and procedures, as well as the implementation of our internal controls over financial reporting, at an acquired company may be a lengthy process. We will conduct due diligence prior to consummating any acquisition; however, such diligence may not identify all material issues, and our integration efforts may periodically expose deficiencies in the disclosure controls and procedures, as well as in internal controls over financial reporting, of an acquired company. If such deficiencies exist, we may not be in a position to comply with our periodic reporting requirements and, as a result, our business and financial condition may be materially harmed.

We must continue to manage our internal resources during periods of company growth, or our operating results could be adversely affected.

The ECM market has continued to evolve at a rapid pace. We expect to continue to review acquisition opportunities as a means of increasing the size and scope of our business. Our growth, coupled with the rapid evolution of our markets, has placed, and will continue to place, significant strains on our administrative and operational resources, and has increased, and will continue to increase, demands on our internal systems, procedures and controls. Our administrative infrastructure, systems, procedures and controls may not adequately support our operations. In addition, our management may not be able to achieve the rapid, effective execution of the product and business initiatives necessary to successfully implement our operational and competitive strategy. If we are unable to manage growth effectively, our operating results will likely suffer which may, in turn, adversely affect our business.

If we are not able to attract and retain top employees, our ability to compete may be harmed.

Our performance is substantially dependent on the performance of our executive officers and key employees. The loss of the services of any of our executive officers or other key employees could significantly harm our business. Although Intellinetics maintains “key person” life insurance policies on some of its employees, the Company currently maintains no such policies. Furthermore, although such policies may mitigate the financial hardship associated with the loss of key employees, the loss of any key employee of the Company or its subsidiary Intellinetics could cause substantial harm to our business. Our success is also highly dependent upon our continuing ability to identify, hire, train, retain, and motivate highly-qualified management, technical, sales, and marketing personnel. In particular, the recruitment of top research developers and experienced salespeople remains critical to our success. Competition for such people is intense, substantial, and continuous, and we may not be able to attract, integrate, or retain highly-qualified technical, sales, or managerial personnel in the future. In addition, in our effort to attract and retain critical personnel, we may experience increased compensation costs that are not offset by either improved productivity or higher prices for our products or services.

The market price of our Common Stock may limit the appeal of certain alternative compensation structures that we might offer to the high-quality employees we seek to attract and retain.

If the market price of our Common Stock performs poorly, such performance may adversely affect our ability to retain or attract critical personnel. For example, if we were to offer options to purchase shares of our Common Stock as part of an employee’s compensation package, the attractiveness of such a compensation package would be highly dependent upon the performance of our Common Stock.

In addition, any changes made to any of our compensation practices which are made necessary by governmental regulations or competitive pressures could adversely affect our ability to retain and motivate existing personnel and recruit new personnel. For example, any limit to total compensation which may be prescribed by the government, or any significant increases in personal income tax levels in the United States, may hurt our ability to attract or retain our executive officers or other employees whose efforts are vital to our success.

Any unauthorized, and potentially improper, actions of our personnel could adversely affect our business, operating results, and financial condition.

The recognition of our revenue depends on, among other things, the terms negotiated in our contracts with our customers. Our personnel may act outside of their authority and negotiate additional terms without our knowledge. We have implemented policies to help prevent and discourage such conduct, but there can be no assurance that such policies will be followed. For instance, in the event that our sales personnel negotiate terms that do not appear in the contract and of which we are unaware, whether the additional terms are written or verbal, we could be prevented from recognizing revenue in accordance with our plans. Furthermore, depending on when we learn of unauthorized actions and the size of the transactions involved, we may have to restate revenue for a previously reported period, which would seriously harm our business, operating results, and financial condition.

Unexpected events may materially harm our ability to align our incurrence of expenses with our recognition of revenues.

We incur operating expenses based upon anticipated revenue trends. Because a high percentage of these expenses are relatively fixed, a delay in recognizing revenues from transactions related to these expenses (which delay may be due to the factors described elsewhere in this section or may be due to other factors) could cause significant variations in operating results from quarter to quarter, and such a delay could materially reduce operating income. If these expenses are not subsequently matched by revenues, our business, financial condition, or results of operations could be materially and adversely affected.

We may fail to achieve our financial forecasts due to the inherent difficulties in making predictions of market activity.

Our revenues and particularly our new software license revenues are difficult to forecast, and, as a result, our actual operating results can differ significantly from our estimates, and such differences may be material. We use an internal customer relationship management system to manage all of our “sales funnel” activities. Information relating to existing and potential customers is updated weekly. The system provides us with estimates of future sales from existing and potential customers, the effectiveness of which relies solely on our ability to predict sales activity, both in a particular quarter and over longer periods of time. Many factors may affect actual sales activity, such as weakened economic conditions, which may cause our customers and potential customers to delay, reduce, or cancel IT-related purchasing decisions, and the tendency of some IT customers to wait until the end of a fiscal period in the hope of obtaining more favorable terms. If actual sales activity differs from our estimate, then we may have planned our activities and budgeted incorrectly and this may adversely affect our business and results of operations.

The restructuring of our operations may adversely affect our business or our finances.

We may in the future undertake initiatives to restructure or streamline our operations. We may incur costs associated with implementing a restructuring initiative beyond the amount contemplated when we first developed the initiative, and these increased costs may be substantial. Such costs would decrease our net income and earnings per share for the periods in which those adjustments are made. We will continue to evaluate our operations, and may propose future restructuring actions as a result of changes in the marketplace, including the exit from less profitable operations or the decision to terminate services which are not valued by our customers. Any failure to successfully execute these initiatives on a timely basis may have a material adverse impact on our operations.

Our products may contain defects that could harm our reputation, be costly to correct, delay revenues, and expose us to litigation.

Our products are highly complex and sophisticated and, from time to time, may contain design defects or software errors that are difficult to detect and correct. Errors may be found in new software products or improvements to existing products after delivery to our customers. If these defects are discovered, we may not be able to successfully correct such defects in a timely manner. In addition, despite the extensive tests we conduct on all of our products, we may not be able to fully simulate the environment in which our products will operate and, as a result, we may be unable to adequately detect the design defects or software errors which may become apparent only after the products are installed in an end-user's network. The occurrence of errors and failures in our products could result in the delay or the denial of market acceptance of our products, and alleviating such errors and failures may require us to make significant expenditure of our resources. The harm to our reputation resulting from product errors and failures may be materially damaging. Because we regularly provide a warranty with our products, the financial impact of fulfilling warranty obligations may be significant in the future. Our agreements with our strategic partners and end-users typically contain provisions designed to limit our exposure to claims. These agreements regularly contain terms such as the exclusion of all implied warranties and the limitation of the availability of consequential or incidental damages. However, such provisions may not effectively protect us against claims and the attendant liabilities and costs associated with such claims. Although Intellinetics maintains errors and omissions insurance coverage and comprehensive liability insurance coverage relating to its business operations, such coverage may not be adequate to cover all such claims. Accordingly, any such claim could negatively affect our business, operating results or financial condition.

Intellinetics has insurance coverage for the services it offers. However, a claim for damages may be made against Intellinetics or the Company regardless of its or our responsibility for the failure, which could expose us to liability.

We provide business management solutions that we believe are critical to the operations of our customers' businesses and provide benefits that may be difficult to quantify. Any failure of a customer's system installed by us or of the services offered by us could result in a claim for substantial damages against us, regardless of our responsibility for the failure. Although we attempt to limit our contractual liability for damages resulting from negligent acts, errors, mistakes, or omissions in rendering our services, we cannot assure you that the limitations on liability we include in our agreements will be enforceable in all cases, or that those limitations on liability will otherwise protect us from liability for damages. In the event that the terms and conditions of our contracts which limit our liability are not sufficient, Intellinetics has insurance coverage that insures the business for negligent acts, error or omission, failure of the technology services to perform as intended, and breach of warranties. It also insures the services that we supply, including web services, consulting, analysis, design, installation, training, support, system integration, the manufacture, sale, licensing, distribution or marketing of software, the design and development of code, software, and programming, and the provision of software applications as a service, rental or lease. However, there can be no assurance that this insurance coverage will be adequate or that coverage will remain available at acceptable costs. Successful claims brought in excess of this insurance coverage could seriously harm our business, prospects, financial condition, and results of operations. Even if not successful, large claims against us could result in significant legal and other costs and may be a distraction to our senior management.

Our products rely on the stability of infrastructure software that, if not stable, could negatively impact the effectiveness of our products, resulting in harm to our reputation and business.

Our development of internet and intranet applications depends and will continue to depend on the stability, functionality, and scalability of the infrastructure software of the underlying intranet. If weaknesses in such infrastructure software exist, we may not be able to correct or compensate for such weaknesses. If we are unable to address weaknesses resulting from problems in the infrastructure software such that our products do not meet customer needs or expectations, our reputation and, consequently, our business may be significantly harmed.

Business disruptions may adversely affect our operations.

Our business and operations are highly automated, and a disruption or failure of our systems may delay our ability to complete sales and to provide services. A major disaster or other catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could severely affect our ability to conduct normal business operations, which may materially and adversely affect our future operating results.

Unauthorized disclosures and breaches of security data may adversely affect our operations.

The United States has laws and regulations relating to data privacy, security, and retention of information. We have certain measures to protect our information systems against unauthorized access and disclosure of our confidential information and confidential information belonging to our customers. We have policies and procedures in place dealing with data security and records retention. However, there is no assurance that the security measures we have put in place will be effective in every case. Breaches in security could result in a negative impact for us and for our customers, potentially affecting our business, assets, revenues, brand, and reputation, and resulting in penalties, fines, litigation, and other potential liabilities, in each case depending upon the nature of the information disclosed. These risks to our business may increase as we expand the number of web-based products and services we offer.

We may incur impairments to long-lived assets.

We review our long-lived assets for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Significant negative industry or economic trends, a decline in the market price of our Common Stock, reduced estimates of future cash flows, or disruptions to our business could indicate that long-lived assets might be impaired. If, in any period, our stock price decreases to the point where our market capitalization is less than our book value, this too could indicate a potential impairment, and we may be required to record an impairment charge in that period.

Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience, and to rely on projections of future operating performance. We operate in highly-competitive environments, and projections of future operating results and cash flows may vary significantly from results. Additionally, if our analysis results in an impairment, we would be required to record a non-cash charge to earnings in our financial statements during a period in which such impairment is determined to exist.

Any of these factors could have a negative impact on our operating results.

We may become involved in litigation that may materially adversely affect us.

From time to time in the ordinary course of our business, we may become involved in various legal proceedings, including commercial, product liability, employment, class action, and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources, and cause us to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on our business, operating results, or financial condition.

We have existing contracts with government clients and may enter into additional government contracts in the future. Sales pursuant to contracts with government clients subject us to risks including early termination, audits, investigations, sanctions, and penalties.

A portion of our revenues comes from contracts with the U.S. government, state and local governments, and their respective agencies, which may terminate most of these contracts at any time, without cause. At this time, governments and their agencies are operating under increased pressure to reduce spending. Any federal government contracts are subject to the approval of appropriations being made by the U.S. Congress to fund the expenditures under those contracts. Similarly, any contracts at the state and local levels are subject to government funding authorizations. Additionally, government contracts are generally subject to audits and investigations that could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions, or debarment from future government business.

Our future investment activities will be subject to interest rate sensitivity and market risk.

In the future, it is likely that we will invest funds not immediately required for operations. Our primary objective in making such investments is to preserve investment principal while maximizing income without significantly increasing risk. To meet our goals, we plan to invest in high-quality debt securities. We also will limit the percentage of total investments that may be made in any one issuer. Investments in corporate bonds as a group will also be limited to a maximum percentage of our investment portfolio. We will maintain a portfolio of cash equivalents and short-term and long-term investments in a variety of securities that may include money market funds, corporate bonds, and government debt securities. These investments are subject to interest rate risk and may decline in value if market interest rates increase. In addition to interest rate risk, our investments will be subject to market risk. We will monitor all of our investments for impairment on a periodic basis.

The volatility of our stock price could lead to losses by stockholders.

The market price of our Common Stock may be subject to wide fluctuations in response to: (i) quarterly and annual variations in operating results, (ii) announcements of technological innovations or new products that are relevant to our industry, or (iii) other events or factors. In addition, financial markets experience significant price and volume fluctuations that particularly affect the market prices of equity securities of many technology companies. These fluctuations have often resulted from the failure of such companies to meet market expectations in a particular quarter, and thus such fluctuations may or may not be related to the underlying operating performance of such companies. Broad market fluctuations or any failure of our operating results in a particular quarter to meet market expectations may adversely affect the market price of our Common Stock. Occasionally, periods of volatility in the market price of a company's securities may lead to the institution of securities class action litigation against a company. Due to the volatility of our stock price, we may be the target of such securities litigation in the future. Such legal action could result in substantial costs to defend our interests and a diversion of management's attention and resources, each of which would have a material adverse effect on our business and operating results.

Risks Relating to Our Common Stock

In order to raise sufficient funds to expand our operations, we may have to issue additional securities at prices which may result in substantial dilution to our stockholders.

If we raise additional funds through the sale of equity or convertible debt, our current stockholders' percentage ownership will be reduced. In addition, these transactions may dilute the value of ordinary shares outstanding. We may have to issue securities that may have rights, preferences, and privileges senior to our Common Stock. We cannot provide assurance that we will be able to raise additional funds on terms acceptable to us, if at all. If future financing is not available or is not available on acceptable terms, we may not be able to fund our future needs, which would have a material adverse effect on our business plans, prospects, results of operations, and financial condition.

We do not anticipate paying any cash dividends on our Common Stock in the foreseeable future.

We currently intend to retain our future earnings, if any, to support operations and to finance expansion, and therefore we do not anticipate paying any cash dividends on our Common Stock in the foreseeable future. The declaration, payment, and amount of any future dividends will be made at the discretion of our board of directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors that the board of directors considers relevant. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividend.

There may not be a public market for our Common Stock.

There is not a trading market for our Common Stock. A trading market may never develop in our Common Stock. Our Common Stock is not registered under the Securities Act, and consequently investors must be prepared to bear the economic risk of holding the securities for an indefinite period of time.

Shares of our Common Stock that have not been registered under the Securities Act, regardless of whether such shares are restricted or unrestricted, are subject to resale restrictions imposed by Rule 144, including those set forth in Rule 144(i), which apply to a "shell company."

Pursuant to Rule 144 of the Securities Act ("Rule 144"), a "shell company" is defined as a company that has no or nominal operations, and either no or nominal assets, assets consisting solely of cash and cash equivalents, or assets consisting of any amount of cash and cash equivalents and nominal other assets. As such, we were a "shell company" pursuant to Rule 144 prior to the consummation of the Share Exchange, and as such, sales of our securities pursuant to Rule 144 are not able to be made until a period of at least twelve months has elapsed from the date that this Current Report on Form 8-K has been filed with the Commission reflecting the Company's status as a non-"shell company." Therefore, any restricted securities we sell in the future or issue to consultants or employees, in consideration for services rendered or for any other purpose will have no liquidity until and unless such securities are registered with the Commission and/or until a year after the date of the filing of this Current Report on Form 8-K and we have otherwise complied with the other requirements of Rule 144. As a result, it may be harder for us to fund our operations and pay our consultants with our securities instead of cash. Furthermore, it will be harder for us to raise funding through the sale of debt or equity securities unless we agree to register such securities with the Commission, which could cause us to expend additional resources in the future.

Shares eligible for future sale may adversely affect the market price of our Common Stock.

From time to time, certain of our stockholders may be eligible to sell all or some of their shares of Common Stock by means of ordinary brokerage transactions in the open market pursuant to Rule 144, promulgated under the Securities Act, subject to certain limitations. Any substantial sale of our Common Stock pursuant to Rule 144 may have an adverse effect on the market price of our Common Stock.

The market price of our Common Stock is uncertain.

Before the Share Exchange, there was no public trading market for our Common Stock. We cannot predict the prices at which our Common Stock will trade. The price per share implied in the Share Exchange was determined through negotiations with Intellinetics, and it may not bear any relationship to the market price at which our Common Stock will trade after the Share Exchange or to any other established criteria of its value. It is possible that in some future period our operating results may be below the expectations of public market analysts and investors and, as a result of these and other factors, the price of our Common Stock may fall.

The price of our Common Stock may fluctuate significantly.

Stock of public companies can experience extreme price and volume fluctuations. These fluctuations often have been unrelated or out of proportion to the operating performance of such companies. We expect our stock price to be similarly volatile. These broad market fluctuations may continue and could harm our stock price. Any negative change in the public's perception of the prospects of our business or companies in our industry could also depress our stock price, regardless of our actual results. Factors affecting the trading price of our Common Stock may include:

- Variations in operating results;
- Announcements of technological innovations, new products or product enhancements, strategic alliances, or significant agreements by us or by competitors;
- Recruitment or departure of key personnel;
- Litigation, legislation, regulation, or technological developments that adversely affect our business; and
- Market conditions in our industry, the industries of our customers, and the economy as a whole.

Further, the stock market in general, and securities of smaller companies in particular, can experience extreme price and volume fluctuations. Continued market fluctuations could result in extreme volatility in the price of our Common Stock, which could cause a decline in the value of our Common Stock. You should also be aware that price volatility might be worse if the trading volume of our Common Stock is low.

Our Common Stock may be subject to Penny Stock Rules, which could affect trading.

Broker-dealer practices in connection with transactions in “penny stocks” are regulated by certain rules adopted by the Commission. Penny stocks generally are equity securities with a price of less than \$5.00, subject to exceptions. The rules require that a broker-dealer, before a transaction in a penny stock not otherwise exempt from the rules, deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in connection with the transaction, and monthly account statements showing the market value of each penny stock held in the customer’s account. In addition, the rules generally require that before a transaction in a penny stock, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction. These disclosure requirements may have the effect of reducing the liquidity of penny stocks. If our Common Stock becomes subject to the penny stock rules, holders of our Common Stock or other of our securities may find it more difficult to sell their securities.

FINRA sales practice requirements may also limit a shareholder’s ability to buy and sell our stock.

In addition to the “penny stock” rules described above, the Financial Industry Regulatory Authority (“FINRA”) has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative, low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives, and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative, low-priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our Common Stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

As a result of the Share Exchange, Intellinetics became a subsidiary of ours, and since we are subject to the reporting requirements of federal securities laws, the Company may have to make significant compliance-related expenditures that may divert resources from other projects, thus impairing its ability to grow.

As a result of the Share Exchange, Intellinetics became a subsidiary of ours and, accordingly, is subject to the information and reporting requirements of the Exchange Act, and other federal securities laws, including the Sarbanes-Oxley Act. The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the Commission (including reporting of the Share Exchange) and furnishing audited reports to stockholders will cause our expenses to be higher than they would have been if Intellinetics had remained privately held and had not become our subsidiary.

The Sarbanes-Oxley Act and new rules subsequently implemented by the Commission have required changes in corporate governance practices of public companies. As a public company, we expect these new rules and regulations to increase our compliance costs in 2012 and beyond, and to make certain activities more time-consuming and costly. As a public company, we also expect that these new rules and regulations may make it more difficult and expensive for us to obtain director and officer liability insurance in the future, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

If we fail to establish and maintain an effective system of internal controls, we may not be able to report our financial results accurately and timely, or to prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our Common Stock.

Effective internal control is necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. As a result, our small size and any future internal control deficiencies may adversely affect our financial condition, results of operations, and access to capital. We may in the future discover areas of our internal control that need improvement.

Because Intellinetics operated as a private company without public reporting obligations before the Share Exchange, it had limited personnel and resources to apply to the development of the external reporting and compliance obligations that would be required of a public company. Intellinetics has taken and will continue to take measures to address and improve its financial reporting and compliance capabilities, and it is in the process of instituting changes to satisfy its obligations in connection with joining a public company, when and as such requirements become applicable to it. Intellinetics plans to obtain additional financial and accounting resources to support and enhance its ability to meet the requirements of being a public company. Intellinetics will need to continue to improve its financial and managerial controls, reporting systems and procedures, and documentation thereof. If Intellinetics' financial and managerial controls, reporting systems, or procedures fail, it may not be able to provide accurate financial statements on a timely basis or comply with the Sarbanes-Oxley Act. Any failure of Intellinetics' internal controls or its ability to provide accurate financial statements could cause the trading price of our Common Stock to decrease substantially.

The elimination of monetary liability against our directors, officers, and employees under Nevada law, and the existence of indemnification rights to our directors, officers, and employees may result in substantial expenditures by the Company and may discourage lawsuits against our directors, officers, and employees.

Our articles of incorporation and bylaws contain provisions permitting us to eliminate the personal liability of our directors to the Company and its stockholders for damages for breach of fiduciary duty as a director or officer to the extent provided by Nevada law. We may also have contractual indemnification obligations under our employment agreements with our officers. The foregoing indemnification obligations could result in the Company incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which we may be unable to recoup. These provisions and resultant costs may also discourage our Company from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by our stockholders against our directors and officers even though such actions, if successful, might otherwise benefit the Company and stockholders.

Management exercises significant control over matters requiring stockholder approval which may result in the delay or prevention of a change in our control.

Following the Share Exchange, the officers, directors, and key employees of Intellinetics hold approximately 86% of our outstanding Common Stock. As a result, the management and key employees of Intellinetics exercise significant control over all matters requiring stockholder approval, including the election of our directors and approval of significant corporate transactions. This concentration of ownership in the management and key employees of Intellinetics may also have the effect of delaying or preventing a change in control of the Company that may be otherwise viewed as beneficial by stockholders other than Intellinetics' management.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

The following discussion and analysis of the results of operations and financial condition of Intellinetics for the years ended December 31, 2010 and 2009 and the nine months ended September 30, 2011 and 2010 should be read in conjunction with our financial statements and the notes to those financial statements that are included elsewhere in this Current Report on Form 8-K. References in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "the Company," "us," "we," "our," and similar terms refer to Intellinetics, Inc., an Ohio corporation. This discussion includes forward looking statements, as that term is defined in the federal securities laws, based upon current expectations that involve risks and uncertainties, such as plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Words such as "anticipate," "estimate," "plan," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions are used to identify forward-looking statements.

We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risk factors elsewhere in this Current Report on Form 8-K. Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

Overview

We are an enterprise content management (ECM) software development, sales and marketing company serving both public and private sector clients. We have been providing ECM solutions for customers since 1996. Through our software platforms and value added solutions, our customers are able to realize improvements in business processes, customer service and operational efficiencies. These solutions make the process of storing, organizing, managing and retrieving documents ("Document Management") simple, accessible and cost efficient.

Historically, we have derived revenues primarily from the development and licensing of customer-specific software solutions and fees paid for related consulting and software maintenance services. In an effort to expand our business, we took on certain projects with lower margins because (i) those projects allowed us to enter new geographic markets, (ii) those projects enabled us to demonstrate our capabilities to large national resellers, or (iii) working on those projects allowed us to develop product and service features and enhancements that we were able to integrate into our suite of products, resulting in an overall product portfolio that better aligns with the needs of our target customers.

Our strategy is to migrate our sales efforts toward a much greater percentage of sales through intermediaries, such as software resellers, rather than through direct sales. We have been developing marketing programs with resellers that facilitates their selling and support of our software solutions. We refer to these resellers as our "channel partners."

Our sales cycle has historically been comparatively long (i.e., 18-24 months), and customer margins have varied as we provided customer focused services and developed features to satisfy each of our customers' specific needs.

We believe that these improvements have increased the competitive strength of our platform of products. In addition, we have established a set of business solutions templates that provide base software configurations which we believe will facilitate our delivery and installation of software to our customers. We believe that these advancements, in the aggregate, will allow us to license and sell our products with much less modification, shortening our sales cycle, making margins more consistent, and allowing us to expand our sales through new channel partnerships.

To date, most of our software customers install our software on the computers on their premises (premises-based). Our software applications are also available through the internet, as a service generally referred to as "cloud" application services ("software as a service"), allowing customers to avoid the upfront costs of the typical premises-based software installation. We anticipate that software as a service will become a primary source of revenues for us.

Revenues

Revenues are generated from the licensing, modification subscription and maintenance of our enterprise software products and from professional services fees in connection with the implementation of software applications. Our revenues, especially our license revenues, are impacted by the competitive strength of our software products, as well as general economic and industry conditions. During 2009, the general downturn in the economy as a result of the recent recession had a negative impact on capital budgets for information technology. During the recent economic recession, it was not uncommon to see reduced information technology spending. As a result, our revenues for fiscal 2010 and the nine months ended September 30, 2011 were generally higher than our revenues for fiscal 2009 and the nine months ended September 30, 2010, as the economy improved, and we were able expand our sales.

Cost of Revenues

Cost of revenues includes principally the costs of development and implementation of customer applications, the costs of customer support and maintenance of deployed software applications, and the costs of server hosting and software as a service applications.

Sales and Marketing Expenses

Sales expenses consist of compensation and overhead associated with the development and support of our channel sales network, as well as our direct sales efforts. Marketing expenses consist primarily of compensation and overhead associated with the development and production of product marketing materials, as well as promotion of the Company's products through the trade and industry.

General and Administrative Expenses

General and administrative expenses consist of the compensation and overhead of administrative personnel and professional services firms performing administrative functions, including management, accounting, finance and legal services, plus expenses associated with infrastructure, including depreciation, information technology, telecommunications, facilities and insurance.

Interest, Net

Interest, net, consists primarily of interest expense associated with our notes payable.

Results of Operations

Nine Months Ended September 30, 2011 Compared to Nine Months Ended September 30, 2010

Overview

We reported net losses of \$555,891 and \$420,250 for the nine months ended September 30, 2011 and 2010, respectively, representing an increase in net losses of \$135,641, or 32%. An increase in gross profit of \$217,041 for the nine months ended September 30, 2011 was offset by a \$352,682 net increase in operating and other expenses during this period, comprised of a \$323,843 increase in operating expense, as well as an increase in interest expense of \$28,839.

Revenues

Our total revenues for the nine months ended September 30, 2011 were \$1,438,202 as compared to \$970,590 for the nine months ended September 30, 2010. The increase of \$467,212, or 48%, is primarily attributable to increases in sales of software licenses and consulting services, as described below.

Sale of Software Licenses without Modification

Revenues from the sale of software licenses without modification principally consist of the sales of additional or upgraded software licenses and applications to existing customers. Software in this sales category is sold without substantive modification. We have found that after the initial installation, many of our customers will later deploy our software into other areas and functions of the organization. We are able to add these additional licenses for our customer generally with very little effort. This results in additional software sales for us. Our license revenues are impacted by the competitive strength of our software products, as well as general economic and industry conditions, as we have seen a moderate improvement in information technology spending within the private sector markets that we serve. Furthermore, we are beginning to see increased sales from our efforts to develop and expand our channel partner reseller organization. These software license revenues were \$97,644 for the nine months ended September 30, 2011 as compared to \$43,966 for the nine months ended September 30, 2010, representing an increase of \$53,678, or 122%.

Sale of Software Licenses with Substantive Modification

We have traditionally provided our software to customers through customized solutions. A new customized software engagement typically begins with a thorough assessment and mapping of the customer's needs, capacities and information technology environment. Upon the completion of the needs analysis we then prepare a specifications document in order to determine the scope and extent of modification work required. Then, the customization work starts with the foundation of our core software applications upon which we develop custom modifications, features, enhancements and integration, that would meet the outlined specifications. Each application is thoroughly tested by us before being installed at the client. These revenues were \$551,211 for the nine months ended September 30, 2011 as compared to \$232,638 for the nine months ended September 30, 2010. The increase of \$318,573, or 137%, is primarily the result of our completion of several fairly large projects and the effect of new accounts that we have gained through our expanded sales channel partners.

Sale of Software as a Service

For those customers that wish to avoid the upfront costs of typical premises-based software installations, we provide access to our software solutions as a service, accessible through the internet. Our customers typically enter into software as a service agreement for in excess of one year. Under the agreement, we provide access to the applicable software, data storage and related customer assistance and support. Our software as a service revenue was \$110,902 for the nine months ended September 30, 2011 as compared to \$71,994 for the nine months ended September 30, 2010. The increase of \$38,908, or 54%, is primarily the result of our expanded sales efforts, especially the addition of new channel partners, as our business transitions to an increased emphasis on software as a service.

Sale of Software Maintenance Services

Software maintenance services revenues consist of fees for post contract customer support services provided to license holders. These agreements allow our customers to receive technical support, enhancements and upgrades to new versions of our software products when and if available. Customer support revenues are generated from customers that have purchased our software. A substantial portion of these revenues were generated for customers to whom we sold software in prior years who have continued to renew their maintenance agreements. The terms of support and maintenance agreements are typically twelve months. Our software maintenance support revenue was \$462,479 for the nine months ended September 30, 2011 as compared to \$481,010 for the nine months ended September 30, 2010. The decrease of \$18,531, or 4%, is primarily the result of our customers being cautious about their technology spending and our prices remaining near 2010 levels.

Sales of Consulting Services

Consulting revenues consist of revenues from consulting, advisory services, training, and projects to assist clients with the uploading of client data into the client's applications. Consulting revenues were \$215,996 for the nine months ended September 30, 2011, as compared to \$140,982 for the nine months ended September 30, 2010. This reflects an increase of \$74,984, or 53%, primarily resulting from the increase in new projects brought to us through our growing sales channel partner organization during the nine months ended September 30, 2011.

Cost of Revenues

The cost of revenues during the nine months ended September 30, 2011 and 2010 were \$643,453 and \$392,882 respectively, representing an increase of \$250,571, or 64%, for the nine months ended September 30, 2011. Overall gross margin was 55% for the nine months ended September 30, 2011 as compared to 60% for the nine months ended September 30, 2010, resulting primarily from an increase in the cost of consulting and support services as described below.

Cost of License Revenues – Without Modification

Cost of license revenues consists primarily of third party software support. Cost of license revenues increased by \$3,522, or 36%, for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010.

Cost of License Revenues – With Substantial Modification

Cost of revenues consists primarily of the compensation of our software engineers and implementation consultants. Costs were \$354,383 for the nine months ended September 30, 2011 as compared to \$145,068 for the nine months ended September 30, 2010. The increase of \$209,315, or 144%, for the nine months ended September 30, 2011 is the result of an increase in the number and scope of consulting service projects during the period. In addition, costs that we incurred to complete certain larger projects were greater than we expected. Included in the larger projects were additional costs incurred for up-front software integration efforts in connection with two of our new sales channel partners.

Cost of Software as a Service

Cost of software as a service consists primarily of technical support personnel and related costs. Cost of software as a service decreased by \$6,143, or 23%, for the nine months ended September 30, 2011, as compared to the nine months ended September 30, 2010.

Cost of Software Maintenance

Cost of software maintenance consists primarily of technical support personnel and related costs. Cost of software maintenance for the nine months ended September 30, 2011 was \$81,929 compared to \$96,291 for the nine months ended September 30, 2010, representing a decrease of \$14,362, or 15%. This decrease is a reflection of our focused efforts to reduce support costs through better utilization of knowledge-based tools and our client support portal.

Cost of Consulting Services

Cost of consulting services consists primarily of the compensation of our software engineers and implementation consultants and related costs. Cost of consulting and support was \$173,307 for the nine months ended September 30, 2011 as compared to \$115,068 for the nine months ended September 30, 2010. The increase of \$58,239, or 51%, for the nine months ended September 30, 2011 is the result of an increase in the number and scope of these consulting projects during the period attributable to incremental sales through our channel partners.

Operating Expenses

General and Administrative Expenses

General and administrative expenses were \$756,120 during the nine months ended September 30, 2011 as compared to \$589,551 during the nine months ended September 30, 2010, representing an increase of \$166,569, or 28%. The increase is primarily due to compensation expense related to the hiring of a senior executive on September 6, 2010 and additional legal and professional fees incurred during the nine months ended September 30, 2011 related to the preparations for the Share Exchange.

Sales and Marketing Expenses

Sales and marketing expenses increased by \$160,755, or 57%, during the nine months ended September 30, 2011 to \$442,127 from \$281,372 during the nine months ended September 30, 2010. The increase is primarily related to our expanded sales team and our increased emphasis on selling activities, as well as an increase in market branding expenses.

Depreciation and Amortization

Depreciation and amortization was \$30,281 for the nine months ended September 30, 2011 as compared to \$33,762 for the nine months ended September 30, 2010, representing a decrease of \$3,481, or approximately 10%, as certain assets have become fully amortized.

Interest Expense, Net

Interest expense, net, was \$122,112 during the nine months ended September 30, 2011 as compared to \$93,272 during the nine months ended September 30, 2010, representing an increase of \$28,840, or 31%. The increase resulted primarily from accruals of participation fees in the amount of \$24,132 associated with a note payable.

Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

Overview

We reported net losses of \$646,774 and \$632,704 for the years ended December 31, 2010 and 2009, respectively, representing an increase in net losses of \$14,070, or 2%, for the year ended December 31, 2010. A net increase in gross profit of \$149,788 was offset by a \$163,858 net increase in operating and other expenses, consisting of a \$110,160 increase in operating expense and a \$53,698 increase in interest expense.

Revenues

Our revenues for the year ended December 31, 2010 were \$1,362,502 as compared to revenues of \$1,232,867 for the year ended December 31, 2009. Total revenues increased by \$129,635, or 11%, primarily driven by the increase in our sales of software with substantive modification, as described below.

Sale of Software Licenses without Modification

Our license revenues were positively impacted by the competitive strength of our software products, as well as general economic and industry conditions, as we have seen moderate improvement in information technology spending within the private sector markets that we serve. Revenues from the sale of software licenses were \$51,549 for the year ended December 31, 2010, compared to \$22,500 for the year ended December 31, 2009, representing an increase of \$29,049, or 129%, resulting from increased selling efforts through our channel partner organizations and the introduction of new products with additional features.

Sale of Software Licenses with Substantive Modification

Revenues provided by consulting services were \$388,489 for the year ended December 31, 2010 as compared to \$79,157 for the year ended December 31, 2009, representing an increase of \$309,332, or 391%, as we added a number of these significant projects during 2010, attributable to both our direct and our channel sales efforts.

Sale of Software as a Service

Software as a service revenue was \$96,745 for the year ended December 31, 2010 as compared to \$85,395 for the year ended December 31, 2009, representing an increase of \$11,350, or 13%. The increase is primarily due to our expanded selling efforts.

Sale of Software Maintenance Services

Software maintenance revenues remained relatively flat at \$640,296 for the year ended December 31, 2010 as compared to \$641,339 for the year ended December 31, 2009.

Sales of Consulting Services

Revenues provided by consulting services were \$185,423 for the year ended December 31, 2010 as compared to \$404,476 for the year ended December 31, 2009, representing a decrease of \$23,136, or 5%, as we began to transition our emphasis from consulting services to software as a service.

Cost of Revenues

The cost of revenues during the years ended December 31, 2010 and 2009 were \$645,290 and \$665,443, respectively, representing a decrease of \$20,153, or 3%, for the year ended December 31, 2010. Overall gross margin was 53% for the year ended December 31, 2010 as compared to 46% for the year ended December 31, 2009. The increase in margin resulted primarily from improvements in project management and product mix, as well as a reduction in software maintenance costs, as described below.

Cost of License Revenues Without Modification

Cost of these license revenues was \$19,436 for the year ended December 31, 2010 as compared to \$13,449 for the year ended December 31, 2009, representing an increase of \$5,987, or 45%.

Cost of Licenses Revenues with Substantive Modification

Costs were \$280,002 for the year ended December 31, 2010 as compared to \$47,195 for the year ended December 31, 2009, representing an increase of \$232,807, or 493%. The increase in these costs was directly attributable to the increase in these projects during 2010.

Cost of Software as a Service

The cost of software as a service was \$36,239 for the year ended December 31, 2010 as compared to \$37,806 for the year ended December 31, 2009 representing a decrease of \$1,567, or 4%.

Cost of Software Maintenance

Cost of software maintenance for the year ended December 31, 2010 was \$119,607 as compared to \$142,237 for the year ended December 31, 2009, representing a decrease of \$22,630, or 16%. Lower costs in 2010 were the result of our efforts to better utilize technology such as automated support, to lower our costs of service.

Cost of Consulting Services

Cost of consulting services was \$190,006 for the year ended December 31, 2010 as compared to \$424,756 for the year ended December 31, 2009, representing a decrease of \$234,750, or 55%. The decline in these costs was directly attributable to the Company's focus away from these types of non-software related activities.

Operating Expenses

General and Administrative Expenses

General and administrative expenses were \$771,329 for fiscal 2010 as compared to \$759,661 for fiscal 2009, representing a slight increase of \$11,668, or 2%.

Sales and Marketing Expenses

Sales and marketing expenses increased by \$99,627, or 31%, in fiscal 2010 to \$422,365 from \$322,738 in fiscal 2009 due primarily to an increase in personnel and related costs, reflecting an increased emphasis on selling efforts in fiscal 2010.

Depreciation and Amortization

Depreciation and amortization expense was \$44,602 for the year ended December 31, 2010 as compared to \$45,737 for the year ended December 31, 2009, representing a decrease of \$1,135, or approximately 2%, as certain assets become fully depreciated.

Interest Expense, Net

Interest expense, net, was \$125,690 for fiscal 2010 as compared to \$71,992 for fiscal 2009, representing an increase of \$53,698, or 75%. The increase resulted primarily from an increase of approximately \$65,000 in interest expense for a note payable issued in July 2009, incurring only five months of interest during the fiscal year ended 2009, as compared to a full 12 months in fiscal 2010. This increase was partially offset by a decrease in loan interest from other loans of approximately \$19,000 in fiscal 2010 due to the paying down of loan balances.

Liquidity and Capital Resources

We measure our liquidity in a variety of ways, including the following:

	<u>September 30, 2011</u> <i>(unaudited)</i>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Cash	\$ 145,905	\$ 34,014	\$ 116,825
Working Capital Deficiency	\$ (704,698)	\$ (764,764)	\$ (303,414)

Through September 30, 2011 and December 31, 2010, the Company has incurred cumulative net losses since inception of \$3,258,903 and \$2,703,012 respectively. At December 31, 2010, the Company had a cash balance of \$34,014 and at September 30, 2011, the Company had a cash balance of \$145,905.

The Company was formed in 1996 as a software development and sales company. From its inception, the Company has generated revenues from the sales and implementation of its internally generated software applications.

The Company's plan is to increase its sales and market share by developing an expanded network of resellers through which the Company will sell its expanded software product portfolio. The Company expects that this marketing initiative will require that it hire and develop an expanded sales force, engage and develop its channel sales network, and enhance its product marketing efforts, all of which will require additional capital.

As a public company, the Company intends to raise capital to finance its growth plan. If the Company is successful in its capital-raising efforts, it intends to expand its sales and marketing capabilities; develop ancillary software products; enhance its internal infrastructure; support the accounting, auditing, and legal costs of operating as a public company; and provide working capital.

The Company expects that through the next 12 to 18 months, the capital requirements to fund the Company's growth and to cover the operating costs of a public company will consume substantially all of the cash flows that it intends to generate from its operations, as well as from the proceeds of planned issuances of debt and equity securities. The Company further believes that during this period, while the Company is focusing on the growth and expansion of its business, the gross profit that it expects to generate from operations will not generate sufficient funds to cover these anticipated operating costs. Accordingly, the Company requires external funding to sustain operations and to follow-through on the execution of its business plan. There can be no assurance that the Company's plans as discussed above will materialize, or that the Company will be successful in funding estimated cash shortfalls through additional debt or equity capital or cash generated by the Company's operations. Given these conditions, the Company's ability to continue as a going concern is contingent upon it being able to secure an adequate amount of debt or equity capital to enable it to meet its cash requirements. In addition, the Company's ability to continue as a going concern must be considered in light of the problems, expenses, and complications frequently encountered by entrance into established markets, the competitive environment in which the Company operates and the current capital raising environment. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

Since inception, the Company's operations have primarily been funded through a combination of operating margins, state business development loans, bank loans, and loans from friends and family. Although management believes that the Company has access to capital resources, there are currently no commitments in place for new financing at this time, and there is no assurance that the Company will be able to obtain funds on commercially acceptable terms.

During the nine months ended September 30, 2011, the Company raised \$1,002,500 through the issuance of promissory notes, \$750,000 of which was obtained from the State of Ohio. From September 30, 2011 and through February 10, 2012, the Company raised an additional \$648,556 in funds through the issuance of promissory notes to Alpharion Capital Partners, Inc. ("Alpharion"). The proceeds from these notes were used to fund the Company's working capital needs, including a portion of the costs incurred by us to prepare for the Share Exchange. Alpharion serves as a financial and business advisor to the Company in connection with the Share Exchange. In addition, during January 2012, the Company raised \$120,000 by issuing 10% contingently convertible promissory notes.

After consummation of the Share Exchange, Globalwise, as the new combined company, intends to raise a minimum of \$2,000,000 during fiscal 2012 and 2013 through private placements of its Common Stock. The funds raised through these private placements will be used to fund the Company's operations, including the costs that it expects to incur as a public company, and most importantly, to fund the Company's plans to increase staff and operations to complete the build-out of its expanded reseller network to expand into additional markets and deepen its penetration of existing markets. The

current level of cash and operating margins is not enough to cover the existing fixed and variable obligations of the Company, so increased revenue performance and the addition of capital are critical to the Company's success. Should the Company not be able to raise these additional funds through the private placements or some other financing source, the Company would take one or more of the following actions to help it conserve cash, including (i) limiting the hiring of additional personnel, (ii) reducing existing staffing, (iii) deferring the payment of compensation to its key employees, (iv) negotiating extended payment terms to vendors, advisors and consultants, and (v) offering incentives to customers which would reward the early remittance of payments to the Company.

Assuming that the Company is successful in its growth plans and development efforts, the Company believes that it will be able to raise additional funds through sales of Globalwise Common Stock. There is no guarantee that the Company will be able to raise these additional funds or to do so at an advantageous price.

These conditions raise doubt about our ability to continue as a going concern. Our audited and unaudited condensed financial statements filed with this Current Report on Form 8-K have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and contemplate our continuation as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

The Company's outstanding indebtedness at September 30, 2011 is as follows:

- \$17,500 owed to Alpharion pursuant to various promissory notes that mature 180 days from the date of issuance that we issued in exchange for working capital funds; interest at September 30, 2011 was charged at a rate of 3.25%;
- \$268,613 owed to related parties pursuant to notes issued in exchange for working capital funds; maturity dates and interest rates are included in the description of such notes in the section "Certain Relationships and Related Party Transactions" below;
- \$1,012,500 owed to the State of Ohio pursuant to a loan agreement and note that matures on July 1, 2015; interest at September 30, 2011 was charged at a rate of 6.00%; we utilized the proceeds from this loan to finance the development of customer software applications;
- \$750,000 owed to the State of Ohio pursuant to a loan agreement and note that mature on June 1, 2018; interest at September 30, 2011 was charged at a rate of 7.00%; we utilized the proceeds from this loan to finance the development of customer software applications; and

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- \$107,949 owed to a bank pursuant to a loan agreement and note that matures on April 30, 2014; interest at September 30, 2011 was charged at a rate of 3.25%.

There were no material commitments for capital expenditures at September 30, 2011.

Cash Flows

Operating Activities

Net cash used in operating activities for the nine months ended September 30, 2011 and 2010 was \$546,805 and \$231,168, respectively. During the nine months ended September 30, 2011, the net cash used in operating activities was primarily attributable to the net loss adjusted for non cash expenses of \$525,610 and an increase in net operating assets of \$21,195. During the nine months ended September 30, 2010, the net cash used in operating activities was primarily attributable to the net loss adjusted for non cash expenses of \$386,976, offset by a decrease in net operating assets of \$155,508.

Net cash used in operating activities for the years ended December 31, 2010 and 2009, amounted to \$317,749 and \$557,483, respectively. During the year ended December 31, 2010, the net cash used in operating activities was primarily attributable to the net loss adjusted for non cash expenses of \$601,682, offset by a decrease in net operating assets of \$283,933. During the year ended December 31, 2009, the net cash used in operating activities was primarily attributable to the net loss adjusted for non cash expenses of \$601,682, offset by a decrease in net operating assets of \$29,484.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2011 and 2010 amounted to \$16,109 and \$10,913, respectively, and was related to the purchase of property and equipment.

Net cash used in investing activities for the years ended December 31, 2010 and 2009 amounted to \$10,914 and \$9,861, respectively, and was related to the purchase of property and equipment.

Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2011 and 2010 amounted to \$674,805 and \$204,237, respectively. For the nine months ended September 30, 2011, the net cash provided by financing activities resulted primarily from new borrowings of \$1,080,000, of which \$77,500 was borrowed from related parties. These borrowings were partially offset by \$405,195 of notes payable repayments, of which \$91,243 was repaid to related parties. For the nine months ended September 30, 2010, the net cash provided by financing activities resulted primarily from new borrowings of \$270,021, partially offset by the repayments of notes payable and notes payable to related parties of \$26,973 and \$38,111, respectively.

Net cash provided by financing activities for the years ended December 31, 2010 and 2009 amounted to \$245,852 and \$600,117, respectively. For 2010, the net cash provided by financing activities resulted primarily from new borrowings of \$343,021, of which \$23,000 was borrowed from related parties. These borrowings were partially offset by \$97,169 of notes payable repayments, of which \$61,373 was repaid to related parties. For 2009, the net cash provided by financing activities resulted primarily from new borrowings of \$908,427, of which \$115,948 was borrowed from related parties. These borrowings were partially offset by \$308,310 of notes payable repayments, of which \$56,778 was repaid to related parties.

Critical Accounting Policies and Estimates

Liquidity, Going Concern and Management's Plans

We have incurred substantial recurring losses since our inception. The accompanying condensed financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. In order to fund our current and future cash requirements, we have entered into agreements to raise additional funds through an equity financing. We are also in the process of exploring strategies to increase our existing revenues. We believe we will be successful in these efforts; however, there can be no assurance we will be successful in raising additional debt or equity financing to fund our operations on terms agreeable to us. These matters raise substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if we were unable to continue as a going concern.

Use of Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to exercise its judgment. We exercise considerable judgment with respect to establishing sound accounting policies and in making estimates and assumptions that affect the reported amounts of our assets and liabilities, our recognition of revenues and expenses, and other financial information.

On an ongoing basis, we evaluate our estimates and judgments. Areas in which we exercise significant judgment include, but are not necessarily limited to, recognition of revenues, our valuation of accounts receivable, and income taxes, along with the estimated useful lives of depreciable property, plant and equipment. We have also adopted certain policies with respect to our recognition of revenue that we believe are consistent with the guidance provided under Securities and Exchange Commission Staff Accounting Bulletin No. 104.

We base our estimates and judgments on a variety of factors including our historical experience, knowledge of our business and industry, current and expected economic conditions, and the attributes of our products and services. We periodically re-evaluate our estimates and assumptions with respect to these judgments and modify our approach when circumstances indicate that modifications are necessary.

While we believe that the factors we evaluate provide us with a meaningful basis for establishing and applying sound accounting policies, we cannot guarantee that the results will always be accurate. Since the determination of these estimates requires the exercise of judgment, actual results could differ from such estimates.

A description of significant accounting policies that require us to make estimates and assumptions in the preparation of our consolidated financial statements is as follows:

Revenue Recognition

We generate revenues from the sale of software licenses, from professional consulting services, including those pertaining to the design and implementation of customized software solutions, as well as from services performed under periodic contracts, such as software maintenance services, and agreements that provide customers the use of our software applications as a service.

We recognize revenues in accordance with ASC topic 985-605 "Software Revenue Recognition." We record revenues from the sale of software licenses when persuasive evidence of an arrangement exists, the software product has been shipped, there are no significant uncertainties surrounding product acceptance by the customer, the fees are fixed and determinable, and collection is considered probable.

Consulting services pertaining to the design and implementation of customized software solutions are set forth separately in the contractual arrangements, such that the total price of the customer arrangement is expected to vary as a result of the inclusion or exclusion of these services. For those contracts where the services are essential to the functionality of the software, we determine vendor-specific objective evidence ("VSOE") of the fair value of these services based upon normal pricing and discounting practices for these services when sold separately. These consulting service contracts are primarily fixed price agreements. Revenues from these services are recognized at the time that the related software solution is delivered to the customer.

Consulting services that are not essential to the functionality of any other element of the transaction, are valued based upon the VSOE of the fair value of these services. These consulting service contracts are primarily time and materials based contracts that are, on average, less than six months in length. Revenues from these services are recognized at the time such services are rendered, using the proportional performance method.

Revenues generated under maintenance contracts are recognized ratably over the term of the contract. Software as a service revenues are typically billed on a monthly basis.

We assess whether payment terms are customary or extended in accordance with normal practice relative to the market in which the sale is occurring. Our sales arrangements generally include standard payment terms; however, payment terms may be extended to accommodate the conditions of certain customers. These terms effectively related to all customers, products and arrangements regardless of customer type, product mix or arrangement size.

We establish allowances for doubtful accounts when available information causes us to believe that credit loss is probable.

Deferred Revenues

Deferred revenues primarily relate to support agreements which have been paid for by customers prior to the performance of those services. Generally, the services will be provided within twelve months after the signing of the agreement.

Rights of Return and Other Incentives

We generally do not offer rights of return or any other incentives such as concessions, product rotation, or price protection and, therefore, do not provide for or make estimates of rights of return and similar incentives.

Income Taxes

We account for income taxes under ASC 740, "Income Taxes" ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized. ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. We have determined that our principal tax jurisdiction is Ohio. Based on our evaluation, we have concluded that there were no significant uncertain tax positions requiring recognition in our financial statements for either the 2010 or 2009 tax years. We believe that the income tax positions and deductions that we have taken on our returns would be sustained on audit and we do not anticipate any adjustments that would result in a material change to our financial position.

Our policy for recording interest and penalties associated with audits is to record such items as a component of income tax expense. There were no amounts accrued for penalties or interest as of or for the years ended December 31, 2010 and 2009. We are currently unaware of any issues under review that could result in significant payments, accruals or material deviations from our position.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of the date hereof with respect to the holdings of: (1) each of our current directors and named executive officers; (2) each of the individuals who will be appointed as directors of the Company ten days after the filing and distribution of an information statement on Schedule 14f-1; and (3) all directors and executive officers as a group, including the new directors. Other than those individuals named below, no holder owns 5% or more of our Common Stock. To the best of our knowledge, each of the persons named in the table below as beneficially owning the shares set forth therein owns the shares directly and has sole voting power and sole investment power with respect to such shares, unless otherwise indicated. Unless otherwise specified, the address of each of the persons set forth below is in care of Intellinetics, Inc. at the address 2190 Dividend Drive, Columbus, Ohio 43228. The information below is based on a total of 32,590,850 shares of our Common Stock outstanding as of the date of the Share Exchange.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Shares Beneficially Owned</u>
(i) Named Executive Officers and Directors⁽¹⁾		
Donald R. Mayer	60,000	**
William J. Santiago	3,259,650	10.0%
Matthew L. Chretien	9,774,300	30.0%
A. Michael Chretien	9,727,800	29.8%
Thomas D. Moss	2,478,450	7.6%
Raymond Shealy	548,700	1.7%
Rye D'Orazio	1,376,400	4.2%
(ii) All Executive Officers and Directors as a Group (7 persons)⁽¹⁾	27,225,300	83.5%

** Indicates less than 1% beneficial ownership.

(1) Upon consummation of the Share Exchange, Mr. Mayer and Mr. Santiago serve as the Company's only directors. Ten days after the filing and dissemination of an information statement on Schedule 14f-1, Mr. Mayer will resign and Messrs. Matthew Chretien, A. Michael Chretien, Moss, Shealy and D'Orazio will be appointed to the board of directors.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the names, ages and positions of our executive officers and directors as of the date of this Current Report on Form 8-K. Each director holds office until his successor is elected and qualified or his earlier resignation or removal.

<u>Name</u>	<u>Age</u>	<u>Positions</u>
William J. Santiago	45	President, Chief Executive Officer and Director
Matthew L. Chretien (1)	44	Executive Vice President, Chief Technology Officer, Chief Financial Officer and Treasurer
A. Michael Chretien (1)	72	Vice President of Compliance, Secretary
Donald R. Mayer	72	Director

(1) Mr. Matthew Chretien is the son of Mr. A. Michael Chretien.

We anticipate that our board membership will change, effective on the 10th day after the Company's Information Statement on Schedule 14f-1 has been mailed to the Company's stockholders (the "Appointment Date"). We anticipate that the Appointment Date will be on a date near the end of February 2012. We expect that Mr. Mayer will resign effective as of the Appointment Date and that as of the Appointment Date, our board membership will be as follows:

<u>Name</u>	<u>Age</u>	<u>Positions</u>
William J. Santiago	45	President, Chief Executive Officer and Director
Matthew L. Chretien	44	Executive Vice President, Chief Technology Officer, Chief Financial Officer, Treasurer and Director
A. Michael Chretien	72	Chairman of the Board, Vice President of Compliance, Secretary and Director
Rye D'Orazio	57	Director
Tom Moss	55	Director
Raymond M. Shealy	45	Director

William J. Santiago. Mr. Santiago is our President and Chief Executive Officer and serves as a member of our board of directors. He has served as President and Chief Executive Officer of Intellinetics since September 2011. From 2010 until September 2011, Mr. Santiago was employed as Intellinetics' Executive Vice President and General Manager. Prior to joining Intellinetics, Mr. Santiago held several positions at Lexmark International, most recently as Director, Content Management Sales Practices. In 2008, Mr. Santiago filed a chapter 7 business bankruptcy, which was discharged in 2010.

Matthew L. Chretien. Mr. Matthew L. Chretien is our Executive Vice President, Chief Technology Officer, Chief Financial Officer, and Treasurer and will serve as a member of our board of directors. He is a co-founder of Intellinetics and has served as Intellinetics' Executive Vice President, Chief Technology Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer, and Treasurer since September 2011. From January 1999 until September 2011, Mr. Chretien was employed as Intellinetics' President and Chief Executive Officer. From 1996 until 1999, Mr. Chretien was employed as Intellinetics' Vice President. Prior to joining Intellinetics, Mr. Chretien served as the field sales engineer for Unison Industries, a manufacturer of aircraft ignition systems.

A. Michael Chretien. Mr. A. Michael Chretien is our Chairman of the Board, Vice President of Compliance, and Secretary and will serve as a member of our board of directors. He is a co-founder of Intellinetics and has served as Intellinetics' Chairman of the Board, Vice President of Compliance, and Secretary since September 2011. From 1999 until September 2011, Mr. Chretien was employed as Intellinetics' Vice President. Prior to joining Intellinetics', Mr. Chretien served for twenty-six years in the Federal Bureau of Investigation.

Rye D'Orazio. Mr. D'Orazio will serve as a member of our board of directors, and has served as a director of Intellinetics since 2006. Mr. D'Orazio has been a partner at Ray & Barney Group since 2001. From 1995 to 2000, Mr. D'Orazio served as Vice President of Professional Services at Compucom. From 1985 to 1995, Mr. D'Orazio was a partner at NCGroup, which he founded. From 1982 to 1995, Mr. D'Orazio was employed as the Vice President of Professional Services at Triangle Systems, and from 1977 to 1982, Mr. D'Orazio was employed as a systems engineer at Electronic Data Systems.

Tom Moss. Mr. Moss will serve as a member of our board of directors. He is the co-founder of Intellinetics and has served as Intellinetics' Chief Software Engineer since 1996. Prior to joining Intellinetics, Mr. Moss was employed as a senior software developer at North American Computer Services from 1988 to 1994. From 1983 to 1988, Mr. Moss was employed as a programmer/analyst at Confidential Data Services.

Raymond M. Shealy. Mr. Shealy will serve as a member of our board of directors, and has served as a director of Intellinetics since February 2012. Mr. Shealy is the founder of Margaux Ventures, where he serves as Chief Executive Officer and has served in this position since 2008. From May 2008 to February 2009, Mr. Shealy served as the General Manager of McKesson's RelayHealth unit. From June 2005 until its acquisition by McKesson in 2008, Mr. Shealy served as President and Chief Executive Officer of HTP Inc. Prior to this, Mr. Shealy also served as Vice President of HTP Inc.

Donald R. Mayer. Mr. Mayer serves as a member of our board of directors. Mr. Mayer is the President and Chairman of Universal Business Insurance, an insurance company that he co-founded. He has worked in the insurance industry for over 25 years, specializing in business and the motel/hotel industry. He graduated from the University of Utah, located in Salt Lake City, Utah, with a bachelor's degree in accounting. Mr. Mayer currently serves as a director of WorldNet, Inc. of Nevada, a company that has a class of securities registered pursuant to Section 12 of the Exchange Act.

Corporate Governance

Meetings and Committees of the Board of Directors

Our board of directors did not hold any formal meetings during the year ended December 31, 2011.

We are a smaller reporting company with a small number of directors and officers who have active roles in our operations. As a result, we do not have a standing compensation or nominating committee, nor do we have an audit committee with an audit committee financial expert serving on that committee. Our entire board of directors acts as our compensation, nominating, and audit committee. After the change in the board of directors that is expected to occur on the Appointment Date, it is anticipated that the board of directors will form separate compensation and audit committees, with the audit committee including an audit committee financial expert.

Board Leadership Structure and Role in Risk Oversight

Although we have not adopted a formal policy on whether the Chairman of the Board and the Chief Executive Officer positions should be separate or combined, we have determined that at this time, it is in the best interests of the Company and its shareholders to separate these roles. Mr. Santiago is our President and Chief Executive Officer. Mr. A. Michael Chretien will be our Chairman of the Board. We believe it is in the best interests of the Company to have the roles separated because it allows us to separate the strategic and oversight roles within our board structure.

Our board of directors is primarily responsible for overseeing our risk management processes. The board of directors receives and reviews periodic reports from management, auditors, legal counsel and others, as considered appropriate regarding our Company's assessment of risks. Management keeps our board apprised of material risks and provides our directors access to all information necessary for them to understand and evaluate how these risks interrelate, how they affect the Company, and how management addresses those risks. The board of directors focuses on the most significant risks facing our Company and our Company's general risk management strategy. While the board oversees our Company, our Company's management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing our Company and that our board leadership structure supports this approach.

Board Diversity

While we do not have a formal policy on diversity, our board considers diversity to include the skill set, background, reputation, type and length of business experience of our board members, as well as a particular nominee's contributions to that mix. Although there are many other factors, the board seeks individuals with industry knowledge and experience, senior executive business experience, and legal and accounting skills.

Board Independence

As of the Closing Date, neither of the Company's two directors was independent. The Company has not yet made a determination regarding the independence of the five additional directors that it expects will be appointed on the Appointment Date.

Code of Ethics

We have not yet adopted a code of ethics, although we expect to do so as we develop our infrastructure and business.

EXECUTIVE COMPENSATION

The following table sets forth certain information with respect to compensation for the fiscal years ended December 31, 2011 and 2010 earned by or paid to Intellinetics' President and Chief Executive Officer and its two other most highly compensated executive officers in 2011 (collectively, the "Named Executive Officers"). No director or officer of Globalwise received compensation during its last two fiscal years.

Summary Compensation Table

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Salary</u>	<u>Stock Awards⁽¹⁾</u>	<u>Nonequity Incentive Plan Compensation</u>	<u>Total</u>
William J. Santiago President and Chief Executive Officer	2011	\$192,566	\$12,793	\$ 7,004 ⁽²⁾	\$212,363
	2010	55,075	—	—	55,075
Matthew L. Chretien Executive Vice President, Chief Financial Officer and Treasurer	2011	93,662	—	30,740 ⁽²⁾	124,402
	2010	100,780	—	—	100,780
A. Michael Chretien Chairman of the Board, Vice President of Compliance and Secretary	2011	65,622	803	—	66,425
	2010	88,568	—	—	88,568

- (1) Represents the aggregate grant date fair value for awards made to the named executive officers with respect to the fiscal year indicated, computed in accordance with FASB Accounting Standards Codification Topic 718, Compensation — Stock Compensation (formerly FASB Statement 123R). For information about the assumptions made in these valuations, refer to Note 14 to the Company's financial statements for the nine months ended September 30, 2011.
- (2) Represents commissions earned on gross Intellinetics software and professional services revenue received related to transactions for which the executive officer was responsible.

Employment Agreements with Executive Officers of Intellinetics

At the time of the Share Exchange, Intellinetics had employment agreements with its three executive officers, William J. Santiago, Matthew L. Chretien, and A. Michael Chretien. Each of these agreements is dated as of September 16, 2011. The agreements remain in effect between Intellinetics and each of the aforementioned officers following the Share Exchange.

Agreement with William J. Santiago

Under this agreement, Mr. Santiago agrees to serve as the President and Chief Executive Officer of Intellinetics, and to devote his full-time efforts to his employment with Intellinetics. Pursuant to the

agreement, Mr. Santiago (i) receives compensation at the rate of \$204,000 per year, (ii) is eligible to participate in certain employee benefit programs, including a 401(k) plan, health insurance, paid vacation, access to an exercise facility, and use of certain company-paid technology, and (iii) may become eligible, at the sole discretion of Intellinetics, for profit sharing, commissions, and bonuses. The term of the agreement is indefinite, and both parties stipulate and agree that Mr. Santiago is an “at will” employee under Ohio law, which governs the agreement. The agreement can also terminate (i) if Intellinetics discontinues the operation of its business, or (ii) at the option of Intellinetics in the event that Mr. Santiago becomes permanently disabled. Under the agreement, Mr. Santiago covenants (i) not to disclose trade secrets or proprietary information of Intellinetics, (ii) not to solicit customers, clients, or employees of Intellinetics for a period of two years after termination of the agreement, and (iii) not to compete with Intellinetics in the state of Ohio for a period of six months after termination of his employment.

Agreement with Matthew L. Chretien

Under this agreement, Mr. Chretien agrees to serve as the Executive Vice President, Chief Technology Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer, and Treasurer of Intellinetics, and to devote his full-time efforts to his employment with Intellinetics. Pursuant to the agreement, Mr. Chretien (i) receives compensation at the rate of \$195,000 per year, (ii) is eligible to participate in certain employee benefit programs, including a 401(k) plan, health insurance, paid vacation, access to an exercise facility, and use of certain company-paid technology, (iii) may become eligible, at the sole discretion of Intellinetics, for profit sharing, commissions, and bonuses, and (iv) will receive, based on his remaining employed on January 1, 2012, a deferred compensation benefit in the form of a lump sum payment of \$100,828 on March 31, 2015. The term of the agreement is indefinite, and both parties stipulate and agree that Mr. Chretien is an “at will” employee under Ohio law, which governs the agreement. The agreement can also terminate (i) if Intellinetics discontinues the operation of its business, or (ii) at the option of Intellinetics in the event that Mr. Chretien becomes permanently disabled. Under the agreement, Mr. Chretien covenants (i) not to disclose trade secrets or proprietary information of Intellinetics, (ii) not to solicit customers, clients, or employees of Intellinetics for a period of two years after termination of the agreement, and (iii) not to compete with Intellinetics in the state of Ohio for a period of six months after termination of his employment.

Agreement with A. Michael Chretien

Under this agreement, Mr. Chretien agrees to serve as the Chairman of the Board, Vice President of Compliance, and Secretary of Intellinetics, and to devote his full-time efforts to his employment with Intellinetics. Pursuant to the agreement, Mr. Chretien (i) receives compensation at the rate of \$97,500 per year, (ii) is eligible to participate in certain employee benefit programs, including a 401(k) plan, health insurance, paid vacation, access to an exercise facility, and use of certain company-paid technology, (iii) may become eligible, at the sole discretion of Intellinetics, for profit sharing, commissions, and bonuses, and (iv) will receive, based on his remaining employed on January 1, 2012, a deferred compensation benefit in the form of a lump sum payment of \$114,184 on March 31, 2015. The agreement also notes that Mr. Chretien’s equity interest in Intellinetics (which has been exchanged for an equity interest in Globalwise in connection with the Share Exchange) is considered part of Mr. Chretien’s compensation. The term of the agreement is indefinite, and both parties stipulate and agree that Mr. Chretien is an “at will” employee under Ohio law, which governs the agreement. The agreement can also terminate (i) if Intellinetics discontinues the operation of its business, or (ii) at the option of Intellinetics in the event that Mr. Chretien becomes permanently disabled. Under the agreement, Mr. Chretien covenants (i) not to disclose trade secrets or proprietary information of Intellinetics, (ii) not to solicit customers, clients, or employees of Intellinetics for a period of two years after termination of the agreement, and (iii) not to compete with Intellinetics in the state of Ohio for a period of six months after termination of his employment.

Director Compensation

Neither the directors of Globalwise nor the directors of Intellinetics received compensation for services rendered as a director during the year ended December 31, 2011.

As of the date of this Current Report on Form 8-K, we do not compensate our directors for their services as directors. In order to attract and retain qualified independent directors, we plan to adopt a compensation plan for non-employee directors that may include cash, as well as equity-based, compensation.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In January 26, 2012, Mr. Robert P. Chretien, brother of Mr. A. Michael Chretien, purchased a Convertible Promissory Note ("Convertible Note") from Intellinetics in the amount of \$10,000 in a private placement offering. Interest is charged on the Convertible Note at a rate of 10% per annum. The Convertible Note shall be due and payable in a single balloon payment on June 1, 2012. If the Company has been publicly traded for ten days prior to the due date, and subject to the terms and conditions herein but otherwise at the holder's sole discretion, the Convertible Note may be converted into newly issued shares (subject to a 12-month holding period pursuant to Rule 144 under the Securities Act) of the Company's Common Stock at a price equal to a 50% discount to the average closing price of the Common Stock as published on the Over-the-Counter Bulletin Board ("OTCBB") during the 90 trading days immediately preceding the due date, or such shorter number of trading days as the Company's Common Stock has been publicly traded, as applicable. If the Company does not become publicly traded prior to the due date, the Convertible Note shall be paid in immediately available funds on the due date.

On January 28, 2012, Mr. Mike Chretien, the son of Mr. A. Michael Chretien and brother of Mr. Matthew Chretien, purchased a Convertible Note from Intellinetics in the amount of \$20,000 in a private placement offering. The terms of Mr. Mike Chretien's Convertible Note are the same as those of Mr. Robert P. Chretien's Convertible Note, as described in the paragraph above.

Certain of Intellinetics' directors, named executive officers and their family members have provided loans to Intellinetics at various times during the past several years. These loans are evidenced by promissory notes made by Intellinetics in favor of the respective individual that set forth the maturity date of the loans and the applicable interest rates. The table below contains additional information regarding the terms of the loans, amounts outstanding and principal and interest payments made by Intellinetics during the past two fiscal years.

Note	Largest Amount of Principal Outstanding during Fiscal 2010	Largest Amount of Principal Outstanding during Fiscal 2011	Amount Outstanding at February 1, 2012	Total Amount of Principal Paid during Fiscal 2010	Total Amount of Principal Paid during Fiscal 2011	Total Amount of Interest Paid during Fiscal 2010	Total Amount of Interest Paid during Fiscal 2011
Note in favor of Mike Chretien for \$10,000, dated June 17, 2011 ⁽¹⁾	\$ 0	\$ 10,000	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 0
Note in favor of Matthew Chretien for \$12,442, dated April 19, 2007	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,004
Note in favor of Matthew Chretien for \$14,000, dated June 12, 2009	\$ 11,885	\$ 0	\$ 0	\$ 11,885	\$ 0	\$ 0	\$ 270
Note in favor of Matthew Chretien for \$23,000, dated December 30, 2010	\$ 23,000	\$ 6,586	\$ 0	\$ 16,414	\$ 6,586	\$ 0	\$ 76
Note in favor of Matthew Chretien for \$2,500, dated February 4, 2011	\$ 0	\$ 2,500	\$ 0	\$ 0	\$ 2,500	\$ 0	\$ 580
Note in favor of Matthew Chretien for \$8,000, dated June 30, 2011	\$ 0	\$ 8,000	\$ 0	\$ 0	\$ 8,000	\$ 0	\$ 48
Note in favor of A. Michael Chretien for \$55,167, dated December 29, 2001 ⁽²⁾	\$ 55,167	\$ 55,167	\$ 55,167	\$ 0	\$ 0	\$ 0	\$ 0
Note in favor of A. Michael Chretien for \$7,500, dated March 8, 2007	\$ 7,500	\$ 7,500	\$ 0	\$ 0	\$ 7,500	\$ 0	\$ 0
Note in favor of A. Michael Chretien for \$22,842, dated April 19, 2007	\$ 22,842	\$ 22,842	\$ 0	\$ 0	\$ 22,842	\$ 0	\$ 0
Note in favor of A. Michael Chretien for \$21,948, dated December 31, 2008	\$ 16,043	\$ 0	\$ 0	\$ 16,043	\$ 0	\$ 0	\$ 0
Note in favor of A. Michael Chretien for \$12,000, dated January 18, 2011	\$ 0	\$ 12,000	\$ 0	\$ 0	\$ 12,000	\$ 0	\$ 0
Note in favor of Jackie M. Chretien for \$65,000, dated June 10, 2011 ⁽³⁾	\$ 0	\$ 65,000	\$ 65,000	\$ 0	\$ 0	\$ 0	\$ 0
Note in favor of Mr. Robert A. Love III for \$199,537, dated February 22, 2001 ⁽⁴⁾	\$ 157,292	\$ 157,292	\$ 157,292	\$ 0	\$ 0	\$ 0	\$ 0
Note in favor of Raymond Shealy for \$200,000, dated February 10, 2011, as amended to \$235,000 on June 21, 2011 ⁽⁵⁾	\$ 0	\$ 235,000	\$ 0	\$ 0	\$ 235,000	\$ 0	\$ 0

- (1) Mr. Mike Chretien is the brother of Mr. Matthew Chretien and the son of Mr. A. Michael Chretien.
- (2) The note matures on January 1, 2014. Interest is charged at a rate of 5.00% per annum.
- (3) Ms. Chretien is the mother of Mr. Matthew Chretien. The note matures on January 1, 2014. Pursuant to the terms of the note, the accrued interest shall be \$5,800 if the note is paid before January 1, 2013, with a flat rate of \$250 per month in interest fees thereafter until the principal and interest are paid in full.

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- (4) Mr. Love is the father-in-law of Mr. Matthew Chretien. The note matures on January 1, 2014. Interest is charged at a rate of 8.65% per annum.
- (5) Mr. Shealy served as an advisory board member of Intellinetics during each of the past two fiscal years and will become a member of the board of directors of the Company following the Share Exchange. Also on February 10, 2011, Mr. Matthew Chretien and Mr. A. Michael Chretien executed a Guaranty in connection with this loan, pursuant to which Messrs. Matthew and A. Michael Chretien agreed to personally guarantee all costs and expenses, including attorneys' fees, incurred in the collection of the loan.

LEGAL PROCEEDINGS

We are, from time to time, a party to litigation that arises in the normal course of our business operations. Currently, no legal proceedings, government actions, administration actions, investigations or claims are pending against us or involve us that, in the opinion of our management, could reasonably be expected to have material adverse effect on our business and financial condition.

MARKET PRICE AND DIVIDENDS ON OUR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our Common Stock is not listed on any stock exchange. Although our Common Stock is currently quoted on the OTCBB under the symbol "GWIV," there is no established public market for shares of our Common Stock, and no trades of our Common Stock have taken place on the OTCBB. The shares were first listed on August 30, 2002, but there is no history of trading. The quotations reflect interdealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

As of the closing of the Share Exchange, we had 42 holders of record of our Common Stock and 32,590,850 shares of Common Stock outstanding. Of these shares, 4,556,000 shares are freely tradable without restriction under the Securities Act. The remaining shares will be "restricted securities" as that term is defined in Rule 144 under the Securities Act which will become freely tradable subject to applicable holding period, volume and other limitations under Rule 144, including those relating to the sale of shell company securities.

As more fully described herein, Intellinetics issued 11 Convertible Notes, collectively representing \$120,000 in principal due June 1, 2012, during the first quarter of fiscal 2012. Interest is charged on the Convertible Notes at a rate of 10% per annum. Each of the Convertible Notes shall be due and payable on June 1, 2012. If the Company has been publicly traded for ten days prior to the due date, and subject to the terms and conditions herein but otherwise at the holders' sole discretion, the Convertible Notes may be converted into newly issued shares (subject to a 12-month holding period pursuant to Rule 144 under the Securities Act) of the Company's Common Stock at a price equal to a 50% discount to the average closing price of the Common Stock as published on the OTCBB during the 90 trading days immediately preceding the due date, or such shorter number of trading days as the Company's Common Stock has been publicly traded, as applicable. If the Company does not become publicly traded prior to the due date, the Convertible Notes shall be paid in immediately available funds on the due date.

Dividend Policy

We have never declared or paid a cash dividend. Any future decisions regarding dividends will be made by our board of directors. We currently intend to retain and use any future earnings for the development and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Our board of directors has complete discretion on whether to pay dividends. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

RECENT SALES OF UNREGISTERED SECURITIES

Reference is made to Item 3.02 of this Current Report on Form 8-K for a description of certain recent sales of unregistered securities, which is hereby incorporated by reference.

In addition, on November 30, 2011, Intellinetics granted the following shares of its common stock which were not registered under the Securities Act to certain of its employees and Advisory Board members for their services to Intellinetics in reliance on the exemption provided by Section 4(2) under the Securities Act.

<u>Name</u>	<u>Number of Intellinetics Shares Received</u>	<u>Number of Globalwise Shares Received Pursuant to Share Exchange</u>
William J. Santiago	701	3,259,650
Tom Moss	108	502,200
Tom Skoulis	59	274,350
Mark Shary	59	274,350
Raymond Shealy	118	548,700
Larry Dill	16	74,400
A. Michael Chretien	44	204,600
Rye D'Orazio	30	139,500

During the first quarter of 2012, Intellinetics also issued a total of \$120,000 in Convertible Notes to certain of its employees and friends and family of its officers and directors which were not registered under the Securities Act in reliance on the exemption provided by Section 4(2) under the Securities Act. Intellinetics issued one Convertible Note on each of the following dates: January 17, 2012; January 21, 2012; January 26, 2012; January 27, 2012; January 28, 2012; and January 30, 2012. Intellinetics issued five Convertible Notes on February 3, 2012.

Interest is charged on the Convertible Notes at a rate of 10% per annum. Each of the Convertible Notes shall be due and payable on June 1, 2012. If the Company has been publicly traded for ten days prior to the due date, and subject to the terms and conditions herein but otherwise at the holders' sole discretion, the Convertible Notes may be converted into newly issued shares (subject to a 12-month holding period pursuant to Rule 144 under the Securities Act) of the Company's Common Stock at a price equal to a 50% discount to the average closing price of the Common Stock as published on the OTCBB during the 90 trading days immediately preceding the due date, or such shorter number of trading days as the Company's Common Stock has been publicly traded, as applicable. If the Company does not become publicly traded prior to the due date, the Convertible Notes shall be paid in immediately available funds on the due date.

DESCRIPTION OF OUR SECURITIES

General Matters

The following information describes our capital stock and provisions of our articles of incorporation and our bylaws, all as in effect upon the closing of the Share Exchange. This description is only a summary. You should also refer to our articles of incorporation and bylaws, which have been incorporated by reference or filed with the SEC as exhibits to this Current Report on Form 8-K.

Our authorized capital stock consists of 50,000,000 shares of Common Stock at a par value of \$0.001 per share, of which 4,556,000 shares were issued and outstanding immediately prior to the Share Exchange.

Voting

The holders of Common Stock are entitled to one vote per share held of record on each matter submitted to a vote of stockholders, including the election of directors, and do not have any right to cumulate votes in the election of directors.

Dividends

Subject to the rights and preferences of the holders of any series of preferred stock which may at the time be outstanding, holders of Common Stock are entitled to receive pro rata such dividends as our board of directors from time to time may declare out of funds legally available therefor. The current policy of the board of directors is to retain earnings, if any, for operations and growth.

Liquidation Rights

In the event of any liquidation, dissolution, or winding-up of our affairs, after payment of all of our debts and liabilities, and subject to the rights and preferences of the holders of any outstanding shares of any series of preferred stock, the holders of Common Stock will be entitled to receive pro rata any of our remaining assets.

Other Matters

Holders of Common Stock have no preemptive rights and no conversion rights, and there are no redemption rights or sinking fund provisions with respect to our Common Stock. All of the issued and outstanding shares of Common Stock on the date of this Current Report on Form 8-K are validly issued, fully paid, and non-assessable.

Outstanding Options, Warrants, and Convertible Securities

Prior to the Share Exchange, the Company did not have any outstanding options, warrants, or convertible securities. At the time of the Share Exchange, the Company assumed certain Convertible Notes issued by Intellinetics between January 17, 2012 and February 3, 2012. Each of the Convertible Notes shall be due and payable on June 1, 2012. If the Company has been publicly traded for ten days prior to the due date, and subject to the terms and conditions herein but otherwise at the holders' sole discretion, the Convertible Notes may be converted into newly issued shares (subject to a 12-month holding period pursuant to Rule 144 under the Securities Act) of the Company's Common Stock at a price equal to a 50% discount to the average closing price of the Common Stock as published on the OTCBB

during the 90 trading days immediately preceding the due date, or such shorter number of trading days as the Company's Common Stock has been publicly traded, as applicable. If the Company does not become publicly traded prior to the due date, the Convertible Notes shall be paid in immediately available funds on the due date.

Listing

The Common Stock is listed for trading on the OTC Bulletin Board under the symbol "GWIV."

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Standard Registrar & Transfer Co., Inc., 12528 South 1840 East, Draper, Utah 84020.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Nevada General Corporation Law and our bylaws provide for the indemnification of directors, officers and certain other persons in the circumstances outlined below.

Actions other than by the Company

The Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the Company, by reason of the fact that such person is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or other entity, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by such person in connection with the action, suit or proceeding if (i) such person is not liable for a breach of fiduciary duty involving intentional misconduct, fraud or a knowing violation of the law, or (ii) such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person (i) was liable for a breach of fiduciary duty involving intentional misconduct, fraud or a knowing violation of the law, or (ii) did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and that, with respect to any criminal action or proceeding, such person had reasonable cause to believe that his or her conduct was unlawful.

Actions by the Company

The Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or other entity, against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by such person in connection with the defense or settlement of the action or suit if (i) such person is not liable for a breach of fiduciary duty involving intentional misconduct, fraud or a knowing violation of the law, or (ii) such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company. Indemnification may not be made for any claim, issue or matter as to which such person has

been adjudged by a court of competent jurisdiction to be liable to the Company or for amounts paid in settlement to the Company, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

Successful Defense

To the extent that a director, officer, employee or agent of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, he or she must be indemnified by the Company against expenses, including attorneys' fees, actually and reasonably incurred by such person in connection with the defense.

Required Approval

Any discretionary indemnification, unless ordered by a court, must be made by the Company only as authorized in the specific case upon a determination that indemnification of a director, officer, employee or agent is proper in the circumstances. The determination must be made by (i) the stockholders, (ii) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding, (iii) if a majority of a quorum consisting of directors who were not parties to the action, suit or proceeding so orders, by independent legal counsel in a written opinion, or (iv) if a quorum consisting of directors who were not parties to the action, suit or proceeding cannot be obtained, by independent legal counsel in a written opinion.

Advance of Expenses

The articles of incorporation, the bylaws, or an agreement made by the Company may provide that the expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the Company as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the officer or director to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the Company.

Other Rights

The indemnification provisions above and the advancement of expenses (i) do not exclude any other rights to which a person seeking indemnification or advancement of expenses may be entitled for either an action in his or her official capacity or an action in another capacity while holding office, except that indemnification, unless ordered by a court or for the advancement of expenses, may not be made to or on behalf of any director or officer if a final adjudication establishes that his or her acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and were material to the cause of the action, and (ii) continue for a person who has ceased to be a director, officer, employee or agent and inures to the benefit of the heirs, executors and administrators of such person.

Intellinetics has obtained liability insurance for its directors and officers covering, subject to exceptions, any actual or alleged negligent act, error, omission, misstatement, misleading statement, neglect or breach of duty by such directors or officers, individually or collectively, in the discharge of their duties in their capacities as directors and officers of Intellinetics. The Company intends to obtain similar liability insurance for its directors and officers in connection with the appointment of new directors and officers after the Share Exchange, as further described herein.

Indemnification Agreements between Intellinetics and its Directors

Prior to its acquisition by the Company, of which it is now a wholly-owned subsidiary, Intellinetics entered into indemnification agreements with its directors. Those agreements, written in accordance with the laws of the State of Ohio, extend to the directors of Intellinetics indemnification rights substantially similar to those described above.

Under the Intellinetics agreements, each director of Intellinetics is entitled to be indemnified in connection with third-party proceedings and proceedings by or in the right of Intellinetics, provided that the prospective indemnitee acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of Intellinetics, and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

The Intellinetics agreements provide for indemnification of expenses of a successful party, advances of expenses in certain circumstances, and a right of indemnification upon application. The agreements also impose certain restrictions, generally denying indemnification if (i) the indemnitee is adjudged to be liable to Intellinetics, (ii) the relevant proceedings are initiated by the indemnitee, except by way of defense or to establish or enforce a right to indemnification, (iii) the indemnitee has been effectively reimbursed under an insurance policy, (iv) the indemnification relates to an improper sale of Intellinetics' securities, (v) the expenses arise from conduct by the indemnitee that is finally adjudged to have been willful misconduct, knowingly fraudulent, or deliberately dishonest, or (vi) a court of competent jurisdiction finally determines that indemnification is unlawful. The Intellinetics agreements also provide for arbitration in the event that an indemnitee challenges a denial of indemnification, and obligates Intellinetics to maintain directors' and officers' liability insurance so long as such insurance is not redundant and is reasonably available at a cost not disproportionate to its value.

These agreements remain in force following the Share Exchange, and Intellinetics and its directors continue to be bound by their respective rights and obligations thereunder.

FINANCIAL INFORMATION

Intellinetics' financial statements as of December 31, 2010 and 2009 (audited) and September 30, 2011 (unaudited), and for the years ended December 31, 2010 and 2009 (audited) and for the nine months ended September 30, 2011 and 2010 (unaudited) are filed with this Current Report on Form 8-K as Exhibit 99.1 Intellinetics' pro forma condensed combined financial statements (unaudited) as of September 30, 2011, and for the nine months ended September 30, 2011 and for the year ended December 31, 2010 are filed with this Current Report as Exhibit 99.2.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On February 10, 2012, and effective immediately, the board of directors of the Company dismissed Morrill & Associates LLP ("Morrill") as the Company's independent registered public accounting firm in connection with the Share Exchange.

Morrill's reports on the Company's financial statements for each of the fiscal years ended December 31, 2011 and 2010 contained no adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles. There were no disagreements between the Company and Morrill on any matter regarding accounting principles or practices, financial statement disclosure, or auditing scope or procedure during the fiscal years ended December 31, 2011 and 2010 or any subsequent interim period preceding the date of dismissal which disagreements, if not resolved to the satisfaction of Morrill, would have caused Morrill to make reference thereto in its report on the financial statements for such years.

There were no reportable events (as that term is used in Item 304(a)(1)(v) of Regulation S-K) between the Company and Morrill occurring during the fiscal years ended December 31, 2011 and 2010 or any subsequent interim period preceding the date of dismissal.

Also on February 10, 2012, the Company's board of directors engaged Marcum LLP ("Marcum") as its independent registered public accounting firm for the Company's fiscal year ended December 31, 2012.

During the fiscal years ended December 31, 2011 and 2010 and through the date of the engagement, neither the Company nor anyone on its behalf consulted with Marcum regarding either (i) the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on the Company's financial statements, or (ii) any matter that was either the subject of a disagreement or event identified in response to Item 304(a)(1)(iv) of Regulation S-K, or a reportable event as that term is used in Item 304(a)(1)(v) of Regulation S-K.

We provided a copy of this disclosure to Morrill prior to filing this report, and we requested that Morrill furnish a letter addressed to the Commission stating whether or not it agrees with the statements made in this report. Morrill has furnished the requested letter, which is included as Exhibit 16.1 to this Current Report on Form 8-K.

Item 3.02. Unregistered Sales of Equity Securities

On February 10, 2012, at the closing of the Exchange Agreement, we issued a total of 28,034,850 shares to the former shareholders of Intellinetics. We received in exchange 6,029 shares of Intellinetics representing 100% of the issued and outstanding shares of Intellinetics. As a result of the Exchange Agreement, we are now the holding company of Intellinetics. The issuance of such shares was exempt from registration pursuant to Section 4(2) of, and Regulation D promulgated under, the Securities Act.

Item 5.01. Changes in Control of Registrant.

As disclosed in Items 1.01 and 2.01 of this report, in connection with the Share Exchange, on February 10, 2012, we issued 28,034,850 shares of our Common Stock to the former shareholders of Intellinetics in exchange for all of the outstanding shares of Intellinetics. As a result, immediately following the Share Exchange, the former shareholders of Intellinetics held approximately 86% of the total voting power of our Common Stock.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(a) Resignation of Directors

On the Closing Date, Linda L. Perry resigned from our board of directors. The resignation was not the result of any disagreement with us on any matter relating to our operations, policies or practices.

(b) Resignation of Officers

On the Closing Date, Donald R. Mayer resigned from the position of President and Linda L. Perry resigned as Secretary/Treasurer. The resignations were not the result of any disagreement with us on any matter relating to our operations, policies or practices.

(c) Appointment of Directors and Officers

The following persons were appointed as our director and officers on the Closing Date:

<u>Name</u>	<u>Age</u>	<u>Position</u>
William J. Santiago	45	Director, President and Chief Executive Officer
Matthew L. Chretien	44	Executive Vice President, Chief Technology Officer and Treasurer
A. Michael Chretien	72	Vice President of Compliance and Secretary

We anticipate that Donald R. Mayer will resign as a director on the Appointment Date and that effective as of the Appointment Date our board membership will be as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
William J. Santiago	45	Director
Matthew L. Chretien	44	Director
A. Michael Chretien	72	Director, Chairman of the Board
Rye D'Orazio	57	Director
Thomas D. Moss	55	Director
Raymond M. Shealy	45	Director

The business background description of the newly appointed directors and officers as set forth in Item 2.01 are hereby incorporated in this Item 5.02 by reference.

(d) Employment Agreements of Executive Officers

The descriptions of the employment agreements as set forth in Item 2.01 are hereby incorporated in this Item 5.02 by reference.

Item 5.06. Change in Shell Company Status.

As explained more fully in Items 1.01 and 2.01 above, we were a “shell company” (as such term is defined in Rule 12b-2 under the Exchange Act) immediately before the closing of the Exchange Agreement. As a result of the Share Exchange, Intellinetics became our wholly-owned subsidiary and became our main operating business. As a result, we believe that the Share Exchange has caused us to cease to be a shell company. For information about the Share Exchange, please see the information set forth above under Items 1.01 and 2.01 of this Report which information is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.**(a) Financial Statements of Business Acquired.**

Intellinetics’ audited financial statements for the years ended December 31, 2010 and 2009 and unaudited financial statements for the nine months ended September 30, 2011 and 2010 are attached to this Current Report on Form 8-K as Exhibit 99.1.

(b) Pro Forma Financial Information.

The Company’s pro forma condensed combined financial statements for the nine months ended September 30, 2011, and for the year ended December 31, 2010 are attached to this Current Report on Form 8-K as Exhibit 99.2.

(c) Shell Company Transactions.

Reference is made to Items 9.01(a) and 9.01(b) and the exhibits referred to therein which are incorporated herein by reference.

(d) Exhibits.

Exhibit Index

Exhibit No.	Name of Exhibit
2.1	Securities and Exchange Agreement by and among Globalwise Investments, Inc. and Intellinetics, Inc., dated as of February 10, 2012.
3.1	Articles of Incorporation of Globalwise Investments, Inc., as amended (incorporated by reference to Exhibit 3.1 to the Company's Form 10-QSB filed with the Commission on October 11, 2001).
3.2	Certificate of Correction, effective May 22, 2007 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on June 17, 2007).
4.1	Form of Convertible Promissory Note of Intellinetics, Inc.
10.1	Contract for the Washington Request for Electronic Collision Records Project by and between the State of Washington and Intellinetics, Inc., effective as of July 28, 2010.
10.2	Form of Indemnification Agreement.
10.3	Loan Agreement between the Director of Development of the State of Ohio and Intellinetics, Inc., dated as of July 17, 2009.
10.4	Cognovit Promissory Note by Intellinetics, Inc. in favor of the Director of Development of the State of Ohio in the principal amount of \$1,012,500, dated July 17, 2009.
10.5	First Amendment to Loan Agreement by and between the Director of Development of the State of Ohio and Intellinetics, Inc., dated as of November 1, 2011.
10.6	Loan Agreement between the Director of Development of the State of Ohio and Intellinetics, Inc., dated as of June 3, 2011.
10.7	Cognovit Promissory Note by Intellinetics, Inc. in favor of the Director of Development of the State of Ohio in the principal amount of \$750,000, dated June 3, 2011.
10.8	Business Loan Agreement by and between Intellinetics, Inc. and The Delaware County Bank and Trust Company, dated as of March 24, 2004.
10.9	Promissory Note by Intellinetics, Inc. in favor of The Delaware County Bank and Trust Company in the principal amount of \$201,024, dated as of March 24, 2004.
10.10	Loan Extension Agreement by and between Intellinetics, Inc. and The Delaware County Bank and Trust Company, dated as of April 1, 2005.
10.11	Note Extension Agreement by and between Intellinetics, Inc. and The Delaware County Bank and Trust Company, dated as of May 26, 2006.
10.12	Loan Modification Agreement by and between Intellinetics, Inc. and The Delaware County Bank and Trust Company, dated as of April 23, 2007.
10.13	Loan Modification Agreement by and between Intellinetics, Inc. and The Delaware County Bank and Trust Company, dated as of May 19, 2008.
10.14	Loan Modification Agreement by and between Intellinetics, Inc. and The Delaware County Bank and Trust Company, dated as of April 20, 2009.
10.15	Form of Promissory Note by Intellinetics, Inc. in favor of Alpharion Capital Partners, Inc.
10.16	Promissory Note by Intellinetics, Inc. in favor of Mike Chretien in the principal amount of \$10,000, dated June 17, 2011.
10.17	Promissory Note by Intellinetics, Inc. in favor of A. Michael Chretien in the principal amount of \$55,167, dated December 29, 2001.

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- 10.18 Promissory Note by Intellinetics, Inc. in favor of A. Michael Chretien in the principal amount of \$7,500, dated March 8, 2007.
 - 10.19 Promissory Note by Intellinetics, Inc. in favor of A. Michael Chretien in the principal amount of \$22,842, dated April 19, 2007.
 - 10.20 Promissory Note by Intellinetics, Inc. in favor of A. Michael Chretien in the principal amount of \$21,948, dated December 31, 2008.
 - 10.21 Promissory Note by Intellinetics, Inc. in favor of A. Michael Chretien in the principal amount of \$12,000, dated January 18, 2011.
 - 10.22 Promissory Note by Intellinetics, Inc. in favor of Matt Chretien in the principal amount of \$12,442, dated April 19, 2007.
 - 10.23 Promissory Note by Intellinetics, Inc. in favor of Matt Chretien in the principal amount of \$14,000, dated June 12, 2009.
 - 10.24 Promissory Note by Intellinetics, Inc. in favor of Matt Chretien in the principal amount of \$23,000, dated December 30, 2010.
 - 10.25 Promissory Note by Intellinetics, Inc. in favor of Matt Chretien in the principal amount of \$2,500, dated February 4, 2011.
 - 10.26 Promissory Note by Intellinetics, Inc. in favor of Matt Chretien in the principal amount of \$8,000, dated June 30, 2011.
 - 10.27 Promissory Note by Intellinetics, Inc. in favor of Robert A. Love III in the principal amount of \$199,537, dated February 22, 2001.
 - 10.28 Promissory Note by Intellinetics, Inc. in favor of Jackie Chretien in the principal amount of \$65,000, dated June 10, 2011.
 - 10.29 Promissory Note by Intellinetics, Inc. in favor of Raymond Shealy in the principal amount of \$200,000, dated February 10, 2011.
 - 10.30 Amendment to Promissory Note by Intellinetics, Inc. in favor of Raymond Shealy in the principal amount of \$200,000, dated June 21, 2011.
 - 10.31 Guaranty of Matt Chretien and Mike Chretien regarding Promissory Note by Intellinetics, Inc. in favor of Raymond Shealy in the principal amount of \$200,000, dated February 10, 2011.
 - 10.32 Lease Agreement by and among SFERS Real Estate Corp. T, Dividend Drive LLC and The Avatar Group, Inc., dated as of June 21, 1999.
 - 10.33 Lease Renewal Agreement by and between Intellinetics, Inc. and Dividend Drive LLC, effective as of January 1, 2010.
 - 10.34 Form of Stock Award Agreement.
 - 10.35 Amended Employment Agreement of A. Michael Chretien, dated September 16, 2011.
 - 10.36 Amended Offer of Employment of A. Michael Chretien, dated September 16, 2011.
 - 10.37 Amended Employment Agreement of Matthew L. Chretien, dated September 16, 2011.
 - 10.38 Amended Offer of Employment of Matthew L. Chretien, dated September 16, 2011.
 - 10.39 Amended Employment Agreement of William J. Santiago, dated September 16, 2011
 - 10.40 Amended Offer of Employment of William J. Santiago, dated September 16, 2011
 - 16.1 Letter of Morrill & Associates LLP.

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- 99.1 Intellinetics, Inc. audited financial statements for the years ended December, 31, 2010 and 2009 and unaudited financial statements for the nine months ended September 30, 2011 and 2010.
 - 99.2 Globalwise Investments, Inc. pro forma condensed combined financial statements for the nine months ended September 30, 2011 and for the year ended December 31, 2010.
 - 99.3 Press Release issued by Globalwise Investments, Inc., dated February 13, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 13, 2012

GLOBALWISE INVESTMENTS, INC.
(Registrant)

By: /s/ William J. Santiago
Name: William J. Santiago
Title: President and Chief Executive Officer

SECURITIES EXCHANGE AGREEMENT
BY AND BETWEEN
GLOBALWISE INVESTMENTS, INC.
AND
INTELLINETICS, INC.
DATED AS OF FEBRUARY 10, 2012

SECURITIES EXCHANGE AGREEMENT

This SECURITIES EXCHANGE AGREEMENT (this "Agreement") is made and entered into as of February 10, 2012, by and among GLOBALWISE INVESTMENTS, INC., a Nevada corporation (the "Company"), INTELLINETICS, INC., an Ohio corporation (the "Intellinetics").

RECITALS

A. Immediately prior to the Closing (as defined below), Intellinetics will have issued and outstanding 6,029 shares of common stock, no par value, of Intellinetics (the "Intellinetics Common Stock");

B. The Company's current shareholders will have as of the Closing and prior to the Closing (the "Securities Exchange"), 4,556,000 shares of common stock, par value \$0.001, issued and outstanding and the Company will have no other securities issued and outstanding;

C. The Board of Directors of the Company and the Board of Directors of Intellinetics have determined that the Securities Exchange is fair to, and in the best interests of, their respective corporations and their respective shareholders;

D. Following the Securities Exchange,

(1) the Company will have issued and outstanding (a) 32,590,850 shares of common stock of which (i) 4,556,000 shares will be owned by persons who are the current shareholders of the Company immediately prior to the Securities Exchange; and (b) 28,034,850 shares will be owned by persons who are the current shareholders of Intellinetics Common Stock immediately prior to the Securities Exchange;

(2) One of the Company's two directors shall have resigned and one person designated by Intellinetics shall have been elected as a director of the Company;

(3) Intellinetics shall be a wholly-owned subsidiary of the Company.

E. The parties intend, by executing this Agreement, to adopt a plan of reorganization within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, in consideration of the covenants, promises and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

THE SECURITIES EXCHANGE

1.1 Exchange of Intellinetics Common Stock. Subject to and upon the terms and conditions of this Agreement, the Company agrees to issue to each holder of Intellinetics Common Stock (the "Intellinetics Holder") at the applicable closing, in exchange for each one (1) share of Intellinetics Common Stock held by such Intellinetics Holder, 4,650 shares of Company common stock (the "Company Common Stock"). The Securities Exchange; and the other transactions contemplated by this Agreement, are hereinafter sometimes referred to as the "Transactions." After the Transactions the Intellinetics Holders shall own approximately 86% of the Company on a fully-diluted basis and the Company stockholders shall retain approximately 14% of the Company on a fully-diluted basis.

1.2 Closing. Unless this Agreement shall have been terminated pursuant to Section 8.1, the closing of the Securities Exchange shall take place at the offices of the Company at a time and date to be specified by the parties no later than the third business day after the Closing. The closing (the "Closing") shall be no later than the third business day after the satisfaction or waiver of the conditions set forth in Article VI, or at such other time, date and location as the parties hereto agree (the "Closing Date").

1.3 Exchange Requirements.

(a) Restrictions on Intellinetics Common Stock. If any Intellinetics Common Stock outstanding immediately prior to the Closing are unvested or are subject to a repurchase option, risk of forfeiture or other condition under any applicable restricted stock purchase agreement or other agreement with Intellinetics, then the Company Common Stock issued in exchange for such Intellinetics Common Stock will also be unvested or subject to the same repurchase option, risk of forfeiture or other condition, and the certificates representing such Company Common Stock may accordingly be marked with appropriate legends and notices to the Company's transfer of such restrictions also. The Company shall take all action that may be necessary to ensure that, from and after the Closing, the Company is entitled to exercise any such repurchase option or other right set forth in any such restricted securities agreement or other agreement.

(b) Transfers of Ownership. If certificates representing any Company Common Stock issued in the Securities Exchange are to be issued in a name other than that in which the certificates representing the Intellinetics Common Stock surrendered in exchange therefore are registered, it will be a condition of the issuance thereof that the certificates representing the Intellinetics Common Stock so surrendered will be properly endorsed and otherwise in proper form for transfer and that the persons requesting such exchange will have paid to the Company or any agent designated by it any transfer or other taxes required by reason of the issuance of certificates representing Company Common Stock in any name other than that of the registered holder of the certificates surrendered, or established to the satisfaction of the Company or any agent designated by it that such tax has been paid or is not payable.

(c) Limited Power of Attorney. Each Intellinetics Holder hereby expressly and irrevocably grants to the Chief Executive Officer of Intellinetics a limited special power of attorney constituting and appointing such officer as the attorney-in-fact for such Intellinetics Holder, with power and authority to act in his name and on his behalf, enter into and execute such documents, instruments and agreements, endorse for transfer any and all certificates or documents evidencing Intellinetics Common Stock, and to take such other reasonable actions as may be necessary to accomplish the Securities Exchange, all in the name of and on behalf of each such Intellinetics Holder.

1.4 Procedure for the Securities Exchange.

(a) Standard Registrar & Transfer Co., Inc., the Company's transfer agent and registrar, shall be designated by the parties hereto to act as the exchange agent (the "Exchange Agent") in the Securities Exchange.

(b) Prior to the Closing Date, the Company shall make available to the Exchange Agent the shares of Company Common Stock to be issued in the Securities Exchange in exchange for the corresponding Intellinetics Common Stock, in accordance with the terms of this Agreement and as provided in Schedule 1.4(b) hereto.

(c) Upon surrender to the Exchange Agent of the certificate or documents evidencing Intellinetics Common Stock, along with such other documents as the Exchange Agent may reasonably request in connection with the Securities Exchange, the Exchange Agent shall deliver the appropriate Company Common Stock, (the "Company Common Stock") to such Intellinetics Holder in accordance with Section 1.1 hereof.

1.5 Tax Consequences. It is intended by the parties hereto that the Exchange shall constitute a reorganization within the meaning of Section 368 of the Code. The parties hereto adopt this Agreement as a “plan of reorganization” within the meaning of Sections 1.368-2(g) and 1.368-3(a) of the United States Income Tax Regulations.

1.6 Investment Representation. All Company Common Stock issued in accordance with the terms hereof shall, when issued, be restricted securities and may not be sold, transferred or otherwise disposed of by the holders thereof without registration under the Securities Act of 1933, as amended (the “Securities Act”) or an available exemption from registration under the Securities Act. The certificates or other documents representing the Company Securities issued in accordance with the terms hereof will contain the appropriate restrictive legends. Each Intellinetics Holder shall provide a statement of investment intent in the form of Exhibit B attached hereto.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF INTELLINETICS

Intellinetics hereby represents and warrants to, and covenants with, the Company, as follows:

2.1 Organization and Qualification.

(a) Intellinetics is a corporation duly incorporated or organized, validly existing and in good standing under the laws of the State of Ohio and has the requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being or currently planned by Intellinetics to be conducted. Intellinetics is in possession of all franchises, grants, authorizations, licenses, permits, easements, consents, certificates, approvals and orders (the “Approvals”) necessary to own, lease and operate the properties it purports to own, operate or lease and to carry on its business as it is now being or currently planned by Intellinetics to be conducted, except where the failure to have such Approvals could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Intellinetics. Complete and correct copies of the articles of incorporation or organization and by-laws (or other comparable governing instruments with different names) (collectively referred to herein as “Charter Documents”) of Intellinetics, as amended and currently in effect, have been heretofore delivered to the Company. Intellinetics is not in violation of any of the provisions of its Charter Documents.

(b) Intellinetics is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except for such failures to be so duly qualified or licensed and in good standing that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Intellinetics.

(c) The minute books of Intellinetics contain true, complete and accurate records of all meetings and consents in lieu of meetings of its Board of Directors (and any committees thereof), similar governing bodies and stockholders (“Corporate Records”), since the time of Intellinetics’s organization. Copies of such Corporate Records of Intellinetics have been heretofore delivered to the Company.

(d) The stock transfer and ownership records of Intellinetics contain true, complete and accurate records of the stock ownership as of the date of such records and the transfers involving the capital stock of Intellinetics since the time of Intellinetics's organization. Copies of such stock records of Intellinetics have been heretofore delivered to the Company.

2.2 Subsidiaries. Intellinetics has no subsidiaries.

2.3 Capitalization.

(a) As of the Closing Date, the authorized capital stock of Intellinetics shall consist of 10,000 shares of Intellinetics Common Stock, no par value, and 1,000 shares of Preferred Stock, par value \$0.01. As of January 31, 2012, 6,029 shares of Intellinetics Common Stock were issued and outstanding, all of which are validly issued, fully paid and nonassessable and no shares of Preferred Stock were outstanding. All outstanding securities of Intellinetics have been issued and granted in compliance with (i) all applicable securities laws and (in all material respects) other applicable laws and regulations, and (ii) all requirements set forth in any applicable Contracts (as defined below).

(b) There are no equity securities or similar ownership interests of any class of any equity security of Intellinetics, or any securities exchangeable or convertible into or exercisable for such equity securities or similar ownership interests, issued, reserved for issuance or outstanding. Except as set forth in Schedule 2.3 hereof there are no subscriptions, options, warrants, equity securities, partnership interests or similar ownership interests, calls, rights (including preemptive rights), commitments or agreements of any character to which Intellinetics is a party or by which it is bound obligating Intellinetics to issue, deliver or sell, or cause to be issued, delivered or sold, or repurchase, redeem or otherwise acquire, or cause the repurchase, redemption or acquisition of, any shares of capital stock or similar ownership interests of Intellinetics or obligating Intellinetics to grant, extend, accelerate the vesting of or enter into any such subscription, option, warrant, equity security, call, right, commitment or agreement.

(c) Except as contemplated by this Agreement, there are no registration rights, and there is no voting trust, proxy, rights plan, anti-takeover plan or other agreement or understanding to which Intellinetics is a party or by which Intellinetics is bound with respect to any equity security of any class of Intellinetics.

2.4 Authority Relative to this Agreement. Intellinetics has all necessary corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and, to consummate the transactions contemplated hereby (including the Transactions). The execution and delivery of this Agreement and the consummation by Intellinetics of the transactions contemplated hereby (including the Transactions) have been duly and validly authorized by all necessary corporate action on the part of Intellinetics (including the approval by its Board of Directors), and no other corporate proceedings on the part of Intellinetics are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Intellinetics and, assuming the due authorization, execution and delivery thereof by the other parties hereto, constitutes the legal and binding obligation of Intellinetics, enforceable against Intellinetics in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity and public policy.

2.5 No Conflict: Required Filings and Consents.

(a) The execution and delivery of this Agreement by Intellinetics does not, and the performance of this Agreement by Intellinetics shall not, (i) conflict with or violate Intellinetics's Charter Documents, (ii) subject to the execution of this Agreement by the stockholders of Intellinetics, conflict with or violate any Legal Requirements (as defined below), or (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or materially impair Intellinetics's rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of Intellinetics pursuant to, any Contracts, except, with respect to clauses (ii) or (iii), for any such conflicts, violations, breaches, defaults or other occurrences that would not, individually and in the aggregate, have a Material Adverse Effect on Intellinetics.

(b) The execution and delivery of this Agreement by Intellinetics does not, and the performance of its obligations hereunder will not, require any consent, approval, authorization or permit of, or filing with or notification to, any court, administrative agency, commission, governmental or regulatory authority, domestic or foreign (a "**Governmental Entity**"), except (i) for applicable requirements, if any, of the Securities Act, the Exchange Act, state securities laws and the rules and regulations thereunder, and appropriate documents with the relevant authorities of other jurisdictions in which Intellinetics is qualified to do business, and (ii) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Intellinetics or, after the Closing, the Company, or prevent consummation of the Transactions or otherwise prevent the parties hereto from performing their obligations under this Agreement.

2.6 Compliance. To the knowledge of Intellinetics, it has complied with and is not in violation of any Legal Requirements with respect to the conduct of its business, or the ownership or operation of its business, except for failures to comply or violations which, individually or in the aggregate, have not had and are not reasonably likely to have a Material Adverse Effect on Intellinetics. To Intellinetics's knowledge, the businesses and activities of Intellinetics have not been and are not being conducted in violation of any Legal Requirements. Intellinetics is not in default or violation of any term, condition or provision of any applicable Charter Documents or Contracts. To Intellinetics's knowledge no written notice of non-compliance with any Legal Requirements has been received by Intellinetics (and Intellinetics has no knowledge of any such notice delivered to any other Person). Intellinetics is not in violation of any term of any contract or covenant relating to employment, patents, proprietary information disclosure, non-competition or non-solicitation.

2.7 Financial Statements.

(a) Intellinetics has provided to the Company a correct and complete copy of the audited financial statements (including, in each case, any related notes thereto) of Intellinetics for the fiscal years ended December 31, 2010 and 2009, prepared in accordance with the published rules and regulations of any applicable Governmental Entity and with generally accepted accounting principles of the United States ("**U.S. GAAP**") applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto), were audited in accordance with the auditing standards of the Public Company Accounting Oversight Board ("**PCAOB**") by an independent accountant registered with PCAOB, and each fairly presents in all material respects the financial position of Intellinetics at the respective dates thereof and the results of its operations and cash flows for the periods indicated, and each does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) Intellinetics has provided to the Company a correct and complete copy of the unaudited financial statements (including, in each case, any related notes thereto) of Intellinetics for the nine-month period ending September 30, 2011, which complied as to form in all material respects with, and were prepared in accordance with U.S. GAAP applied on a consistent basis throughout the period involved (except as may be indicated in the notes thereto), and were reviewed by an independent accountant registered with PCAOB, and such statements fairly present in all material respects the financial position of each at the dates thereof and the results of its operations and cash flows for the periods indicated, except that the unaudited interim financial statements were or are subject to normal adjustments which were not or are not expected to have a Material Adverse Effect on Intellinetics.

(c) The books of account and other financial records of Intellinetics have been maintained in accordance with good business practice.

2.8 No Undisclosed Liabilities. Intellinetics has no liabilities (absolute, accrued, contingent or otherwise) of a nature required to be disclosed on a balance sheet or in the related notes to the financial statements prepared in accordance with U.S. GAAP which are, individually or in the aggregate, material to the business, results of operations or financial condition of Intellinetics, except: (i) liabilities provided for in or otherwise disclosed in the interim balance sheets of Intellinetics as of September 30, 2011 prepared in accordance with U.S. GAAP, which have been delivered to the Company, and (ii) such liabilities arising in the ordinary course of Intellinetics's business since September 30, 2011, none of which would have a Material Adverse Effect on Intellinetics.

2.9 Absence of Certain Changes or Events. Except as set forth in the interim balance sheets of Intellinetics as of September 30, 2011 (including the notes thereto), since September 30, 2011, there has not been: (i) any Material Adverse Effect on Intellinetics, (ii) any declaration, setting aside or payment of any dividend on, or other distribution (whether in cash, stock or property) in respect of, any of Intellinetics's stock, or any purchase, redemption or other acquisition by Intellinetics of any of Intellinetics's capital stock or any other securities of Intellinetics or any options, warrants, calls or rights to acquire any such shares or other securities, (iii) any split, combination or reclassification of any of Intellinetics's capital stock, or any amendment or modification of the terms of any options, warrants or convertible securities of Intellinetics, (iv) any granting by Intellinetics of any increase in compensation or fringe benefits, except for normal increases of cash compensation in the ordinary course of business consistent with past practice, or any payment by Intellinetics of any bonus, except for bonuses made in the ordinary course of business consistent with past practice, or any granting by Intellinetics of any increase in severance or termination pay or any entry by Intellinetics into any currently effective employment, severance, termination or indemnification agreement or any agreement the benefits of which are contingent or the terms of which are materially altered upon the occurrence of a transaction involving Intellinetics of the nature contemplated hereby, (v) entry by Intellinetics into any licensing or other agreement with regard to the acquisition or disposition of any Intellectual Property (as defined in Section 2.18 hereof) other than licenses in the ordinary course of business consistent with past practice or any amendment or consent with respect to any licensing agreement filed or required to be filed by Intellinetics with respect to any Governmental Entity, (vi) any material change by Intellinetics in its accounting methods, principles or practices, (vii) any change in the auditors of Intellinetics, (viii) any issuance of capital stock, options or warrants of Intellinetics, or (viii) any revaluation by Intellinetics of any of its assets, including, without limitation, writing down the value of capitalized inventory or writing off notes or accounts receivable or any sale of assets of Intellinetics other than in the ordinary course of business.

2.10 Litigation. There are no claims, suits, actions or proceedings pending, or to the knowledge of Intellinetics, threatened against Intellinetics, before any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator that seeks to restrain or enjoin the

consummation of the Transactions or which could reasonably be expected, either singularly or in the aggregate with all such claims, actions or proceedings, to have a Material Adverse Effect on Intellinetics or have a Material Adverse Effect on the ability of the parties hereto to consummate the Transactions.

2.11 Employee Benefit Plans.

(a) All employee compensation, incentive, fringe or benefit plans, programs, policies, commitments or other arrangements (whether or not set forth in a written document) covering any active or former employee, director or consultant of Intellinetics, or any trade or business (whether or not incorporated) which is under common control with Intellinetics, with respect to which Intellinetics has liability (collectively, the “**Plans**”) has been maintained and administered in all material respects in compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations which are applicable to such Plans, and all liabilities with respect to the Plans have been properly reflected in the financial statements of Intellinetics. No suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of Plan activities) has been brought, or to the knowledge of Intellinetics is threatened, against or with respect to any such Plan. There are no audits, inquiries or proceedings pending or, to the knowledge of Intellinetics, threatened by any governmental agency with respect to any Plans. Except as disclosed on Schedule 2.11, all contributions, reserves or premium payments required to be made or accrued as of the date hereof to the Plans have been timely made or accrued. Except as disclosed on Schedule 2.11, Intellinetics does not have any plan or commitment to establish any new Plan, to modify any Plan (except to the extent required by law or to conform any such Plan to the requirements of any applicable law, in each case as previously disclosed to Intellinetics in writing, or as required by this Agreement), or to enter into any new Plan. Each Plan can be amended, terminated or otherwise discontinued after the Closing in accordance with its terms, without liability to Intellinetics (other than ordinary administration expenses and expenses for benefits accrued but not yet paid).

(b) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any stockholder, director or employee of Intellinetics under any Plan or otherwise, (ii) materially increase any benefits otherwise payable under any Plan, or (iii) result in the acceleration of the time of payment or vesting of any such benefits.

2.12 Labor Matters. Intellinetics is not a party to any collective bargaining agreement or other labor union contract applicable to persons employed by Intellinetics nor does Intellinetics know of any activities or proceedings of any labor union to organize any such employees.

2.13 Restrictions on Business Activities. To Intellinetics’s knowledge there is no agreement, commitment, judgment, injunction, order or decree binding upon Intellinetics or to which Intellinetics is a party which has or could reasonably be expected to have the effect of prohibiting or materially impairing any business practice of Intellinetics, any acquisition of property by Intellinetics or the conduct of business by Intellinetics as currently conducted other than such effects, individually or in the aggregate, which have not had and could not reasonably be expected to have a Material Adverse Effect on Intellinetics.

2.14 Title to Property.

(a) Intellinetics owns or lease real property (the “**Real Property**”) as described on Schedule 2.14. There are no options or other contracts under which Intellinetics has a right to acquire any interest in real property.

(b) All leases of real property held by Intellinetics and all personal property and other property and assets of Intellinetics (other than Real Property) owned, used or held for use in connection with the business of Intellinetics (the "**Personal Property**") are shown or reflected on the interim balance sheets of Intellinetics prepared in accordance with U.S. GAAP. Intellinetics owns and has good and marketable title to the Personal Property, and all such assets and properties are in each case held free and clear of all Liens, except for Liens disclosed in the financial statements of Intellinetics prepared in accordance with U.S. GAAP or in Schedule 2.14 hereto, none of which Liens has or will have, individually or in the aggregate, a Material Adverse Effect on such property or on the present or contemplated use of such property in the businesses of Intellinetics.

(c) All leases pursuant to which Intellinetics leases from others material Real Property or Personal Property are valid and effective in accordance with their respective terms, and there is not, under any of such leases, any existing material default or event of default of Intellinetics or, to Intellinetics's knowledge, any other party (or any event which with notice or lapse of time, or both, would constitute a material default), except where the lack of such validity and effectiveness or the existence of such default or event of default could not reasonably be expected to have a Material Adverse Effect on Intellinetics.

2.15 Taxes.

(a) Definition of Taxes. For the purposes of this Agreement, "**Tax**" or "**Taxes**" refers to any and all federal, state, local and foreign taxes, including, without limitation, gross receipts, income, profits, sales, use, occupation, value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes, assessments, governmental charges and duties together with all interest, penalties and additions imposed with respect to any such amounts and any obligations under any agreements or arrangements with any other person with respect to any such amounts and including any liability of a predecessor entity for any such amounts.

(i) Intellinetics has timely filed all federal, state, local and foreign returns, estimates, information statements and reports relating to Taxes (the "**Returns**") required to be filed by Intellinetics with any Tax authority prior to the date hereof, except such Returns which are not material to Intellinetics. All such Returns are true, correct and complete in all material respects. Intellinetics has paid all Taxes shown to be due on such Returns.

(ii) All Taxes that Intellinetics is required by law to withhold or collect have been duly withheld or collected, and have been timely paid over to the proper governmental authorities to the extent due and payable.

(iii) Intellinetics has not been delinquent in the payment of any material Tax nor is there any material Tax deficiency outstanding, proposed or assessed against Intellinetics, nor has Intellinetics executed any unexpired waiver of any statute of limitations on or extending the period for the assessment or collection of any Tax.

(iv) No audit or other examination of any Returns of Intellinetics by any Tax authority is presently in progress, nor has Intellinetics been notified of any request for such an audit or other examination.

(v) No adjustment relating to any Returns filed by Intellinetics has been proposed in writing, formally or informally, by any Tax authority to Intellinetics or any representative thereof.

(vi) Intellinetics has no liability for any material unpaid Taxes which have not been accrued for or reserved on Intellinetics's balance sheets included in the audited financial statements for the most recent fiscal year ended, whether asserted or unasserted, contingent or otherwise, which is material to Intellinetics, other than any liability for unpaid Taxes that may have accrued since the end of the most recent fiscal year in connection with the operation of the business of Intellinetics in the ordinary course of business, none of which is material to the business, results of operations or financial condition of Intellinetics.

(vii) Intellinetics has not taken any action and does not know of any fact, agreement, plan or other circumstance that is reasonably likely to prevent the Transactions from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

2.16 Environmental Matters.

(a) Except for such matters that, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect to Intellinetics's knowledge:

(i) Intellinetics has complied with all applicable Environmental Laws; (ii) the properties currently owned or operated by Intellinetics (including soils, groundwater, surface water, buildings or other structures) are not contaminated with any Hazardous Substances; (iii) the properties formerly owned or operated by Intellinetics were not contaminated with Hazardous Substances during the period of ownership or operation by Intellinetics; (iv) Intellinetics is not subject to liability for any Hazardous Substance disposal or contamination on any third party property; (v) Intellinetics has not been associated with any release or threat of release of any Hazardous Substance; (vi) Intellinetics has not received any notice, demand, letter, claim or request for information alleging that Intellinetics may be in violation of or liable under any Environmental Law; and (vii) Intellinetics is not subject to any orders, decrees, injunctions or other arrangements with any Governmental Entity or subject to any indemnity or other agreement with any third party relating to liability under any Environmental Law or relating to Hazardous Substances.

(b) As used in this Agreement, the term "**Environmental Law**" means any federal, state, local or foreign law, regulation, order, decree, permit, authorization, opinion, common law or agency requirement relating to: (A) the protection, investigation or restoration of the environment, health and safety, or natural resources; (B) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance or (C) noise, odor, wetlands, pollution, contamination or any injury or threat of injury to persons or property.

(c) As used in this Agreement, the term "**Hazardous Substance**" means any substance that is: (i) listed, classified or regulated pursuant to any Environmental Law; (ii) any petroleum product or by-product, asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyls, radioactive materials or radon; or (iii) any other substance which is the subject of regulatory action by any Governmental Entity pursuant to any Environmental Law.

2.17 Brokers; Third Party Expenses. Except as disclosed and defined in Section 5.8, (i) Intellinetics has not incurred, nor will it incur, directly or indirectly, any liability for brokerage, finders' fees, agent's commissions or any similar charges in connection with this Agreement or any transactions contemplated hereby; and (ii) no shares of common stock, options, warrants or other securities of Intellinetics are payable to any third party by Intellinetics as a result of the Transactions.

2.18 Intellectual Property. For the purposes of this Agreement, the following terms have the following definitions:

“Intellectual Property” shall mean any or all of the following and all worldwide common law and statutory rights in, arising out of, or associated therewith: (i) patents and applications therefore and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof (**“Patents”**); (ii) inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know how, technology, technical data and customer lists, and all documentation relating to any of the foregoing; (iii) copyrights, copyrights registrations and applications therefor, and all other rights corresponding thereto throughout the world; (iv) domain names, uniform resource locators (**“URLs”**) and other names and locators associated with the Internet (**“Domain Names”**); (v) industrial designs and any registrations and applications therefor; (vi) trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications therefor (collectively, **“Trademarks”**); (vii) all databases and data collections and all rights therein; (viii) all moral and economic rights of authors and inventors, however denominated, and (ix) any similar or equivalent rights to any of the foregoing (as applicable).

“Intellinetics Intellectual Property” shall mean any Intellectual Property that is owned by, or exclusively licensed to, Intellinetics.

“Registered Intellectual Property” means all Intellectual Property that is the subject of an application, certificate, filing, registration or other document issued, filed with, or recorded by any private, state, government or other legal authority.

“Intellinetics Registered Intellectual Property” means all of the Registered Intellectual Property owned by, or filed in the name of, Intellinetics.

“Intellinetics Products” means all current versions of products or service offerings of Intellinetics.

(a) To Intellinetics’s knowledge, Intellinetics Intellectual Property and Intellinetics Products are not subject to any material proceeding or outstanding decree, order, judgment, contract, license, agreement or stipulation restricting in any manner the use, transfer or licensing thereof by Intellinetics, or which may affect the validity, use or enforceability of such Intellinetics Intellectual Property or Intellinetics Products, which in any such case could reasonably be expected to have a Material Adverse Effect on Intellinetics.

(b) Intellinetics owns and has good and exclusive title to each material item of Intellinetics Intellectual Property owned by it free and clear of any Liens (excluding non-exclusive licenses and related restrictions granted in the ordinary course); and Intellinetics is the exclusive owner of all material Intellinetics Registered Intellectual Property used in connection with the operation or conduct of the business of Intellinetics including the sale of any products or the provision of any services by Intellinetics.

(c) The operation of the business of Intellinetics as such business currently is conducted, including (i) the design, development, manufacture, distribution, reproduction, marketing or

sale of the products or services of Intellinetics (including Intellinetics Products) and (ii) Intellinetics's use of any product, device or process, to Intellinetics's knowledge and except as could not reasonably be expected to have a Material Adverse Effect, has not and does not and will not infringe or misappropriate the Intellectual Property of any third party or constitute unfair competition or trade practices under the laws of any jurisdiction.

2.19 Agreements, Contracts and Commitments. (a) Schedule 2.19 hereto sets forth a complete and accurate list of all Material Contracts (as hereinafter defined), specifying the parties thereto. For purposes of this Agreement, (i) the term "**Contracts**" shall mean all contracts, agreements, leases, mortgages, indentures, note, bond, liens, license, permit, franchise, purchase orders, sales orders, arbitration awards, judgments, decrees, orders, documents, instruments, understandings and commitments, or other instrument or obligation (including without limitation outstanding offers or proposals) of any kind, whether written or oral, to which Intellinetics is a party or by or to which any of the properties or assets of Intellinetics may be bound, subject or affected (including without limitation notes or other instruments payable to Intellinetics) and (ii) the term "**Material Contracts**" shall mean (x) each Contract (I) providing for payments (past, present or future) to Intellinetics in excess of \$50,000 in the aggregate or (II) under which or in respect of which Intellinetics presently has any liability or obligation of any nature whatsoever (absolute, contingent or otherwise) in excess of \$50,000, (y) each Contract which otherwise is or may be material to the businesses, operations, assets, condition (financial or otherwise) or prospects of Intellinetics and (z) without limitation of subclause (x) or subclause (y), each of the following Contracts:

(i) any mortgage, indenture, note, installment obligation or other instrument, agreement or arrangement for or relating to any borrowing of money by or from Intellinetics, or any officer, director or 5% or more stockholder (the "**Insider**") of Intellinetics;

(ii) any guaranty, direct or indirect, by Intellinetics or any Insider of Intellinetics of any obligation for borrowings, or otherwise, excluding endorsements made for collection in the ordinary course of business;

(iii) any Contract made other than in the ordinary course of business or (x) providing for the grant to any preferential rights to purchase or lease any asset of Intellinetics or (y) providing for any right (exclusive or non-exclusive) to sell or distribute, or otherwise relating to the sale or distribution of, any product or service of Intellinetics;

(iv) any obligation to register any shares of the capital stock or other securities of Intellinetics with any Governmental Entity;

(v) any obligation to make payments, contingent or otherwise, arising out of the prior acquisition of the business, assets or stock of other persons;

(vi) any collective bargaining agreement with any labor union;

(vii) any lease or similar arrangement for the use by Intellinetics of personal property;

(viii) any Contract granting or purporting to grant, or otherwise in any way relating to any other interest (including, without limitation, a leasehold interest) in real property; and

(b) Except as set forth on Schedule 2.19, each Contract was entered into at arms' length and in the ordinary' course, is in full force and effect and is valid and binding upon and enforceable against each of the parties thereto. True, correct and complete copies of all Material Contracts (or written summaries in the case of oral Material Contracts) and of all outstanding offers or proposals of Intellinetics has have been heretofore delivered to the Company.

(c) Except as set forth in Schedule 2.19, neither Intellinetics nor to the best of Intellinetics's knowledge any other party thereto is in breach of or in default under, and no event has occurred which with notice or lapse of time or both would become a breach of or default under, any Contract, and no party to any Contract has given any written notice of any claim of any such breach, default or event, which, individually or in the aggregate, are reasonably likely to have a Material Adverse Effect on Intellinetics. Each agreement, contract or commitment to which Intellinetics are a party or by which they are bound that has not expired by its terms is in full force and effect, except where such failure to be in full force and effect is not reasonably likely to have a Material Adverse Effect on Intellinetics.

2.20 Insurance. Intellinetics has in force insurance policies and fidelity bonds covering the assets, business, equipment, properties, operations, employees, officers and directors (collectively, the "Insurance Policies") of Intellinetics which Intellinetics reasonably believes are adequate in amount and scope for the Business in which they are engaged.

2.21 Governmental Actions/Filings. Intellinetics has been granted and holds, and has made, all Governmental Actions/Filings necessary to the conduct by Intellinetics of its businesses (as presently conducted and as presently proposed to be conducted) or used or held for use by Intellinetics, except for those which the failure to have could reasonably be expected to have a Material Adverse Effect. Each such Governmental Action/Filing is in full force and effect and Intellinetics is in compliance with all of its obligations with respect thereto. No event has occurred and is continuing which requires or permits, or after notice or lapse of time or both would require or permit, and consummation of the transactions contemplated by this Agreement or any ancillary documents will not require or permit (with or without notice or lapse of time, or both), any modification or termination of any such Governmental Actions/Filings. To Intellinetics's knowledge no Governmental Action/Filing is necessary to be obtained, secured or made by Intellinetics to enable it to continue to conduct its businesses and operations and use its properties after the Closing in a manner which is consistent with current practice.

For purposes of this Agreement, the term "Governmental Action/Filing" shall mean any franchise, license, certificate of compliance, authorization, consent, order, permit, approval, consent or other action of, or any filing, registration or qualification with, any federal, state, municipal, foreign or other governmental, administrative or judicial body, agency or authority.

2.22 Interested Party Transactions. No employee, officer, director or stockholder of Intellinetics or a member of his or her immediate family is indebted to Intellinetics, nor is Intellinetics indebted (or committed to make loans or extend or guarantee credit) to any of them, other than (i) for payment of salary for services rendered, (ii) reimbursement for reasonable expenses incurred on behalf of Intellinetics, and (iii) for other employee benefits made generally available to all employees. To Intellinetics's knowledge, none of such individuals has any direct or indirect ownership interest in any Person with whom Intellinetics is affiliated or with whom Intellinetics has a contractual relationship, or any Person that competes with Intellinetics, except that each employee, stockholder, officer or director of Intellinetics and members of their respective immediate families may own less than 5% of the outstanding stock in publicly traded companies that may compete with Intellinetics. To the knowledge of Intellinetics, no officer, director or stockholder or any member of their immediate families is, directly or indirectly, interested in any material contract with Intellinetics (other than such contracts as relate to any such individual ownership of capital stock or other securities of Intellinetics).

2.23 Board Approval. The board of directors of Intellinetics or similar governing body (including any required committee or subgroup of thereof) has, as of the date of this Agreement, unanimously approved, this Agreement and the transactions contemplated hereby.

2.24 Shareholder Consent. The Board of Directors of Intellinetics will seek approval of Intellinetics Holders to the Securities Exchange as described in this Agreement in the form of Exhibit A attached hereto.

2.25 Representations and Warranties Complete. The representations and warranties of Intellinetics included in this Agreement and any list, statement, document or information set forth in, or attached to, any Schedule provided pursuant to this Agreement or delivered hereunder, are true and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading, under the circumstance under which they were made.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to, and covenants with, Intellinetics, as follows:

3.1 Organization and Qualification.

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Nevada and has the requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being or currently planned by the Company to be conducted. The Company is in possession of all Approvals necessary to own, lease and operate the properties it purports to own, operate or lease and to carry on its business as it is now being or currently planned by the Company to be conducted, except where the failure to have such Approvals could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. Complete and correct copies of the Charter Documents of the Company, as amended and currently in effect, have been heretofore delivered to Intellinetics.

(b) The Company is duly qualified to do business as a foreign corporation and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except for such failures to be so duly qualified or licensed and in good standing that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company.

(c) The minute books of the Company contain true, complete and accurate Corporate Records, since the time of the Company's organization. Copies of such Corporate Records of the Company have been heretofore delivered to Intellinetics.

(d) The stock transfer and ownership records of the Company contain true, complete and accurate records of the stock ownership as of the date of such records and the transfers involving the capital stock of the Company since the time of the Company's organization. The Company's current outside transfer agent is Standard Registrar and Transfer Company. Copies of such Stock Records of the Company have been heretofore delivered to Intellinetics.

3.2 Subsidiaries. The Company has no Subsidiaries.

3.3 Capitalization.

(a) The authorized capital stock of the Company consists of 50,000,000 shares, \$0.01 par value, of Company Common Stock. At the close of business on the day immediately preceding the Closing Date, (i) 4,556,000 shares of the Company Common Stock will be issued and outstanding, all of which are validly issued, fully paid and nonassessable and not subject to or issued in violation of any preemptive right or similar right; (ii) no shares of the Company Common Stock will be issuable or reserved for issuance upon the exercise of outstanding options to purchase Company Common Stock granted to any employees of Company or other parties (the "**Company Stock Options**"); (iii) no shares of the Company Common Stock will be issuable or reserved for issuance upon the exercise of outstanding warrants to purchase the Company Common Stock; and (iv) no shares of the Company Common Stock will be issuable or reserved for issuance upon the conversion of any outstanding convertible notes, debentures or securities. All shares of Company Common Stock subject to issuance pursuant to this Agreement, upon issuance pursuant to this Agreement in this Agreement, will be duly authorized, validly issued, fully paid and nonassessable. All currently outstanding shares of the Company's Common Stock have been issued and granted in compliance with all applicable securities laws and (in all material respects) other applicable laws and regulations.

(b) There are no equity securities, partnership interests or similar ownership interests of any class of any equity security of the Company, or any securities exchangeable or convertible into or exercisable for such equity securities, partnership interests or similar ownership interests, issued, reserved for issuance or outstanding. There are no subscriptions, options, warrants, equity securities, partnership interests or similar ownership interests, calls, rights (including preemptive rights), commitments or agreements of any character to which the Company is a party or by which it is bound obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, or repurchase, redeem or otherwise acquire, or cause the repurchase, redemption or acquisition of, any shares of capital stock, partnership interests or similar ownership interests of the Company or obligating the Company to grant, extend, accelerate the vesting of or enter into any such subscription, option, warrant, equity (or other) security, call, right, commitment or agreement.

(c) There are no registration rights, rights of first refusal, anti-dilution rights and/or similar rights and there is no voting trust, proxy, rights plan, anti-takeover plan or other agreement or understanding to which the Company is a party or by which it is bound with respect to any equity security of any class of the Company.

3.4 Authority Relative to this Agreement. The Company has full corporate power and authority to: (i) execute, deliver and perform this Agreement, and each ancillary document which the Company has executed or delivered or is to execute or deliver pursuant to this Agreement, and (ii) carry out the Company's obligations hereunder and thereunder and, to consummate the transactions contemplated hereby (including the Transactions). The execution and delivery of this Agreement and the consummation by the Company of the transactions contemplated hereby (including the Transactions) have been duly and validly authorized by all necessary corporate action on the part of the Company (including the approval by its Board of Directors), and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery thereof by the other parties hereto, constitutes the legal and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights.

3.5 No Conflict: Required Filings and Consents.

(a) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company shall not: (i) conflict with or violate the Company's Charter Documents, (ii) conflict with or violate any Legal Requirements, or (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or materially impair the Company's rights or alter the rights or obligations of any third party under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of the Company pursuant to, any Contracts, except, with respect to clauses (ii) or (iii), for any such conflicts, violations, breaches, defaults or other occurrences that would not, individually and in the aggregate, have a Material Adverse Effect on Company.

(b) The execution and delivery of this Agreement by the Company does not, and the performance of its obligations hereunder will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity except for applicable requirements, if any, of the Securities Act, the Exchange Act and the rules and regulations thereunder.

3.6 Compliance. The Company has complied with, is not in violation of, any Legal Requirements with respect to the conduct of its business, or operation of its business, except for failures to comply or violations which, individually or in the aggregate, have not had and are not reasonably likely to have a Material Adverse Effect on the Company. The businesses and activities of the Company have not been and are not being conducted in violation of any Legal Requirements. The Company is not in default or violation of any term, condition or provision of its Charter Documents. To the Company's knowledge, no written notice of non-compliance with any Legal Requirements has been received by the Company.

3.7 SEC Filings: Financial Statements: Bulletin Board.

(a) The Company has filed all documents required to be filed by it pursuant to Sections 13 and 15 of the Exchange Act of 1934, as amended (the "Exchange Act"), as applicable (the "Company SEC Documents").

(b) As of its respective filing date, each Company SEC Document complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to such Company SEC Document, and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent that information contained in any Company SEC Document has been revised or superseded by a later filed Company SEC Document, none of the Company SEC Documents contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the Company SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with the U.S. generally accepted accounting principles ("GAAP") (except, in the case of unaudited statements, as permitted by the rules and regulations of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present the financial position of Company as of the dates thereof and the results of its operations and cash flows for the periods shown (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(c) Except as set forth in the Company SEC Documents, the Company has no liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by GAAP to be set forth on a balance sheet of the Company or in the notes thereto. The Company has disclosed to Intellinetics all financial and contractual obligations and liabilities (including any obligations to issue capital stock or other securities of the Company) due after the date hereof. As of the date hereof, all liabilities of the Company have been paid off and shall in no event remain liabilities of the Company, or the Company following the Closing.

(d) None of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in any SEC filing or report contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

(e) The Company Stock is currently subject to quotation on the FINRA Over-the-Counter Bulletin Board ("**OTC BB**") and has received no notice, and has no reason to believe, that such quotation will be discontinued.

3.8 No Undisclosed Liabilities. The Company has no liabilities (absolute, accrued, contingent or otherwise) of a nature required to be disclosed on a balance sheet or in the related notes to the financial statements prepared in accordance with U.S. GAAP which are, individually or in the aggregate, material to the business, results of operations or financial condition of the Company, except (i) liabilities provided for in or otherwise disclosed in the Company SEC Reports filed prior to the date hereof, (ii) liabilities incurred since September 30, 2011 in the ordinary course of business, none of which would have a Material Adverse Effect on the Company, and (iii) those liabilities and obligations specifically set forth in Section 5.8.

3.9 Absence of Certain Changes or Events. Except as set forth in the Company SEC Reports filed prior to the date of this Agreement, and except as contemplated by this Agreement, since September 30, 2011, there has not been: (i) any Material Adverse Effect on the Company, (ii) any declaration, setting aside or payment of any dividend on, or other distribution (whether in cash, stock or property) in respect of, any of the Company's capital stock, or any purchase, redemption or other acquisition by the Company of any of the Company's capital stock or any other securities of the Company or any options, warrants, calls or rights to acquire any such shares or other securities, (iii) any split, combination or reclassification of any of the Company's capital stock, (iv) any granting by the Company of any increase in compensation or fringe benefits, except for normal increases of cash compensation in the ordinary course of business consistent with past practice, or any payment by the Company of any bonus, except for bonuses made in the ordinary course of business consistent with past practice, or any granting by the Company of any increase in severance or termination pay or any entry by the Company into any currently effective employment, severance, or (v) entry by the Company into any licensing or other agreement with regard to the acquisition or disposition of any Intellectual Property other than licenses in the ordinary course of business consistent with past practice or any amendment or consent with respect to any licensing agreement filed or required to be filed by the Company with respect to any Governmental Entity, (vi) any material change by the Company in its accounting methods, principles or practices, except as required by concurrent changes in U.S. GAAP, (vii) any change in the auditors of the Company, or (viii) any revaluation by the Company of any of their respective assets, including, without limitation, writing down the value of capitalized inventory or writing off notes or accounts receivable.

3.10 Litigation. There are no claims, suits, actions or proceedings pending or, to the Company's knowledge, threatened against the Company, before any court, governmental department, commission, agency, instrumentality or authority, or any arbitrator that seeks to restrain or enjoin the consummation of the transactions contemplated by this Agreement or which could reasonably be expected, either singularly or in the aggregate with all such claims, actions or proceedings, to have a Material Adverse Effect on the Company or have a Material Adverse Effect on the ability of the parties hereto to consummate the Transactions.

3.11 Employee Benefit Plans. The Company has never maintained, and has no liability under, any Plan, and neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any stockholder, director or employee of the Company, or (ii) result in the acceleration of the time of payment or vesting of any such benefits.

3.12 Labor Matters. The Company has never been a party to any collective bargaining agreement or other labor union contract applicable to persons employed by the Company, nor does the Company know of any activities or proceedings of any labor union to organize any such employees.

3.13 Restrictions on Business Activities. There is no agreement, commitment, judgment, injunction, order or decree binding upon the Company or to which the Company is a party which has or could reasonably be expected to have the effect of prohibiting or materially impairing any business practice of the Company, any acquisition of property by the Company or the conduct of business by the Company as currently conducted other than such effects, individually or in the aggregate, which have not had and could not reasonably be expected to have, a Material Adverse Effect on the Company.

3.14 Title to Property. The Company has never owned Real Property and for the last five years has not leased any Real Property or owned or leased any Personal Property. There are no options or other contracts under which the Company has a right or obligation to acquire or lease any interest in Real Property.

3.15 Taxes. To the Company's knowledge.

(a) The Company has filed all Returns necessary to be filed by the Company with any Tax authority prior to the date hereof. All such Returns are true, correct and complete in all material respects. The Company has paid all Taxes shown to be due on such Returns.

(b) The Company has no liability for any unpaid Taxes and has net operating loss carry forwards available to offset future taxable income.

(c) The Company has not taken any action and does not know of any fact, agreement, plan or other circumstance that could prevent the Transactions from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

3.16 Environmental Matters. The Company has complied with all applicable Environmental Laws. The Company has not owned any real properties subject to Environmental Laws and has not conducted operations subject to Environmental Laws.

3.17 Brokers. Except for the obligations for the Closing Payment (as defined in Section 5.9), the Company has not incurred any liability for brokerage or agent's commissions or any similar charges in connection with this Agreement or any transaction contemplated hereby.

3.18 Intellectual Property. The Company does not own, license or otherwise have any right, title or interest in any Intellectual Property or Registered Intellectual Property.

3.19 Agreements, Contracts and Commitments.

(a) Except for the Closing Payment, the agreements with Transfer Agent, and as set forth in the Company SEC Reports, there are no contracts, agreements, leases, mortgages, indentures, note, bond, liens, permit, franchise, purchase orders, sales orders, arbitration awards, judgments, decrees, orders, documents, instruments, understandings and commitments of any kind, whether written or oral, to which the Company is a party or by or to which any of the properties or assets of the Company may be bound, subject or affected, which either (a) creates or imposes a liability greater than \$5,000, or (b) may not be cancelled without penalty by the Company on less than 30 days' or less prior notice (the "**Company Contracts**").

(b) Each Company Contract was entered into and in the ordinary course, is in full force and effect and is valid and binding.

(c) Neither the Company nor, to the knowledge of the Company, any other party thereto is in breach of or in default under, and no event has occurred which with notice or lapse of time or both would become a breach of or default under, any Company Contract, and no party to any Company Contract has given any written notice of any claim of any such breach, default or event, which, individually or in the aggregate, are reasonably likely to have a Material Adverse Effect on the Company. Each agreement, contract or commitment to which the Company is a party or by which it is bound that has not expired by its terms is in full force and effect, except where such failure to be in full force and effect is not reasonably likely to have a Material Adverse Effect on the Company.

3.20 Insurance. The Company does not maintain any Insurance Policies.

3.21 Governmental Actions/Filings. The Company has been granted and holds, and has made, all Governmental Actions/Filings necessary to the conduct by the Company of its businesses (as presently conducted) or used or held for use by the Company, and true, complete and correct copies of which have heretofore been delivered to Intellinetics. Each such Governmental Action/Filing is in full force and effect and the Company is in compliance respect thereto. No event has occurred and is continuing which requires or permits, or after notice or lapse of time or both would require or permit, and consummation of the transactions contemplated by this Agreement or the ancillary documents will not require or permit (with or without notice or lapse of time, or both), any modification or termination of any such Governmental Actions/Filings. To the Company's knowledge, no Governmental Action/Filing is necessary to be obtained, secured or made by the Company to enable it to continue to conduct its businesses and operations and use its properties after the Closing in a manner which is consistent with current practice.

3.22 Interested Party Transactions. Except as set forth in the Company's SEC Reports, no employee, officer, director or more than 5% stockholder of the Company is indebted to the Company other than (i) for payment of salary for services rendered, (ii) reimbursement for reasonable expenses incurred on behalf of the Company, and (iii) for other employee benefits made generally available to all employees. Except as set forth in the Company's SEC Reports, no officer, director or more than 5% stockholder or any member of their immediate families is, directly or indirectly, interested in any material contract with the Company.

3.23 Indebtedness: Company Assets. Except as set forth in the Company's SEC Reports, the Company has no indebtedness for borrowed money. Any indebtedness for borrowed money shall be paid or otherwise satisfied prior to or at the Closing. Immediately prior to the Closing, the Company will have no assets.

3.24 Exchange Act Reporting. The Company is in compliance with, and current in, all of the reporting, filing and other requirements under the Exchange Act, the shares of the Company's common stock have been duly and properly issued and the Company is in compliance with all of the requirements under, and imposed by, Section 12(g) of the Exchange Act except where a failure to so comply is not reasonably likely to have a Material Adverse Effect on the Company.

3.25 Board Approval. The Board of Directors of the Company (including any required committee or subgroup of the Board of Directors of the Company) has, as of the date of this Agreement, unanimously (i) declared the advisability of the Transactions and approved this Agreement and the transactions contemplated hereby, and (ii) determined that the Transactions are in the best interests of the Company or its shareholders and no further corporate authorization is required.

3.26 Representations and Warranties Complete. The representations and warranties of the Company included in this Agreement and any list, statement, document or information set forth in, or attached to, any Schedule provided pursuant to this Agreement or delivered hereunder, are true and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading, under the circumstance under which they were made.

3.27 Application of Takeover Protections. The Company has taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's charter documents or the laws of its state of incorporation that is or could become applicable to the Intellinetics Holders as a result of the Intellinetics Holders and the Company fulfilling their obligations or exercising their rights under this Agreement, including, without limitation, the issuance of the Company Common Stock and the Intellinetics Holders' ownership of the Company Stock.

3.28 Certain Registration Matters. Except as specified in the Company SEC Documents, the Company has not granted or agreed to grant to any person any rights (including "piggy-back" registration rights) to have any securities of the Company registered with the SEC or any other governmental authority that have not been satisfied.

3.29 Foreign Corrupt Practices. Neither the Company, nor to the Company's knowledge, any director, officer, agent, employee or other person acting on behalf of the Company has, in the course of its actions for, or on behalf of, the Company (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

3.30 Internal Accounting Controls. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company is made known to the officers by others within the Company. The Company's officers have evaluated the effectiveness of the Company's controls and procedures. Since inception, there have been no significant changes in the Company's internal controls or, to the Company's knowledge, in other factors that could significantly affect the Company's internal controls.

ARTICLE IV

CONDUCT PRIOR TO THE CLOSING

4.1 Conduct of Business by Company and Intellinetics. During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement pursuant to its terms or the Closing, each of the Company and Intellinetics shall, except to the extent that the other party shall otherwise consent in writing, carry on its business in the usual, regular and ordinary course consistent with past practices, in substantially the same manner as heretofore conducted and in compliance with all applicable laws and regulations (except where noncompliance would not have a Material Adverse Effect), pay its debts and taxes when due subject to good faith disputes over such debts or taxes, pay or perform other material obligations when due, and use its commercially reasonable efforts consistent with past practices and policies to (i) preserve substantially intact its present business organization, (ii) keep available the services of its present officers and employees and (iii) preserve its relationships with customers, suppliers, distributors, licensors, licensees, and others with which it has significant business dealings. In addition, except as required or permitted by the terms of this Agreement, without the prior written consent of the other party, during the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement pursuant to its terms or the Closing, each of the Company and Intellinetics shall not do any of the following:

(a) Waive any stock repurchase rights, accelerate, amend or (except as specifically provided for herein) change the period of exercisability of options or restricted stock, or reprice options granted under any employee, consultant, director or other stock plans or authorize cash payments in exchange for any options granted under any of such plans;

(b) Grant any severance or termination pay to any officer or employee except pursuant to applicable law, written agreements outstanding, or policies existing on the date hereof and as previously or concurrently disclosed in writing or made available to the other party, or adopt any new severance plan, or amend or modify or alter in any manner any severance plan, agreement or arrangement existing on the date hereof;

(c) Transfer or license to any person or otherwise extend, amend or modify any material rights to any Intellectual Property of the Company or Intellinetics, as applicable, or enter into grants to transfer or license to any person future patent rights, other than in the ordinary course of business consistent with past practices provided that in no event shall the Company or Intellinetics license on an exclusive basis or sell any Intellectual Property of the Company, or Intellinetics as applicable;

(d) Declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock, equity securities or property) in respect of any capital stock, or split, combine or reclassify any capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any capital stock, or amend or modify the terms of any options, warrants or convertible securities;

(e) Purchase, redeem or otherwise acquire, directly or indirectly, any shares of capital stock of the Company and Intellinetics, as applicable, except repurchases of unvested shares at cost in connection with the termination of the employment relationship with any employee pursuant to stock option or purchase agreements in effect on the date hereof;

(f) Issue, deliver, sell, authorize, pledge or otherwise encumber, or agree to any of the foregoing with respect to, any shares of capital stock or any securities convertible into or exchangeable for shares of capital stock, or subscriptions, rights, warrants or options to acquire any shares of capital stock or any securities convertible into or exchangeable for shares of capital stock, or enter into other agreements or commitments of any character obligating it to issue any such shares or convertible or exchangeable securities;

(g) Amend its Charter Documents;

(h) Acquire or agree to acquire by merging or consolidating with, or by purchasing any equity interest in or a portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to the business of Intellinetics or the Company as applicable, or enter into any joint ventures, strategic partnerships or alliances or other arrangements that provide for exclusivity of territory or otherwise restrict such party's ability to compete or to offer or sell any products or services;

(i) Sell, lease, license, encumber or otherwise dispose of any properties or assets, except sales of inventory in the ordinary course of business consistent with past practice and, except for the sale, lease or disposition (other than through licensing) of property or assets which are not material, individually or in the aggregate, to the business of such party;

(j) Incur any indebtedness for borrowed money in excess of \$10,000 in the aggregate or guarantee any such indebtedness of another person, issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of Intellinetics or the Company, as applicable, enter into any "keep well" or other agreement to maintain any financial statement condition or enter into any arrangement having the economic effect of any of the foregoing;

(k) Adopt or amend any employee benefit plan, policy or arrangement, any employee stock purchase or employee stock option plan, or enter into any employment contract or collective bargaining agreement (other than offer letters and letter agreements entered into in the ordinary course of business consistent with past practice with employees who are terminable "at will"), pay any special bonus or special remuneration to any director or employee, or increase the salaries or wage rates or fringe benefits (including rights to severance or indemnification) of its directors, officers, employees or consultants, except in the ordinary course of business consistent with past practices;

(l) Pay, discharge, settle or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), or litigation (whether or not commenced prior to the date of this Agreement) other than the payment, discharge, settlement or satisfaction, in the ordinary course of business consistent with past practices or in accordance with their terms, or liabilities recognized or disclosed in the most recent financial statements (or the notes thereto) of Intellinetics or of the Company included in the Company SEC Reports, as applicable, or incurred since the date of such financial statements, or waive the benefits of, agree to modify in any manner, terminate, release any person from or knowingly fail to enforce any confidentiality or similar agreement to which the Company is a party or of which the Company is a beneficiary or to which Intellinetics is a party or of which Intellinetics is a beneficiary, as applicable;

(m) Except in the ordinary course of business consistent with past practices, modify, amend or terminate any Contract of the Company, or Intellinetics, as applicable, or other material contract or material agreement to which the Company, or Intellinetics is a party or waive, delay the exercise of, release or assign any material rights or claims thereunder, none of which shall have a Material Adverse Effect;

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- (n) Except as required by U.S. GAAP, revalue any of its assets or make any change in accounting methods, principles or practices;
 - (o) Except in the ordinary course of business consistent with past practices, incur or enter into any agreement, contract or commitment requiring such party to pay in excess of \$10,000 in any 12 month period;
 - (p) Engage in any action that could reasonably be expected to cause the Transactions to fail to qualify as a “reorganization” under Section 368(a) of the Code;
 - (q) Except as contemplated by Article V herein or as set forth in Schedule 4.1(q) hereto, settle any litigation;
 - (r) Make or rescind any Tax elections that, individually or in the aggregate, could be reasonably likely to adversely affect in any material respect the Tax liability or Tax attributes of such party, settle or compromise any material income tax liability or, except as required by applicable law, materially change any method of accounting for Tax purposes or prepare or file any Return in a manner inconsistent with past practice;
 - (s) Form, establish or acquire any Subsidiary;
 - (t) Permit any Person to exercise any of its discretionary rights under any Plan to provide for the automatic acceleration of any outstanding options, the termination of any outstanding repurchase rights or the termination of any cancellation rights issued pursuant to such plans; or
 - (u) Agree in writing or otherwise agree, commit or resolve to take any of the actions described in Sections 4.1(a) through (t) above.

ARTICLE V

ADDITIONAL AGREEMENTS

5.1 Required Actions.

(a) At the time of Closing and effective upon the Share Exchange, the Company shall cause its current officers to resign and new officers designated by Intellinetics to be appointed. The Company shall cause one of its current directors to resign upon Closing and a replacement director designated by Intellinetics shall be appointed to fill the vacancy. Intellinetics shall designate the Company’s new board members no more than 15 days after the filing and dissemination of an information statement on Schedule 14f-1. The parties agree that no action shall be taken by the Company’s Board of Directors until such time as the remaining current director resigns or is replaced as a member of the Company’s Board of Directors.

(b) Intellinetics shall prepare and deliver to the Company no later than at the Closing, a current report on Form 8-K announcing the Closing, which shall include all information required by such form, including without limitation the information required in a Form 10 with respect to Intellinetics, the U.S. GAAP Financial Statements and the Company Pro Forma Financial Statements (as defined below) (“**Transaction Form 8-K**”), which shall be in a form reasonably acceptable to the

Company. Prior to the Closing, Intellinetics shall prepare a press release announcing the consummation of the Transactions hereunder (the “**Press Release**”). Following the Closing, the Company shall file the Transaction Form 8-K with the SEC and distribute the Press Release.

(c) Prior to the Closing, Intellinetics shall deliver to the Company the audited financial statements of Intellinetics for the fiscal year ended December 31, 2010 and 2009, which financial statements shall comply in all material respects with the published rules and regulations of the SEC, shall be prepared in accordance with U.S. GAAP applied on a consistent basis throughout the period involved, were audited in accordance with the auditing standards of the PCAOB by an independent accountant registered with PCAOB (the “**Accountant**”), and such statements fairly present in all material respects the financial position of Intellinetics at the dates thereof and the results of its operations and cash flows for the periods indicated, and (ii) (collectively, the “**U.S. GAAP Financial Statements**”). Prior to the Closing, Intellinetics shall deliver to the Company the unaudited financial statements (including, in each case, any related notes thereto) of Intellinetics for the nine month period ended September 30, 2011, which financial statements shall comply in all material respects with the published rules and regulations of the SEC, shall be prepared in accordance with U.S. GAAP applied on a consistent basis throughout the period involved (except as may be indicated in the notes thereto), were reviewed by an independent accountant registered with PCAOB, and such statements fairly present in all material respects the financial position of each at the dates thereof and the results of its operations and cash flows for the periods indicated, except that the unaudited interim financial statements were or are subject to normal adjustments which were not or are not expected to have a Material Adverse Effect on Intellinetics (“**Interim Financial Statements**”).

(d) The annual financial statements included in the U.S. GAAP Financial Statements and the Interim Financial Statements shall have been audited and reviewed, respectively, by the Accountant, and Intellinetics shall provide the Company with its permission, and shall cause the Accountant to provide its permission, to include such financial statements in any SEC filings by the Company or Intellinetics in a timely manner (“**Permissions**”).

(e) As soon as practical following the date hereof, Intellinetics shall deliver to the Company pro forma consolidated financial statements for Intellinetics and the Company giving effect to the Transactions, for such periods as required by the SEC to be included in a Form 8-K or any other report or form required to be filed with the SEC at or after the Closing with respect to the Transactions, all prepared in all material respects with the published rules and regulations of the SEC and in accordance with U.S. GAAP applied on a consistent basis throughout the periods involved (the “**Pro Forma Financial Statements**”). The Pro Forma Financial Statements shall have been reviewed by, the Accountant and shall be in a format acceptable for inclusion on the Transaction 8-K.

(f) The Company and Intellinetics shall further cooperate with each other and use their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on its part under this Agreement and applicable laws to consummate the Transactions and the other transactions contemplated hereby as soon as practicable, including preparing and filing as soon as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as soon as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Transactions or any of the other transactions contemplated hereby. Subject to applicable laws relating to the exchange of information and the preservation of any applicable attorney-client privilege, work-product doctrine, self-audit privilege or other similar privilege, each of the Company and Intellinetics shall have the right to review and comment on in advance, and to the extent practicable each will consult the other on, all the information relating to such party, that appear in any filing made with, or written materials submitted to, any third party and/or any Governmental Entity in connection with the Transactions and the other transactions contemplated hereby. In exercising the foregoing right, each of the Company and Intellinetics shall act reasonably and as promptly as practicable.

5.2 Required Information. In connection with the preparation of the Transaction Form 8-K and Press Release, and for such other reasonable purposes, the Company and Intellinetics each shall, upon request by the other, furnish the other with all information concerning themselves, their respective directors, officers and stockholders and such other matters as may be reasonably necessary or advisable in connection with the Transactions, or any other statement, filing, notice or application made by or on behalf of the Company and Intellinetics to any third party and/or any Governmental Entity in connection with the Transactions and the other transactions contemplated hereby. Each party warrants and represents to the other party that all such information shall be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5.3 Confidentiality; Access to Information.

(a) Any confidentiality agreement previously executed by the parties shall be superseded in its entirety by the provisions of this Agreement. Each party agrees to maintain in confidence any non-public information received from the other party, and to use such non-public information only for purposes of consummating the transactions contemplated by this Agreement. Such confidentiality obligations will not apply to (i) information which was known to the one party or their respective agents prior to receipt from the other party; (ii) information which is or becomes generally known; (iii) information acquired by a party or their respective agents from a third party who was not bound to an obligation of confidentiality; and (iv) disclosure required by law. In the event this Agreement is terminated as provided in Article VIII hereof, each party will return or cause to be returned to the other all documents and other material obtained from the other in connection with the Transactions contemplated hereby.

(b) Access to Information.

(i) The Company will afford Intellinetics and its financial advisors, accountants, counsel and other representatives reasonable access during normal business hours, upon reasonable notice, to the properties, books, records and personnel of the Company during the period prior to the Closing to obtain all information concerning the business, including the status of product development efforts, properties, results of operations and personnel of the Company, as Intellinetics may reasonably request. No information or knowledge obtained by Intellinetics in any investigation pursuant to this Section 5.3 will affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the Transactions.

(ii) Intellinetics will afford the Company and its financial advisors, underwriters, accountants, counsel and other representatives reasonable access during normal business hours, upon reasonable notice, to the properties, books, records and personnel of Intellinetics during the period prior to the Closing to obtain all information concerning the business, including the status of product development efforts, properties, results of operations and personnel of Intellinetics, as the Company may reasonably request. No information or knowledge obtained by the Company in any investigation pursuant to this Section 5.3 will affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the Transactions.

5.4 Public Disclosure. Except to the extent previously disclosed or to the extent the parties believe that they are required by applicable law or regulation to make disclosure, prior to the Closing, no party shall issue any statement or communication to the public regarding the Transactions without the consent of the other party, which consent shall not be unreasonably withheld. To the extent a party hereto believes it is required by law or regulation to make disclosure regarding the Transactions, it shall, if possible, immediately notify the other party prior to such disclosure. Notwithstanding the foregoing, the parties hereto agree that the Company will prepare and file a Current Report on Form 8-K pursuant to the Exchange Act to report the execution of this Agreement and that the Company's stockholders may file any reports as required by the Exchange Act including, without limitation, any reports on Schedule 13D.

5.5 Reasonable Efforts; Notification.

(a) Upon the terms and subject to the conditions set forth in this Agreement, each of the parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Transactions and the other transactions contemplated by this Agreement, including using commercially reasonable efforts to accomplish the following: (i) the taking of all reasonable acts necessary to cause the conditions precedent set forth in Article VI to be satisfied, (ii) the obtaining of all necessary actions or nonactions, waivers, consents, approvals, orders and authorizations from Governmental Entities and the making of all necessary registrations, declarations and filings (including registrations, declarations and filings with Governmental Entities, if any) and the taking of all reasonable steps as may be necessary to avoid any suit, claim, action, investigation or proceeding by any Governmental Entity, (iii) the obtaining of all consents, approvals or waivers from third parties required as a result of the transactions contemplated in this Agreement, (iv) the defending of any suits, claims, actions, investigations or proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, (v) the execution or delivery of any additional instruments reasonably necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement. In connection with and without limiting the foregoing, Intellinetics and its board of directors and the Company and its board of directors shall, if any state takeover statute or similar statute or regulation is or becomes applicable to the Transactions, this Agreement or any of the transactions contemplated by this Agreement, use its commercially reasonable efforts to enable the Transactions and the other transactions contemplated by this Agreement to be consummated as promptly as practicable on the terms contemplated by this Agreement. Notwithstanding anything herein to the contrary, nothing in this Agreement shall be deemed to require Intellinetics or the Company to agree to any divestiture by itself or any of its affiliates of shares of capital stock or of any business, assets or property, or the imposition of any material limitation on the ability of any of them to conduct their business or to own or exercise control of such assets, properties and stock.

(b) The Company shall give prompt notice to Intellinetics upon becoming aware that any representation or warranty made by them contained in this Agreement has become untrue or inaccurate, or of any failure of the Company to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement, in each case, such that the conditions set forth in Article VI would not be satisfied; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement.

(c) Intellinetics shall give prompt notice to the Company upon becoming aware that any representation or warranty made by it contained in this Agreement has become untrue or inaccurate, or of any failure of Intellinetics to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement, in each case, such that the

conditions set forth in Article VI would not be satisfied; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement.

5.6 Treatment as a Reorganization. Neither Intellinetics nor the Company shall take any action prior to or following the Transactions that could reasonably be expected to cause the Share Exchange to fail to qualify as a “reorganization” within the meaning of Section 368(a) of the Code.

5.7 Absence of Material Liabilities. Immediately prior to the Closing, the Company shall have no liabilities or obligations requiring the payment of monies, other than obligations under or with respect to: (i) any agreement with the Transfer Agent, (ii) the Company Contracts disclosed under Section 3.19 hereto, (iii) liabilities and obligations to be paid at or prior to the Closing; and (iv) accounts payable, accrued expenses and other liabilities of the Company with respect to the period prior to the Closing to be paid in full. Following the Closing, Intellinetics shall pay and satisfy the Company’s obligations under the agreement with the Transfer Agent, and the remaining Company Contracts.

5.8 Cash Payments at the Closing. Intellinetics has previously deposited Two Hundred Twenty Thousand (\$220,000) in an account designated by the Company to pay for fees and costs relating to the closing of this transaction, (such applicable sum being referred to herein, as the “Closing Payment”) and any other costs and/or fees that Intellinetics and/or the Company may mutually agree upon.

5.9 Business Records. At the Closing, the Company shall cause to be delivered to Intellinetics all records and documents relating to the Company, which the Company possesses, including, without limitation, books, records, government or regulatory filings and correspondence, Returns, Charter Documents, orders, and correspondence, director and stockholder minutes and resolutions, stock ownership records, financial information and records, and other documents used in or associated with the Company (the “Business Records”).

5.10 Delivery of Stock Records. At the time of Closing, the Company shall deliver to Intellinetics a certified complete and current listing of the holders of all Company Common Stock from the Company’s transfer agent.

5.11 Exclusivity. Each of the Company and Intellinetics shall not (and shall not cause or permit any of their affiliates to) engage in any discussions or negotiations with any person or take any action that would be inconsistent with the Transactions and that has the effect of avoiding the Closing contemplated hereby. Each of the Company and Intellinetics shall notify each other immediately if any person makes any proposal, offer, inquiry, or contact with respect to any of the foregoing.

ARTICLE VI

CONDITIONS TO THE TRANSACTION

6.1 Conditions to Obligations of Each Party to Effect the Transactions. The respective obligations of each party to this Agreement to effect the Transactions shall be subject to the satisfaction at or prior to the Closing Date of the following conditions, unless waived by both the Company and Intellinetics:

(a) No Order. No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which has the effect of making the

Transactions illegal or otherwise prohibiting consummation of the Transactions, substantially on the terms contemplated by this Agreement. All waiting periods, if any, under any foreign law in any jurisdiction in which the Company or Intellinetics has material operations relating to the transactions contemplated hereby will have expired or terminated early and all material foreign antitrust approvals required to be obtained prior to the Transactions in connection with the transactions contemplated hereby shall have been obtained.

(b) Transaction 8-K. Transaction Form 8-K shall have been created by Intellinetics and filed by the Company's new officers and directors with the SEC at the Closing, and the Press Release shall have been distributed.

6.2 Additional Conditions to Obligations of Intellinetics. The obligations of Intellinetics to consummate and effect the Transactions shall be subject to the satisfaction at or prior to the Closing Date of each of the following conditions, any of which may be waived, in writing, exclusively by Intellinetics:

(a) Representations and Warranties. Each representation and warranty of the Company contained in this Agreement (i) shall have been true and correct as of the date of this Agreement and (ii) shall be true and correct on and as of the Closing Date with the same force and effect as if made on the Closing Date. Intellinetics shall have received a certificate with respect to the foregoing signed on behalf of the Company by an authorized officer of the Company ("Company Closing Certificate").

(b) Agreements and Covenants. The Company shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by them on or prior to the Closing Date, except to the extent that any failure to perform or comply (other than a willful failure to perform or comply or failure to perform or comply with an agreement or covenant reasonably within the control of the Company) does not, or will not, constitute a Material Adverse Effect with respect to the Company, and Intellinetics shall have received the Company Closing Certificate to such effect.

(c) Consents. The Company shall have obtained all consents, waivers and approvals required in connection with the consummation of the transactions contemplated hereby, other than consents, waivers and approvals the absence of which, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Company.

(d) Material Adverse Effect. No Material Adverse Effect with respect to the Company shall have occurred since the date of this Agreement.

(e) No Financial Obligations. Immediately prior to the Closing, the Company shall have no material liabilities or obligations, other than as set forth in Section 5.10 hereof.

(f) SEC Compliance. Immediately prior to the Closing, the Company shall be in compliance with the reporting requirements under the Exchange Act.

(g) Business Records. The Company shall have delivered to Intellinetics the Business Records.

(h) Releases. The directors and officers of the Company shall provide to Intellinetics releases, in form satisfactory to Intellinetics and its counsel, of any and all claims they have or may have against the Company prior to and as of the Closing.

(i) Opinion. The Company shall have provided to Intellinetics a legal opinion of the Company's counsel, satisfactory to Intellinetics and its counsel regarding (i) the Company's corporate status and good standing, (ii) the Company's corporate power and authority to enter into and perform the Agreement and (iii) the due authorization, valid issuance, fully paid status and nonassessability of Company Common Stock being issued to the shareholders of Intellinetics.

(j) Other Deliveries. At or prior to the Closing, the Company shall have delivered to Intellinetics (i) copies of resolutions and actions taken by the Company's board of directors in connection with the approval of this Agreement and the transactions contemplated hereunder, and (ii) such other documents or certificates as shall reasonably be required by Intellinetics and its counsel in order to consummate the transactions contemplated hereunder.

(k) Litigation. No action, suit or proceeding shall have been instituted before any court or governmental or regulatory body or instituted or threatened by any governmental or regulatory body to restrain, modify or prevent the carrying out of the Transactions or to seek damages or a discovery order in connection with such Transactions, or which has or may have, in the reasonable opinion of Intellinetics, a Material Adverse Effect on the assets, properties, business, operations or condition (financial or otherwise) of the Company.

(l) OTCBB Quotation. The Company shall have maintained its status as a company whose common stock is quoted on the Over-the-Counter Bulletin Board and no reason shall exist as to why such status shall not continue immediately following the Closing.

(m) No Suspensions of Trading in Company Stock; Listing. Trading in the Company Common Stock shall not have been suspended by the SEC or any trading market (except for any suspensions of trading of not more than one trading day solely to permit dissemination of material information regarding the Company) at any time since the date of execution of this Agreement, and the Company Common Stock shall have been at all times since such date listed for trading on a trading market.

(n) Satisfactory Completion of Due Diligence. Intellinetics shall have completed its legal, accounting and business due diligence of the Company and the results thereof shall be satisfactory to Intellinetics in its sole and absolute discretion.

6.3 Additional Conditions to the Obligations of the Company. The obligations of the Company to consummate and effect the Transactions shall be subject to the satisfaction at or prior to the Closing Date of each of the following conditions, any of which may be waived, in writing, exclusively by the Company:

(a) Representations and Warranties. Each representation and warranty of Intellinetics contained in this Agreement (i) shall have been true and correct as of the date of this Agreement and (ii) shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of the Closing. The Company shall have received a certificate with respect to the foregoing signed on behalf of Intellinetics by an authorized officer of Intellinetics (the "**Intellinetics Closing Certificate**").

(b) Agreements and Covenants. Intellinetics shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by them at or prior to the Closing Date except to the extent that any failure to perform or comply (other than a willful failure to perform or comply or failure to perform or comply with an agreement or covenant reasonably within the control of Intellinetics) does not, or will not, constitute a Material Adverse Effect on Intellinetics, and Intellinetics shall have received the Intellinetics Closing Certificate to such effect.

(c) Consents. Intellinetics shall have obtained all consents, waivers, permits and approvals required in connection with the consummation of the transactions contemplated hereby, other than consents, waivers and approvals the absence of which, either alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Intellinetics.

(d) Material Adverse Effect. No Material Adverse Effect with respect to Intellinetics shall have occurred since the date of this Agreement.

(e) Intellinetics Financial Statements. Intellinetics shall have delivered to the Company the U.S. GAAP Financial Statements, the Interim Financial Statements, the Pro Forma Financial Statements and the Permissions.

(f) Closing Payment. The Closing Payment shall have been disbursed as provided in Section 5.8.

(g) Other Deliveries. At or prior to the Closing, Intellinetics shall have delivered to the Company: (i) copies of resolutions and actions taken by Intellinetics's board of directors in connection with the approval of this Agreement and the transactions contemplated hereunder, and (ii) such other documents or certificates as shall reasonably be required by the Company and its counsel in order to consummate the transactions contemplated hereunder.

ARTICLE VII

SURVIVAL

Except as specifically set forth in Sections 1.4, 1.6, 5.6, 5.8, 5.9, 5.10, 8.3 and 9.1, and except where the performance of any covenant or agreement by Intellinetics following the Closing is contemplated under this Agreement (collectively, the "Surviving Provisions"), all representations, warranties, agreements and covenants contained in or made pursuant to this Agreement by any party hereto or contained in any Schedule hereto shall not survive the Closing, and no claims made by virtue of such representations, warranties, agreements and covenants shall be made or commenced by any party hereto from and after the Closing.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

8.1 Termination. This Agreement may be terminated at any time prior to the Initial Closing:

(a) by mutual written agreement of Intellinetics and the Company at any time;

(b) by either Intellinetics or the Company if the Transactions shall not have been consummated by February 29, 2012 (the "Expiration Date") for any reason; provided, however, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose action or failure to act has been a principal cause of or resulted in the failure of the Transactions to occur on or before such date and such action or failure to act constitutes a breach of this Agreement;

(c) by either Intellinetics or the Company if a Governmental Entity shall have issued an order, decree or ruling or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the Transactions, which order, decree, ruling or other action is final and nonappealable;

(d) by the Company, upon a material breach of any representation, warranty, covenant or agreement on the part of Intellinetics set forth in this Agreement, or if any representation or warranty of Intellinetics shall have become materially untrue, in either case such that the conditions set forth in Article VI would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue, provided, that if such inaccuracy in Intellinetics's representations and warranties or breach by Intellinetics is curable by Intellinetics prior to the Closing Date, then the Company may not terminate this Agreement under this Section 8.1(d) for thirty (30) days after delivery of written notice from the Company to Intellinetics of such breach, provided Intellinetics continues to exercise commercially reasonable efforts to cure such breach (it being understood that the Company may not terminate this Agreement pursuant to this Section 8.1(d) if the Company shall have materially breached this Agreement or if such breach by Intellinetics is cured during such thirty (30)-day period); and

(e) by Intellinetics, upon a material breach of any representation, warranty, covenant or agreement on the part of the Company set forth in this Agreement, or if any representation or warranty of the Company shall have become materially untrue, in either case such that the conditions set forth in Article VI would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue, provided, that if such inaccuracy in the Company's representations and warranties or breach by the Company is curable by the Company prior to the Closing Date, then Intellinetics may not terminate this Agreement under this Section 8.1(e) for thirty (30) days after delivery of written notice from Intellinetics to the Company of such breach, provided the Company continues to exercise commercially reasonable efforts to cure such breach (it being understood that Intellinetics may not terminate this Agreement pursuant to this Section 8.1(e) if it shall have materially breached this Agreement or if such breach by the Company is cured during such thirty (30)-day period).

8.2 Notice of Termination; Effect of Termination. Any termination of this Agreement under Section 8.1 above will be effective immediately upon (or, if the termination is pursuant to Section 8.1(d) or Section 8.1(e) and the provision therein is applicable, thirty (30) days after) the delivery of written notice of the terminating party to the other parties hereto. In the event of the termination of this Agreement as provided in Section 8.1, this Agreement shall be of no further force or effect and the Transactions shall be abandoned, except for and subject to the following: (i) Section 8.2, Section 8.3 and Article X (General Provisions) shall survive the termination of this Agreement, and (ii) nothing herein shall relieve any party from liability for any intentional or willful breach of this Agreement.

8.3 Fees and Expenses. Except as otherwise provided herein, all fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, whether or not the Transactions are consummated. The parties further agree that, whether or not the Transactions are consummated, Intellinetics shall be responsible for any and costs and expenses incurred by it in connection with the preparation of this agreement and the Transaction Form 8-K (including the U.S. GAAP Financial Statements and Pro Forma Financial Statements contained therein), and costs and expenses incurred by it in connection with the preparation of the Information Statement and the filing and mailing thereof.

8.4 Amendment. This Agreement may be amended by the parties hereto at any time only by execution of an instrument in writing signed on behalf of each of the parties hereto.

8.5 Extension; Waiver. At any time prior to the Closing, any party hereto may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

ARTICLE IX

POST-CLOSING COVENANTS

9.1 Post-Closing Covenants. During the period beginning upon the Closing and ending on the first (1st) anniversary of the Closing, Intellinetics agrees to, and to cause the Company, to satisfy, perform and comply with, the following agreements and covenants:

(a) Remain a Section 12(g) reporting company in compliance with and current in its reporting requirements under the Exchange Act.

(b) Within forty-five days following the Closing, the Company's Board of Directors shall satisfy the independence, audit and compensation committee and other corporate governance requirements under the SOX Act, the rules and regulations promulgated by the SEC.

(c) File within the statutory time limits any required filings or notifications with the SEC, FINRA and any other federal, state or regulatory agency including any agency or organization with jurisdiction over any exchange on which the Company's securities are listed or traded, and responds in a timely manner, and to the satisfaction of the SEC, to any review or inquiry by the SEC to the Transaction's Form 8-K and the U.S. GAAP Financial Statements contained therein.

(d) In the event Intellinetics's certified public accountants resign or are terminated for any reason, promptly engage a new certified public accountant registered with PCAOB.

(e) Duly adopt audit and compensation committee and schedule regular meetings for the audit and compensation committee meetings are scheduled, with notice to all directors, and such committee meetings are properly held as scheduled.

(f) Duly adopt, cause its management to comply with, proper disclosure, and code of ethics policies as adopted by Intellinetics's board.

(g) Use its commercially reasonable efforts to obtain and maintain a quotation of its shares of Company Common Stock on the OTC BB, Nasdaq or AMEX, and cooperate with or assist any FINRA member firm in the maintenance of quotation of Company Common Stock on the OTC BB, Nasdaq or AMEX.

9.2 Other Provisions. Notwithstanding anything contained herein to the contrary, the provisions of this Article IX shall survive (and not be affected in any respect by) the Closing.

ARTICLE X

GENERAL PROVISIONS

10.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial delivery service, or sent via telecopy (receipt confirmed) to the parties at the following addresses or telecopy numbers (or at such other address or telecopy numbers for a party as shall be specified by like notice):

(a) if to the Company, to:

Globalwise Investments, Inc.
Attn: Mr. Donald R. Mayer, President
2157 S. Lincoln Street
Salt Lake City, Utah 84106
gwiv@live.com
801-323-3295 (telephone)
801-359-1959 (facsimile)

with a copy to:

Daniel W. Jackson, Esq.
2157 Lincoln Street
Salt Lake City, Utah 84106
801-596-8338 (telephone)
801-364-5645 (facsimile)

Cindy Shy, Attorney
P.O. Box 380-236
Ivins, Utah 84738
435-674-1282 (telephone)
435-673-2127 (facsimile)
cshypc@hotmail.com

(b) if to Intellinetics, to:

Intellinetics, Inc.
Attn: William Santiago, President
2190 Dividend Drive
Columbus, Ohio 43228

with a copy to:

David W. Braswell, Esq.
Armstrong Teasdale LLP
7700 Forsyth Blvd., Suite 1800
St. Louis, MO 63105
314-621-5070 (telephone)
314-621-5065 (facsimile)

10.2 Interpretation.

(a) When a reference is made in this Agreement to Exhibits, such reference shall be to an Exhibit to this Agreement unless otherwise indicated. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement. Unless otherwise indicated the words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.” The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. When reference is made herein to “the business of” an entity, such reference shall be deemed to include the business of all direct and indirect Subsidiaries of such entity. Reference to the Subsidiaries of an entity shall be deemed to include all direct and indirect Subsidiaries of such entity.

(b) For purposes of this Agreement, the term “**Material Adverse Effect**” when used in connection with an entity means any change, event, violation, inaccuracy, circumstance or effect, individually or when aggregated with other changes, events, violations, inaccuracies, circumstances or effects, that is materially adverse to the business, assets (including intangible assets), revenues, financial condition or results of operations of such entity (it being understood that neither of the following alone or in combination shall be deemed, in and of itself, to constitute a Material Adverse Effect: (a) changes attributable to the public announcement or pendency of the transactions contemplated hereby, (b) changes in general national economic conditions, (c) changes affecting the industry generally in which Company or Intellinetics operates, or (d) any SEC rulemaking requiring enhanced disclosure of those transactions with a public shell company.

(c) For purposes of this Agreement, the term “**Legal Requirements**” means any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity (as defined in Section 2.5(b)), and all requirements set forth in applicable Contracts (as defined in Section 2.19).

(d) For purposes of this Agreement, the term “**Subsidiary**” shall mean any Person in which the Company or Intellinetics or any subsidiary thereof directly or indirectly, owns beneficially securities or interests representing 50% or more of (x) the aggregate equity or profit interests, or (y) the combined voting power of voting interests ordinarily entitled to vote for management or otherwise.

(e) For purposes of this Agreement, the term “**Person**” shall mean any individual, corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization, entity or Governmental Entity.

(f) For purposes of this Agreement, all monetary amounts set forth herein are referenced in United States dollars, unless otherwise noted.

10.3 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart. Signatures by facsimile or in electronic form shall be treated the same as if such signatures were original signatures of the parties.

10.4 Entire Agreement; Third Party Beneficiaries. This Agreement and the documents and instruments and other agreements among the parties hereto as contemplated by or referred to herein, including the Schedules hereto (a) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, it being understood that the letter of intent between Intellinetics and the Company is hereby terminated in its entirety and shall be of no further force and effect; and (b) are not intended to confer upon any other person any rights or remedies hereunder (except as specifically provided in this Agreement).

10.5 Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

10.6 Other Remedies; Specific Performance. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

10.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada, USA, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.

10.8 Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

10.9 Assignment. No party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other parties. Subject to the first sentence of this Section 10.9, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Exchange Agreement to be executed as of the date first written above.

GLOBALWISE INVESTMENTS, INC.

By: /s/ Donald R. Mayer
Donald R. Mayer, President

INTELLINETICS, INC.

By: /s/ William J. Santiago
William J. Santiago, President

CONVERTIBLE PROMISSORY NOTE

\$ _____
 Amount

 Dated

FOR VALUE RECEIVED, on the dates and in the amounts so herein stipulated, *Intellinetics, Inc. an Ohio Corporation located at 2190 Dividend Drive, Columbus OH 43228* hereinafter called "Maker", hereby promises to pay to the order of _____, at _____ hereinafter called "Lender", or at such other address as Lender may hereafter designate to Maker in writing, the sum of _____ (\$ _____), in lawful money of the United States of America, which shall be legal tender, in payment of all debts and dues, public and private, at the time of payment, and to pay interest on the whole of the principal amount hereof, together with all accrued interest, from time to time outstanding prior to the maturity of this Convertible Promissory Note (this "Note") at a rate per annum equal to ten percent (10%).

This Note shall be due and payable in a single balloon payment on June 1, 2012 (the "Due Date"), and shall be paid by the Maker to Lender in immediately available funds by check or wire transfer to Lender's bank account.

If Maker has been publicly traded for ten days prior to the Due Date and subject to the terms and conditions herein but otherwise at the Lender's sole discretion, this Note may be converted into newly issued shares (subject to a 12 month holding period restriction under Rule 144) of Intellinetics, Inc. or its publicly-reporting successor ("Intellinetics") common stock at a price equal to a 50% discount to the average closing price of Intellinetics common stock during the 90 trading days immediately preceding the Due Date, or such shorter number of trading days as Intellinetics common stock has been publicly traded, as applicable (the "Potential Conversion Opportunity"). If Maker does not become publicly traded prior to the Due Date this Note shall be paid in immediately available funds on the Due Date.

The principal balance and accrued interest of this Note may be prepaid, in whole or in part, at any time without any prepayment penalty. All payments, including prepayments, shall be applied first to accrued interest to the date of payment and then to principal. All past-due principal and all accrued and past-due interest on this Note shall bear interest until paid at the rate set forth above.

It is agreed that if default shall be made in any payment due hereon and such default is not cured within ten (10) days after written notice of such default is given by Lender to Maker, or should Maker become insolvent or commit an act of bankruptcy or make an assignment for the benefit of creditors or authorize the filing of a voluntary petition in bankruptcy, or should a receiver of any of Maker's property be appointed, or should involuntary bankruptcy proceedings be filed or threatened against Maker, then in any such event, at the option of the holder hereof at any time thereafter, without demand or notice, the unpaid principal balance of this Note, and all accrued interest shall immediately become due and payable.

If this Note is placed in the hands of an attorney for collection or if collected by suit or through bankruptcy, probate, receivership or other legal or judicial proceedings, the Maker hereof agrees to pay the reasonable costs of collection and reasonable attorney's fees incurred related thereto.

The Maker (i) waives demand, presentment for payment, notice of intention to accelerate the maturity of this Note and to declare the entire balance of the indebtedness evidenced hereby due and payable, notice that the entire balance of the indebtedness evidenced hereby has been declared due and payable, notice of nonpayment, protest, notice of protest and all other notices, filing of suit and diligence in collecting this Note, (ii) agrees to the release of any party primarily or secondarily liable hereon, (iii) agrees that Lender or other holder hereof shall not be required first to institute suit or exhaust its remedies hereon against the Maker or others liable or to become liable hereon in order to enforce payment of this Note by it, and (iv) consents to any extensions or postponement of time of payment of this Note and to any other indulgence with respect hereto without notice thereof to any of them.

Any check, draft, money order or other instrument given in payment of all or any portion of this Note may be accepted by the Lender of any other holder hereof and handled for collection in the customary manner, but the same shall not constitute payment hereunder or diminish any right of the Lender or any other holder hereof, except to the extent that actual cash proceeds of such instrument are unconditionally received by the Lender or any other holder hereof and applied to this indebtedness as herein provided.

This Note shall be paid and performed in the State of Ohio, and the laws of the State of Ohio shall govern the construction, validity, enforcement, and interpretation hereof, except to the extent federal laws otherwise govern the validity, construction, enforcement, and interpretation hereof. If any additional rights or remedies are hereafter granted to creditors under the laws of the State of Ohio or under the laws of the United States of America, the Lender shall also have and may exercise any such additional rights or remedies. Venue for any action brought on this Note shall be proper in any state or federal court sitting in Columbus, Ohio, and having jurisdiction of such action.

IN WITNESS WHEREOF, the undersigned Maker has duly executed this Note as of the day and year above first written.

Intellinetics, Inc.

By: _____

WSP CONTRACT NUMBER C100910GSC

for

**WASHINGTON REQUEST FOR ELECTRONIC COLLISION
REPORTS (WRECR) PROJECT**

Between

The Washington State Patrol

And

Intellinetics, Inc.

Effective Date: 7/28/10

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WSP CONTRACT NUMBER C100910GSC

for

Washington Request for Electronic Collision Records (WRECR) Project

PARTIES

This Contract ("Contract") is entered into by and between the state of Washington, acting by and through Washington State Patrol, an agency of Washington State government ("WSP" or "WSP") located at PO Box 42602, Olympia WA 98504-2602; and Intellinetics, Inc., a corporation licensed to conduct business in the state of Washington ("Vendor"), located at 2190 Dividend Drive, Columbus OH 43228-3806, for the purpose of purchasing Software licenses, hardware and associated services for the Washington Request for Electronic Collision Records Project.

RECITALS

The State of Washington, acting by and through WSP, issued a Request For Proposals (RFP) No. C100910GSC for the purpose of purchasing Software licenses, hardware and associated services for the WRECR Project. This RFP is incorporated into this Contract as Exhibit A, RFP No. C100910GSC, as amended.

The Vendor submitted a timely Response to the RFP. This response is incorporated into this Contract as Exhibit B, Vendor's Proposal.

WSP evaluated all properly submitted Responses to the above-referenced RFP and has identified the Vendor as the apparently successful Vendor.

WHEREAS WSP has determined that entering into a contract with the Vendor will meet WSP's needs and will be in the best interest to the citizens of Washington State;

NOW THEREFORE, WSP awards to the Vendor this Contract, the terms and conditions of which shall govern Vendor's furnishing to WSP automated records management software and related services. This Contract is not for personal use.

IN CONSIDERATION of the mutual promises as hereinafter set forth, the parties agree as follows:

1. Definition of Terms.

The following terms as used throughout this Contract shall have the meanings set forth below.

"Acceptance" shall mean that the Software has passed its Acceptance Testing and shall be formalized in a written notice from WSP to Vendor; or, if there is no Acceptance Testing, Acceptance shall occur when the Products are delivered.

"Acceptance Date" shall mean the date WSP sends written notice accepting the Product.

"Business Days and Hours" shall mean Monday through Friday, 8:00 a.m. to 5:00 p.m., Pacific Time, except for holidays observed by the state of Washington.

"Concurrent User" shall mean the number of users accessing each separate module of the Software at the same time.

“Confidential Information” shall mean information that may be exempt from disclosure to the public or other unauthorized persons under either chapter 42.56 RCW or other state or federal statutes. Confidential Information includes, but is not limited to, names, addresses, Social Security numbers, e-mail addresses, telephone numbers, financial profiles, credit card information, driver’s license numbers, medical data, law enforcement records, agency source code or object code, agency security data, or information identifiable to an individual that relates to any of these types of information.

“Contract” shall mean this document, all schedules and exhibits, and all amendments hereto.

“Delivery Date” shall mean the date by which the Products ordered hereunder must be delivered.

“Effective Date” shall mean the first date this Contract is in full force and effect. It may be a specific date agreed to by the parties; or, if not so specified, the date of the last signature of a party to this Contract.

“Equipment” shall mean the Equipment supplied by the Vendor and associated installation hardware as set forth in this Contract.

“Help Desk” shall mean a service provided by Vendor for the support of Vendor’s Products. WSP shall report warranty or maintenance problems to Vendor’s Help Desk for initial troubleshooting and possible resolution of the problems or for the initiation of repair or replacement services.

“Installation Date” shall mean the date by which all Software ordered hereunder shall be in place, in good working order.

“License” shall mean the rights granted to WSP to use the Software that is the subject of this Contract.

“Order” or “Order Document” shall mean any official document and attachments thereto specifying the Software and/or Services to be licensed or purchased from Vendor under this Contract.

“Price” shall mean charges, costs, rates, and/or fees charged for the Products and Services under this Contract and shall be paid in United States dollars.

“Product(s)” shall mean any Vendor-supplied equipment, Software, and documentation.

“Proprietary Information” shall mean information owned by Vendor to which Vendor claims a protectable interest under law. Proprietary Information includes, but is not limited to, information protected by copyright, patent, trademark, or trade secret laws.

“RCW” shall mean the Revised Code of Washington.

“Schedule A” shall mean the Authorized Product and Price List.

“Schedule B” shall mean the Nondisclosure Agreement.

“Schedule C” shall mean Contact Information for Vendor and WSP

“Services” shall mean those Services provided under this Contract and related to the Software License(s) being purchased that are appropriate to the scope of this Contract and includes such things as installation Services, maintenance, training, etc.

“Software” shall mean the object code version of the Software and associated modules identified in Schedule A, licensed pursuant to this Contract. Embedded code, firmware, internal code, microcode, and any other term referring to software residing in the equipment that is necessary for the proper operation of the equipment is not included in this definition of Software. Software includes all prior, current, and future versions of the Software and all maintenance updates and error corrections, provided the service and maintenance terms of this Contract are in force.

“Specifications” shall mean the technical and other specifications set forth in RFP No. C100910GSC, Schedule A, and the specifications set forth in Vendor’s Product documentation, whether or not Vendor produces such documentation before or after this Contract’s Effective Date.

“Standard of Performance” shall mean the criteria that must be met before Software Acceptance, as set forth in the section titled Standard of Performance and Acceptance. The Standard of Performance also applies to all additional, replacement or substitute Software and Software that is modified by or with the written approval of Vendor after having been accepted.

“Statement of Work” or “SOW” shall mean a separate statement of the work to be accomplished by Vendor under the terms and conditions of this Contract.

“Subcontractor” shall mean one not in the employment of Vendor, who is performing all or part of the business activities under this Contract under a separate contract with Vendor. The term “Subcontractor” means Subcontractor(s) of any tier.

“Vendor” shall mean Intellinetics, Inc., its employees and agents. Vendor also includes any firm, provider, organization, individual, or other entity performing the business activities under this Contract. It shall also include any Subcontractor retained by Vendor as permitted under the terms of this Contract.

“Vendor Account Manager” shall mean a representative of Vendor who is assigned as the primary contact person whom WSP Project Manager shall work with for the duration of this Contract and as further defined in the section titled Vendor Account Manager.

“Vendor Contracting Officer” shall mean Mr. Matthew Chretien, or the person to whom signature authority has been delegated in writing. This term includes, except as otherwise provided in this Contract, an authorized representative of Vendor Contracting Officer acting within the limits of his/her authority.

“WSP” shall mean the state of Washington, Washington State Patrol, any division, section, office, unit or other entity of WSP or any of the officers or other officials lawfully representing WSP.

“WSP Project Manager” shall mean the person designated by WSP who is assigned as the primary contact person whom Vendor’s Account Manager shall work with for the duration of this Contract and as further defined in the section titled WSP Project Manager.

“WSP Contract Administrator” shall mean that person designated by WSP to administer this Contract on behalf of WSP.

“WSP Contracting Officer” shall mean the Chief of the Washington State Patrol, or the person to whom signature authority has been delegated in writing. This term includes, except as otherwise provided in this Contract, an authorized representative of WSP Contracting Officer acting within the limits of his/her authority.

Contract Term

2. Term.

- a. Term of Contract for Licensed Software and Equipment Purchases

Vendor shall have the Software and/or Equipment delivered by the Delivery Date(s) specified in Statement(s) of Work. The Software License Term for any Software licensed for use by WSP under this Contract shall be perpetual; see the License Grant section.

b. **Term of Contract for Maintenance and Support**

This Contract's initial Software maintenance and support term shall be two (2) years, commencing the day following expiration of Vendor's warranty for the Software. This Contract's Software maintenance and support term may be extended by three (3) additional one (1) year terms; provided that the extensions shall be at WSP's option and shall be effected by WSP giving written notice of its intent to extend this Contract to Vendor not less than thirty (30) calendar days prior to the then-current Contract term's expiration and Vendor accepting such extension prior to the then-current Contract term's expiration. No change in terms and conditions shall be permitted during these extensions unless specifically agreed to in writing.

3. **Survivorship.**

All license and purchase transactions executed pursuant to the authority of this Contract shall be bound by all of the terms, conditions, Prices and Price discounts set forth herein, notwithstanding the expiration of the initial term of this Contract or any extension thereof. Further, the terms, conditions and warranties contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive. In addition, the terms of the sections titled Overpayments to Vendor; License Grant; Software Ownership; Date Warranty; No Surreptitious Codes Warranty; Vendor Commitments, Warranties and Representations; Protection of WSP's Confidential Information; Section Headings, Incorporated Documents and Order of Precedence; Publicity; Review of Vendor's Records; Patent and Copyright Indemnification; Vendor's Proprietary Information; Disputes; and Limitation of Liability, and shall survive the termination of this Contract.

Pricing, Invoice and Payment

4. **Pricing.** In accordance with Schedule A, Vendor agrees to provide the Products and Services at the Prices set forth below.

- a. One-Time Costs. WSP shall retain a minimum of 20% of Total Onetime Costs as identified in Schedule A for payment upon final acceptance, excluding Equipment. WSP reserves the right to purchase System Software and Equipment required for this project under other Washington State and/or Western States Contracting Alliance contracts.
- b. Maintenance and Support. Upon expiration of Vendor-provided warranty as set forth in the section titled Software Warranty and upon election by WSP to receive maintenance and support Services from Vendor, WSP shall pay maintenance and support fees to Vendor WSP shall reimburse the Vendor for Software Maintenance as identified in Schedule A.
- c. Vendor agrees all the Prices, terms, warranties, and benefits provided in this Contract are comparable to or better than the terms presently being offered by Vendor to any other governmental entity purchasing the same quantity under similar terms. If during the term of this Contract Vendor shall enter into contracts with any other governmental entity providing greater benefits or more favorable terms than those provided by this Contract, Vendor shall be obligated to provide the same to WSP for subsequent purchases.

5. **Advance Payment Prohibited.** No advance payment shall be made for the Software and Services furnished by Vendor pursuant to this Contract. Notwithstanding the above, maintenance payments may be made in accordance with the Invoice and Payment section above.

6. **Taxes.** WSP will pay sales and use taxes, if any, imposed on the Products and Services acquired hereunder. Vendor must pay all other taxes including, but not limited to, Washington Business and Occupation Tax, other taxes based on Vendor's income or gross receipts, or personal property taxes levied or assessed on Vendor's personal property. WSP, as an agency of Washington State government, is exempt from property tax.

Vendor shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this Contract.

7. **Invoice and Payment.** Vendor will submit properly itemized invoices to WSP Project Manager identified in WSP Project Manager section. Invoices shall provide and itemize, as applicable:

- a) WSP Contract number C100910GSC and SOW number;
- b) Vendor name, address, phone number, and Federal Tax Identification Number;
- c) Description of Software, including quantity ordered;
- d) Date(s) of delivery and/or date(s) of installation and set up;
- e) Price for each item, or Vendor's list Price for each item and applicable discounts;
- f) Maintenance charges;
- g) Net invoice Price for each item;
- h) Applicable taxes;
- i) Shipping costs;
- j) Other applicable charges;
- k) Total invoice Price; and
- l) Payment terms including any available prompt payment discounts.

Payments shall be due and payable within thirty (30) calendar days after receipt and Acceptance of Software or Services or thirty (30) calendar days after receipt of properly prepared invoices, whichever is later.

WSP shall pay Software maintenance and support charges on an annual basis for the following year. Payment of maintenance service/support of less than one (1) month's duration shall be prorated at 1/30th of the basic monthly maintenance charges for each calendar day.

Incorrect or incomplete invoices will be returned by WSP to Vendor for correction and reissue.

WSP Contract number C100910GSC must appear on all bills of lading, packages, and correspondence relating to this Contract.

WSP shall not honor drafts, nor accept goods on a sight draft basis.

If WSP fails to make timely payment, Vendor may invoice WSP one percent (1%) per month on the amount overdue or a minimum of one dollar (\$1). Payment will not be

considered late if payment is deposited electronically in Vendor's bank account or if a check or warrant is postmarked within thirty (30) calendar days of Acceptance of the Software or receipt of Vendor's properly prepared invoice, whichever is later.

8. Overpayments to Vendor.

Vendor shall refund to WSP the full amount of any erroneous payment or overpayment under this Contract within thirty (30) days' written notice. If Vendor fails to make timely refund, WSP may charge Vendor one percent (1%) per month on the amount due, until paid in full.

Software License

9. License Grant (required).

Vendor grants to WSP a non-exclusive, license to use the Software and related documentation according to the terms and conditions of this Contract.

WSP will not decompile or disassemble any Software provided under this Contract or modify Software that bears a copyright notice of any third party without the prior written consent of Vendor or Software owner.

WSP may copy each item of Software to a single hard drive. WSP will make and maintain no more than one archival copy of each item of Software, and each copy will contain all legends and notices and will be subject to the same conditions and restrictions as the original.

WSP may also make copies of the Software in the course of routine backups of hard drive(s) for the purpose of recovery of hard drive contents. WSP may use backup or archival copies of the Software, without reinstallation or interruption of production copy(ies), for disaster recovery exercises at its disaster recovery site(s), without additional charge. WSP may make these backup or archival copies available to the disaster recovery site(s)' employees who require use of the Software in order to assist WSP with disaster recovery exercises. WSP agrees that production use of the Software at the disaster recovery site(s) shall be limited to times when WSP's facilities, or any portion thereof, are inoperable due to emergency situations.

10. Freedom of Use.

Vendor understands that WSP may provide information processing services to other users that are agencies of state government and other tax-supported entities. Vendor further understands that WSP or other users that are agencies of state government and other tax-supported entities may provide services to the public through Internet applications. Software delivered hereunder may be used in the delivery of these services. Vendor acknowledges and agrees that such use of Software products is acceptable under the licensing agreements contained herein, however, any access to this information using the Software toolset is limited to those seats licensed under this Contract. WSP may move Software from one device to another provided such Software is completely removed from the first device after a reasonable testing period on the new device.

11. Software Ownership (required).

Vendor shall maintain all title, copyright, and other proprietary rights in the Software. WSP does not acquire any rights, express or implied, in the Software, other than those specified in this Contract. Vendor hereby warrants and represents to WSP that Vendor is the owner of the Software licensed hereunder or otherwise has the right to grant to WSP the licensed

rights to the Software provided by Vendor through this Contract without violating any rights of any third party worldwide. Vendor represents and warrants that Vendor has the right to license the Software to WSP as provided in this Contract and that WSP's use of the Software and documentation within the terms of this Contract will not infringe upon any copyright, patent, trademark, or other intellectual property right worldwide or violate any third party's trade secret, contract, or confidentiality rights worldwide. Vendor represents and warrants that: (i) Vendor is not aware of any claim, investigation, litigation, action, suit or administrative or judicial proceeding pending or threatened based on claims that the Software infringes any patents, copyrights, or trade secrets of any third party, and (ii) that Vendor has no actual knowledge that the Software infringes upon any patents, copyrights, or trade secrets of any third party.

12. Software Specifications.

All Software will conform to its Specifications. Vendor warrants that the Products delivered hereunder shall perform in conformance with the Specifications and Standard of Performance and Acceptance section.

13. Date Warranty (required).

Vendor warrants that all Software provided under this Contract: (i) does not have a life expectancy limited by date or time format; (ii) will correctly record, store, process, and present calendar dates; (iii) will lose no functionality, data integrity, or performance with respect to any date; and (iv) will be interoperable with other software used by WSP that may deliver date records from the Software, or interact with date records of the Software ("Date Warranty"). In the event a Date Warranty problem is reported to Vendor by WSP and such problem remains unresolved after three (3) calendar days, at WSP's discretion, Vendor shall send, at Vendor's sole expense, at least one (1) qualified and knowledgeable representative to WSP's premises. This representative will continue to address and work to remedy the failure, malfunction, defect, or nonconformity on WSP's premises. This Date Warranty shall last perpetually. In the event of a breach of any of these representations and warranties, Vendor shall indemnify and hold harmless WSP from and against any and all harm, injury, damages, costs, and expenses incurred by WSP arising out of said breach.

14. Physical Media Warranty.

Vendor warrants to WSP that each licensed copy of the Software provided by Vendor is and will be free from physical defects in the media that tangibly embodies the copy (the "Physical Media Warranty"). The Physical Media Warranty does not apply to defects discovered more than thirty (30) calendar days after the date of Acceptance of the Software copy by WSP.

Vendor shall replace, at Vendor's expense including shipping and handling costs, any Software copy provided by Vendor that does not comply with this warranty.

15. No Surreptitious Code Warranty (required).

Vendor warrants to WSP that no licensed copy of the Software provided to WSP contains or will contain any Self-Help Code nor any Unauthorized Code as defined below. Vendor further warrants that Vendor will not introduce, via modem or otherwise, any code or mechanism that electronically notifies Vendor of any fact or event, or any key, node, lock, time-out, or other function, implemented by any type of means or under any circumstances, that may restrict WSP's use of or access to any program, data, or equipment based on any type of limiting criteria, including frequency or duration of use for any copy of the Software provided to WSP under this Contract. The warranty is referred to in this Contract as the "No Surreptitious Code Warranty."

As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than a licensee of the Software. Self-Help Code does not include software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g., remote access via modem) solely for purposes of maintenance or technical support.

As used in this Contract, "Unauthorized Code" means any virus, Trojan horse, worm or other software routines or equipment components designed to permit unauthorized access, to disable, erase, or otherwise harm Software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

Vendor will defend WSP against any claim, and indemnify WSP against any loss or expense arising out of any breach of the No Surreptitious Code Warranty. No limitation of liability, whether contractual or statutory, shall apply to a breach of this warranty.

16. Reauthorization Code Required.

Vendor's Software shall not require a reauthorization code in order for the Software to remain functional upon WSP's movement of the Software to another computer system.

17. Software Documentation.

Vendor will provide two (2) complete set of documentation for each Software order, including technical, maintenance, and installation information. Vendor shall also provide two (2) complete set of documentation for each updated version of Software that Vendor provides pursuant to the Software Upgrades and Enhancements section. Vendor shall provide the documentation on or before the date Vendor delivers its respective Software. There shall be no additional charge for this documentation or the updates, in whatever form provided. Vendor's Software documentation shall be comprehensive, well structured, and indexed for easy reference. If Vendor maintains its technical, maintenance and installation documentation on a web site, Vendor may fulfill the obligations set forth in this section by providing WSP access to its web-based documentation information. Vendor may also provide such information on CD-ROM. Vendor grants WSP the right to make derivative works, update, modify, copy, or otherwise reproduce the documentation furnished pursuant to this section at no additional charge.

Equipment

18. Title to Equipment

- a. Upon successful completion of Acceptance Testing, Vendor shall convey to WSP good title to the Equipment free and clear of all liens, pledges, mortgages, encumbrances, or other security interests.
- b. Transfer of title to the Equipment shall include an irrevocable, fully paid-up, perpetual license to use the internal code (embedded software) in the Equipment. If WSP subsequently transfers title to the Equipment to another entity, WSP shall have the right to transfer the license to use the internal code with the transfer of Equipment title. A subsequent transfer of this software license shall be at no additional cost or charge to either WSP or WSP's transferee.

19. Equipment Compatibility/Specifications/Configurations

- a. Vendor shall notify WSP of the existence of any compatibility issues between Vendor's Equipment and WSP's already existing or planned for hardware, software, and cabling. WSP will provide Vendor timely access to necessary areas and Equipment sites and shall provide Vendor with a list of any existing or planned for hardware, software, and cabling, as necessary.
- b. Vendor warrants that each item of Equipment delivered hereunder will conform to that item's detailed Specifications in all respects including, but not limited to: physical characteristics, operating characteristics, space requirements, power requirements, maintenance or warranty characteristics, modularity, compatibility, and the like, as may be modified in writing and agreed to by the parties.
- c. WSP shall have the right to connect the Equipment purchased hereunder to any equipment manufactured or supplied by others including other computers, peripheral equipment, terminal devices, communications equipment, software and the like that interface with the Equipment purchased hereunder.
- d. If requested by WSP, Vendor agrees to identify, on all items of Equipment supplied under this Contract, all appropriate test points for connecting commercially available equipment monitors designed to measure system capacity, performance, or activity.

20. Equipment Installation and Set-up

- a. WSP shall prepare the environment to house the Equipment based upon written requirements provided by Vendor in its Response, as modified in writing and agreed to by the parties. Vendor's specialists shall be available to provide required consultation related to environment preparation at no extra cost to WSP apart from the costs presented in Vendor's Response. Any requirements for the environment not disclosed in Vendor's Response will be completed by Vendor at no additional cost to WSP.
- b. Vendor is hereby notified that fiber optic, communications, control systems, and other types of cable (collectively called "cabling") may be located within WSP's grounds and facilities.
- c. Before beginning work on or about WSP's premises, Vendor shall contact the WSP to determine if WSP's cabling systems will be impacted and to make necessary arrangements.
- d. WSP hereby permits Vendor to interface with such cabling and design engineering systems in support of the delivery of the Products and Services ordered under this Contract.
- e. Vendor shall install the Equipment, ready for Acceptance Testing, on or before the Installation Date(s) specified in Statements of Work. Failure to meet the Installation Date(s) may subject Vendor to liquidated damages and/or termination of an Order or of this Contract and other damages available under law, unless such failure is caused by acts or omissions of WSP.

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- f. After installing the Equipment, Vendor shall provide WSP with documentation of a successful system audit, performed at WSP's installation site using Vendor's diagnostic routines, as approved by WSP, that demonstrates that the Equipment meets or exceeds the Specifications. Vendor shall certify to WSP in writing that the Equipment is ready for Acceptance Testing. If after reviewing such documentation WSP agrees that the Equipment is ready for Acceptance Testing, WSP shall begin Acceptance Testing, as set forth in the section titled Standard of Performance and Acceptance.

21. Equipment Warranty

- a. Vendor warrants that the Equipment shall be in good operating condition and shall conform to the Specifications for a period of one (1) year, the Equipment Warranty Period, commencing upon the first day after Acceptance Date.
- b. During the Equipment Warranty Period, Vendor shall adjust, repair, or replace all Equipment that is defective or not performing in conformance with the Specifications. All costs for such adjustments, repairs, or replacements, including all costs for replacing parts or units and their installation and any transportation and delivery fees, shall be at Vendor's expense. Any defective Equipment shall be repaired or replaced for WSP so that it conforms to the Specifications.
- c. Vendor agrees that all warranty service provided hereunder shall be performed by manufacturer-trained, certified, and authorized technicians. Vendor further agrees to act as the sole point of contact for warranty service. Vendor warrants that it has or will obtain and pass through to WSP any and all warranties obtained or available from the Original Equipment Manufacturer (OEM), including any replacement, upgraded, or additional Equipment warranties.
- d. WSP agrees that Vendor will not be liable for any damages caused by the WSP's actions or failure of WSP to fulfill any of its responsibilities for site installation.

22. Equipment Maintenance

- a. At the expiration of the Warranty Period set forth in the section titled Equipment Warranty, Vendor shall provide maintenance services for the Equipment as described herein, at the Prices set forth on Schedule A.
- b. Vendor shall keep the Equipment in good operating condition or restore it to good working order in accordance with the Specifications or, upon WSP's prior written approval, to current standards.
- c. Vendor shall provide contracted maintenance support twenty-four (24) hours per day, seven (7) days per week, every day of the year/including all WSP and Vendor recognized holidays.
- d. WSP shall provide Vendor physical access to the Equipment to perform maintenance service. Remote access will be provided in accordance with security policies, standards, and guidelines of WSP and the State of Washington. The WSP will provide all equipment and services necessary for Vendor remote access.
- e. On site remedial maintenance shall be performed within four (4) hours after WSP notification to the Vendor that Equipment is malfunctioning or inoperative. Vendor shall provide WSP with a designated point of contact and shall provide Help Desk services as set forth in the section titled Equipment Warranty.
- f. Malfunctioning Equipment must be repaired or a replacement spare installed by Vendor's qualified field engineer no later than the close of business on the Business Day following notification of Equipment malfunction. Failure of Vendor to comply with this requirement shall be a Failure to Perform.

Vendor's Responsibilities

23. Shipping and Risk of Loss.

Vendor shall ship all Products purchased pursuant to this Contract, freight prepaid, FOB WSP's destination. The method of shipment shall be consistent with the nature of the Products and hazards of transportation. Regardless of FOB point, Vendor agrees to bear all risks of loss, damage, or destruction of the Products ordered hereunder that occurs prior to the Delivery Date except loss or damage attributable to WSP's fault or negligence; and such loss, damage, or destruction shall not release Vendor from any obligation hereunder. After the Delivery Date, the risk of loss or damage shall be borne by WSP, except loss or damage attributable to Vendor's fault or negligence.

24. Statement of Work.

All Services shall be performed pursuant to the terms of this Contract and shall be documented in a Statement of Work (SOW) established between WSP and Vendor. The SOW shall at a minimum:

- a) Reference this Contract number C100910GSC;
- b) Define project or task objectives;
- c) Describe the scope of Services or work to be performed;
- d) Identify deliverables and Delivery Date(s);
- e) Specify a timeline and period of performance;
- f) Specify compensation and payment, e.g., the hourly rate and total Vendor hours to be provided or the fixed price for a deliverable (whichever is applicable), total cost of the project, and reimbursable Vendor expenses;
- g) Describe Vendor's roles and responsibilities and identify specific Vendor staff;
- h) Describe WSP's roles and responsibilities;
- i) Identify the acceptance criteria for the deliverables;
- j) Provide signature block for both parties.

The first SOW will address the discovery phase in which the Contractor will examine a number of application, architecture, and security requirements associated with the project and make recommendations for the final future WRECR environment. The Contractor will also produce an initial project work plan and schedule depicting tasks from initiation through completion of the project. This document shall serve as the basis for subsequent work orders.

Subsequent SOWs shall govern, at a minimum, production of the following deliverables:

- a) System Design document
- b) Data Conversion Plan document (if necessary)
- c) Test Plan document
- d) Implementation Plan document
- e) Training Plan document
- f) All application software to implement the system as designed
- g) All system software necessary to implement the system as designed

- h) All hardware components necessary to implement the system as designed
- i) Installation and configuration of all hardware and system software to implement the system as designed
- j) Configuration of application software to implement the system as designed
- k) Provide training to WSP staff as identified in the Training Plan
- l) System documentation
- m) Data conversion as identified in the Data Conversion Plan (if necessary)
- n) System test support
- o) Production cut-over support
- p) Maintenance and support

The terms and conditions of any SOW cannot conflict with the terms and conditions of this Contract. In the event of any conflict, the Contract shall prevail.

25. Training.

Vendor agrees to provide training that is substantially the same as contained in the Vendor's Proposal as negotiated in a Statement of Work. A fee may be charged for training, as set forth in Schedule A.

- a. The starting dates of the training will be as agreed by the parties in the Statement(s) of Work. The training fee, whether separately stated under the pricing provisions of this Contract or included in the cost of the Equipment and Software, shall cover all costs of training. WSP shall not be responsible for any additional manufacturer's costs for training required pursuant to this section.
- b. WSP shall have the right, so long as the Equipment and/or Software purchased hereunder is in use by WSP, to give instruction to WSP's personnel in all courses described above and all revisions thereto without charge, using materials supplied by Vendor. Such use by WSP of Vendor's materials shall include the right to reproduce the same solely for the permitted use, which use and reproduction shall not be a violation of or infringement upon any patent, copyright, or other proprietary right of Vendor. Vendor grants to WSP the right to make derivative works, update, modify, copy, or otherwise reproduce the documentation furnished pursuant to this section at no additional charge.

26. Site Security.

While on WSP's premises, Vendor, its agents, employees, or Subcontractors shall conform in all respects with physical, fire, or other security regulations.

27. Installation.

Vendor shall install the Software on WSP's designated equipment in accordance with Statement(s) of Work under this Contract.

28. Standard of Performance and Acceptance

- a. This section establishes a Standard of Performance that must be met before Acceptance of the Software by WSP. This Standard of Performance is also applicable to any additional, replacement, or substitute Software and any Software that is modified by or with the written approval of Vendor after having been Accepted.
- b. The Standard of Performance and Acceptance for Software shall be incorporated into this Contract through a mutually agreed upon SOW.
- c. The Acceptance Testing period shall be thirty (30) calendar starting from the day after the Software is installed by the Vendor and WSP certifies that Software is ready for Acceptance Testing. WSP will review all pertinent data and shall maintain appropriate daily records to ascertain whether the Standard of Performance has been met.

- d. In the event the Software does not meet the Standard of Performance during the initial period of Acceptance Testing, WSP may, at its discretion, continue Acceptance Testing on a day-to-day basis until the Standard of Performance is met. If after sixty (60) calendar days the Software still has not met the Standard of Performance WSP may, at its option: (i) declare Vendor to be in breach of this Contract and terminate this Contract; or, (ii) at the sole option of WSP, demand replacement Software from Vendor at no additional cost to WSP; or, (iii) continue the Acceptance Testing for an additional thirty (30) calendar days. WSP's option to declare Vendor in breach and terminate this Contract shall remain in effect until exercised or until such time as Acceptance Testing is successfully completed.
- e. The date of Acceptance shall be the first WSP Business Day following the successful Acceptance Testing period and shall be formalized in a notice of Acceptance from WSP to Vendor.

29. Software Warranty.

Vendor warrants that the Software shall be in good operating condition and shall conform to the Specifications for a period of one (1) year (the Warranty Period). This Warranty Period begins on the first day after the Acceptance Date. Vendor shall replace all Software that is defective or not performing in accordance with the Specifications, at Vendor's sole expense.

30. Software Upgrades and Enhancements.

During the maintenance and support term of this Contract, the Vendor shall:

Supply at no additional cost updated versions of the Software to operate on upgraded versions of operating systems, upgraded versions of firmware, or upgraded versions of hardware. The Vendor shall provide updates to the Software only for operating systems that are variants of WSP's currently installed operating system and that comply with the Vendor's currently published specifications; and

Supply at no additional cost updated versions of the Software that encompass improvements, extensions, maintenance updates, error corrections, or other changes that are logical improvements or extensions of the original Software supplied to WSP.

31. Software and Equipment Maintenance and Support Services.

Vendor shall provide a replacement copy or correction service at no additional cost to WSP for any error, malfunction, or defect in Software and/or Equipment that, when used as delivered, fails to perform in accordance with the Specifications and that WSP shall bring to Vendor's attention. Vendor shall undertake such correction service as set forth below and shall use its best efforts to make corrections in a manner that is mutually beneficial. Vendor shall disclose all known defects and their detours or workarounds to WSP.

In addition, Vendor shall provide the following Services:

- a. Help Desk Services. Vendor shall provide Help Desk Services for reporting errors and malfunctions and troubleshooting problems. Vendor's Help Desk Services shall be by toll-free telephone lines. Vendor's Help Desk Services shall include but are not limited to the following Services:
 - Assistance related to questions on the use of the subject Software;
 - Assistance in identifying and determining the causes of suspected errors or malfunctions in the Software;
 - Advice on detours or workarounds for identified errors or malfunctions, where reasonably available;

Information on errors previously identified by WSP and reported to Vendor and detours to these where available; and
Advice on the completion and authorization for submission of the required form(s) reporting identified problems in the Software to Vendor.

- b. Error and Malfunction Service. In the event WSP's reported issue has not been resolved during the initial call for assistance, the call enters the following escalation procedure:

In the event a WSP reported issue has not been resolved during the initial call for assistance, the call enters the call escalation procedure. The initial step is to assign the issue to an appropriate category. The Vendor will respond to and completely correct errors, defects, and malfunctions, in accordance with the following schedule.

<u>CATEGORY</u>	<u>SEVERITY</u>
1	A defect causing administrator abilities to halt - crashes of the administrator's system, the irrevocable loss or corruption of data, or the loss of administrator critical system or software functionality. No documented work-around is practicable.
2	A defect causing administrator abilities to halt - crashes of the administrator's system, the irrevocable loss or corruption of data, or the loss of a administrator critical system or software functionality. A documented work-around is practicable.
3	A defect causing the recoverable loss or corruption of data, or the loss of system or software functionality that is not administrator critical but does affect user interface (public facing) .
4	A defect that does not materially affect the operation of the system, such as minor imperfections to the user interface or items that function properly but do not meet client requirements.
5	There is no defect; however, the WSP may request a change to the subject item through the requirements change process.

The assigned category will determine the escalated response time.

The Vendor will make an initial response to a Category 1 call within a maximum time-period of four (4) hours after receipt. The Vendor will use extraordinary efforts to provide a fix, work around, or patch to Category 1 bugs within six (6) hours after the bug has been replicated and confirmed by the Vendor. Category 1 calls will be handled on a 24X7X365 basis.

The Vendor will make an initial response to a Category 2 call within a maximum time-period of four (4) hours after receipt. The Vendor will provide a fix, work around, or patch to Category 2 bugs within 1 business day (24) hours after the bug has been replicated and confirmed by the Vendor. Category 2 calls will be handled on a 24x7x365 basis.

The Vendor will make an initial response to a Category 3 call (phone or email) within a maximum time-period of six hours after receipt. The Vendor will make reasonable efforts to identify a resolution to Category 3 calls within three (3) business days.

The Vendor will make an initial response to a Category 4 call (phone or email) within a maximum time period of 1 business day after receipt. Category 4 calls will be handled on a case-by-case basis and may incorporate Category 4 fixes in the next upcoming release of the product.

The Vendor will make an initial response to a Category 5 call (phone or email) within a maximum time period of 3 business days after receipt. Category 5 calls will be handled on a case-by-case basis.

In the event that a resolution cannot be established for a failure during the troubleshooting process, the Vendor will provide a workaround for any critical or non-critical error in an effort to ensure minimal downtime for the affected agency. This workaround shall be considered "temporary" until a permanent resolution can be distributed.

Each detour or code correction will be made available in the form of either a written correction notice or machine-readable media and will be accompanied by a level of documentation adequate to inform WSP of the problem resolved and any significant operational differences resulting from the correction that is known by Vendor, or

If a detour or code correction is not available the Vendor will provide WSP with a written response describing Vendor's then-existing diagnosis of the error or malfunction and generally outlining Vendor's then-existing plan and timetable, subject to WSP's approval, for correcting or working around the error or malfunction.

- c. Maintenance Release Services. Vendor will provide error corrections and maintenance releases to the Software that have been developed by Vendor at no additional cost to WSP. Such releases shall be licensed to WSP pursuant to the terms and conditions of this Contract. Each maintenance release will consist of a set of programs and files made available in the form of machine-readable media and will be accompanied by a level of documentation adequate to inform WSP of the problems resolved including any significant differences resulting from the release that are known by Vendor. Vendor agrees that each maintenance release of Software will be compatible with the then-current unaltered release of Software applicable to the computer system.

32. Vendor Commitments, Warranties and Representations (required).

Any written commitment by Vendor within the scope of this Contract shall be binding upon Vendor. Failure of Vendor to fulfill such a commitment may constitute breach and shall render Vendor liable for damages under the terms of this Contract. For purposes of this section, a commitment by Vendor includes: (i) Prices, discounts, and options committed to remain in force over a specified period of time; and (ii) any warranty or representation made by Vendor in its Response or contained in any Vendor or manufacturer publications, written materials, schedules, charts, diagrams, tables, descriptions, other written representations, and any other communication medium accompanying or referred to in its Response or used to effect the sale to WSP.

33. Protection of WSP's Confidential Information (required).

- a. Vendor acknowledges that some of the material and information that may come into its possession or knowledge in connection with this Contract or its performance may consist of information that is exempt from disclosure to the public or other unauthorized persons under either chapter 42.56 RCW or other state or federal statutes ("Confidential Information"). Confidential Information includes, but is not limited to, names, addresses, Social Security numbers, e-mail addresses, telephone numbers, financial profiles, credit card information, driver's license numbers, medical data, law

enforcement records, agency source code or object code, agency security data, or information identifiable to an individual that relates to any of these types of information. Vendor agrees to hold Confidential Information in strictest confidence and not to make use of Confidential Information for any purpose other than the performance of this Contract, to release it only to authorized employees or Subcontractors requiring such information for the purposes of carrying out this Contract, and not to release, divulge, publish, transfer, sell, disclose, or otherwise make the information known to any other party without WSP's express written consent or as provided by law. Vendor agrees to release such information or material only to employees or Subcontractors who have signed a nondisclosure agreement, the terms of which have been previously approved by WSP. Vendor agrees to implement physical, electronic, and managerial safeguards to prevent unauthorized access to Confidential Information.

- b. Vendor agrees to release Confidential Information or material only to Vendor employees or Subcontractors who have passed a fingerprint-based criminal history background check and signed Schedule C, Nondisclosure Agreement. WSP approval of Vendor staff is contingent on this Subsection. The cost of fingerprint-based criminal history background checks shall be the responsibility of the WSP.
- c. Immediately upon expiration or termination of this Contract, Vendor shall, at WSP's option: (i) certify to WSP that Vendor has destroyed all Confidential Information; or (ii) return all Confidential Information to WSP; or (iii) take whatever other steps WSP requires of Vendor to protect WSP's Confidential Information.
- d. WSP reserves the right to monitor, audit, or investigate the use of Confidential Information collected, used, or acquired by Vendor through this Contract. The monitoring, auditing, or investigating may include, but is not limited to, salting databases.

Violation of this section by Vendor or its Subcontractors may result in termination of this Contract and demand for return of all Confidential Information, monetary damages, or penalties.

Contract Administration

34. Legal Notices.

Any notice or demand or other communication required or permitted to be given under this Contract or applicable law shall be effective only if it is in writing and signed by the applicable party, properly addressed, and either delivered in person, or by a recognized courier service, or deposited with the United States Postal Service as first-class mail, postage prepaid to the parties at the addresses provided in this section. For purposes of complying with any provision in this Contract or applicable law that requires a "writing," such communication, when digitally signed with a Washington State Licensed Certificate, shall be considered to be "in writing" or "written" to an extent no less than if it were in paper form.

To Vendor at:

Intellinetics, Inc.
Attn: Matthew Chretien
2190 Dividend Drive
Columbus OH 43228-3806
Phone: (614)921-8170
E-mail: matt@intellinetics.com

To WSP at:

Washington State Patrol
Attn: Mr. Jeff Hugdahl
PO Box 42602
Olympia WA 98504-2602
Phone: (360)596-4052
E-mail: jeff.hugdahl@wsp.wa.gov

Notices shall be effective upon receipt or four (4) Business Days after mailing, whichever is earlier. The notice address as provided herein may be changed by written notice given as provided above.

In the event that a subpoena or other legal process commenced by a third party in any way concerning the Software or Services provided pursuant to this Contract is served upon Vendor or WSP, such party agrees to notify the other party in the most expeditious fashion possible following receipt of such subpoena or other legal process. Vendor and WSP further agree to cooperate with the other party in any lawful effort by the other party to contest the legal validity of such subpoena or other legal process commenced by a third party.

When either the Vendor or WSP changes one of the assignments listed in Schedule C, the responsible party shall notify in writing to all persons with assignments as listed in Schedule C.

35. Vendor Account Manager.

Vendor shall appoint an Account Manager for WSP's account under this Contract who will provide oversight of Vendor activities conducted hereunder. Vendor's Account Manager will be the principal point of contact for WSP concerning Vendor's performance under this Contract. Vendor shall notify WSP Contract Administrator and Project Manager, in writing, when there is a new Vendor Account Manager assigned to this Contract. The Vendor Account Manager information is:

Vendor Account Manager: Matthew Chretien
Address: 2190 Dividend Drive, Columbus OH 43228-3806
Phone: (614) 921-8170 E-mail: matt@intellinetics.com

36. WSP Project Manager.

WSP shall appoint Ms. Paula Breshears, who will be WSP Project Manager for this Contract and will provide oversight of the activities conducted hereunder. WSP Project Manager will be the principal contact for Vendor concerning business activities under this Contract. WSP shall notify Vendor, in writing, when there is a new WSP Project Manager assigned to this Contract.

37. Section Headings, Incorporated Documents and Order of Precedence (required).

The headings used herein are inserted for convenience only and shall not control or affect the meaning or construction of any of the sections. Each of the documents listed below is, by this reference, incorporated into this Contract as though fully set forth herein.

Schedule A;

RFP No. C100910GSC;

Any SOW entered into pursuant to this Contract; and

All Vendor or manufacturer publications, written materials and schedules, charts, diagrams, tables, descriptions, other written representations and any other supporting materials Vendor made available to WSP and used to affect the sale of Software to WSP.

In the event of any inconsistency in this Contract, the inconsistency shall be resolved in the following order of precedence:

Applicable federal and state statutes, laws, and regulations;

Sections of this Contract;

Any SOW entered into pursuant to this Contract;

RFP No. C100910GSC; and

All Vendor or manufacturer publications, written materials and schedules, charts, diagrams, tables, descriptions, other written representations and any other supporting materials Vendor made available to WSP and used to affect the sale of Software to WSP.

38. Entire Agreement (required).

This Contract sets forth the entire agreement between the parties with respect to the subject matter hereof and except as provided in the section titled Vendor Commitments, Warranties and Representations, understandings, agreements, representations, or warranties not contained in this Contract or a written amendment hereto shall not be binding on either party. Except as provided herein, no alteration of any of the terms, conditions, delivery, Price, quality, or Specifications of this Contract will be effective without the written consent of both parties.

39. Authority for Modifications and Amendments.

No modification, amendment, alteration, addition, or waiver of any section or condition of this Contract shall be effective or binding unless it is in writing and signed by WSP and Vendor Contracting Officers. Only WSP Contracting Officer shall have the express, implied, or apparent authority to alter, amend, modify, add, or waive any section or condition of this Contract on behalf of WSP.

40. Independent Status of Vendor (required).

In the performance of this Contract, the parties will be acting in their individual, corporate or governmental capacities and not as agents, employees, partners, joint ventures, or associates of one another. The parties intend that an independent contractor relationship will be created by this Contract. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever. Vendor shall not make any claim of right, privilege or benefit which would accrue to an employee under chapter 41.06 RCW or Title 51 RCW.

41. Governing Law (required).

This Contract shall be governed in all respects by the law and statutes of the state of Washington, without reference to conflict of law principles. However, if the Uniform Computer Information Transactions Act (UCITA) or any substantially similar law is enacted as part of the law of the state of Washington, said statute will not govern any aspect of this Contract or any license granted hereunder, and instead the law as it existed prior to such enactment will govern. The jurisdiction for any action hereunder shall be exclusively in the Superior Court for the state of Washington. The venue of any action hereunder shall be in the Superior Court for Thurston County, Washington.

42. Subcontractors.

Vendor may, with prior written permission from WSP Contracting Officer, which consent shall not be unreasonably withheld, enter into subcontracts with third parties for its performance of any part of Vendor's duties and obligations. In no event shall the existence of a subcontract operate to release or reduce the liability of Vendor to WSP for any breach in the performance of Vendor's duties. For purposes of this Contract, Vendor agrees that all Subcontractors shall be held to be agents of Vendor. Vendor shall be liable for any loss or damage to WSP, including but not limited to personal injury, physical loss, harassment of WSP employee, or violations of the Patent and Copyright Indemnification, Protection of WSP's Confidential Information, and Software Ownership sections of this Contract occasioned by the acts or omissions of Vendor's Subcontractors, their agents or employees. The Patent and Copyright Indemnification, Protection of WSP's Confidential Information, Software Ownership, Publicity and Review of Vendor's Records sections of this Contract shall apply to all Subcontractors.

43. Assignment.

With the prior written consent of WSP Contracting Officer, which consent shall not be unreasonably withheld, Vendor may assign this Contract including the proceeds hereof, provided that such assignment shall not operate to relieve Vendor of any of its duties and obligations hereunder, nor shall such assignment affect any remedies available to WSP that may arise from any breach of the sections of this Contract, or warranties made herein including but not limited to, rights of setoff.

WSP may assign this Contract to any public agency, commission, board, or the like, within the political boundaries of the state of Washington, provided that such assignment shall not operate to relieve WSP of any of its duties and obligations hereunder.

44. Publicity (required).

The award of this Contract to Vendor is not in any way an endorsement of Vendor or Vendor's products by WSP and shall not be so construed by Vendor in any advertising or other publicity materials.

Vendor agrees to submit to WSP, all advertising, sales promotion, and other publicity materials relating to this Contract or any Product furnished by Vendor wherein WSP's name is mentioned, language is used, or Internet links are provided from which the connection of WSP's name therewith may, in WSP's judgment, be inferred or implied. Vendor further agrees not to publish or use such advertising, sales promotion materials, publicity or the like through print, voice, the World Wide Web, and other communication media in existence or hereinafter developed without the express written consent of WSP prior to such use.

45. Review of Vendor's Records (required).

Vendor and its Subcontractors shall maintain books, records, documents and other evidence relating to this Contract, including but not limited to protection and use of WSP's Confidential Information, and accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature invoiced in the performance of this Contract. Vendor shall retain all such records for six (6) years after the expiration or termination of this Contract. Records involving matters in litigation related to this Contract shall be kept for either one (1) year following the termination of litigation, including all appeals, or six (6) years from the date of expiration or termination of this Contract, whichever is later.

All such records shall be subject at reasonable times and upon prior notice to examination, inspection, copying, or audit by personnel so authorized by WSP's Contract Administrator and/or the Office of the State Auditor and federal officials so authorized by law, rule, regulation or contract, when applicable, at no additional cost to the State. Vendor shall be responsible for any audit exceptions or disallowed costs incurred by Vendor or any of its Subcontractors.

Vendor shall incorporate in its subcontracts this section's records retention and review requirements.

It is agreed that books, records, documents, and other evidence of accounting procedures and practices related to Vendor's cost structure, including overhead, general and administrative expenses, and profit factors shall be excluded from WSP's review unless the cost or any other material issue under this Contract is calculated or derived from these factors.

Vendor shall provide right of access to its facilities to WSP, or any of WSP's officers, or to any other authorized agent or official of the state of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this Contract.

46. Reporting and Status

Both parties shall communicate regularly about SOW status, problem reports, change requests, general issues, and related matters at least monthly or more often as needed. Such reports shall be made through WSP's Project Manager and the Vendor Account Manager. Each party shall respond to the other within two business days on any query, issue, or request with status; expected time of answer if not given; and possible course(s) of action.

General Provisions

47. Patent and Copyright Indemnification (required).

- a. Vendor, at its expense, shall defend, indemnify, and save WSP harmless from and against any claims against WSP that any Product supplied hereunder, or WSP's use of the Product within the terms of this Contract, infringes any patent, copyright, utility model, industrial design, mask work, trade secret, trademark, or other similar proprietary right of a third party worldwide. Vendor shall pay all costs of such defense and settlement and any penalties, costs, damages and attorneys' fees awarded by a court or incurred by WSP provided that WSP:
 - Promptly notifies Vendor in writing of the claim, but WSP's failure to provide timely notice shall only relieve Vendor from its indemnification obligations if and to the extent such late notice prejudiced the defense or resulted in increased expense or loss to Vendor; and
 - Cooperates with and agrees to use its best efforts to encourage the Office of the Attorney General of Washington to grant Vendor sole control of the defense and all related settlement negotiations.
- b. If such claim has occurred, or in Vendor's opinion is likely to occur, WSP agrees to permit Vendor, at its option and expense, either to procure for WSP the right to continue using the Product or to replace or modify the same so that they become noninfringing and functionally equivalent. If use of the Product is enjoined by a court and Vendor determines that none of these alternatives is reasonably available, Vendor, at its risk and expense, will take back the Product and provide WSP a refund. In the case of Product, Vendor shall refund to WSP its depreciated value. No termination charges will be payable on such returned Product, and WSP will pay only those charges that were

payable prior to the date of such return. Depreciated value shall be calculated on the basis of a useful life of four (4) years commencing on the date of purchase and shall be an equal amount per year over said useful life. The depreciation for fractional parts of a year shall be prorated on the basis of three hundred sixty-five (365) days per year. In the event the Product has been installed less than one (1) year, all costs associated with the initial installation paid by WSP shall be refunded by Vendor.

c. Vendor has no liability for any claim of infringement arising solely from:

Vendor's compliance with any designs, specifications or instructions of WSP;

Modification of the Product by WSP or a third party without the prior knowledge and approval of Vendor; or

Use of the Product in a way not specified by Vendor;

unless the claim arose against Vendor's Product independently of any of these specified actions.

48. Save Harmless (required).

Vendor shall defend, indemnify, and save WSP harmless from and against any claims, including reasonable attorneys' fees resulting from such claims, by third parties for any or all injuries to persons or damage to property of such third parties arising from intentional, willful or negligent acts or omissions of Vendor, its officers, employees, or agents, or Subcontractors, their officers, employees, or agents. Vendor's obligation to defend, indemnify, and save WSP harmless shall not be eliminated or reduced by any alleged concurrent WSP negligence.

49. Licensing Standards.

Vendor shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements and standards necessary in the performance of this Contract. (See, for example, chapter 19.02 RCW for state licensing requirements and definitions.)

50. OSHA/WISHA.

Vendor represents and warrants that its Products, when shipped, are designed and manufactured to meet then current federal and state safety and health regulations. Vendor agrees to indemnify and hold WSP harmless from all damages assessed against WSP as a result of the failure of the Products furnished under this Contract to so comply.

51. Antitrust Violations.

Vendor and WSP recognize that, in actual economic practice, overcharges resulting from antitrust violations are usually borne by WSP. Therefore, Vendor hereby assigns to WSP any and all claims for such overcharges as to goods and services purchased in connection with this Contract, except as to overcharges not passed on to WSP resulting from antitrust violations commencing after the date of the bid, quotation, or other event establishing the Price under this Contract.

52. Compliance with Civil Rights Laws (required).

During the performance of this Contract, Vendor shall comply with all federal and applicable state nondiscrimination laws, including but not limited to: Title VII of the Civil Rights Act, 42 U.S.C. §12101 et seq.; the Americans with Disabilities Act (ADA); and Title 49.60 RCW, Washington Law Against Discrimination. In the event of Vendor's noncompliance or refusal to comply with any nondiscrimination law, regulation or policy, this Contract may be rescinded, canceled, or terminated in whole or in part under the Termination for Default sections, and Vendor may be declared ineligible for further contracts with WSP.

53. Severability (required).

If any term or condition of this Contract or the application thereof is held invalid, such invalidity shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application; to this end the terms and conditions of this Contract are declared severable.

54. Waiver (required).

Waiver of any breach of any term or condition of this Contract shall not be deemed a waiver of any prior or subsequent breach. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written instrument signed by the parties.

55. Vendor's Proprietary Information (required).

Vendor acknowledges that WSP is subject to chapter 42.56 RCW and that this Contract shall be a public record as defined in chapter 42.56 RCW. Any specific information that is claimed by Vendor to be Proprietary Information must be clearly identified as such by Vendor. To the extent consistent with chapter 42.56 RCW, WSP shall maintain the confidentiality of all such information marked Proprietary Information. If a public disclosure request is made to view Vendor's Proprietary Information, WSP will notify Vendor of the request and of the date that such records will be released to the requester unless Vendor obtains a court order from a court of competent jurisdiction enjoining that disclosure. If Vendor fails to obtain the court order enjoining disclosure, WSP will release the requested information on the date specified.

Disputes and Remedies

56. Disputes (required).

In the event a dispute arises under this Contract, it shall be handled by a Dispute Resolution Panel in the following manner. Each party to this Contract shall appoint one member to the Panel. These two appointed members shall jointly appoint an additional member. The Dispute Resolution Panel shall review the facts, Contract terms and applicable statutes and rules and make a determination of the dispute as quickly as reasonably possible. The determination of the Dispute Resolution Panel shall be final and binding on the parties hereto. WSP and Vendor agree that, the existence of a dispute notwithstanding, they will continue without delay to carry out all their respective responsibilities under this Contract that are not affected by the dispute.

57. Attorneys' Fees and Costs.

If any litigation is brought to enforce any term, condition, or section of this Contract, or as a result of this Contract in any way, the prevailing party shall be awarded its reasonable attorneys' fees together with expenses and costs incurred with such litigation, including necessary fees, costs, and expenses for services rendered at both trial and appellate levels, as well as subsequent to judgment in obtaining execution thereof.

In the event that the parties engage in arbitration, mediation or any other alternative dispute resolution forum to resolve a dispute in lieu of litigation, both parties shall share equally in the cost of the alternative dispute resolution method, including cost of mediator or arbitrator. In addition, each party shall be responsible for its own attorneys' fees incurred as a result of the alternative dispute resolution method.

58. Non-Exclusive Remedies.

The remedies provided for in this Contract shall not be exclusive but are in addition to all other remedies available under law.

59. Liquidated Damages

- a. General. Any delay by the Contractor in meeting the delivery date set forth in this Contract will interfere with the proper implementation of WSP's programs and will result in loss and damage to WSP. As it would be impracticable to fix the actual damage sustained in the event of any such failure(s) to perform, both parties agree that in the event of any such failure(s) to perform, the amount of damage which will be sustained will be the amount set forth in the following subsections and the parties agree that the Contractor shall pay such amounts as liquidated damages and not as a penalty. Liquidated damages provided under the terms of this Contract are subject to the same limitations as provided in the section titled Limitation of Liability.
- b. Specific. If the Contractor does not deliver the Products as identified in SOW(s), the Contractor shall provide a revised Delivery Date and pay to WSP as fixed and agreed liquidated damages, in lieu of all other damages due to such delay, for each calendar day between the specified Delivery Date and the date that the Contractor actually provides the Products an amount of \$100 per day. If the revised Delivery Date is more than thirty (30) calendar days from the original Delivery Date, then by written notice to the Contractor, WSP may immediately terminate the right of the Contractor to provide the Products, and WSP may obtain substitute Products from another vendor. In this event, the Contractor shall be liable for fixed and agreed-upon liquidated damages, in lieu of all other damages due to such delay, in the amount specified above, until the substitute Product(s) is provided, or a maximum of ninety (90) calendar days from the original Delivery Date, whichever occurs first.

60. Failure to Perform.

If Vendor fails to perform any substantial obligation under this Contract, WSP shall give Vendor written notice of such Failure to Perform. If after thirty (30) calendar days from the date of the written notice Vendor still has not performed, then WSP may withhold all monies due and payable to Vendor, without penalty to WSP, until such Failure to Perform is cured or otherwise resolved.

61. Limitation of Liability (required).

The parties agree that neither Vendor nor WSP shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages except a claim related to bodily injury or death, or a claim or demand based on a Date Warranty or No Surreptitious Code Warranty issue or patent, copyright, or other intellectual property right infringement, in which case liability shall be as set forth elsewhere in this Contract. This section does not modify any sections regarding liquidated damages or any other conditions as are elsewhere agreed to herein between the parties. The damages specified in the sections titled OSHA/WISHA, Termination for Default, and Review of Vendor's Records are not consequential, incidental, indirect, or special damages as that term is used in this section.

Neither Vendor nor WSP shall be liable for damages arising from causes beyond the reasonable control and without the fault or negligence of either Vendor or WSP. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of a governmental body other than WSP acting in either its sovereign or contractual capacity, war, explosions, fires, floods, earthquakes, epidemics, quarantine restrictions, strikes,

freight embargoes, and unusually severe weather; but in every case the delays must be beyond the reasonable control and without fault or negligence of Vendor, WSP, or their respective Subcontractors.

If delays are caused by a Subcontractor without its fault or negligence, Vendor shall not be liable for damages for such delays, unless the Services to be performed were obtainable on comparable terms from other sources in sufficient time to permit Vendor to meet its required performance schedule.

Neither party shall be liable for personal injury to the other party or damage to the other party's property except personal injury or damage to property proximately caused by such party's respective fault or negligence.

Contract Termination

62. Termination for Default (required).

If the Vendor violates any material term or condition of this Contract or fails to fulfill in a timely and proper manner its obligations under this Contract, then WSP shall give the Vendor written notice of such failure or violation. The responsible party will correct the violation or failure within thirty (30) calendar days or as otherwise mutually agreed in writing. If the failure or violation is not corrected, this Contract may be terminated immediately by written notice from WSP to the Vendor. WSP reserves the right to suspend all or part of the Contract, withhold further payments, or prohibit Vendor from incurring additional obligations of funds during investigation of any alleged Vendor compliance breach and pending corrective action by Vendor or a decision by WSP to terminate the Contract.

In the event of termination of this Contract by WSP, WSP shall have the right to procure the Products and Services that are the subject of this Contract on the open market and Vendor shall be liable for all damages, including, but not limited to: (i) the cost difference between the original Contract price for the Products and Services and the replacement costs of such Products and Services acquired from another Vendor; (ii) if applicable, all administrative costs directly related to the replacement of this Contract, such as costs of competitive bidding, mailing, advertising, applicable fees, charges or penalties, staff time costs; and, (iii) any other costs to WSP resulting from Vendor's breach. WSP shall have the right to deduct from any monies due to Vendor, or that thereafter become due, an amount for damages that Vendor will owe WSP for Vendor's default.

If the Failure to Perform is without the defaulting party's control, fault, or negligence, the termination shall be deemed to be a Termination for Convenience.

This section shall not apply to any failure(s) to perform that results from the willful or negligent acts or omissions of the aggrieved party.

63. Termination for Convenience.

When, at the sole discretion of WSP, it is in the best interest of the State, WSP Contracting Officer may terminate this Contract, in whole or in part, by thirty (30) calendar days written notice to Vendor. If this Contract is so terminated, WSP is liable only for payments required by the terms of this Contract for Software and Services received and Accepted by WSP prior to the effective date of termination.

64. Termination for Withdrawal of Authority.

In the event that WSP's authority to perform any of its duties is withdrawn, reduced, or limited in any way after the commencement of this Contract and prior to normal completion,

WSP may terminate this Contract by seven (7) calendar days written notice to Vendor. No penalty shall accrue to WSP in the event this section shall be exercised. This section shall not be construed to permit WSP to terminate this Contract in order to acquire similar Services from a third party.

65. Termination for Non-Allocation of Funds

If funds are not allocated to WSP to continue this Contract in any future period, WSP may terminate this Contract by seven (7) calendar days' written notice to Vendor or work with Vendor to arrive at a mutually acceptable resolution of the situation. WSP will not be obligated to pay any further charges for Services including the net remainder of agreed to consecutive periodic payments remaining unpaid beyond the end of the then current period. WSP agrees to notify Vendor in writing of such non-allocation at the earliest possible time. No penalty shall accrue to WSP in the event this section shall be exercised. This section shall not be construed to permit WSP to terminate this Contract in order to acquire similar products or services from a third party.

66. Termination for Conflict of Interest.

WSP may terminate this Contract by written notice to Vendor if WSP determines, after due notice and examination, that any party has violated chapter 42.52 RCW, Ethics in Public Service or any other laws regarding ethics in public acquisitions and procurement and performance of contracts. In the event this Contract is so terminated, WSP shall be entitled to pursue the same remedies against Vendor as it could pursue in the event Vendor breaches this Contract.

67. Termination Procedure.

In addition to the procedures set forth below, if WSP terminates this Contract, Vendor shall follow any procedures WSP specifies in WSP's Notice of Termination.

Upon termination of this Contract, WSP, in addition to any other rights provided in this Contract, may require Vendor to deliver to WSP any property, Products, or Work Products specifically produced or acquired for the performance of such part of this Contract as has been terminated.

Unless otherwise provided herein, WSP shall pay to Vendor the agreed-upon price, if separately stated, for the Products or Services received and Accepted by WSP, provided that in no event shall WSP pay to Vendor an amount greater than Vendor would have been entitled to if this Contract had not been terminated. Failure to agree with such determination shall be a dispute within the meaning of the Disputes section of this Contract. WSP may withhold from any amounts due Vendor such sum as WSP determines to be necessary to protect WSP from potential loss or liability.

Vendor shall pay amounts due WSP as the result of termination within thirty (30) calendar days of notice of amounts due. If Vendor fails to make timely payment, WSP may charge interest on the amounts due at one percent (1%) per month until paid in full.

68. Covenant Against Contingent Fees.

Vendor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or a bona fide established commercial or selling agency of Vendor.

In the event Vendor breaches this section, WSP shall have the right to either annul this Contract without liability to WSP, or, in WSP's discretion, deduct from payments due to Vendor, or otherwise recover from Vendor, the full amount of such commission, percentage, brokerage, or contingent fee.

Contract Execution

69. Authority to Bind.

The signatories to this Contract represent that they have the authority to bind their respective organizations to this Contract.

70. Counterparts.

This Contract may be executed in counterparts or in duplicate originals. Each counterpart or each duplicate shall be deemed an original copy of this Contract signed by each party, for all purposes.

In Witness Whereof, the parties hereto, having read this Contract in its entirety, including all attachments, do agree in each and every particular and have thus set their hands hereunto.

This Contract is effective this 28th day of July, 2010

For the Washington State Patrol:

D. J. Karnitz
Signature

D. J. Karnitz 7-28-10
Print or Type Name
Date

Deputy Chief
Title

Approved as to Form

State of Washington
Office of the Attorney General

On File
Signature

[ILLEGIBLE]
Print or Type Name

Assistant Attorney General 7/28/10
Title Date

For Intellinetics, Inc.

Matthew L. Chretien
Signature

Matthew L. Chretien
Print or Type Name
Date

President
Title

Schedule A
Authorized Product and Price List

Application Software Costs

Application Software Description	Required Quantity	Package Name	Package Cost per License	Total Cost All Licenses	Annual Maintenance Cost
Electronic Collision Report Application—Production					
The Main WRECR software platform upon with commercially available and customized components will operate, Enterprise License	1	Intellivue GX Enterprise License (restricted to WRECR solution use).	\$50,000	\$50,000	\$10,000
Automated Redaction Engine for GX	1	Redactivue	Included	Included	Included
Web Services Application Programming Interface	1	ICMCore	Included	Included	Included
Data Import Services for importing reports from WSDOT	1	Content Importer	Included	Included	Included
Electronic Collision Report Application—Development					
Custom Winform and web browser based modules for all WSP WRECR requirements not met through Base GX platform	1	N/A	\$50,000	\$50,000	\$10,000
Electronic Collision Report Application—Test					
N/A					
Electronic Collision Report Application—Other (optional)					
N/A					
Interfaces					
WSDOT Import Services Interface	1	Content Importer Interface	Included	Included	\$1,250
OST Bank Processing Interface	1	Bank Care Processing Interface	Included	Included	\$3,750
TOTAL				\$100,000	\$25,000

Hourly Rate for Future Enhancements	\$125.00
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Total Onetime Costs

Application Software	\$100,000
System Software	\$ 10,000
Hardware	\$ 5,000
Other Implementation Costs	\$ 35,000
Subtotal	\$150,000
Optional Costs	\$ 0
Total Onetime Costs Including Options	\$150,000

Annual Recurring Costs

Application Software Maintenance	\$25,000
System Software Maintenance	\$ 0
Hardware Maintenance (3 yr 24x7x4)	\$ 768
Other Recurring Costs	\$ 0
Total Annual Recurring costs	\$25,768

Schedule B
Nondisclosure Agreement

As an employee, agent or Subcontractor of the Intellinetics Inc., I acknowledge that some of the material and information that may come into my possession or knowledge in connection with Washington State Patrol Contract Number C100910GSC (Contract) or its performance may consist of information that is exempt from disclosure to the public or other unauthorized persons under either chapter 42.56 RCW or other state or federal statutes ("Confidential Information"). Confidential Information includes, but is not limited to, names, addresses, Social Security numbers, e-mail addresses, telephone numbers, financial profiles, credit card information, driver's license numbers, medical data, law enforcement records, agency source code or object code,-agency security data, or information identifiable to an individual that relates to any of these types of information.

I agree to hold Confidential Information in strictest confidence and not to make use of Confidential Information for any purpose other than the performance of this Contract, to release it only to authorized employees or Subcontractors requiring such information for the purposes of carrying out this Contract, and not to release, divulge, publish, transfer, sell, disclose, or otherwise make it known to any other party without the Washington State Patrol's express written consent or as provided by law. I agree to release such information or material only to employees or Subcontractors who have signed a Nondisclosure Agreement substantially the same as this Nondisclosure Agreement. I also agree to implement physical, electronic, and managerial safeguards to prevent unauthorized access to Confidential Information.

Immediately upon expiration or termination of this Contract, my employment with the Intellinetics, Inc., or the contractual relationship with the Intellinetics, Inc. if I am a subcontractor, I shall surrender any and all Confidential Information in my possession to Intellinetics, Inc. for its disposition according to the terms of the Contract.

I understand that I am subject to all applicable state and federal laws, rules, and regulations, including RCW 10.97, violation of which may result in criminal prosecution.

Signature of Employee or Subcontractor

Printed Name and Title

Date

Schedule C
Contact Information for Vendor and WSP

Vendor Account Manager

Name: Matthew L. Chretien
Address: 2190 Dividend Drive
Columbus, Ohio 43228
Phone: 614-921-8170
Fax: 614-850-2789
E-mail: matt@intellinetics.com

Vendor Project Manager

Name: Michael A. Beck
Address: 2190 Dividend Drive
Columbus, Ohio 43228
Phone: 614-921-8170
Fax: 614-850-2789
E-mail: mbeck@intellinetics.com

WSP Project Manager

Name: Ms. Paula Breshears
WSP
Physical Address: 403 Cleveland Ave SE
Suite C
Tumwater, WA 98501
Phone: 360-705-5387
Fax: 360-705-5784
E-mail: paula.breshears@wsp.wa.gov

Mailing Address:
PO Box 42646
Olympia WA 98504-2646

WSP Contracts Manager

Name: Mr. Jeff Hugdahl
WSP
Physical Address: 210-11th Ave SW
Room 116
Olympia WA 98501
Phone: 360-596-4052
Fax: 360-596-4078
E-mail: jeff.hugdahl@wsp.wa.gov

Mailing Address:
PO Box 42602
Olympia, WA 98504-2602

WSP Billing Address:

Name: ITD Fiscal Unit
WSP
Address: PO Box 42622
Olympia WA 98504-2622
Phone: 360-705-5183
Fax: 360-705-5784



STATE OF WASHINGTON
Washington State Patrol

RFP No: C100910GSC
Amendment 1

June 3, 2010

Project Title: Washington Request for Electronic Collision Records

Proposal

Due date: **No later than 5:00 p.m. PST on June 7, 2010**

Send to: Paula Breshears, RFP Coordinator
Information Technology Division
403 Cleveland Ave., Suite C
Tumwater, WA 98501-3311

The following is an amendment to RFP No. C100910GSC. All other terms and conditions of the RFP that have not been revised by this amendment remain in full force and effect.

A. Vendor Questions and Answers. Per Section VIII.E, Vendor Questions and Answers, below are questions posed by potential vendors responding to this RFP, and the Washington State Patrol's responses to those questions.

1. Question: "... It mentions that funding for the project would expire on September 30. Does this mean that all functionality must be accepted by that date in order for payment for the functionality to happen?"

Answer: The current deadline for funding is September 30' 2010. However, we understand that this project is large and that having the functionality completed by then may be considered unrealistic by some vendors. We are working with the funding source to acquire an extension. We wanted vendors to be aware of the current funding deadline; however we need vendors to provide us with a realistic timeframe to implement their proposal.

2. Question: "... I think the development effort is probably out of our expertise but I started wondering if there might be a design opportunity here. I'd love to learn if there might be an opportunity for us to come in as a subcontractor for this project to establish a great interface...."

Answer: We require vendors to submit a complete proposal for the product described in the RFP. For those vendors that cannot provide a complete solution we suggest partnering with another company to provide a proposal. Please see RFP 2.114 (Third Party Vendor) for more information.

3. Question: Throughout the WSP WRECR RFP the word “Product” is used. Is it safe to assume the State wants an existing software product that meets or at least approximates the requirements?

Answer: That is our preference, however we are willing to look at custom applications.

4. Question: Appears that work needs to be done in State facilities (or at least a local presence is required) Should expenses (including service and sales taxes) be included in our price?

Answer: Yes, please include all expenses associated with providing the product.

5. Question: Is the WSP currently working with a vendor?

Answer: WSP is currently not working with a vendor.

6. Question: Did the WSP work with a vendor in preparation of this work release?

Answer: WSP did release and Request for Information (RFI) based on the business requirements for this project. The RFP was refined based on responses to the RFI.

7. Question: Will WSP require a fee for the use of office space for the winning project team?

Answer: There will not be a fee for the use of office space.

8. Question: “In regards to the RFP for the development of web-based application to allow public access to collision reports, has Washington State Patrol considered allowing a vendor to provide this service as an application service provider (ASP) or software as a service (SaaS) approach? ...”

Answer: Vendors may propose an ASP solution. However, vendors need to keep in mind that potential legal and continued funding issues would need to be addressed before WSP could enter into a contract for such a proposal.

9. Question: My firm is preparing a proposal for the Washington State Patrol "WRECR" RFP and we'd like to set up a meeting or conference call to discuss the RFP. I understand you are the primary contact for this RFP, would you be able to help me coordinate?
Answer: WSP is using a Vendor Question and Answers process per Section 2.6 of the RFP in lieu of a vendor conference. Vendor questions needed to be submitted in accordance with the RFP in order to be addressed through this RFP amendment.
10. Question: How are collision reports captured at the scene by the officer/trooper—on paper or electronically?
Answer: Both. We have troopers who do have computers in their vehicles and do submit collision reports electronically; we also have troopers who do not have computers in their vehicles who submit paper collision reports.
11. Question: If collision reports are captured at the scene electronically will WSP make the data available to the selected vendor so the data can be used for collision inquires?
Answer: Per the System Requirement Document [SRS] Attachment A of the RFP-All collision data both electronic and paper will be delivered to WSP from Washington State Department of Transportation through a daily feed in a file format that is specified in the SRS. The Contractor will have access to test data.
12. Question: Will the selected vendor be able to charge a convenience fee for each police report sold through the web portal?
Answer: No.
13. Question: Will the selected vendor have rights to the data if it is a vendor hosted solution?
Answer: No.
14. Question: Pg 29-67—Vendor Technical Proposal—is it expected that vendors be able to meet all mandatory requirements marked with asterisks by the Sept 2010 install date or can mandatory requirements be met in the future?

Answer: The mandatory requirements must be met by the time the project is installed. The current deadline for funding is September 30, 2010. However, we understand that this project is large and that having the functionality completed by then may be considered unrealistic by some vendors. We are working with the funding source to acquire an extension. We need vendors to provide us with a realistic timeframe to ensure we get a quality product.

15. Question: Due to the holiday weekend ahead and the extensive amount of requirements contained in the RFP, we would like to request at least a one week extension on the due date.

Answer: At this time we will be unable to allow for your one week extension: the due date for proposals remains June 7, 2010 by 5:00 pm PST.

16. Question: “...did something change on this RFP to have it be posted yet again on WEBS?Please advise...”

Answer: Please keep in mind that this is NOT the Request for Information that was published by WSP few months ago; this is an entirely new procurement process.

17. Question: Section 2.3—User Classes and Characteristics specifies seven types of users, would these types (names/roles) be readily available?

Answer: Specific Names have not been identified for the roles mentioned in Section 2.3 of the Software Requirements Specification (SRS) as these are the business requirements. The names would be done during the functional requirements with the Contractor.

18. Question: The redaction is based on the identity/authorization of the above users. Will this information be available at the development ?

Answer: The redaction will work as described in Section 5.2 of the Software Requirements Specification (SRS). The application will “know” the role/identity of the user so as to determine the proper redaction use case.

19. Question: There was no schema that is available for the existing Collision records system. How is the data currently stored?

Answer: The schema for how the collision records will be sent to WSP as described in Section 7.6 of the SRS. A new database will need to be created as WSP will now be storing the data that will come from Washington State Department of Transportation (WSDOT).

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20. Question: Will data migration be a part of the scope of the current development effort
Answer: Other than the initial file load from WSDOT, no.
21. Question: Can a third party shopping cart be used to process payments for the collision records?
Answer: Yes. Please see RFP Section 2.114 (Third Party Vendor) for more information about using a third party vendor. The third party will have to adhere to the Office of State Treasurer's requirements for processing payments.
22. Question: Section 4.1.2.10 A search query performed by Authorized WSP Collision Records personnel can only be placed in "pending status". Please confirm if there is a minimum and maximum time limit for this pending status?
Answer: We believe there is some misunderstanding on this requirement. If there is no record found for a specific search by an Authorized WSP Collision Records personnel they, if they choose, can place the "query search" into a pending status to allow for the query to be run again until the record is either found or for 30 days from the date of the collision (which would be part of the search criteria)
23. Question: Section 4.2.2.1 says "The product will allow authorized WSP CRD employees to enter information from a check or money order received. This option is only viewable by WSP employees.". The user types mentions that authorized CRD employees have unrestricted access to CR's, Could you please clarify in what category do WSP employees fit in ?
Answer: The RFP should have read.... This option is only viewable by WSP CRD Employees.
24. Question: 4.5.2.3 "The product must provide the ability to enter a pre-assigned account number and password in order to access the billable account" Would the financial institution provide us API's or service interfaces which would help us provide this functionality.

Answer: The application will not need to interface in this way with a financial system. This will simply be some basic tracking based on an account number provided by our Budget and Fiscal Services (BFS) unit. The application will track that account number's use of the system and provide a basic invoice which will be handled by an external process to receive payment. This requirement is that the account holder must be able to login to this application with the account number and a password so that searches can be attributed to them. The billable accounts are for high-volume customers who would be billed once a month instead of paying for each individual query as it is performed.

25. Question: 4.6.1.1.1 "The product must deliver the redacted or non redacted collision report to the requestor in a way that will allow the requestor to print and save locally" Do you have samples of redacted and non-redacted reports which would help us comprehend the reports required?

Answer: Yes, they are available. A redacted sample report is attached to this amendment as Attachment 1; a blank copy of the report is attached to this amendment as Attachment 2.

26. Question: 4.6.3 Redacting Process is a two step process where the system redacts information and then the WSP staff do a manual redaction. Please confirm if this is correct?

Answer: Only WSP CRD staff will redact.

27. Question: If the above process is correct we would assume that only authorized WSP CR staff can perform redaction and not WSP staff? Please validate?

Answer: That is correct.

28. Question: 4.8.3, 4.8.4 It would be assumed that the system should provide information to store the export information based on the schema provided and generate history, audit information and reports (where necessary). Please confirm?

Answer: That is correct.

29. Question: Can the development be done offshore?

Answer: Yes, as long as there would be onsite presence when needed.

30. Question: Is onsite presence required? If so, to what extent? Just for requirements gathering and meetings, status updates and during final implementation/training?
Answer: Yes; the extent would be negotiable. We expect the Contractor to be present onsite for some meetings and status updates; during final Implementation/training; and for clarification on the SRS if needed. Requirements gathering has been completed and published in the SRS. If you feel these items can be done without an onsite presence please describe how that can be accomplished in your proposal.
31. Question: Section 7.3 You have indicated a total budget of US\$ 150,000 for the entire project. How is this going to be split for Hardware/software costs?
Answer: We have not determined any split between Hardware and Software costs. We are looking for vendors to propose their solutions and recommendations.
32. Question: Can we offer our bid only for Software development?
Answer: No; we require you to provide a complete Cost Proposal that addresses all costs associated with implementing the proposal in accordance with Section 7 of the RFP.
33. Question: Section 2.9.3.1. In case we offer Custom Development, How will our points be scored for Section 5 & Section 6 ?
Answer: You will be scored based on your answers to Sections 5 and 6, as it is stated in the RFP.
34. Question: Are you particular about an Existing product?
Answer: No, we do not have an existing product in mind.
35. Question: What will be your preference over an existing Product (with/without customizations) Vs Custom Development?
Answer: Our preference is to use an existing proven product if one is available that meets our needs however we are willing to look at custom applications.

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36. Question: Should the proposal include standard annual maintenance costs outside of what is covered under the 150k budget
Answer: We require you to provide a complete Cost Proposal that addresses all costs associated with implementing the proposal in accordance with Section 7 of the RFP.
37. Question: What is expected to be covered under the initial warranty period of two years
Answer: Any product you provide us will be covered under the initial warranty.
38. Question: Does WSP have SQL Server licenses, IIS, or Web Server technologies already in place
Answer: Yes, we do.
39. Question: Does WSP have a Procurement department? If so, will the vendor need to coordinate purchases with WSP's Procurement department
Answer: The Contractor will coordinate purchases through the WSP Project Manager who will work with WSP's procurement offices.
40. Question: Does WSP already have some servers in place that are available to use for this project? If so, how many and which kind
Answer: Not at this time. We are looking for vendors to propose their solutions and recommendations, and will determine if we have anything to meet their recommendations already on hand.
41. Question: Would WSP consider a solution that included a front-end Cloud solution
Answer: Not at this time
42. Question: How many days a week would a vendor need to have a consultant available to be on-site
Answer: We expect the Contractor to be present onsite for some meetings and status updates; during final Implementation/training; and for clarification on the SRS if needed. Requirements gathering has been completed and published in the SRS. If you feel these items can be done without an onsite presence please describe how that can be accomplished in your proposal.

-
43. Question: What kind of transactions (check, credit card, Paypal etc.) would WSP prefer this application support?
Answer: Check, Credit Card and Billable (generate statements)
44. Question: Does WSP have a preferred payment engine
Answer: Please review Section 5.1 starting at question 17 -29 {Payment} of the RFP
45. Question: Does WSP have a preference for an Agile/SCRUM Management Process
Answer: WSP does prefer the Agile Management Process.
46. Question: Will temporary testing environments be provided by WSP until procured systems are available
Answer: Yes, they will be provided to the Contractor.
47. Question: Will remote users use WSP's VPN to connect to the WRECR system
Answer: Yes, only WSP CRD employee's will be using VPN to connect WRECR.
48. Question: Is there a central store of user accounts and passwords that account information can be pulled from to determine authorization level of the requestor
Answer: For WSP employees, yes. For anyone using the system, no; the user classification is in 2.3 of the Software Requirements Specification (SRS).
49. Question: What is the expected number of users of the WRECR system
Answer: We do not know how many users would be accessing the system simultaneously.

-
50. Question: What is the expected number of daily transactions for the WRECR system
Answer: Our estimate for daily use would be around 400. This is based on the number of internal WSP employees (20) that would access it daily and the amount of requests our Collision Records Division get daily (300+)
51. Question: Can sample resumes of candidates likely to fill project roles be submitted as part of this RFP response or are specific ones required
Answer: No, we require the specific résumé of the people you are proposing for this project.
52. Question: Are there existing vendor relationships and or external services that must be evaluated as part of the engagement? If so, who are the existing providers
Answer: WSP is currently not working with a vendor.
53. Question: If there is an incumbent vendor is there any unhappiness with that provider
Answer: There is no incumbent vendor.
54. Question: Has WSP collaborated with or discussed this project with any vendor prior to releasing this RFP that will also be eligible to provide a proposal response
Answer: WSP did release and Request for Information (RFI) based on the business requirements for this project.
55. Question: Is there a person on staff that has dedicated responsibility for this initiative
Answer: WSP formed a project team that includes an executive sponsor, business owner, business lead, and project manager. The project manager has responsibility to ensure initiative is completed on time and all requirements are met.
56. Question: Do the resources need to be based out of the US or can some offshore resources be utilized to keep cost low as long as there is an on-site resource that fulfills the requirement quoted below. "The Vendor will be required to maintain an on-site presence sufficient to facilitate project communication, knowledge transfer (both business and technical), and complete the analysis and design work with WSP project staff." 2.17. RESOURCES

Answer: We expect the Contractor to be present onsite for some meetings and status updates; during final Implementation/training; and for clarification on the SRS if needed. Requirements gathering has been completed and published in the SRS. If you feel these items can be done without an onsite presence please describe how that can be accomplished in your proposal.

57. Question: While onsite interviews will capture initial requirements, to what degree can ongoing work be performed offsite or remotely? Do the resources need to be onsite during all business hours

Answer: We expect the Contractor to be present onsite for some meetings and status updates; during final Implementation/training; and for clarification on the SRS if needed. Requirements gathering has been completed and published in the SRS. If you feel these items can be done without an onsite presence please describe how that can be accomplished in your proposal.

58. Question: How many Departments / Business Units would be involved in this project? If it is possible to list all these departments, that would be helpful.

Answer: The following units are involved within WSP (but not limited to)

- **Criminal Records Division (CRD)—Business owner**
- **Information Technology Division (ITD)**
- **Budget and Fiscal Services (BFS)**

Other state agencies are (but not limited to)

- **Office of the State Treasurer (OST)**
- **Washington State Department of Transportation (WSDOT)**

59. Question: What kind of existing documentation is available, and how readily is it available

Answer: The RFP provides directly or summarizes all documentation available on the project, including the SRS and other documents listed as appendixes in the RFP or the SRS.

60. Question: Where can we get a copy of the “Certifications and Assurances” document for the Collision Reports project

Answer: The document “Certifications and Assurances” has been added to this amendment as Attachment 3.



STATE OF WASHINGTON
POLICE TRAFFIC
COLLISION REPORT



1591571

REPORT NO. E043624

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2
3

INTERSTATE <input type="checkbox"/>	CITY STREET <input checked="" type="checkbox"/>	FIRE RESULTED <input type="checkbox"/>
STATE ROUTE <input type="checkbox"/>	OTHER <input type="checkbox"/>	STOLEN VEHICLE <input type="checkbox"/>
COUNTY RD <input type="checkbox"/>	PRIVATE WAY <input type="checkbox"/>	HIT & RUN INVOLVED <input type="checkbox"/>

CASE # 10-194

LOCAL AGENCY CODING WA0270400

TOTAL # OF UNITS 2 OBJECT STRUCK

2 3 28

4

DATE OF COLLISION 2 - 10 - 2010 TIME (2400) 1840 COUNTY # 27 MILES N S E W IN OF CITY # 0130

4

ON (PRIMARY TRAFFIC WAY) INTERSECTION NON-INTERSECTION RAINIER STREET BLOCK NO. 100 MILE POST

0 4 29

5

DISTANCE 15 00 MILES FEET N S E W MAIN STREET

1

UNIT 01 MOTOR VEHICLE PEDAL-CYCLE DAMAGE THRESHOLD MET PHONE (360) 829-2869

30

LAST NAME IRONS FIRST NAME JEREMY MIDDLE INITIAL N

STREET NEW ADDRESS 1388 COLLINS ROAD

CITY BUCKLEY ST WA ZIP 98321

1 2 31

CDL RESTRICTIONS ENDORSEMENTS

2

DRIVER'S LICENSE # STATE WA SEX M D.O.B. (MMDDYYYY)

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ON DUTY STATUS AIRBAG 2 RESTR. 4 EJECT 1 HELMET USE 2 INJURY CLASS 1 NATURE OF INJURIES

2 5

LICENSE PLATE # 637-XUV STATE WA VIN# 1J4FA49S51P363402

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TRAILER PLATE # STATE TRAILER PLATE # STATE

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VEH. YEAR 2010 MAKE JEEP MODEL WRANGLE STYLE 2T VEHICLE TOWED YES NO TOWED BY GOVT. VEHICLE YES NO

2 1 33

14

REGISTERED OWNER INFO. LIABILITY INSURANCE IN EFFECT INSURANCE CO. & POLICY # ALLSTATE 607525329 / EXP: 3-30-10

7 3 34

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VEHICLE DAMAGE DIAGRAM: SHADE IN DAMAGED AREA. VEHICLE NO. 1

2

UNIT 02 MOTOR VEHICLE PEDAL-CYCLE PEDESTRIAN PROPERTY OWNER DAMAGE THRESHOLD MET PHONE (253) 880-9041

4 35

LAST NAME GAGE FIRST NAME SIERRA MIDDLE INITIAL D

STREET NEW ADDRESS 1492 E MAIN STREET BLDG 1 #3

CITY BUCKLEY ST WA ZIP 98321

4 36

CDL RESTRICTIONS ENDORSEMENTS

8

DRIVER'S LICENSE # STATE WA SEX F D.O.B. (MMDDYYYY)

37

21

ON DUTY STATUS 0 AIRBAG RESTR. EJECT HELMET USE INJURY CLASS 7 NATURE OF INJURIES ABRASION TO BACK OF HEAD AND RIGHT

22 1

LICENSE PLATE # STATE VIN#

38

TRAILER PLATE # STATE TRAILER PLATE # STATE

24 1 7

VEH. YEAR MAKE MODEL STYLE VEHICLE TOWED YES NO TOWED BY GOVT. VEHICLE YES NO

41

21

REGISTERED OWNER INFO. LIABILITY INSURANCE IN EFFECT INSURANCE CO. & POLICY # CITATION # CHARGE

42

26

OFFICER'S NAME (PRINT) FRAZIER, J BADGE OR ID # 440 AGENCY WA0270400



STATE OF WASHINGTON
POLICE TRAFFIC
COLLISION REPORT



1591972

CORRECTION

REPORT NO. **E043624**

CASE # 10-194

ADDITIONAL PERSONS INVOLVED (PASSENGERS AND/OR WITNESSES ONLY)

NAME (LAST, FIRST, MIDDLE INITIAL)											
ADDRESS & PHONE #										SEX	D.O.B. (MM/DD/YYYY)
PASSENGER <input type="checkbox"/>	WITNESS <input type="checkbox"/>	UNIT #	SEAT POS.	AIRBAG	RESTR.	EJECT	HELMET USE	INJURY CLASS	NATURE OF INJURIES		
NAME (LAST, FIRST, MIDDLE INITIAL)											
ADDRESS & PHONE #										SEX	D.O.B. (MM/DD/YYYY)
PASSENGER <input type="checkbox"/>	WITNESS <input type="checkbox"/>	UNIT #	SEAT POS.	AIRBAG	RESTR.	EJECT	HELMET USE	INJURY CLASS	NATURE OF INJURIES		
NAME (LAST, FIRST, MIDDLE INITIAL)											
ADDRESS & PHONE #										SEX	D.O.B. (MM/DD/YYYY)
PASSENGER <input type="checkbox"/>	WITNESS <input type="checkbox"/>	UNIT #	SEAT POS.	AIRBAG	RESTR.	EJECT	HELMET USE	INJURY CLASS	NATURE OF INJURIES		

DIAGRAM

Please see subsequent diagram page

INDICATE NORTH BY ARROW



NARRATIVE

Please see subsequent narrative page(s)

I CERTIFY (DECLARE) UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF WASHINGTON THAT THE FOREGOING IS TRUE AND CORRECT. (RCW 9A.72.085)

J FRAZIER 2/23/2010

INVESTIGATING OFFICER'S SIGNATURE UNIT OR DIST. DET DATED PLACE SIGNED

APPROVED BY NORTHAM, M 438 DATE

BADGE OR ID #	440	ORI #	WA0270400	TIME POLICE DISPATCHED	6:40 PM	TIME POLICE ARRIVED	6:41 PM
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STATE OF WASHINGTON POLICE TRAFFIC COLLISION REPORT



159107

REPORT NO.

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INTERSECTION CITY STREET
STATE ROUTE OTHER
COUNTY NO. TRAVEL WAY

CASE #
LOCAL AGENCY CODE
TOTAL # OF UNITS OBJECT STRUCK

DATE OF COLLISION
M M D D Y Y Y Y TIME (2400) COUNTY # MILES
N S E W IN OF CITY #

ON PRIMARY TRAFFIC WAY INTERSECTION NON-INTERSECTION
BLOCK NO. MILE POST
DISTANCE OF REFERENCE OR CROSS STREET
MILES FEET

UNIT 01 MOTOR VEHICLE PEDAL CYCLE
DAMAGE THRESHOLD MET PHONE
LAST NAME FIRST NAME MIDDLE INITIAL
STREET NEW ADDRESS

CITY ST ZIP
CDL ENDORSEMENTS RESTRICTIONS

DRIVER'S LICENSE # STATE SEX D.O.B.
ON DUTY STATUS AIRBAG RESTR. EJECT HELMET USE INJURY CLASS NATURE OF INJURIES

LICENSE PLATE # STATE VIN#
TRAILER PLATE # STATE TRAILER PLATE # STATE

VEH. YEAR MAKE MODEL STYLE VEHICLE TOWED TOWED BY
REGISTERED OWNER INFO.
LIABILITY INSURANCE EFFECT INSURANCE CO & POLICY #
VEHICLE DAMAGE YES NO CHARGE

UNIT 02 MOTOR VEHICLE PEDAL CYCLE PEDESTRIAN PROPERTY OWNER
DAMAGE THRESHOLD MET PHONE
LAST NAME FIRST NAME MIDDLE INITIAL
STREET NEW ADDRESS

CITY ST ZIP
CDL ENDORSEMENTS RESTRICTIONS

DRIVER'S LICENSE # STATE SEX D.O.B.
ON DUTY STATUS AIRBAG RESTR. EJECT HELMET USE INJURY CLASS NATURE OF INJURIES

LICENSE PLATE # STATE VIN#
TRAILER PLATE # STATE TRAILER PLATE # STATE

VEH. YEAR MAKE MODEL STYLE VEHICLE TOWED TOWED BY
REGISTERED OWNER INFO.
LIABILITY INSURANCE EFFECT INSURANCE CO & POLICY #
VEHICLE DAMAGE YES NO CHARGE

OFFICER'S NAME (PRINT) BADGE OR ID # AGENCY

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STATE OF WASHINGTON

Police Traffic Collision Report

Part B

USE THE FOLLOWING CODES FOR STATUS, SEAT POSITION, AIRBAG, RESTRAINT SYSTEMS, EJECTION, HELMET USE AND INJURY CLASS

STATUS OF PEDESTRIAN/ PEDALCYCLIST	SEAT POSITION	AIRBAG	RESTRAINT SYSTEMS	EJECTION	HELMET USE FOR MOTORCYCLISTS, PEDALCYCLISTS, SKATERS OR SKATEBOARDERS	INJURY CLASS
1 Bicyclist 2 Pedestrian Foot 4 Walker Stroller / STROLLER 5 Non-Motorized Wheelchair 6 Motorized Wheelchair 7 Flagger 8 Railway Worker 9 Emergency Response Personnel 0 Other*	 10 Other Position* 11 Position Unknown 12 Motorcycle 13 Outside of Vehicle	1 Not Air Bag Equipped 2 Not Deployed 3 Deployed - Front 4 Deployed - Side 5 Deployed - Other 6 Deployed - Combination 9 Deployment Unknown	1 No Restraints Used 2 Lap Belt Used 3 Shoulder Belt Used 4 Lap & Shoulder Belt Used 5 Child Infant Seat, Used 6 Child Convertible Seat Used 7 Child Bu'll-in Seat Used 8 Child Booster Seat Used 9 Unknown	1 Not Ejected 2 Totally Ejected 3 Partially Ejected 9 Unknown	1 Helmet Used 2 Helmet Not Used 9 Other	1 No Injury 2 Death at Scene 3 Death on Arrival 4 Died at Hospital 5 CraniCervical Injury 6 Non-Crushing 7 Possible Injury

* DESCRIBE IN THE NARRATIVE.



STATE OF WASHINGTON
POLICE TRAFFIC
COLLISION REPORT



1581972

CORRECTION

REPORT NO.

CASE #

ADDITIONAL PERSONS INVOLVED (PASSENGERS AND/OR WITNESSES ONLY)

NAME (LAST, FIRST, MIDDLE INITIAL)										
ADDRESS & PHONE #								SEX	D.O.B. (MM/DD/YYYY)	
PASSENGER <input type="checkbox"/>	WITNESS <input type="checkbox"/>	UNIT #	SEAT POS.	AIRBAG	RESTRL	EJECT	HELMET USE	INJURY CLASS	NATURE OF INJURY	
NAME (LAST, FIRST, MIDDLE INITIAL)										
ADDRESS & PHONE #								SEX	D.O.B. (MM/DD/YYYY)	
PASSENGER <input type="checkbox"/>	WITNESS <input type="checkbox"/>	UNIT #	SEAT POS.	AIRBAG	RESTRL	EJECT	HELMET USE	INJURY CLASS	NATURE OF INJURY	
NAME (LAST, FIRST, MIDDLE INITIAL)										
ADDRESS & PHONE #								SEX	D.O.B. (MM/DD/YYYY)	
PASSENGER <input type="checkbox"/>	WITNESS <input type="checkbox"/>	UNIT #	SEAT POS.	AIRBAG	RESTRL	EJECT	HELMET USE	INJURY CLASS	NATURE OF INJURY	

DIAGRAM

INDICATE NORTH
BY ARROW

○

NARRATIVE


I CERTIFY (DECLARE) UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF WASHINGTON THAT THE FOREGOING IS TRUE AND CORRECT. (RCW 9A.72.085)

INVESTIGATING OFFICER'S SIGNATURE	UNIT OR DIST. OFF	DATED	PLACE SIGNED
APPROVED BY			DAR
BADEGE OR ID #	CR #	TIME POLICE DISPATCHED	TIME POLICE ARRIVED

PART B 3200-343-116 R (2/04)

PAGE OF

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DUPLICATE COPY - LOCAL LAW ENFORCEMENT AGENCY'S COPY; TRIPPLICATE COPY - INVESTIGATOR'S COPY

ROADWAY SURFACE CONDITION 1 Dry 2 Wet 3 Snow / Slush 4 Ice 5 Sand / Mud / Dirt 6 Oil 7 Standing Water 8 Other* 9 Unknown		CONTRIBUTING CIRCUMSTANCES - DRIVERS, PEDALCYCLISTS OR PEDESTRIANS (NO MORE THAN THREE PER UNIT) 1 Under Influence of Alcohol 2 Under Influence of Drugs 3 Exceeding Stated Speed Limit 4 Exceeding Rated Safe Speed 5 Did Not Grant RW to Vehicle 6 Improper Passing 7 Following Too Closely 8 Over Center Line 9 Failing to Signal 10 Improper Turn 11 Driveway Slop and Go Signal 12 Driveway Stop Sign / Flashing Red 13 Obsolete Yield Sign / Flashing Yellow 14 Apocryphal Access 15 Improper Parking Location 16 Operating Defective Equipment 17 Other* (List in Narrative) 18 None 19 Improper Signal 20 Improper U Turn 21 Light Violation: No Lights / Fail to Dim 22 Did Not Grant RW to Pedestrian / Pedalcyclist 23 Intentional 24 Improper Backing	
WEATHER 1 Clear / Partly Cloudy 2 Overcast 3 Rainy 4 Snowing 5 Fog / Smog / Smoke 6 Steel / Ice / Freezing Rain 7 Severe Crosswind 8 Blowing Sand/Dirt/Snow 9 Other* 0 Unknown		25 Exposed Flagger / Officer 26 Apparently Fatigued 27 Had Taken Medication 28 On Wrong Side of Road 29 Hijacking 30 Failure to Use Kick 31 Driver Operating Handheld Telecommunication Device 32 Driver Operating Hands-Free Wireless Telecommunication Device 33 Driver Operating Other Electronic Devices (computers, navigational devices, etc.) 34 Driver Adjusting an Audio or Entertainment System 35 Driver Smoking 36 Driver Eating or Drinking 37 Driver Reading or Writing 38 Driver Grooming 39 Driver Interacting with Passengers, Animals or Objects in the Vehicle 40 Other Driver Distractions Inside the Vehicle 41 Driver Distractions Outside the Vehicle 42 Unknown Driver Distraction 43 Driver Not Distracted	
LIGHT CONDITIONS 1 Daylight 2 Dawn 3 Dusk 4 Dark - Street Lights On 5 Dark - Street Lights Off 6 Dark - No Street Lights 7 Other* 0 Unknown		VEHICLE ACTIONS (ONE PER VEHICLE) 1 Going Straight Ahead 2 Overtaking and Passing 3 Making Right Turn 4 Making Left Turn 5 Making U-Turn 6 Slowing 7 Stopped for Traffic 8 Stopped at Signal or Stop Sign 9 Stopped in Roadway 10 Starting in Traffic Lane 11 Starting From Parked Position 12 Merging (Entering Traffic) 13 Legally Parked, Occupied 14 Legally Parked, Unoccupied 15 Backing 16 Going Wrong Way on Divided Hwy 17 Going Wrong Way on Ramp 18 Going Wrong Way on One-Way Street or Road 19 Other* 20 Changing Lanes 21 Illegally Parked, Occupied 22 Illegally Parked, Unoccupied	
WORK ZONE LOCATION 1 Within Work Zone 2 Outside Work Zone 3 In External Traffic Backup Caused from Work Zone		HAZARDOUS MATERIALS (IDENTIFY IN NARRATIVE) 1 - Hazard Transported - Not Released 2 - Hazard Transported - Released	
WORK ZONE TYPE 1 Construction 2 Maintenance 3 Utility 4 Work Zone Type Unknown		TRAFFIC CONTROL 1 Signs 2 Stop Sign 3 Yield Sign 4 Flashing Red 5 Flashing Arrow 6 RR Signal 7 Officer / Flagger 8 Other Traffic Control* 9 No Traffic Control 0 Unknown	
LOCATION CHARACTER (ONLY IF APPLICABLE) 1 Parking Lot 2 Bridge / Overpass 3 Underpass / Tunnel 4 Rest Area / Turn Out 5 Shopping Mall / Plaza 6 Park & Ride Lot 7 Ferry Dock 8 School Zone 9 Playground Zone 0 RR Crossing A Other*		POSTED SPEED MILES PER HOUR FOR EACH VEHICLE INVOLVED	
ROADWAY CHARACTER 1 Straight & Level 2 Straight & Grade 3 Straight at Hillcrest 4 Straight in Sag 5 Curve & Level 6 Curve & Grade 7 Curve at Hillcrest 8 Curve in Sag 9 Unknown		VEHICLE CONDITION (NO MORE THAN THREE PER VEHICLE) 1 Defective Brakes 2 Defective Headlights 3 Defective Rear Lights 4 Tires Worn or Smooth 5 Tires Punctured or Blown 6 Lost a Wheel 7 Defective Steering Mechanism 8 Power Failure 9 Headlights Glaring 10 Other Lights / Reflectors Inefficient 11 Other Defects* 12 No Defects 13 Motorcycle - Lights Off 14 Equipped with Studded Tires 15 Motorcycle Windshield Installed 16 Truck / Trailer Safety Inspection	
TYPE OF ROADWAY 1 One Way 2 Two Way - Undivided 3 Two Way - Divided, with Barrier 4 Two Way - Divided, no Barrier 5 Reversible Road 6 Interchange Ramp 7 Alley 8 Contra-Two Way Left Turn Lane 9 Onway 0 Unknown A Other*		DIRECTION OF MOVEMENT (INDICATE BY NUMBER THE "FROM" AND "TO" MOVEMENT)  5 Vehicle Stopped 0 Vehicle Backing	
ROADWAY SURFACE TYPE 1 Concrete 2 Buckling 3 Brick or Wood Block 4 Gravel 5 Dirt 6 Other* 0 Unknown		SOBRIETY 1 HBD - Ability Impaired 2 HBD - Ability Not Impaired 3 HBD - Sobriety Unknown 4 Had Not Been Drinking 0 Unknown	
VEHICLE CLASSIFICATION (ONLY IF APPLICABLE) 1 Trailer w/GVWR of 10,001 lbs or more, if GVWR of combined vehicles is 26,001 lbs or more - CDL required 2 Single vehicle w/GVWR of 26,001 lbs or more, or any school bus regardless of size - CDL required 3 Single vehicle of 26,000 lbs or less, designed to carry 16 passengers or more, or any vehicle regardless of size which requires a HAZ MAT Placard - CDL required 4 Commercial vehicle transporting 16 passengers or less - No CDL endorsement required		ALCOHOL TEST 07 Test Given - Results Pending OR: L&L Actual Test 08 Test Given - No Results Results in 100hrs 99 Test Released	
PEDESTRIAN / PEDALCYCLIST WAS USING: 1 Sidewalk 2 Walkway 3 Shoulder 4 Marked X Walk 5 Unmarked X Walk 6 Other* 7 Designated Bike Route 8 Roadway		DRE ASSESSMENT (NO MORE THAN 2 PER UNIT) 1 CNS - Depressants 2 CNS - Stimulants 3 Hallucinogens 4 PCP 5 Narcotic Analgesics 6 Inhalants 7 Cannabinoids 8 Drug Combinations 9 Drug Impaired, Type Not Determined 0 Not Drug Impaired	
PEDESTRIAN / PEDALCYCLIST CLOTHING VISIBILITY 1 Dark 2 Light 3 Mixed 4 Retro - Reflective 5 Other Reflective Apparel* -Shoes, Patches		VEHICLE OVERRIDE / UNDERRIDE 1 No Override or Underride 2 Striking Vehicle Overrides other Vehicle 3 Striking Vehicle Underrides other Vehicle 4 Override or Underride Unknown	
PEDESTRIAN ACTION (ONE PER UNIT) 1 Xing at Intersection w/o Signal 2 Xing at Intersection Against Signal 3 Xing at Intersection - No Signal 4 Xing at Intersection - Diagonally 5 From Behind Parked Vehicle 6 Xing - Non Intersection - No X Walk 7 Xing - Non Intersection - In X Walk 8 Walk in Roadway with Traffic 9 Walk in Rdwy Opposite Traffic 10 Walk on Hwy Shoulder with Traffic 11 Walking on Roadway Shoulder Opposite Traffic 12 Standing or Working in Roadway 13 Pushing or Working on Vehicle 14 Playing in Roadway 15 Lying in Roadway 16 Not in Roadway 17 All Other Actions* 18 Fell or Pushed into Path of Vehicle 19 At Intersection Not Using Crosswalk		STATE OF WASHINGTON POLICE TRAFFIC COLLISION REPORT OVERLAY 2000 3-G-358 Revised 1/19/06 UNIT #1 UNIT #2 *DESCRIBE IN THE NARRATIVE	
PEDALCYCLIST ACTION (ONE PER UNIT) 43 Xing diagonally 44 Riding with Traffic 45 Riding Against Traffic 46 Fell or Pushed into Path of Vehicle 47 Cyclist Turned into Path of Vehicle-Same Direction 48 Cyclist Turned into Path of Vehicle -Opposite Direction 49 All Other Actions* 50 Xing or Entering Trafficway			

SUPPLEMENTAL



SUPPLEMENTAL POLICE TRAFFIC COLLISION REPORT



CORRECTION

REPORT NO. [] [] [] [] [] [] [] [] [] []

CASE # [] [] [] [] [] [] [] [] [] []

1	COMMERCIAL MOTOR CARRIER												27			
2	UNIT #	USOOT	ICC #	INTERSTATE <input type="checkbox"/>	INTRASTATE <input type="checkbox"/>	VEHICLE TYPE						CARGO BOUY TYPE	28			
3	CARRIER NAME													29		
4	CARRIER ADDRESS													30		
5	CITY													31		
6	ST													32		
7	ZIP													33		
8	NAME SOURCE	# AXLES	GVWT	PLACARD	+ NAME IF NO NUMBER								34			
9	ADDITIONAL UNITS													35		
10	UNIT #	MOTOR VEHICLE <input type="checkbox"/>	PEDAL CYCLE <input type="checkbox"/>	PEDESTRIAN <input type="checkbox"/>	PROPERTY OWNER <input type="checkbox"/>	DAMAGE THRESHOLD MET YES <input type="checkbox"/> NO <input type="checkbox"/>	PHONE						36			
11	LAST NAME													37		
12	FIRST NAME													38		
13	MIDDLE INITIAL													39		
14	STREET NEW ADDRESS													40		
15	CITY													41		
16	ST													42		
17	ZIP															
18	CDL	ENDORSEMENTS						RESTRICTIONS								
19	DRIVER'S LICENSE #	STATE	SEX	D.O.B.	MM/DD/YYYY											
20	ON DUTY <input type="checkbox"/>	STATUS	AIRBAG	RESTR.	EJECT	HELMET USE	INJURY CLASS	NATURE OF INJURIES								
21	LICENSE PLATE #	STATE	VIN#													
22	TRAILER PLATE #	STATE	TRAILER PLATE #	STATE												
23	VEH. YEAR	MAKE	MODEL	STYLE	VEHICLE TOWED YES <input type="checkbox"/> NO <input type="checkbox"/>	TOWED BY	GOVT. VEHICLE YES <input type="checkbox"/> NO <input type="checkbox"/>									
24	REGISTERED OWNER INFO															
25	LIABILITY INSURANCE IN EFFECT	INSURANCE CO & POLICY #														
26	VEHICLE LICENSED	YES <input type="checkbox"/> NO <input type="checkbox"/>	CITATION #										CHARGE			
27	SHADE IN DAMAGED AREA															
28																
29	UNIT #	MOTOR VEHICLE <input type="checkbox"/>	PEDAL CYCLE <input type="checkbox"/>	PEDESTRIAN <input type="checkbox"/>	PROPERTY OWNER <input type="checkbox"/>	DAMAGE THRESHOLD MET YES <input type="checkbox"/> NO <input type="checkbox"/>	PHONE									
30	LAST NAME															
31	FIRST NAME															
32	MIDDLE INITIAL															
33	STREET NEW ADDRESS															
34	CITY															
35	ST															
36	ZIP															
37	CDL	ENDORSEMENTS						RESTRICTIONS								
38	DRIVER'S LICENSE #	STATE	SEX	D.O.B.	MM/DD/YYYY											
39	ON DUTY <input type="checkbox"/>	STATUS	AIRBAG	RESTR.	EJECT	HELMET USE	INJURY CLASS	NATURE OF INJURIES								
40	LICENSE PLATE #	STATE	VIN#													
41	TRAILER PLATE #	STATE	TRAILER PLATE #	STATE												
42	VEH. YEAR	MAKE	MODEL	STYLE	VEHICLE TOWED YES <input type="checkbox"/> NO <input type="checkbox"/>	TOWED BY	GOVT. VEHICLE YES <input type="checkbox"/> NO <input type="checkbox"/>									
43	REGISTERED OWNER INFO															
44	LIABILITY INSURANCE IN EFFECT	INSURANCE CO & POLICY #														
45	VEHICLE LICENSED	YES <input type="checkbox"/> NO <input type="checkbox"/>	CITATION #										CHARGE			
46	SHADE IN DAMAGED AREA															
47																
48	I CERTIFY (DECLARE) UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF WASHINGTON THAT THE FOREGOING IS TRUE AND CORRECT. (RCW 9A 72 050)															
49	INVESTIGATING OFFICER'S SIGNATURE													UNIT ON DIST DET	DATED:	PLACE SIGNED
50	BAKGE OR ID #	OR #	APPROVED BY	DATE	PAGE	OF										

2008-345-113 R 0726

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Amendment 1 to RFP No. C100910GSC

I/we make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract(s):

1. I/we declare that all answers and statements made in the proposal are true and correct.
2. The prices and/or cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition. However, I/we may freely join with other persons or organizations for the purpose of presenting a single proposal.
3. The attached proposal is a firm offer for a period of 180 days following receipt, and it may be accepted by WSP without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 180-day period.
4. In preparing this proposal, I/we have not been assisted by any current or former employee of the state of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. (Any exceptions to these assurances are described in full detail on a separate page and attached to this document.)
5. I/we understand that WSP will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of WSP, and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
6. Unless otherwise required by law, the prices and/or cost data which have been submitted have not been knowingly disclosed by the Proposer and will not knowingly be disclosed by him/her prior to opening, directly or indirectly to any other Proposer or to any competitor.
7. I/we agree that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached Personal Service Contract General Terms and Conditions. If there are any exceptions to these terms, I/we have described those exceptions in detail on a page attached to this document.
8. No attempt has been made or will be made by the Proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.
9. I/we certify that neither the Proposer nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in any contract resulting from this procurement by any federal department or agency. Further, if awarded a contract the Proposer agrees not to enter into any arrangements or other contracts with any party that is on the "General Service Administration List of Parties Excluded from Federal Procurement or Non-procurement Programs" which can be found at www.epls.gov.

Signature of Proposer

Title

Date



**Criminal Records Division
WASHINGTON REQUEST FOR
ELECTRONIC COLLISION REPORTS
PROJECT (WRECR)**

**Request for
Proposal**

May 17, 2010

No use or disclosure of the information contained herein is permitted
without prior written consent.

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1. Introduction

1.1. OVERVIEW

The Washington State Patrol (WSP) Criminal Records Division (CRD) Collision Records Section completes approximately 50,000 requests for copies of collision reports annually. These requests come from individuals involved in a collision, parents or legal guardians of a minor driver; insurers, attorneys or other authorized representatives of a driver involved; or law firms doing research. The response to each request is a manual process of searching, redacting, and collecting fees averaging 1 hour production time each to complete. They are currently able to complete these requests within 21 days; however, this is directly related to the staffing level.

1.2. PROJECT BACKGROUND

The WSP has received federal funding through the Washington Traffic Safety Commission (WTSC) to improve response times to the public and decrease workload for Section staff. The WSP CRD is the business owner for the project with direct interaction with WSP Budget and Fiscal Services (BFS), WSP Public Disclosure, WSP Information Technology Division (ITD), WTSC, Washington State Department of Transportation (WSDOT) Transportation Data Office, and WSDOT Office of Information Technology.

The WSP intends to hire a vendor to develop a web-based application to allow public access to collision reports through the Internet. The application must provide a parameter search for collision reports, automated redacting and printing of selected reports, on-line payment of user fees, and satisfy all public disclosure and records retention requirements. WSP's collision reporting database will be the source of the collision reports for the WRECR application with daily feeds from WSDOT.

1.3. PROJECT APPROACH

The project approach is to hire a vendor to implement a web-based application to allow public access to collision reports through the Internet. Although WSP's prefers to have the commercially available solution that might require some customization to meet all of our needs, we will review custom applications as well. The application must provide a parameter search for collision reports, automated redaction and assembly of selected reports, on-line payment of fees, and satisfy all public disclosure and records retention requirements. WSP's collision reporting database will be the source of the collision reports for the WRECR application with daily feeds from WSDOT. The environment and application will all be housed at WSP.

The timeline for this project is based on when the grant funding expires. The grant expires on September 30th, 2010. There is a possibility of a short extension within 2010. However this is not a guarantee, so every effort of a September 30th project completion should be made. It is further anticipated that WSP will pursue annual support agreements with the vendor, beyond the length of the coverage of the initial warranty period.

This acquisition will establish the following WRECR environment:

- A database that will contain the collision records, allow for querying of these records based on specific search parameters.
- A Redaction application—that will automatically redact using specific parameters and also allow for manual redaction.
- A Retention tool that will meet the retention requirements discussed in the document and in the Software Requirements Specification located in Appendix A.

With the WRECR environment in place WSP expects to accomplish the following functions/activities:

- A way for the Requestor to query the collision report database by date and Driver Name along with other parameters to obtain specific collision reports.
- A way to process payments before the collision record is viewed.
- To have the system redact along with manual redaction of a collision report based on information provided by Requestor.
- The ability to exchange data with external systems.
- The ability to generate reports, invoices and logs daily, weekly or monthly.

1.4. PROJECT OBJECTIVES

The objectives for the WRECR project are to:

- Procure an WRECR environment system that:
 - Complies with the WSP requirements as defined in this RFP.
 - Is flexible enough to grow and change with future Collision Records technical and functional requirements (i.e., it is scalable).
 - Provides a high level of availability and reliability.
 - Provides a high level of user/client satisfaction and is easy to learn and operate.
- Enter into a business relationship with a WRECR project Vendor that:
 - Has a history of successful implementations of similar applications and redaction application with government agencies.
 - Has long-term viability as a company.
 - Commits to a program of long-term customer satisfaction and support.

2. Provisos of the RFP

2.1. ACQUISITION COORDINATOR

The Acquisition Coordinator is the sole point of contact for all official, written communications throughout the proposal development phase of this acquisition process. All WSP amendments or waivers to the requirements of this document will be distributed under signature of the Acquisition Coordinator.

The Acquisition Coordinator will assure that all Vendors are provided equal opportunity for access to WSP resources during proposal development (if necessary). To that end, Vendors are specifically directed to contact the Acquisition Coordinator, or specified designee(s), to coordinate scheduling of meeting, conferences, or discussions with WSP personnel related to this RFP.

Unauthorized contact with other WSP employees relative to this RFP could result in information not being relayed to the appropriate parties and will not be in the best interest of the WSP or potential Vendors.

Verbal communications will be considered unofficial and non-binding on the WSP. Vendors should rely only on written statements issued by the Acquisition Coordinator.

Ms. Paula Breshears, Acquisition Coordinator
Information Technology Division
403 Cleveland Avenue SE, Suite C
Tumwater, Washington 98501
paula.breshears@wsp.wa.gov
Telephone: 360.705.5387
Fax: 360.705.5784

2.2. RFP SUBMITTAL

WSP will make no payment for any costs incurred in the preparation and submittal of your response.

No Obligation to Issue Solicitations or Contracts—This RFP does not obligate the State of Washington or WSP to issue a solicitation or contract for services specified herein. Only the execution of a written contract will obligate the WSP in accordance with the terms and conditions contained in such contract.

WSP hereby invites you (here after referred to as the "Vendor") to submit a proposal in response to the requirements and general information requested within this document.

2.3. ACQUISITION METHOD AND PROCESS

This RFP allows WSP to select the Apparent Successful Vendor (ASV) for the development and implementation of the Washington Request for Electronic Collision Reports system. WSP has advertised to identify potential Vendors and has also directly contacted Vendors who WSP believes may wish to participate. Vendors are allowed to "team up" to provide improved solutions that are in the best interest of the State and the Vendor(s). In all instances of Vendor teaming, one Vendor must serve as the prime contractor and bear the responsibility for successful performance in this engagement.

2.4. RESPONSE DUE DATE

The RFP's response components, plus any associated literature, are due to the Acquisition Coordinator by **5:00 PM, PT on June 7, 2010.**

2.5. RFP SCHEDULE

The following table provides dates for RFP activities.

Event	Date	Vendor Time Deadline
Issue RFP	05/17/2010	
Vendor Questions Due	05/27/2010	5:00 PM, PST
WSP Answers to Vendor Questions	06/01/2010	
RFP Responses Due	06/07/2010	5:00 PM, PST
Evaluate RFP Responses and Score	06/08/2010 - 06/10/2010	
Develop Recommendation	06/11/2010	
Announce Apparent Successful Vendor	06/15/2010	
Vender De-brief Period	06/16/2010 - 06/22/2010	5:00 PM, PST
Protest Period	06/23/2010 - 06/29/2010	5:00 PM, PST
Negotiate Contract begins	06/30/10	

WSP reserves the right to revise the above schedule.

2.6. VENDOR QUESTIONS AND ANSWERS

Specific questions concerning this RFP should be submitted via e-mail to the Acquisition Coordinator. Questions must be received by the Acquisition Coordinator no later than **5:00 p.m. PT on May 27, 2010.** A consolidated list of questions posed by Vendors along with WSP's answers to those questions will be provided via e-mail and posted on the State of Washington's General Administration website for Washington's Electronic Business Solution (WEBS) resource center at <http://www.ga.wa.gov/webs/> on **June 1, 2010.** A Vendor Conference to address questions may be scheduled, if WSP deems it necessary.

2.7. COMPLETENESS OF RESPONSE

Failure to provide an adequate answer to any section or subsection that requests information or solicits an answer may cause the proposal to be deemed non-responsive and be disqualified from the evaluation process.

By virtue of the submission of a response to this RFP, the Vendor warrants that the requirements of this RFP have been read and understood.

2.8. RFP PROCESS

The entire acquisition process is detailed as follows:

2.8.1. Release RFP

The RFP includes agency background, project scope and objectives, business and technical requirements, proposal evaluation criteria and methodology, and other pertinent acquisition details.

2.8.2. Vendor Response to RFP

Vendors must provide a written response to the RFP. These responses must include all elements identified in the WSP Requirements, General Information Request, and Vendor's Cost Proposal sections of the RFP.

2.8.3. Withdrawal of Response

Vendors may withdraw submitted responses at any time up to the response due date and time identified in the Section 2.4 "Response Due Date". To accomplish this, a written request signed by an authorized representative of the Vendor must be submitted to the RFP Coordinator. WSP will accept a faxed or e-mailed letter of withdrawal. After withdrawing a previously submitted response, the Vendor may submit another response at any time up to the response due date and time.

2.8.4. Evaluation/Clarification

WSP staff will evaluate the Vendor responses to the RFP. During this period WSP may also ask clarifying question of any or all Vendors.

2.8.5. Final Score Compilation

The final score shall be computed by the RFP Acquisition Coordinator and shall be the sum of the various sections of the response and the Vendor demonstration (if conducted). Refer to Section 2.9, "Response Evaluation Process", for additional information. The final score will be used to identify the Apparent Successful Vendor and will include reference scores.

2.8.6. Announcement of Apparent Successful Vendor

WSP will consider all information and will announce the firm that has been selected as the Apparent Successful Vendor. Contract negotiations will begin following the vender de-brief and protest periods.

2.9. RESPONSE EVALUATION PROCESS

The evaluation team makeup will be determined by WSP, but will include representatives from WSP business and technical units. The team will consider how well the Vendor's response meets all requirements detailed in this RFP. Because of the potential diversity of skills within the evaluation team it is important that responses be clear and complete so that the evaluators can adequately understand all aspects of the proposal.

WSP's evaluation process will include, but not be limited to, evaluating Vendor information, written responses to the RFP, references and other public information available regarding the Vendor and its products.

WSP reserves the right, at its sole discretion, to reject any and all proposals received without penalty and not to issue a contract as a result of this RFP.

The evaluation process is described below.

2.9.1. Screening

Responses will be reviewed by the team to determine if they are complete and provide all response components identified in Section 5, "Vendor Technical Proposal", Section 6, "Vendor Management Proposal", Section 7, "Vendor Cost Proposal" and Section 8, "Vendor Project Management";

Responses determined not to be in substantial compliance will be rejected from further evaluation.

2.9.2. Points of Clarification

While the WSP reserves the right for its evaluation team to contact Vendors for clarification, Vendors should not assume that deficient answers will result in clarification requests. Clarification is not a Vendor's right, it is WSP's right, and WSP expects to be very stringent in the exercise of this right.

2.9.3. Qualitative Review and Scoring

Responses which pass the Screening will be evaluated and scored based on Vendor’s answers to the specific requirements of the RFP. The evaluators will consider how well the Vendor’s response meets the RFP requirements. It is important that the responses be clear and complete, so that the evaluators can adequately understand all aspects of the RFP response.

2.9.3.1. Section Points

For each section listed, points will be given for evaluation purposes.

SECTION 5— “Vendor Technical Proposal”		Possible Points
General System Requirements		350
System Management		150
	Sub Total	500
SECTION 6— “Vendor Management Proposal”		Possible Points
Contact Information		1
Additional Vendor Questions:		
• System Questions		90
• Corporate Information		20
• Product Support		19
• Environment and Architecture		60
• Vendor References		100
• Miscellaneous Questions		10
	Sub Total	300
SECTION 7— “Vendor Cost Proposal”		Possible Points
Vendor Cost Proposal		300
	Sub Total	300
SECTION 8— “Vendor Project Management Proposal”		Possible Points
• Project Management		10
• Status Reporting		10
• Quality Assurance		10
• Project Schedule		100
• Phase Duration		100
• Risk Management Approach		10
• Proposed Project Staff		10
• Implementation Approach		50
	<i>Sub Total</i>	300
	<i>Total Points for Proposal</i>	1400

The responses will be evaluated strictly in accordance with the requirements set forth in this RFP and any amendments thereto.

2.9.3.2. Scoring Strategy

Each scored item will be awarded points by each evaluator, or by the team in total. Points will be assigned based on the evaluator's interpretation of the effectiveness and efficiency of the Vendor's response to each requirement. In order to receive the most points possible Vendors are encouraged to provide as much clarifying detail as possible in the "Comments" column of Section 5, "Vendor Technical Proposal" without being overly verbose. The following items define the scoring strategy:

- Highest Points** Response indicates excellent capability and support of the requirements identified in the RFP. Response stands above all others. There are no critical shortfalls (10 points).
- Fewer Points** Response is above expectations. May have shortfalls in a few non-critical areas (8 points).
- Fewer Points** Response is at expectation and for most areas meets desired quality. May exhibit some shortfalls in a few non-critical areas (6 points).
- Fewer Points** Response meets minimum expectations and is generally adequate. May exhibit shortfalls in performance in non-critical areas (4 points).
- Fewer Points** Response information is incomplete, or deficiencies exist. Fails to establish minimum expectations (2 points).
- Lowest Points** Response is not complete and serious shortfalls in capability exist (0 points).

2.9.3.3. Vendor Cost Proposal Computation

The score for the cost proposal will be computed by dividing the lowest cost bid received by the Vendor's total cost bid. The resultant number will be multiplied by the maximum possible points for the cost proposal section.

2.9.4. Preliminary Score Computations

The preliminary score shall be computed by the Acquisition Coordinator and shall be the sum of the Vendor Technical Proposal, the Vendor Management Proposal, the Vendor Cost Proposal and Vendor Project Management scores.

The preliminary score will be used to determine if the Vendor demonstration option would be required, this is at WSP's discretion. If not, WSP will proceed directly to announcement of Apparent Successful Vendor.

If WSP does not receive an acceptable proposal for any part listed in the RFP, WSP may eliminate that part of the RFP from evaluation.

2.9.5. Evaluation of References

Vendors will be required to submit three (3) business references to the Acquisition Coordinator. These references may be contacted and asked questions similar to the following:

- Did the Vendor provide the functional requirements of the project for which they were hired?
- Did the project come in as quoted and on time?
- Were there any problems or issues and how did the Vendor resolve them?
- Were you satisfied with the Vendor's problem resolution?
- Are you satisfied with the product or deliverables that they provided?
- Do you recommend them?

Coordinator will contact the references, if vendor is identified as a finalist, and ask them to rate / score the Vendor on the elements previously discussed in Section 2.9 "Response Evaluation".

2.9.6. Final Score Compilation

The final score shall be computed by the Acquisition Coordinator and shall be the sum of the various sections of the response, the optional vendor demonstration and reference scores. The final score will be used to identify the Apparent Successful Vendor.

2.10. RESPONSE PART OF CONTRACT

The general conditions and specifications of this RFP, and the successful Vendor's response, will become part of the contract. Additionally, WSP may choose to verify any or all Vendor representations that appear in the response. Failure of the Vendor to produce results promised in the response or in actual use may result in elimination of the Vendor from the evaluation process or in contract cancellation or termination.

2.11. AUTHORIZED WSP REPRESENTATIVES

The Chief of WSP, or designee, are the only individuals who may legally commit WSP to the expenditure of funds for this acquisition. No cost chargeable to the proposed contract may be incurred before the receipt of a fully executed contract.

2.12. AMENDMENTS

The WSP reserves the right to change the acquisition process schedule or issue amendments to the acquisition documents at any time. The WSP also reserves the right to cancel or reissue the acquisition documents.

If it is necessary to revise any part of this RFP, a formal notice of RFP amendment (in sequential number order) will be made available.

All responses to this RFP shall be based on the material contained in this RFP, and associated amendments, if any.

2.13. RESPONSE PROPERTY OF THE WSP

All materials submitted in response to this acquisition become the property of the WSP. Selection or rejection of the response does not affect this right. The WSP reserves the right to return materials to Vendors.

2.14. THIRD PARTY VENDOR

WSP will accept responses that include third party equipment and/or software only if the proposing Vendor agrees to act as prime contractor and guarantor for all proposed equipment and software. Vendors must disclose the use of any third party Vendor equipment or software and indicate willingness to assume prime contractor responsibility.

2.15. USE OF WSP FACILITIES—CONTRACT PERIOD

During certain phases of the project (e.g., installation), the WSP will provide a reasonable work place environment for Vendor personnel assigned to the project. This facility will include office space and individual workstation furniture, conference room availability, telephones, consumable supplies needed in performance of the project, and access to copy and facsimile machines.

The WSP will not provide any clerical staff support to the Vendor. Vendor personnel may use the telephone (for local calls) and other equipment in accordance with procedures established for State personnel.

The Vendor will be required in the Contract to use the facilities only for the WRECR project related activities, to comply with WSP standards and practices pertaining to physical security and access control, and to comply with data security and integrity standards. WSP retains the right to audit the Vendor for compliance with these standards and practices.

2.16. MANDATORY BACKGROUND CHECK

WSP requires a fingerprint based background check on any of the Apparent Successful Vendor's (ASV) employees and subcontractors providing services under any Contract resulting from this RFP. At WSP's request, the ASV, ASV employees and subcontractors providing services under such contracts must agree to authorize the release of their own criminal history information to WSP. Failure to authorize the release of this information shall result in the immediate termination of the Contract. Apparent Successful Vendor's (ASV) employees and subcontractors must meet WSP's Human Resources standards for contractors. Failure to meet standards shall result in the immediate termination of the Contract.

The ASV will be required to complete and sign a Non-Disclosure Agreement (NDA) with WSP.

2.17. RESOURCES

The Vendor will be required to maintain an on-site presence sufficient to facilitate project communication, knowledge transfer (both business and technical), and complete the analysis and design work with WSP project staff.

2.18. WSP STAFF INVOLVEMENT IN PROJECT

WSP will provide staff to serve as resources to the Vendor for the setup, configuration, and implementation process of the system. WSP staff will assist the Vendor in the setup, configuration, and implementation process, as well as being available to answer questions, provide opinions about Vendor plans, validate Vendor assumptions, and receive knowledge transfer from the Vendor. Vendors will have to schedule time with this staff as most of them will have other duties.

2.19. GENERAL PAYMENT TERMS

This acquisition process will result in a fixed fee, deliverables-based contract. Vendors must submit their pricing information in the formats provided within the Cash Purchase Response found in Section 7, "Vendor Cost Proposal".

2.19.1. No Separate Charge for Vendor Expenses

Vendor shall pay Vendor's out-of-pocket expenses incurred in connection with providing the services and shall be responsible for payment of all expenses related to salaries, benefits, employment taxes, and insurance for its staff. All other costs to the Vendor (e.g., travel and living expenses/per diem) are to be considered as overhead to the cost of the deliverables and will not be separately reimbursed.

2.19.2. Tax Liability

Vendors will be required to collect and pay Washington State sales or use tax on applicable charges for goods or services acquired by WSP. Such sales or use tax must be separately listed in the Vendor's proposed pricing to be charged to WSP.

2.19.3. Allowable Pricing Information

The Vendor's deliverables must provide the purchase price, maintenance, and installation cost for each equipment item, software product, and service proposed. This cost information is essential in order for WSP to appropriate the necessary funding and establish project budgets.

All elements of recurring and nonrecurring costs, which must be borne by WSP, must also be identified. This includes, but is not limited to, hardware maintenance, software maintenance, version upgrades, system engineering, manuals and documentation, consultation, training, conversion, shipping/delivery charges, installation costs, testing, and taxes.

The Cash Purchase Response found in Section 7, "Vendor Cost Proposal", will be used to provide this information.

2.19.4. WSP Right to Acquire Hardware and/or Software

WSP reserves the right to acquire equipment (i.e., servers) and software proposed by the Vendor from alternate sources. Such acquisitions will be identical to those items proposed by the Vendor or will be agreed upon with the Vendor if not identical. WSP reserves the right to work with the Vendor to ensure that purchase and license terms negotiated with third party vendors is at least comparable to what WSP would expect to obtain if WSP negotiated separately.

2.20. RESPONSE ORGANIZATION AND NUMBER OF COPIES

Responses must be submitted as follows:

- 1 electronic copy of all required information shall be submitted on a CD, in Microsoft Word 2000 (or higher) or Adobe Acrobat 5.0 (or higher) PDF file format
- 1 unbound paper copy of the entire response, including the Certifications and Assurances with original signatures
- Vendor Technical Proposal Response—4 paper copies
- Vendor Management Proposal Response—4 paper copies
- Vendor Cost Proposal Response—4 paper copies

2.21. DELIVERED RESPONSE

The Acquisition Coordinator must receive the Vendor's response, in its entirety, on or before the date and time specified in Section 2.4 "Response Due Date". Responses arriving after the deadline may be returned, unopened, to the Vendor. They will be declared non-responsive and will not be evaluated. All responses and accompanying documentation become the property of the WSP, and the WSP shall decide their final disposition.

Responses are to be delivered to the address shown below. Vendors assume the risk of the method of delivery chosen. The WSP assumes no responsibility for delays caused by any delivery service. Postmarking by the due date will not substitute for actual response receipt. Late responses will not be evaluated nor will additional time be granted to any Vendor. Responses shall not be delivered by facsimile or e-mail transmission.

Delivery Location:

Ms. Paula Breshears, Acquisition Coordinator
Information Technology Division
403 Cleveland Avenue SE, Suite C
Tumwater, Washington 98501

2.22. ANSWERS TO ALL SECTIONS/SUBSECTIONS/APPENDICES REQUIRED

An answer must be provided for every section, subsection or appendix that requests information or solicits an answer. Failure to provide an adequate answer to any such section or subsection that requests information or solicits an answer may cause the proposal to be deemed non-responsive and be disqualified from the evaluation process.

2.23. SUPPLEMENTAL MATERIAL

The Vendor may submit materials such as brochures, articles, specifications, and report samples that the Vendor believes to be helpful subject to the following:

- Such supplemental materials will not qualify as substitutes for direct answers within the response

The Apparent Successful Vendor will support bankcard processing as a secondary payment option. The ASV is required to the state's Mandatory Use Contract for merchant bankcard services. The Office of the State Treasurer (OST) has a mandatory use contract for merchant bankcard services to be used by all state agencies accepting bankcards as payment. **As authorized by law, the merchant bankcard services are procured by OST through a competitive bid process approximately every 7 years.** The current agreement is with Bank of America Merchant Services (BAMS) and requires that BAMS merchant id numbers be used. The agreement does allow the choice of a wide range of processors, and all prospective vendors are required to confirm that they are certified to one of the processors available through the State contract with BAMS. The names of specific platforms and processors to which vendors are certified are required in order to confirm that the vendors are compatible with what is offered to the State under the current contract with BAMS. Bank Card payments processing must also follow Payment Card Industry (PCI) Standards both current and any future standards

2.27. OPTIONAL VENDOR DEBRIEFING

Vendors who submit a response may request an optional debriefing conference to discuss the evaluation of their response. The requested debriefing conference must occur on or before the date specified in the Section 2.5 "RFP Schedule". The request must be in writing addressed to the RFP Coordinator within three business days of announcement of the apparently successful Vendor. WSP will accept the request via fax or e-mail. The debriefing will occur within five business days of the request. The debriefing will not include any comparison between the Vendor's response and any other responses submitted. Debriefing conferences will be conducted by telephone and will be scheduled for a maximum of one (1) hour.

2.28. PROTEST PROCEDURE

This procedure is available to Vendors who submitted a response to this solicitation document and who have participated in a debriefing conference. Upon completing the debriefing conference, the Vendor is allowed five (5) business days to file a protest of the acquisition with the WSP Budget and Fiscal Services (BFS) Administrator-at the address below:

WSP Budget and Fiscal Services
ATTN: BFS Administrator
Mailing Address:
P.O. Box 42602
Olympia, WA 98504-2602
Phone: (360) 596-4043

Street Address:
210—11th Avenue SW, Room 116
Olympia, Washington 98504

Vendors protesting this procurement shall follow the procedures described below. Protests that do not follow these procedures shall not be considered. This protest procedure constitutes the sole administrative remedy available to Vendors under this procurement.

All protests must be in writing and signed by the protesting party. The protest must state the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included. All protests shall be addressed to the WSP BFS Administrator. Only protests stipulating an issue of fact concerning the following subjects shall be considered:

- A matter of bias, discrimination or conflict of interest on the part of the evaluator;
- Errors in computing the score;
- Non-compliance with procedures described in the procurement document or WSP policy.

Protests not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as: 1) an evaluator's professional judgment on the quality of a proposal, or 2) WSP's assessment of its own and/or other agencies needs or requirements.

Upon receipt of a protest, a protest review will be held by WSP. The Chief of WSP or an employee delegated by the Chief of WSP who was not involved in the procurement will consider the record and all available facts and issue a decision within five business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay. In the event a protest may affect the interest of another Vendor which submitted a proposal, such Vendor will be given an opportunity to submit its views and any relevant information on the protest to the WSP BFS Administrator.

The final determination of the protest shall:

- Find the protest lacking in merit and uphold WSP's action; or
- Find only technical or harmless errors in WSP's acquisition process and determine the WSP to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide options to WSP, including correcting errors and reevaluating all proposals; reissuing the solicitation document; or making other findings and determining other courses of action as appropriate.

If WSP determines that the protest is without merit, WSP will enter into a contract with the apparently successful contractor(s). If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

If the protesting Vendor is not satisfied with WSP's decision, it may appeal to the Washington State Department of Information Services (DIS). Written notice of appeal to DIS must be received by DIS within five (5) business days after the Vendor receives procedure constitutes the sole administrative remedy available to Vendors under this procurement.

All protests must be in writing and signed by the protesting party. The protest must state the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included. All protests shall be addressed to the WSP Business Office Manager. Only protests stipulating an issue of fact concerning the following subjects shall be considered:

- A matter of bias, discrimination or conflict of interest on the part of the evaluator;
- Errors in computing the score;
- Non-compliance with procedures described in the procurement document or WSP policy.

Protests not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as: 1) an evaluator's professional judgment on the quality of a proposal, or 2) WSP's assessment of its own and/or other agencies needs or requirements.

Upon receipt of a protest, a protest review will be held by WSP. The Chief of WSP or an employee delegated by the Chief of WSP who was not involved in the procurement will consider the record and all available facts and issue a decision within five business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay. In the event a protest may affect the interest of another Vendor which submitted a proposal, such Vendor will be given an opportunity to submit its views and any relevant information on the protest to the WSP Business Office Manager.

The final determination of the protest shall:

- Find the protest lacking in merit and uphold WSP's action; or
- Find only technical or harmless errors in WSP's acquisition process and determine the WSP to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide options to WSP, including correcting errors and reevaluating all proposals; reissuing the solicitation document; or making other findings and determining other courses of action as appropriate.

If WSP determines that the protest is without merit, WSP will enter into a contract with the apparently successful contractor(s). If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

If the protesting Vendor is not satisfied with WSP's decision, it may appeal to the Washington State Department of Information Services (DIS). Written notice of appeal to DIS must be received by DIS within five (5) business days after the Vendor receives notification of WSP's decision. In conducting its review, DIS will consider all available relevant facts. DIS will resolve the appeal in one of the following ways:

- Find that the protest lacks merit and upholding WSP's action.
- Find only technical or harmless errors in WSP's acquisition process, determining WSP to be in substantial compliance, and rejecting the protest; or
- Find merit in the protest and provide options to WSP, including correcting errors and reevaluating all proposals; reissuing the solicitation document; or making other findings and determining other courses of action as appropriate.

DIS will issue a written decision within five business days after receipt of the notice of appeal, unless more time is needed. The protesting Vendor will be notified if additional time is necessary. DIS' determination is final; no further administrative appeal is available.

2.29. INSURANCE COVERAGE

The Contractor is to furnish WSP with a certificate(s) of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below. The Contractor shall, at its own expense, obtain and keep in force insurance coverage which shall be maintained in full force and effect during the term of the contract. The Contractor shall furnish evidence in the form of a Certificate of Insurance that insurance shall be provided, and a copy shall be forwarded to WSP within fifteen (15) days of the contract effective date.

2.29.1. Liability Insurance

2.29.1.1. Commercial General Liability Insurance

The Contractor shall maintain commercial general liability (CGL) insurance and, if necessary, commercial umbrella insurance, with a limit of not less than \$1,000,000 per each occurrence. If CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the "each occurrence" limit. CGL insurance shall be written on ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage). All insurance shall cover liability assumed under an insured contract (including the tort liability of another assumed in a business contract), and contain separation of insured's (cross liability) condition.

Additionally, the Contractor is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

2.29.1.2. Business Auto Policy

As applicable, the Contractor shall maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit not less than \$1,000,000 per accident. Such insurance shall cover liability arising out of "Any Auto." Business auto coverage shall be written on ISO form CA 00 01, 1990 or later edition, or substitute liability form providing equivalent coverage.

2.29.2. Additional Provisions

Above insurance policy shall include the following provisions:

2.29.2.1. Additional Insured

WSP, its elected and appointed officials, agents and employees shall be named as an additional insured on all general liability, excess, umbrella and property insurance policies. All insurance provided in compliance with this contract shall be primary as to any other insurance or self-insurance programs afforded to or maintained by WSP.

2.29.2.2. Cancellation

WSP shall be provided written notice before cancellation or non-renewal of any insurance referred to therein, in accord with the following specifications. Insurers subject to 48.18 RCW (Admitted and Regulation by the Insurance Commissioner): The insurer shall give WSP 45 days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, WSP shall be given 10 days advance notice of cancellation. Insurers subject to 48.15 RCW (Surplus lines): WSP shall be given 20 days advance notice of cancellation. If cancellation is due to non-payment of premium, WSP shall be given 10 days advance notice of cancellation.

2.29.2.3. Identification

Policy must reference WSP's contract number and the agency name.

2.29.2.4. Insurance Carrier Rating

All insurance and bonds should be issued by companies admitted to do business within the State of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best's Reports. Any exception shall be reviewed and approved by WSP Risk Manager, or the Risk Manager for the State of Washington, before the contract is accepted or work may begin. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with Chapter 48.15 RCW and 284-15 WAC.

2.29.2.5. Excess Coverage

By requiring insurance herein, WSP does not represent that coverage and limits will be adequate to protect Contractor and such coverage and limits shall not limit Contractor's liability under the indemnities and reimbursements granted to WSP in this contract.

2.29.3. Worker's Compensation Coverage

The Contractor will at all times comply with all applicable workers' compensation, occupational disease, and occupational health and safety laws, statutes, and regulations to the full extent applicable. WSP will not be held responsible in any way for claims filed by the Contractor or their employees for services performed under the terms of this contract.

3. WSP Technical Environment

3.1. WSP SOFTWARE STANDARDS

Category	<i>Software Standards - March 2010</i> Subcategory	Product
Desktop/Laptop	Word Processing	Microsoft Office 2007
	Spreadsheet	Microsoft Office 2007
	Presentation	Microsoft Office 2007
	Database	Microsoft Access 2003
	Diagramming	Microsoft Visio 2007
	Org charts	Microsoft Visio 2007 / Org Plus
	Project Management	Microsoft Project 2007
	E-mail	Microsoft Outlook 2007
	Calendar	Microsoft Outlook 2007
	Remote Access	Windows XP
	Host emulation	Attachmate EXTRA Personal Client 6.7
	Operating System	Windows XP
	Internet Browser	Microsoft Internet Explorer 8.0
		Java Virtual Machine (current version from Sun)
	Internet Tools	Adobe Reader (current version)
		Adobe Acrobat Professional (current version)
	Software Distribution	Microsoft SCCM Client 2007
	Antivirus	Symantec Corporate Edition 10.1.9.9000
	Anti-Malware	Microsoft Defender
	Mind Mapping	Mind Mapper Pro (current version)

Desktop/Laptop Options

Firewall	Cisco Security Agent v5.2
Network Access Control	Cisco Clean Access Agent
Dist Defragmentation	PerfectDisk v10.0
Compression Utility	WinZip
Encryption	WinZip/EasyCrypto
Mileage Estimator	Microsoft Streets and Trips
Database	Microsoft SQL Server Express Edition
VPN Client	Cisco Systems VPN Client 5.x.560
Report Generation	Seagate Crystal Reports v11.0
	Microsoft SQL Reporting Services
Criminal Justice Software	Open Query v2.8.1
	CAD Client
	Basic Client for CAD server v1.5.2.9
	AWW v3.2.1
	ATM (Advanced Tactical Mapping) v5.4.2
	WebMSS Terminal v2.0

Mobile Environment

Redacting Software for Electronic Documents	Redax
Vin Assist	Vin Assist
In-Car Digital Video	Coban
SECTOR	SECTOR
CVD	FMCSA software including:
	Aspen
	CAPRI
	ERG 2008 from USDOT

Server

Operating System	Windows Server 2008 R2
Database	Microsoft SQL Server 2008
Backup Software	Tivoli 5.4
E-Mail	Microsoft Exchange Server 2007

Web Server	Microsoft Internet Information Services (IIS) 7.5 HTTP Server (comes with ApacheWebsphere)
Web Application Server	WebSphere v6.1
Antivirus	Symantec AntiVirus Corporate Edition v10.2.4.4000
Clustering	Windows Failover Clustering
Firewall	Cisco Security Agent v5.2
Team & Document Collaboration	Microsoft Office SharePoint Server
Patch Management	Windows Server Update Services
Software Distribution	System Center Configuration Manager 2007 R2
Monitoring	ipMonitor HP Systems Insight Manager IBM Total Storage Productivity Center (TPC)

Development Environment

Client - Server

Development Tools	Microsoft Visual Studio .NET 2008 .NET Framework 3.5 RAD 6 Remedy 6.3
Version Control Software	Microsoft Visual SourceSafe Concurrent Versioning System WT (CVS) v2.5.013

Web

Development tools	Adobe Dreamweaver Studio Adobe PhotoShop CS Office SharePoint Designer
Content Management software	DIS Standard

Other Software

Digital Video Redaction	Adobe Photoshop Elements 8
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WRECR - RFP

3.2. DATABASE SOURCE FOR COLLISION RECORDS

The main source for criminal record information will come from the Washington State Department of Transportation [WSDOT] data sources. We will receive a daily feed from WSDOT to refresh the WRECR system database.

3.3. SERVER ENVIRONMENT FOR PROJECT

WSP will determine if new servers are required for the WRECR project. There is the possibility that WSP has current servers that could be used for WRECR that are currently residing in the data center. If new servers are required WSP is responsible for purchasing and installing all “standard” server software—e.g., operating system, anti-virus, backup, etc. However, it will be the responsibility of the Vendor to provide WSP with estimates on required storage capacity, processor speed, memory, etc. so WSP can purchase equipment that meets the requirements of the application and project

The Vendor must provide WSP with a list of software that must be purchased expressly for this project—such as MS SQL Server licenses. This information must be included in Section 7, “Vendor Cost Proposal”.

4. Vendor Response

The Vendor shall complete the following sections of this RFP without altering the format or entering exhaustive comments:

- **Section 5**—“Vendor Technical Proposal”
- **Section 6**—“Vendor Management Proposal”
- **Section 7**—“Vendor Cost Proposal”
- **Section 8**—“Vendor Project Management”

The Vendor shall then return the completed sections to the Acquisition Coordinator by the date identified in this RFP in Section 2.5.

Sections 5, 6, 7 and 8 will be evaluated and scored as described in Section 2.9, “Response Evaluation Process”.

4.1. VENDOR RESPONSE TO “VENDOR TECHNICAL PROPOSAL”

The system requirements, found in Section 5, “Vendor Technical Proposal”, contain requirements broken out into two areas:

- General System Requirements
- System Management

There are six columns in the “Vendor Technical Proposal” section. The first column describes the desired requirement to be met. Please make note, the requirements that contain a ** at the beginning of the request are mandatory requirements.

The next four columns identify the Vendor’s ability to meet the stated requirement and are described as follows:

- “Available”—Meets the stated requirement. Your product is in full compliance with this request and it is a standard feature “out of the box”.
- “Partially Meets”—Partially meets stated requirement. Identify your level of compliance, noncompliance, and customizing required in order to fully meet this requirement.
- “Future Release”—Stated requirement will be met by a future release. Include the expected date of the future release in the “comment” column.
- “Not Available”—Does not meet stated requirement.

The last column, "Comments" is available to the Vendor to include any brief notes or additional information if applicable for each requirement. In order to receive the most points possible Vendors are encouraged to provide as much clarifying detail as possible without being overly verbose. Please describe ALL differences between your product and the requirement in this column (do not merely indicate "comply"). Describe any additional attributes your product provides that "exceed" the identified requirement. Be specific!!! (Attach additional cross referenced pages if more space is necessary).

4.2. VENDOR RESPONSE TO "VENDOR MANAGEMENT PROPOSAL"

Section 6, "Vendor Management Proposal" contains two areas where additional information is being requested of the Vendor:

- Contact Information
- Additional Vendor Questions:
 - ✓System Questions
 - ✓Corporate Information
 - ✓Product Support
 - ✓Environment and Architecture

Again, the Vendor is to respond to each request (or question) without altering the format or entering exhaustive comments.

4.3. VENDOR RESPONSE TO "VENDOR COST PROPOSAL"

Section 7, "Vendor Cost Proposal", contains an Excel worksheet for the Vendor to provide a pricing deliverable. The Vendor is to follow the format provided.

4.4. VENDOR RESPONSE TO "VENDOR PROJECT MANAGEMENT PROPOSAL"

Section 8, "Vendor Project Management" Vendors must provide their approach to project management related to this project that includes elements of project management, status reporting, quality assurance (QA), and scheduling.

5. Vendor Technical Proposal

The following is a list of preliminary functional requirements for the proposed WRECR system. Please complete the following lists by checking the appropriate column to indicate whether or not the product you are offering is able to satisfy the listed requirements.

5.1. GENERAL SYSTEM REQUIREMENTS

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
QUERY						
WRECR - RFP						

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
1. **The product must provide a method to collect Requestor information. Requestor information includes;					
<ul style="list-style-type: none">• Person or company name• Current Date• Physical Address• Mailing address• City• State• Zip Code• Phone Number• FAX Number• E-mail address• File, Policy, or Claim Number• Client Name• Answer to the question “What is the Requestor’s interest in this collision.”					
[SR 4.1.2.1]					
2. The product must analyze the Information entered by the Requestor and supply context specific messages for those requestors.					
[SR 4.1.2.2]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
3. **The product must provide a method to enter search parameters using Date and Driver Name. Additional information would include any of the below parameters. The product shall provide the following options to search the database:					
<ul style="list-style-type: none">• Driver Name (Last, First, MI)• Driver License Number• Registered Owner (RO)• Date of Birth (DOB)• Location (City or County)• Roadway• Collision Date Range *• Collision Number• Injury Indicator• Fatality Indicator• Agency Identifier [for Law Enforcement Agencies]					

* NOTE—The date range is up to 10 days prior to the date chosen
[SR 4.1.2.3]

5.1. GENERAL SYSTEM REQUIREMENTS

	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
<p><u>REQUIREMENTS</u></p>					
<p>4. The product must analyze the Information and search parameters entered by the Requestor and supply context specific error messages for those found invalid. [SR 4.1.2.4]</p>					
<p>5. The product must search the collision report database using search parameters supplied by the Requestor and display a pick list of records that match the parameters. [SR 4.1.2.5]</p>					
<p>6. The name search should use a phonetic or “Soundex” type search of the database to retrieve records with like-sounding names or names with minor misspellings. [SR 4.1.2.6]</p>					
<p>7. The product must provide a method for the requestor to select a record from the “pick list” and add to a shopping cart for later processing. [SR 4.1.2.7]</p>					

5.1. GENERAL SYSTEM REQUIREMENTS

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
8.	The product must provide a method for the requestor to review and edit the shopping cart. [SR 4.1.2.8]					
9.	The product must provide a method for the Requestor to process all selected records in the shopping cart. [SR 4.1.2.9]					
10.	The product will have the ability to place a query request in "pending status" if no record is found by Authorized WSP Collision Records personnel only. [SR 4.1.2.10]					
11.	The product will have the ability to place an end date on pending status request to allow the request to be automatically removed from a status of pending. [SR 4.1.2.11]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
12. Returned information [pick list] will contain the following: <ul style="list-style-type: none">• Total number of matching records• Collision Report number*• Collision Date• County the collision occurred in• Name of Roadway• driver # 1 last name• driver # 2 last name• driver # 3 last name• Injury = Yes or No• Fatality = Yes or No					

* NOTE—The collision report number will only be provided during the returned information if it was provided during initial search.

[SR 4.1.2.12]

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
13. **Authorized WSP Collision Records personnel will have the ability to enter check number or money order number to a requestor's information. This option is only viewable by WSP employees. [i.e. If a check is mailed in and an Authorized WSP Collision Records staff is manually processing a request for a collision record -the check number will be entered under requestor information] without processing check or money order at that time. [SR 4.1.2.13 & SR 4.2.2.1]					
14. **This product must capture physical address when capturing Requestor information. Mailing address is optional. [SR5.2.8]					
15. **Allow Requestor to choose only one of the below to answer "How Were you Involved in This Collision" [SR5.2.9]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
16. **The product will allow WSP employee to search by any date range [SR5.2.10]					

PAYMENT

- 17. **The product must provide a way to release the collision report record for either Redaction (Section 4.5.1 of the Software Requirement Specification) or viewing once payment has been authorized by customer.
[SR 4.2.2.2]
- 18. **The product must charge the billable account a configurable amount for each collision report record requested.
[SR 4.2.2.3]

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release,</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
19. ** The product must process Bank Card payments per the Office of State Treasurer (OST). a. The OST has a mandatory use contract for each merchant bankcard services to be used by all state agencies accepting bankcards as payment. As authorized by law, the merchant bankcard services are procured by OST through a competitive bid process approximately every 7 years. The <i>current</i> agreement is with Bank of America Merchant Services (BAMS) and requires that BAMS merchant id numbers be used. The agreement does allow the choice of a wide range of processors, and all prospective vendors are required to confirm that they are certified to one of the processors available through the State contract with BAMS. The names of specific platforms and processors to which vendors are certified are required in order to confirm that the vendors are compatible with what is offered to the State under the current contract with BAMS. Bank Cards payment processing must meet the Payment Card Industry (PCI) Standards both current and any future standards that may be implemented. [SR 4.3.2.1]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
20. **Process ACH payments per Office of State Treasurer (OST) and NACHA Operating rules Industry Standards; a. ACH payments will be processed through the OST concentration account banking services contract. b. Vendor / product will adhere to the NACHA ACH Operating Rules c. Vendor / product will produce a NACHA formatted file and transmit to State Treasurer's Office for further processing by the state's concentration bank. [SR4.4.2.1]					

5.1. GENERAL SYSTEM REQUIREMENTS

	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
<p><u>REQUIREMENTS</u></p> <p>21. The product will allow for a “checkout” default payment type. This default needs to be configurable.</p> <p>a. The “default” will be to an ACH payment screen when customers select the “Pay now”. Bank Card should be presented as a secondary payment option. Account login shall be the third payment option.</p> <p>[SR4.4.2.1]</p>					
<p>22. Provide a visual reference for end user’s entering their bank’s routing number and checking account number.</p> <p>a. Example: Picture of an example check with the appropriate numbers highlighted</p> <p>[SR4.4.2.2]</p>					

5.1. GENERAL SYSTEM REQUIREMENTS

	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
<u>REQUIREMENTS</u>					
23. Product shall validate the bank routing number entered by the customer from the Receiving Depository Financial Institution (RDFI) a. Example: Require the customer to re-enter their bank routing number for RDFI [SR4.4.2.2]					
24. **Allow the Requestor to pay for selected records via billable account. [SR4.5.2.1]					
25. **The product must provide each batch request its own unique identifier. a. Example: a group of 14 record request would all be done under the same order number [SR4.5.2.2]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
26. **The product must provide the ability to enter a pre-assigned account number and password in order to access the billable account [SR4.5.2.3]					
27. **The product must provide the ability to generate monthly statements. Each statement will contain the collision records unique identifier, date requested, individual amount, total amount, account information [i.e. Company name, address etc] [SR4.5.2.4]					
28. **The product must process bank card transactions using a processor that is part of OST's Bank of America Merchant Services. <i>WSP will provide the vendor the final processor prior to contract negotiations.</i> a. Currently WSP is using CyberSource for Bank Card processing b. A new processor is currently being reviewed. [First Data] [SR5.2.11]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
29. **Authorized WSP Collision Records personnel will have the ability to process a check or money order at the time of entry. a. No cash will be accepted over the counter. [SR5.3.1]					

REDACTION

- 30. The product must deliver the redacted or non redacted collision report to the requestor in a way that will allow the requestor to print and save locally
[SR4.6.1.1.1]
- 31. The product must provide notification to a requestor when a redacted or non redacted collision report is ready to be viewed
[SR4.6.1.1.2]
- 32. The product must be able to categorize based on criteria in section 5.2.1 -5.2.5 of Appendix A -System Requirement Specification.
[SR4.6.2.2.1]

5.1. GENERAL SYSTEM REQUIREMENTS

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
33.	**The product will have the ability to redact a batch of requests or a single request. [SR4.6.3.2.1]					
34.	**The product will automatically redact specific items within an image. See section 5.2-5.5 of Appendix A-System Requirement Specification. [SR4.6.3.2.2]					
35.	The product will have the ability to place a system redacted collision record in a “queue” for review and manual redaction. [SR4.6.3.2.3]					
36.	**The product will have the ability to initiate system redaction on requested report [s] [SR4.6.3.2.4]					
37.	**The product will allow an authorized WSP employee to view redacted or un-redacted report[s] [SR4.6.3.2.5]					

5.1. GENERAL SYSTEM REQUIREMENTS

	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
REQUIREMENTS					
38. **The product will allow an authorized WSP employee to redact or un-redact any field or area [SR4.6.3.2.6]					
39. The product will allow an authorized WSP employee to print or e-mail from a queue [SR4.6.3.2.7]					
40. The product will have the ability to place a requested collision report in a “queue” for manual redaction [SR4.6.3.2.8]					
41. **The product will have the ability to redact a batch of requests or a single request [SR4.6.3.4.1]					
42. **The product will automatically redact specific items within an image. See section 5.2-5.5 of Appendix A-System Requirement Specification. [SR4.6.3.4.2]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
<p>43. Persons who are entitled to receive a full collision report without redaction:</p> <ul style="list-style-type: none"> • County Prosecuting Attorney • Chief of Police • County Sheriff • Director of the Department of Licensing • Chief of the Washington State Patrol • Commissioned Officers • Driver(s) involved in the collision • The legal guardian or, if a minor, the parent(s) of driver(s) involved in the collision • Persons injured in the collision • The legal guardian or, if a minor, the parent(s) of persons injured in the collision • Owner(s) of vehicle(s) involved in the collision, including both the legal and registered owner • Owner(s) of property damaged in the collision • Authorized representatives of any of the above interested parties with written permission • Persons with a “proper interest,” such as: <ul style="list-style-type: none"> ○ Federal, state and local agencies authorized by statute to obtain collision information for their official use. <p>[ILLEGIBLE]</p>					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
44. **If the requestor is not entitled to view the full record of an Adult Driver, Pedalcyclist, Pedestrian, or Property Owner the following information must be redacted on the PTCR image: <ul style="list-style-type: none">• Driver's License Number• Date of Birth• Convictions or Pending Prosecution information• Social Security Number [SR5.2.2]					
45. **If the requestor is not entitled to view the full record of a Passenger or Witness the following information must be redacted on the PTCR image: <ul style="list-style-type: none">• Date of Birth• Convictions or Pending Prosecution information• Social Security Number [SR5.2.3]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
46. **If the requestor is not entitled to view the full record of a Juvenile (under 18 at time of collision) Driver, Pedalcyclist, Pedestrian, or Property Owner the following information must be redacted on the PTCR Image: <ul style="list-style-type: none">• Driver License Number• Date of Birth• Convictions or Pending Prosecution information• Social Security Number [SR5.2.4]					
47. **If the requestor is not entitled to view the full record of a Juvenile (under 18 at time of collision) Passenger, or Witness the following information must be redacted on the PTCR Image: <ul style="list-style-type: none">• Date of Birth• Convictions or Pending Prosecution information• Social Security Number [SR5.2.5]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
48. **When a requester is flagged as “Authorized Representatives” and chooses to continue without written permission they will then be categorized as “Non Authorized” [SR5.2.7]					
IMPORT/EXPORT					
49. **Provide a means for automatic import of WSDOT of collision records from transfer file. See Section 7.6 of Appendix A—Software Requirement Specification Document for the structure of this file. [SR4.8.2.1]					
50. The automatic import must be able to combine multiple separate “tiff” image files into a single Portable Document Format (PDF) document for each collision report consisting of one page for each Tiff image in the proper page order [SR4.8.2.2]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
51. **The Product must be able to determine if a record in the data file is new or modified [SR4.8.2.3]					
52. **If a record is modified, the product must import the record in compliance with the retention rules stated elsewhere in this specification.					

Clarification:

Data feeds from WSDOT will be sending Supplemental data feeds for Collision Reports to correct or add information to an existing collision report; these supplemental reports must be able to be link to the report with a date received.

NOTE: Retention for public disclosure; requires the record to be maintained for 6 years. And the original report can be disseminated and then a supplemental report is sent changing the date of the report. We should be able to view and see that the original report was received on one date and the supplemental report was received on a different date.

[SR4.8.2.4]

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
53. **The Import process must be able to run on a configurable schedule [SR4.8.2.5]					
54. **Provide a means for authorized staff to extract billable account information to be exported to the WSP Budget and Fiscal accounts receivable system. See Section 7.6 of Appendix A— Software Requirement Specification Document for the structure of this file. [SR4.8.3.1]					
55. Provide a means for External Sources to import data files. Example; OST will provide a NACHA formatted file of all ACH Returns which were not processed—this needs to match up to the WRECR transactions for that day or requested report per requested parameters					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
56. OST requires that all Import /Exports go through the Department of Information Services (DIS) secure FTP site. a. WSP will provide the user name and password for this site to vendor.					
57. Capture export transactions for audit purposes [SR4.8.3.2 and SR 4.8.4.2]					

LOGGING

- 58. Provide a means for logs/reports to be viewed on on-screen
[SR4.9.1 & 4.11.1.1]
- 59. Provide a means for printing reports
[SR4.9.2 & 4.11.1.2]
- 60. **The system must create a record showing who has accessed the system and what operations he or she has performed during a given period of time.
[SR4.9.1.3]

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
61. The system must capture the history of actions taken [I.e. the user, time stamp; data added, deleted or changed, original data if changed] [SR4.9.1.4]					
62. The system must provide a searchable transaction log [SR4.9.1.5]					
63. The system must provide a searchable audit log [SR4.9.1.6]					
64. The system must allow for the logs to be archived [SR4.9.1.7]					
65. The system must ensure logs are secured – (i.e. the logs are non editable) [SR4.9.1.8]					
66. Provide the ability to view on screen, print and archive [SR4.9.1.8]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
ERROR HANDLING					
67. This product must allow for different error handling					
Examples;					
<ul style="list-style-type: none">Entered information incorrectly message 1 is displayedIncomplete information entry message 2 is displayedMissing field information message 3 is displayed					
[SR4.10.1.2]					
68. Error handling will be determined by where the Requestor is within the product. In most cases 2 attempts (initial request plus 1) then redirection					
[SR4.10.1.3]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
69. In case of an error, the system should produce a suitable error log record which helps to determine the cause of an error [SR4.10.14]					
70. In case of ACH Return items such Non-sufficient funds [NSF] and Account Closed (called Returns) the system should produce a suitable error log					

REPORTING

- 71. Provide a means of exporting reports to the Portable Document Format (PDF)
[SR4.11.1.3]
- 72. Provide a means of exporting reports to Microsoft Excel
[SR4.11.1.4]

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
73. Provide a means for an authorized user to enter report parameters including start times, time span, requested for, etc. [SR4.11.1.5]					
74. Provide a means for standard correspondence to have auto fill capability [SR4.11.1.6]					
75. The product shall provide a screen where invoice information can be added or modified (i.e. Budget and Fiscal’s mailing address, WSP contact name and phone number) [SR4.11.1.7]					
<i>Provide individual reports that capture the following:</i>					
76. Deposit Summary, Fiscal Summary, Billed Account Summary, Invoice Log, Adjustment report					
<i>See Appendix B of Appendix A—Software Requirement Specification for Sample Reports [SR4.11.1.8]</i>					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
77. Provide combined reports: (1) Detail report, deposit summary, cards received, fiscal summary, billed account; (2) Monthly report, deposit summary, and fiscal summary, billed account report [SR4.11.1.9]					
78. Provide an Agency Account Record report [SR4.11.1.10]					
79. **Generate and print monthly invoices <i>See Appendix B of Appendix A- Software Requirement Specification for Sample Reports</i> [SR4.11.1.11]					
80. Provide a report of all budget distribution codes [SR4.11.1.12]					
81. **Provide cover letters, specific letters or other forms that are provided to Requestor <i>See Appendix B of Appendix A- Software Requirement Specification for Sample Reports</i> [SR4.11.1.13]					

5.1. GENERAL SYSTEM REQUIREMENTS

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
82.	**Provide a report on which retained documents are at the end of their retention period and when they will expire [SR4.11.1.14]					
83.	Provide a report with the type of Requestors that are requesting reports—based on the “how are you involved in the collision” response [SR4.11.1.15]					
84.	Provide a report on all released and non-released requests for all entitled parties and the number of the actual reports provided [SR4.11.1.16]					
85.	Provide a report for the number of collision reports purchased per day, per month, per year [SR4.11.1.17]					
86.	Provide a report for the number of searches requested but not purchased per day, per month, per year [SR4.11.1.18]					

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
87. Provide a report for the number of requests that were directed to contact Collision Records [SR4.11.1.19]					
88. Provide a report for pending requests, pending request by end date [SR4.11.1.20]					

RETENTION

- 89. **The document that was presented to the Requestor shall be captured and unaltered for a total of 7 years. [6 years plus 1 year]
[SR 5.4.1.1]
- 90. **The date/time for retention begins when the document is presented to the Requestor for viewing
[SR 5.4.1.2]

PUBLIC DISCLOSURE

5.1. GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
91. **The collision record, as it was presented to the Requestor, will be captured un-altered for a total of 7 years [SR 5.4.2.1]					
92. **The original collision record will also be flagged for retention and remained unaltered for a total of 7 years [SR 5.4.2.2]					
93. **Retention time begins when the last action is taken on the record [SR 5.4.2.3]					
94. Retention for public disclosure requires the record to be maintained for 6 years plus 1 year. The original report can be disseminated and then a supplemental report is sent changing the date of the report. We should be able to view and see the original report was received on one date and the supplemental report was received on a different date.					

5.1. GENERAL SYSTEM REQUIREMENTS

OTHER	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
95.	**The database used to display collision records to the WEB Requestor must be the same database that Internal WSP Employees of Collision Records use to address walk-in, phone-in, and Public Disclosure Requestors. [SR 5.1.6]					

5.2. SYSTEM MANAGEMENT

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
1.	Ability to provide an environment that supports multiple users from multiple remote locations					
2.	**Ability to provide Authorized WSP employees remote access for inquiries, data entry, report generation, etc					

5.2. SYSTEM MANAGEMENT

<u>REQUIREMENT</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
3. **Ability to provide security and system controls to limit access [SR 5.1]					
4. Ability to provide browser based interface					
5. Ability to assign multiple levels of security to users [SR 5.5.1]					
6. **Ability for an administrator to define data fields [SR 5.5.2 and SR 5.5.3]					
7. **Compatible with all WSP hardware and software standards [SR 2.4.1 and 2.4.2]					
8. Ability to provide 24x7 technical support					
9. Ability to provide 24x7 access to data from remote connections					

5.2. SYSTEM MANAGEMENT

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
10. **Provide a means for a System Administrator to maintain user accounts including the specification of an account number, account name, address, telephone number, e-mail address etc [SR4.12.2.1]					
11. **Provide a means for a System Administrator to create or maintain billing accounts including user login name, user name, telephone number, authorizations, etc [SR4.12.2.2]					
12. **Provide a means for a System Administrator to configure the amount to be debited from the requestors account per collision report [SR4.12.2.3]					

5.2. SYSTEM MANAGEMENT

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
13.	**Provide a means for a System Administrator to add, change, or remove (from viewing) items from the system's configuration tables without a coding change					
Example:						
	<ul style="list-style-type: none">• Increase the amount to be charged per record from \$5.00 to \$9.50• Add a new "type" to the "how are you involved in this collision question such as "employee"					
	[SR4.12.2.5]					
14.	**Provide a means for the System Administrator to view system details of imports / exports information					
(i.e. last date and time imported, record[s] count,)						
	[SR4.12.2.6]					
15.	** If import or export file is "blank" or contains no records then an error report is generated.					

5.2. SYSTEM MANAGEMENT

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
16. Allow Authorized WSP Collision Records personnel to add, update, delete and query agency account information [SR4.13.2.1]					
17. **Allow Authorized WSP Collision Records personnel to adjust an account balance. The product shall capture the reason for the adjustment (i.e. debits, credits, or refunds) and comments [SR4.13.2.2]					
18. **Allow Authorized WSP Collision Records personnel to flag the account for either Redaction or Non Redaction for all requests made by the Requestor [SR4.13.2.3]					
19. **Allow Authorized WSP Collision Records personnel to add a pre assigned account number to the account. (The account number will be assigned by the WSP Budget and Fiscal unit) [SR4.13.2.4]					

5.2. SYSTEM MANAGEMENT

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
20. Allow Authorized WSP Collision Records to reset the password for the Billable Account System Admin [SR4.13.2.5]					
21. Allow an Authorized Billable Account System Admin to change passwords associated with their account [SR4.13.2.6]					
22. Allow an Authorized Billable Account System Admin to add, update, and delete users [SR4.13.2.7]					
23. **The product must require user WSP employees' name/password to access the system [SR5.1.1]					

5.2. SYSTEM MANAGEMENT

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
24. The product must follow ISB standards for any password required (i.e. a system administrator account or anyone with access to financial info will need a password that expires after X amount of days [SR5.1.2]					
25. The password must be strengthened and must comply with Industry standards [SR5.1.3]					
26. The product must provide the means for assigning and updating security and access authority for individuals, entities, and applications accessing features and data [SR5.1.4]					
27. **The product must encrypt attachments that are sent via e-mail [SR5.1.5]					

5.2. SYSTEM MANAGEMENT

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
28. The product must request a “delivery” receipt for each e-mail that is sent. This receipt must be stored with the record and on the same retention schedule (See 6.1 for retention details of the Software Requirement Specification ~ located in Appendix A of this RFP) [SR5.1.6]					

6. Vendor Management Proposal

6.1. CONTACT INFORMATION

Provide the following information on the single point of contact in your company for questions as it relates to this RFP. If your responses or part of your solution is dependent upon third-party vendors, please include their contact information as well.

Company Name:
Telephone Number:
Contact Person:
Telephone Number:
FAX Number:
Electronic Mail ID:

6.2. ADDITIONAL VENDOR QUESTIONS

6.2.1. System Questions

Question

Response

1. What “performance attributes” does your company use to verify or validate the accuracy of your application? Please explain each of your performance attributes and how they fit into the overall system performance testing.
2. How does your company manage “design” planning—do you need to do “site inspection/assessment” prior to identifying the approach and equipment needed for the application?
3. Do you have a management pack available for System Center Operations Manager?
4. Do you have “canned” reports that can be generated from the data collected or is it up to the purchaser to develop reports from the data in the SQL database?
5. What type of system/equipment training do you provide and what are the durations??
6. What redaction methods does your proposed redaction tool use? Example -text based, text pattern, zoned etc.

Question

Response

7. Please describe how your redaction tools “redacts” information. Example—do you cover up the “item” or do you remove the “item”?
8. Does your redaction tool come with pre-determined patterns or will it be configured. A pre-determined patter would be a social security Number [SSN] for example.
9. The collision report will be an image, please explain how your redaction tool will find the “item” within the image.
10. Please explain how your redaction tool will handle images that are poorly scanned, hard to read, etc.
11. Please explain how your redaction tool will do a system redaction then proceed to allow a manual redaction.
12. Does the redaction tool you are proposing have the ability to turn on/ turn off redaction?
Example—We have 4 items to redact—do we have to redact each item individually < 4 clicks> or can we highlight the 4 times and then redact everything at once? < 1 click>
13. Is your redaction tool a third party vender tool or an in-house application?
14. If a third party vender—how long have you been associated with this vender?
15. If a third party vender—how many projects have you implemented together?
16. What is your recommendation for WSP’s requirement of a retention tool and its associated requirements [questions 86-91]?
17. The web application that you are proposing is it a commercially available solution that might require some customization to meet all of our needs or is it a custom application?
18. Please describe what Bank Card processing platforms you have used in the past.
19. Are you familiar with CyberSource or First Data as part of Bank Card processing? If so how.
20. What Bank do you usually use to process payments?

6.2.2. Corporate Information

<u>Question</u>	<u>Response</u>
1. Describe the support offerings that your company provides. Do you support the product with internal support staff or through a third party?	
2. How many installations of your system do you have?	
3. How many installations have you performed in the last 24 months?	
4. How long has your company been in business?	
5. How many employees do you have?	
6. Describe your target market/typical customer both in terms of industry and size.	
7. Describe at least two installations of your system that are of the type and size of the project being proposed by WSP.	
8. Provide a reference (company name, location, contact name, etc.) where your system is in operation, that is similar to our proposed solution, which would allow us to do a site visit and see the working product.	
9. In consideration of your company's current workload, how soon would your company be able to start full-time work on this project?	
10. Has your company worked with government agencies before? If so, which ones?	
11. Has your company implemented payment processes through government agencies before? Example—implementing ACH through the Office of State Treasures or Bank Cards through a Budget and Fiscal division?	

6.2.3. Version Releases

<u>Question</u>	<u>Response</u>
1. Approximately how often are major versions of equipment and/or back office software released?	
2. Approximately how often are minor versions of equipment and/or back office software released?	

Question

Response

3. What are your plans for future enhancements of the system (both equipment and back office software)?
4. What is the latest version of your system and how many sites are using this version?

6.2.4. Product Support

Question

Response

1. Where are your technical support locations?
2. What is the native operating system (including version and release) for your back office software? 32 bit or 64 bit?
3. Will your back office software run on VMware and or Hyper-V on 64 bit machines?
4. If you answered no to question 2, do you have plans to catch up? By when?
5. How do you publish and distribute software patches?
6. How do you publish documentation (e.g., HTML, PDF file, hard copy, etc?)
7. Is your technical support organization in-house or outsourced to a third-party?
8. Describe software support including: support tiers, response times, support hours, resolution assurance, change requests.
9. Describe the warranty coverage for your system.
10. Describe the on-going maintenance services, and their associated fees, that your company would make available to WSP.

6.2.5. Environment and Architecture

Question

Response

1. What is the native operating system for your back office software 32 bit or 64 bit?
2. Will your back office software run on VMware and or Hyper-V on 64 bit machines?
3. If you answered no to question 3, what are you plans to catch up?
4. Do you support the Microsoft SQL Server platform 2008, and XP?
5. How many Microsoft SQL Server database installations of your system are currently in production?
6. Based on the information within this RFI, what would be your recommended architectural design for this project
7. Based on your recommended architecture please provide an itemized list of the hardware and software components you believe will be needed for the WRECR project solution.

6.2.6. Miscellaneous

Question

Response

1. Did you thoroughly review the WRECR Software Requirements Specifications—Appendix A?

7. Vendor Cost Proposal

The evaluation process is designed to award this procurement not necessarily to the Vendor of least cost, but rather to the Vendor whose proposal best meets the requirements of this RFP. Vendors are encouraged to submit proposals which are consistent with State government efforts to conserve state resources.

WSP is interested in understanding all costs associated with the Management Response and Technical Response sections of proposals for the Washington Request for Electronic Collision Reports Project. WSP reserves the right to utilize the state's enterprise software licensing or hardware contracts for the procurement of the new WRECR solution.

WSP requires a deliverables-based milestone payment plan, with the largest percentage (not less than 20 percent of the total value of the contract) of the disbursement being made upon final testing and acceptance. No single deliverable cost prior to the final deliverable should be greater than 10 percent of the total value of the contract. The final deliverable, which constitutes and will be part of final acceptance of the entire system, must be included and must be priced at least 20 percent of the total contract.

7.1. PAYMENT FOR PROJECT DELIVERABLES

Vendor payments will be paid thirty (30) days following receipt and satisfactory acceptance of project deliverables or invoices as applicable.

Specific payment amounts and project deliverables will be negotiated with the Apparent Successful Vendor.

7.2. ACCEPTANCE PERIOD

With respect to this RFP, the proposal and associated prices must remain valid for 180 days following receipt of the proposal, except for any price reductions that may occur during the interim.

7.3. COST RESPONSE

The available state funding is limited to \$150,000.00 for the entire investment in the following components:

- Custom Application (if applicable).
- Application software.
- System software.
- System hardware.
- Implementation.

See Sections A, B, C, and D of Cost Forms: Cash Purchase Response (APPENDIX B). Vendors shall bid a fixed price for these components. Bids exceeding this limit will be rejected as nonresponsive.

7.4. IDENTIFICATION OF COSTS

Identify all costs including expenses to be charged for performing the services necessary to accomplish the objectives described in this RFP. Your quotation must include all staff costs, administrative costs, travel costs, and any other expenses necessary to accomplish the tasks and to produce the deliverables under contract. Vendors are required to collect and pay Washington State sales tax, if applicable.

Vendors are required to submit a completed copy of Cost Forms: Cash Purchase Response (APPENDIX B) for their proposed solutions.

NOTES:

- The vendor's solution must be deliverable-based, and each deliverable must receive a final acceptance.
- All Cost Response sections delivered will be considered to include a not-to-exceed price for delivering all required services in order to ensure complete and successful implementation and ongoing operation of the proposed solution.
- Vendors must include all implementation costs for the entire project from discovery through final acceptance to post-acceptance maintenance support.
- The vendor's solution proposal should also address the issues and costs of transfer of system licensing and code ownership to Washington State. In this case, the WRECR application vendor will supply all source code in English.
- WSP should be provided with the option to procure only select elements of a total proposal at the costs quoted for those specific elements.
- The state of Washington belongs to the Western States Contracting Alliance (WSCA). If the vendor proposes hardware that is available via the WSCA contract, the WSCA contract price is less than the vendor price, and the vendor will support the hardware, then WSP will purchase the hardware through WSCA.

8. Project Management Proposal

8.1.1. Project Management

Vendors must provide an overview of how they will successfully manage the complex aspects of budget, scope, and schedule management. In addition, vendors need to describe the project management methodology to be utilized, including a description of any supporting software. This discussion will include information about overall project management techniques, issue management approaches, weekly status reporting, and staffing. WSP prefers the use of Microsoft Project 2003 as the project scheduling software.

8.1.2. Status Reporting

Vendors should describe the process of providing project status updates to WSP. The vendor project manager will report to the WSP project manager weekly by e-mail and a minimum of once a month in person [if applicable] or via phone to update WSP on completed tasks, review the progress of uncompleted tasks, clarify requirements, and discuss other issues related to the WRECR project. The vendor project manager will report project status to the project Executive Steering Committee as necessary.

8.1.3. Quality Assurance

Vendors must describe the QA process to be utilized for the project tasks, schedule, deliverables, and testing in order to ensure that work related to the production of acceptable deliverables is on track and expectations are met or exceeded. The QA process is expected to be proactive so as to ensure not only that the schedule is met but also that product and service quality is maintained.

8.1.4. Project Schedule

Vendors must describe the process of developing the schedule, including the identification of all major phases, tasks, and subtasks. For each identified task or subtask, vendors should include the following information:

- Resource assignments (e.g., vendor staff, local agency staff).
- Milestones.
- Time frames.
 - Assume 10 business days for WSP review on each iteration of a deliverable.
- Deliverables.

8.1.5. Phase Duration

WSP is interested in implementing this project as quickly as possible. WSP prefers a project schedule that is realistic and reflects the shortest reasonable time frame based on the offeror's experience with projects of similar size and complexity and its capacity to successfully deliver proposed outcomes.

Please provide a schedule that reflects the most expeditious and reasonable time frame possible. For your final schedule, describe your delivery approach, your assumptions and needs, and any additional risks or work requirements that will be important for WSP to understand in working with you to ensure successful delivery.

8.1.6. Risk Management Approach

Vendors must provide their approach to risk management that minimally identifies all risks associated with implementing WRECR, the methods proposed to mitigate each risk, the probability that each risk will occur (i.e., high, medium, low), and the impact each risk can have on the project (i.e., high, medium, low).

8.1.7. Proposed Project Staff

Vendors must provide an outline of all proposed individuals, including their major areas of responsibility during the project and the percentage of time that each will be dedicated to the project.

Specific guidelines for the vendor's project manager include the following:

- Must be able to demonstrate a history of *successful* projects of similar size, nature, and complexity.
- Must have a bachelor's degree or equivalent work experience.
- Must be able to demonstrate a minimum of 3 years' project management experience.

Though not required, Project Management Professional (PMP) certification from the Project Management Institute, Inc. (PMI) would be a value-added qualification.

Resumes of all key proposed personnel are required and must include the following, at a minimum:

- Experience with the vendor.
- Experience with projects related to public safety, especially message switch solutions.
- Experience with projects similar in size, scope, and complexity to this project.
- System design and development experience.
- System implementation and support experience.
- System integration experience.

Vendors shall indicate any industry-acknowledged certifications (e.g., Capability Maturity Model Integration [CMMI], PMP, International Organization for Standardization [ISO]) that their organizations or key proposed personnel have attained or are actively pursuing.

The description of experience must include specific responsibilities of vendor personnel and the number of years of their experience.

Each project referenced in a resume should include the customer name, customer reference (including current telephone number), and time period of the project, as well as a very brief project description. Limit references to the last 5 years.

It is important to note that WSP reserves the right to approve or reject any changes to the vendor's key personnel after the contract award. WSP also reserves the right to require key personnel changes, with reasonable notice to the vendor, following contract award if WSP determines that such changes are in the best interest of the project.

8.1.8. Implementation Approach

Vendors must provide their approaches to implementation of the proposed WRECR solution, outlining the steps from the time of contract signing through complete acceptance and go-live of the future WRECR infrastructure in the production environment.

Appendix A—Software Requirement Specification

This link is the approved version of the Software Requirement Specification (SRS) for the WRECR project. If you have trouble opening this document please notify the Acquisition Coordinator. Their contact information is in section 2.1 of this document.



SRS.docx

Washington State Patrol

Washington Requests for
Electronic Collision Records
(WRECR)

**Software
Requirements
Specification**

*By the
Information Technologies Division
Planning and Project Office*

March 16, 2010

Revision History

Version	Date	Description	Name
1.0	04/01/2009	Original	Steve Cole
1.1	01/13/2010	Updated Original	Paula Breshears
1.2	01/19/2010	Continue update original based on feedback obtained from meeting on 12/19/2010	Paula Breshears
1.3	01/21/2010	Continue to update original based on feedback	Paula Breshears
1.4	01/25/2010	Continue to update original based on feedback	Paula Breshears
1.5	01/27/2010	Continue to update original based on feedback	Paula Breshears
1.6	02/02/2010	Continue to update original based on feedback	Paula Breshears
1.7	02/16/2010	Continue to update original based on feedback	Paula Breshears
1.8	02/22/2010	Continue to update original based on feedback	Paula Breshears
1.9	03/01/2010	Final updates based on feedback	Paula Breshears
1.10	03/02/2010	Ready for Signatures	Paula Breshears
2.0	03/08/2010	Updated from feedback before Signatures are obtained	Paula Breshears
2.1	03/16/2010	Updated number sequence for 4.1.2.3-4.1.2.14 And 4.5.2.3 and 4.5.2.4 And 4.6.3.2.4 -4.6.2.8 And 5.1.3-5.1.6 Changed the word Automatic to Automated (reference ACH) Changed OFM reference to OST 4.3.1 and 4.3.2 Added verbiage to 4.8.4 Created 4.8.4.3 and 4.10.1.5 Changed all references of Bank of America to state's concentration bank per OST request	Paula Breshears

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1 Introduction

This section presents an overview of the software requirements to help the reader understand its purpose, how to use the document, and the business needs which this project is intending to satisfy.

1.1 Purpose

The purpose of the Software Requirements Specification (SRS) is to describe functions and capabilities of the product to be developed. This document is the basis for subsequent project planning, design, development, and contractual agreements related to the Washington Requests for Electronic Collision Records Project. It also is the foundation for product testing and user documentation.

1.2 Intended Audience

This SRS is directed at the following readers:

- Users and other project stakeholders, to be viewed as an agreement with the Project Team that application requirements are fully and correctly documented to the best of our knowledge and ability at time this document is released.
- Project Management staff, as a basis for all project planning and scheduling for the remainder of the project
- Proposing vendors, to be used for developing cost and schedule proposals for their bid documents
- Contracts staff for both the Washington State Patrol (WSP) and the “Apparent Successful Vendor” for use in developing the contractual agreement
- Project technical staff, to be viewed as the basis for product design and development

1.3 Project Background

The Washington State Patrol (WSP) Criminal Records Division (CRD) Collision Records Section completes approximately 50,000 requests for copies of collision reports annually. These requests come from individuals involved in a collision, parents or legal guardians of a minor driver; insurers, attorneys, or other authorized representatives of a driver involved; or law firms doing research. The response to each request involves a manual process of searching, redacting, and collecting fees averaging 1 hour production time each to complete. They are currently able to complete these requests within 21 days; however, this is directly related to the staffing level.

The WSP has received federal funding through the Washington Traffic Safety Commission (WTSC) to improve response times to the public and decrease workload for Section staff. The WSP CRD is the business owner for the project with direct interaction with WSP Budget and Fiscal Services (BFS), WSP Public Disclosure, WSP Information Technology Division (ITD), WTSC, WSDOT Transportation Data Office, WSDOT Office of Information Technology.

1.4 Reference Material

This section presents the documents used in creating the Description of Requirements. The document name and location of the electronic copy have been provided to help the reader understand the currently used material, and the business needs which this project is intending to satisfy.

1.4.1 Request for Copy of Collision Report Form

Appendix C of this document

1.4.2 ACORDE Redaction tool for Public Disclosure Business Requirements—DOT / WSP

{DRAFT May 31st, 2007}

Appendix C of this document

1.4.3 Automated Clearing House File Format Specifications—OST

Appendix C of this document

1.4.4 Automated Clearing House Best Practices from OST

Appendix C of this document

1.4.5 Automated Clearing House Service Level Agreement with OST

{Sample}

Appendix C of this document

1.4.6 Automated Clearing House Service Input Delivery Dates Form from OST

{Sample}

Appendix C of this document

1.4.7 WSP Hardware Standards

Appendix C of this document

1.4.8 WSP Software Standards

Appendix C of this document

2 General Description

This section presents a high-level overview of the product being specified and the environment in which it will be used, the anticipated users of the product, and the known constraints.

2.1 Product Scope

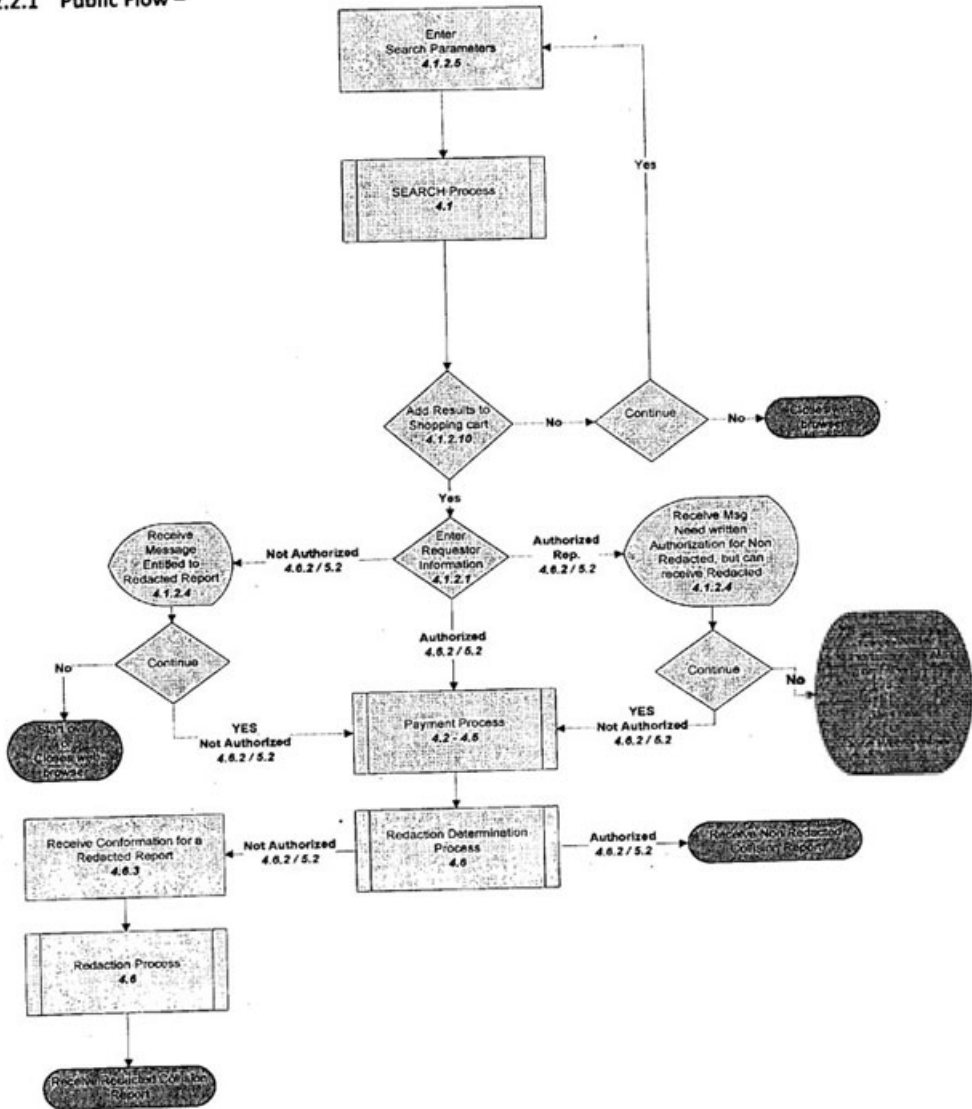
The WSP intends to hire a vendor to develop a web-based application to allow public access to collision reports through the Internet. The application must provide a parameter search for collision reports, automated redaction and assembly of selected reports, on-line payment of fees, and satisfy all public disclosure and records retention requirements. WSP's collision reporting database will be the source of the collision reports for the WRECR application with daily feeds from WSDOT.

2.1.1 Product Functions

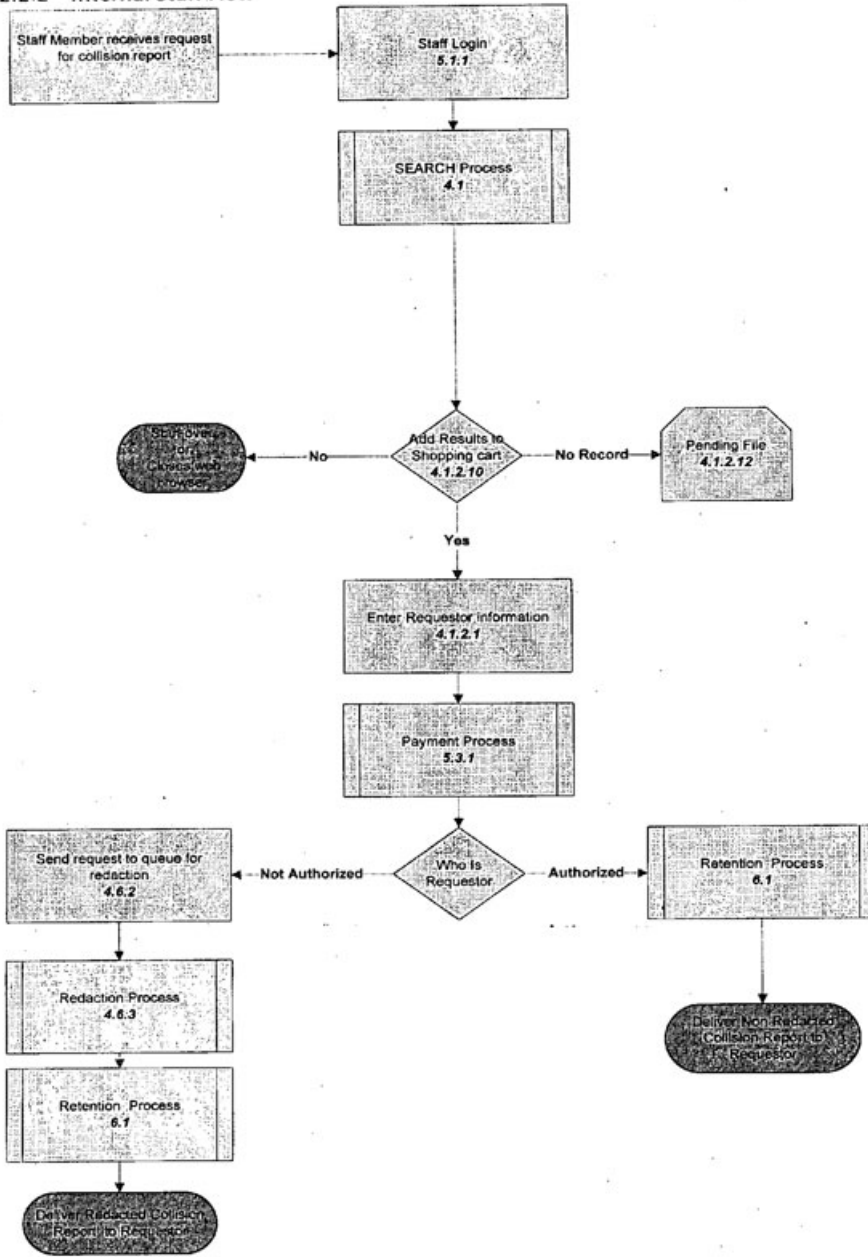
Function	Description	Features
Query	Query collision report database by Date and Driver Name then any of the following parameters: <ul style="list-style-type: none"> • Driver Name (Last, First, MI) • Driver License Number • Date of Birth • Location (City and or County) • Roadway • Date • Collision Number • Injury Indicator • Fatality Indicator • Agency Identifier 	<ul style="list-style-type: none"> • Employee Identity authentication • Search database using criteria supplied by Requestor • Provide redaction depending on Requestor authorization • Log transactions for public disclosure and record retention • Capture Requestor information -log transaction • Audits
Payment	Process payment before collision report is allowed to be viewed	<ul style="list-style-type: none"> • Bank Card processing • Automated Clearing House (ACH) processing • Billable Account processing • Received Check [s] / Money Order[s] • Audits
Redaction	Redact collision report based on information provided by Requestor and business requirements provided in 5.2 of this document	<ul style="list-style-type: none"> • Based on Requestor Identity • Log transaction for public disclosure and record retention • Log image for record retention • Audits
Import/Export	Exchange data with external systems	<ul style="list-style-type: none"> • Import collision report file from WSDOT • Export billable account transactions to Office of Financial Management (OFM) Accounts Receivable system • Export ACH transactions to Office of State Treasure (OST)
Reports	Typical types of Reports <ul style="list-style-type: none"> • Invoices • Summary Reports • Forms • Transactions logs • Statistic Reports 	<ul style="list-style-type: none"> • Format for on on-screen viewing, printing and downloading • Daily Bank Card transaction reconciliation • Monthly Billable Account invoices • Audits
System Administration	Maintain system tables	<ul style="list-style-type: none"> • Billable Account administration • Report administration • Purge administration • Searches without payment

2.2 Product Function Flow Diagrams

2.2.1 Public Flow –



2.2.2 Internal Staff Flow



2.3 User Classes and Characteristics

There are seven [7] types of users:

- An authorized user who can view the full non-redacted collision record for a fee.
- A non authorized user can view only a redacted version of a collision record for a fee.
- An authorized representative who can view the full non-redacted collision record for a fee, only after providing a letter of authorization from the involved party or insurance company releasing the information and the entity marks the correct authorization box. [See 5.2.9]
- Personnel who work for an organization such as an insurance company which is invoiced once a month, through a billing account, for transaction fees.
- Authorized personnel who works the Federal Government, or a Criminal Justice Agency or a Washington State government agency and is authorized to view full non-redacted records without a fee.
- Authorized WSP Collision Records personnel have unrestricted access to all collision records.
- System Administrator—i.e. managing user accounts, viewing reports, etc.

2.4 Operating Environment

The Washington State Patrol supports the following operating environment:

2.4.1 **Hardware**

- Servers with Intel based processors
- Must have the ability to run in a virtualized environment on a Hyper-V Server
- Must run on 64 bit platform

2.4.2 **Software**

- Microsoft Windows Server 2008 or higher
- Internet Information Services (IIS) based web application server(s) 7.0 or higher in Integrated Mode [preferred]
- Microsoft SQL Server based database [2008 minimum]
- Microsoft SQL Server Reporting Services
- Must run on Version 3.5 of the .Net framework or higher
- Client PCs utilizing any Internet Explorer version 6, 7, and 8; Google Chrome (all versions), and Mozilla FireFox version 3.6 or higher

2.4.3 **Interfaces**

- Simple Mail Transport Protocol (SMTP) according to the latest Request For Comment (RFC)
- Microsoft Exchange Server
- Secure FTP

Design and Implementation Constraints

ITD has limited technical resources available to support this product within the environment specified in-section 2.4. The developer must not introduce any new tools, products, or dependencies that require changes to the existing operating environment, or require technical support staff to be specially trained for its support.

The application development environment and databases shall not be proprietary and shall not restrict the State from using the application or data in any current or future application. WSP does not currently have any database(s) fulfilling these requirements and the design and implementation of one or more databases should be considered. The design will also have to take into account the requirements listed in this document such as import /export, retention, payment etc.

The proposed application shall utilize a modern relational database management design (normalized to the third normal form (3NF) and be capable of handling current and future work load and future growth projections.

The database provided with the system shall have the capability to address at least 1 terabyte of stored data.

2.5 Documentation

All application source code and technical documentation must be in English and must be provided to the State in its entirety upon acceptance of the product (excludes third party software). The developer must provide the following documentation as part of the finished product:

- User's guide (for each of the identified user classes)
- Administrator Manual. A description of system administration processes
- A completed WSP IT System Documentation Standards document

3 External Interface Requirements

This section specifies any requirements that ensure the new product will connect properly to external components.

3.1 User Interfaces

User interfaces must be developed for the functions described in Section 4. Standard drop-down lists are used wherever possible to present standard values for selection by the User. Command buttons, Pop-up windows, and other aids should be used where possible to make the product easier to use. Online help should be available for each screen developed for this application.

Web page formats must follow the State of Washington guidelines found at the following web site:

<http://www.wa.gov/dis/tools/awstyleguide/accessibility.html>

4 Product Features

This section specifies the functional capabilities of the product. These requirements are organized by the major functions described in section 2.2.

4.1 Query Collision Records

4.1.1 Typical Action/Response Sequences

Actor Actions

1. Enter record search parameters.
3. Place selected record in shopping cart for later processing.
5. Request “check out” process with selected records.
7. Enter Requestor Information

Product Responses

2. Search database using given criteria. Display pick-list of possible matches.
4. Save record for later processing and request next action.
6. Request Requestor Information
8. *Log per auditing sequences*

End of Query Collision Sequences

*Continue with Determining Redaction Process
Typical Action / Response Sequence*

4.1.2 Functional Requirements

<u>Reference</u>	<u>Description</u>
4.1.2.1	<p>The product must provide a method to collect Requestor information. Requestor information includes:</p> <ul style="list-style-type: none">• Person or company name• Current Date• Physical Address• Mailing address• City• State• Zip Code• Phone Number• FAX Number• E-mail address• File, Policy, or Claim Number• Client Name• Answer to the question “What is the Requestor’s interest in this collision.”
4.1.2.2	<p>The product must analyze the Information entered by the Requestor and supply context specific messages for those requestors.</p>
4.1.2.3	<p>The product must provide a method to enter search parameters using Date and Driver Name. Additional information would include any of the below parameters. The product shall provide the following options to search the database:</p> <ul style="list-style-type: none">• Driver Name (Last, First, MI)• Driver License Number• Date of Birth (DOB)• Location (City or County)• Roadway• Collision Date Range *• Collision Number• Injury Indicator• Fatality Indicator• Agency Identifier [for Law Enforcement Agencies] <p>* NOTE - The date range is up to 10 days prior to the date chosen</p>
4.1.2.4	<p>The product must analyze the Information and search parameters entered by the Requestor and supply context specific error messages for those found invalid.</p>
4.1.2.5	<p>The product must search the collision report database using search parameters supplied by the Requestor and display a pick list of records that match the parameters.</p>

Reference	Description
4.1.2.6	The name search should use a phonetic or "Soundex" type search of the database to retrieve records with like-sounding names or names with minor misspellings.
4.1.2.7	The product must provide a method for the requestor to select a record from the "pick list" and add to a shopping cart for later processing.
4.1.2.8	The product must provide a method for the requestor to review and edit the shopping cart.
4.1.2.9	The product must provide a method for the Requestor to process all selected records in the shopping cart.
4.1.2.10	The product will have the ability to place a query request in "pending status" if no record is found by Authorized WSP Collision Records personnel only.
4.1.2.11	The product will have the ability to place an end date on pending status request to allow the request to be automatically removed from a status of pending.
4.1.2.12	Returned information [pick list] will contain the following: Total number of matching records Collision Report number* Collision Date County the collision occurred in Name of Roadway driver # 1 last name driver # 2 last name driver # 3 last name Injury = Yes or No Fatality = Yes or No * NOTE - The collision report number will only be provided during the returned information if it was provided during initial search.
4.1.2.13	Authorized WSP Collision Records personnel will have the ability to enter check number or money order number to a requestors information [i.e. If a check is mailed in and an Authorized WSP Collision Records personnel is manually doing request for collision record - check number will be entered under requestor information] without processing check or money order at that time

4.2 Process to Select Payment type**4.2.1 Typical Action/Response Sequences**Actor Actions

2. Select payment option

Product Responses

1. Display payment options screen for payment of user fees. Options include:

- Bank Card
- Automated Clearing House [ACH]
- Billable Account
- Received Check[s] / Money Order[s]

3. Display selected payment option screen.

End of Payment type Sequences

Continue with selected payment type process

4.2.2 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.2.2.1	The product will allow authorized WSP CRD employees to enter information from a check or money order received. This option is only viewable by WSP employees.
4.2.2.2	The product must provide a way to release the collision report record for either Redaction (Section 4.5.1) or viewing once payment approved.
4.2.2.3	The product must charge the account a configurable amount for each collision report record requested.

4.3 Process Selected Records Using Bank Card.**4.3.1 Typical Action/Response Sequences**Actor Actions

1. Select Bank Card payment option

3. Enter bank card information.

Product Responses

Refer to Payment Selection Process

2. Display bank card payment option screen.

4. Process Bank Card per OST and Payment Card Industry (PCI) standards (See Appendix A)

End of Bank Card Sequences

Continue with 4.5 Redaction

4.3.2 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.3.2.1	The product must process Bank Card payments per Office State Treasurer (OST) and Payment Card Industry (PCI) Standards

4.4 Process Selected Records Using Automated Clearing House (ACH).**4.4.1 Typical Action/Response Sequences****Actor Actions**

2. Select ACH payment option
4. Enter bank account information.

Product Responses

Refer to Payment Selection Process

3. Display ACH payment option screen.
5. Process ACH per Office of State Treasurer (OST) and NACHA Operating Rules (See Appendix A)

End of ACH Sequences

Continue with 4.5 Redaction

4.4.2 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.4.2.1	Process ACH payments per Office of State Treasurer (OST) and NACHA Operating rules Industry Standards [See Appendix A]
4.4.2.2	Provide a visual reference for end user's entering their bank's routing number and checking account number. (e.g. a picture of an example check with the appropriate numbers highlighted)

4.5 Process Selected Records Using a Billable Account.**4.5.1 Typical Action/Response Sequences****Actor Actions**

2. Select Billable Account payment option
4. Enter billable account number and password

Product Responses

Refer to Payment Selection Process

3. Display Billable Account payment option screen.
5. Each record request is added the customers account's for statement documentation

End of Billable Account Sequences

Continue with 4.5 Redaction

4.5.2 Functional Requirements

The product must

<u>Reference</u>	<u>Description</u>
4.5.2.1	Allow the Requestor to pay for selected records via billable account.
4.5.2.2	The product must provide each batch request its own unique identifier - [i.e. a group of 14 records request would all be under one "Order number")
4.5.2.3	The product must provide the ability to enter a pre-assigned account number and password in order to access the billable account
4.5.2.4	The product must provide the ability to generate monthly statements. Each statement will contain the collision records unique identifier, date requested, individual amount, total amount, account information [i.e. Company name, address etc]

4.6 Redaction

4.6.1 Overview

4.6.1.1 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.6.1.1.1	The product must deliver the redacted or non redacted collision report to the requestor in a way that will allow the requestor to print and save locally
4.6.1.1.2	The product must provide notification to requestor when redacted or non redacted collision report is ready to be viewed.

4.6.2 Determining Redaction Process

4.6.2.1 Typical Action/Response Sequences for Determining Redaction

Actor Actions

4. Requestor chooses to Continue

Product Responses

1. Requestor Information captured.
2. Requestor type is determined.
 - Authorized
 - Not Authorized
 - Authorized Representatives
3. Message based on above categories is displayed.

End of Determining Redaction

Continue with Payment Typical Action

- Bank Card
- ACH
- Billable Account

4.6.2.2 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.6.2.2.1	The product must be able to categorize based on criteria in section 5.2.1 - 5.2.5

4.6.3 Redacting Process

4.6.3.1 Typical Action/Response Sequences for Redacting

Actor Actions

4. WSP staff completes manual redaction

Product Responses

1. System redacts information within image. (see section 5.2-5.5)
2. System redacted image is put into queue for manual redaction process
3. Notification is provided to Requestor
5. Redacted image is released and sent to Requestor
6. Create a transaction log record, audit log record, retention log and public disclosure record(s).

4.6.3.2 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.6.3.2.1	The product will have the ability to redact a batch of requests or a single request
4.6.3.2.2	The product will automatically redact specific items within an image. (See section 5.2-5.5)
4.6.3.2.3	The product will have the ability to place a system redacted collision record in a “queue” for manual redaction.
4.6.3.2.4	The product will have the ability to initiate system redaction on requested report [s]
4.6.3.2.5	The product will allow authorized WSP employee to view redacted or un-redacted report[s]
4.6.3.2.6	The product will allow authorized WSP employee to redact or un-redact any field or area
4.6.3.2.7	The product will allow authorized WSP employee to print or e-mail from queue
4.6.3.2.8	The product will have the ability to place a requested collision report in a “queue” for manual redaction

4.6.3.3 Typical Action/Response Sequences Non Redaction

Actor Actions

Product Responses

1. Non Redacted image is released.
2. Notification is provided to Requestor
3. Create a transaction log record, audit log record, retention log and public disclosure record(s).

4.6.3.4 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.6.3.4.1	The product will have the ability to place a requested collision report in a “queue” for delivery.
4.6.3.4.2	The product will allow the requestor to view report upon verification of payment

4.8 Import/Export

Exchange data with external systems such as: WSDOT, OFM Accounts Receivable, and OST ACH.

4.8.1 Typical Action/Response SequencesActor Actions

1. Authorized WSP employee requests Import/Export options screen.
3. Select a particular import or export function.
5. Fill in import or export parameters.

System Responses

2. Display Import/Export options screen.
4. Display a particular import or export detail screen.
6. Edit parameters and perform selected function.
7. Record event in Log.

4.8.2 WSDOT Collision Records *Import* Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.8.2.1	Provide a means for automatic import WSDOT of collision records from transfer file. <i>See Appendix A Section 7.6 for the structure of this file.</i>
4.8.2.2	This automatic import must be able to combine multiple separate "tiff" image files into a single Portable Document Format (PDF) document for each collision report consisting of one page for each Tiff image in the proper page order.
4.8.2.3	Product must be able to determine if a record in the data file is new or modified"
4.8.2.4	"If record is modified, product must import the record in compliance with the retention rules stated elsewhere in this specification"
4.8.2.5	"Import process must be able to run on a configurable schedule"

4.8.3 OFM Accounts Receivable *Export* Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.8.3.1	Provide a means for authorized staff to extract billable account information to be exported to the WSP Budget and Fiscal accounts receivable system. <i>See Appendix A Section 7.5 for record layout.</i>
4.8.3.2	Capture export transactions for audit purposes.

4.8.4 OST ACH Export Functional Requirement

The product must:

<u>Reference</u>	<u>Description</u>
4.8.4.1	Provide a means for authorized staff to extract ACH transaction information to be exported to the Office of State Treasurer for processing. See Appendix C Section C3 for record layout.
4.8.4.2	Capture export transactions for audit purposes.
4.8.4.3	Provide a means for authorized staff to extract ACH cash receipt (A8) which may be provided electronically or hard copy.

4.9 Logs

Transaction[s] requested by a user or system along with the details will be captured.

4.9.1 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.9.1.1	Provide a means of viewing on-screen
4.9.1.2	Provide a means of printing reports
4.9.1.3	The system must create a record showing who has accessed the system and what operations he or she has performed during a given period of time.
4.9.1.4	The system must capture the history of actions taken. [I.e. the user, time stamp; data added, deleted or changed, original data if changed]
4.9.1.5	The system must provide a searchable transaction log
4.9.1.6	The system must provide a searchable audit log
4.9.1.7	The system must allow for the logs to be archived
4.9.1.8	The system must ensure logs are secured – (example the logs are non editable)

4.10 Error Handling

Error transaction[s] received by the system along with the details

4.10.1 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.10.1.1	Provide the ability to view on screen, print and archive

<u>Reference</u>	<u>Description</u>
4.10.1.2	This product must allow for different error handling. Examples; <ul style="list-style-type: none"> o Entered information incorrectly message 1 is displayed o Incomplete information entry message 2 is displayed o Missing field information message3 is displayed
4.10.1.3	Error handling will be determined by where the Requestor is within the product. In most cases 2 attempts (initial request plus 1) then redirection.
4.10.1.4	In case of an error, the system should produce a suitable error log which helps to determine the cause of an error.
4.10.1.5	This product must allow for error handling of ACH Return items such as Non Sufficient Funds (NSF) and Account Closed notices.

4.11 Reports

Daily, Weekly and Monthly reports

4.11.1 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.11.1.1	Provide a means of viewing reports on-screen
4.11.1.2	Provide a means of printing reports
4.11.1.3	Provide a means of exporting reports to the Portable Document Format (PDF)
4.11.1.4	Provide a means of exporting reports to Microsoft Excel
4.11.1.5	Provide a means for an authorized user to enter report parameters including start times, time span, requested for, etc.
4.11.1.6	Provide a means for standard correspondence to have auto fill capability.
4.11.1.7	The product shall provide a screen where invoice information can be added or modified (i.e. Budget and Fiscal's mailing address, WSP contact name and phone number) Provide individual reports that capture the following:
4.11.1.8	Deposit Summary, Fiscal Summary, Billed Account Summary, Invoice Log, Adjustment report. <i>See Appendix B - Sample Reports for examples.</i>
4.11.1.9	Provide combined reports: (1) Detail report, deposit summary, cards received, fiscal summary, billed account; (2) Monthly report, deposit summary, and fiscal summary, billed account report.
4.11.1.10	Provide an Agency Account Record report.
4.11.1.11	Generate and print monthly invoices. <i>See Appendix B - Sample Reports.</i>
4.11.1.12	Provide a report of all budget distribution codes.

<u>Reference</u>	<u>Description</u>
4.11.1.13	Provide cover letters, specific letters or other forms that are provided to Requestor. <i>See Appendix B - Sample Reports.</i>
4.11.1.14	Provide a report on which retained documents are at the end of their retention period and when they will expire.
4.11.1.15	Provide a report with the type of Requestors that are requesting reports - based on the "how are you involved in the collision" response.
4.11.1.16	Provide a report on all released and non-released requests for all entitled parties and the number of the actual reports provided.
4.11.1.17	Provide a report for the number of collision reports purchased per day, per month, per year.
4.11.1.18	Provide a report for the number of searches requested but not purchased per day, per month, per year
4.11.1.19	Provide a report for the number of requests that were directed to contact Collision Records
4.11.1.20	Provide a report for pending requests, pending request by end date

4.12 System Administration

System maintenance functions.

4.12.1 Typical Action/Response Sequences

Actor Actions

1. Select Administrative option from menu.
3. Select a particular system table maintenance function.
5. Enter changes.

System Responses

2. Display selected Administrative option screen.
4. Display a particular system table detail screen.
6. Edit changes and update table.
7. Create a transaction/audit log of all actions taken.

4.12.2 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.12.2.1	Provide a means for a System Administrator to maintain user accounts including the specification of an account number, account name, address, telephone number, e-mail address etc.
4.12.2.2	Provide a means for a System Administrator to create or maintain billing accounts including user login name, user name, telephone number, authorizations, etc.

<u>Reference</u>	<u>Description</u>
4.12.2.3	Provide a means for a System Administrator to configure the amount to be debited from the requestors account per collision report
4.12.2.4	Provide a means for a System Administrator to configure the time frame on which the records retention data automatically purges. Also to have the ability to manually kick off the retention data purge based upon input parameters. The purge can be initiated either automatically (scheduled ahead) or manually (execute now). The request can be for the actual purge to occur or a count of records affected.
4.12.2.5	Provide a means for a System Administrator to add, change, or remove (from viewing) items from the system's configuration tables without a coding change. Example: <ul style="list-style-type: none"> o Increase the amount to be charged per record from \$5.00 to \$8.50 o Add a new "type" to the "how are you involved in this collision question such as "employee"
4.12.2.6	Provide a means for the System Administrator to view details of system from imports / exports information (i.e. last date and time imported, record[s] count,)

4.13 Billable Account Maintenance

Maintain billable account information for User fees generated from web query transactions.

4.13.1 Typical Action/Response Sequences

Actor Actions

1. Select Billable Account maintenance from Menu
3. Enter account Information

System Responses

2. Display selected screen .
4. Perform selected function.

4.13.2 Functional Requirements

The product must:

<u>Reference</u>	<u>Description</u>
4.13.2.1	Allow Authorized WSP Collision Records personnel to add, update, delete and query agency account information.
4.13.2.2	Allow Authorized WSP Collision Records personnel to adjust an account balance. The product shall capture the reason for the adjustment (i.e. debits, credits, or refunds) and comments.
4.13.2.3	Allow Authorized WSP Collision Records personnel to flag the account for either Redaction or Non Redaction for all requests made by the Requestor

<u>Reference</u>	<u>Description</u>
4.13.2.4	Allow Authorized WSP Collision Records personnel to add a pre assigned account number to the account. (The account number will be assigned by the WSP Budget and Fiscal unit)
4.13.2.5	Allow Authorized WSP Collision Records to reset the password for the Billable Account System Admin
4.13.2.6	Allow an Authorized Billable Account System Admin to change passwords associated with their account
4.13.2.7	Allow an Authorized Billable Account System Admin to add, update, and delete users

5 Nonfunctional Requirements

5.1 Security Requirements

The product must provide internal security.

<u>Reference</u>	<u>Description</u>
5.1.1	The product must require user WSP employees' name/password to access the system.
5.1.2	The product must follow PCI standards for any password required (i.e. a system administrator account or anyone with access to financial info will need a password that expires after X amount of days
5.1.3	The password must be strengthened must comply with Industry standards.
5.1.4	The product must provide the means for assigning and updating security and access authority for individuals, entities, and applications accessing features and data.
5.1.5	The product must encrypt attachments that are sent via e-mail
5.1.6	The product must request a "delivery" receipt for each e-mail that is sent. This receipt must be stored with the record and on the same retention schedule. (See 6.1 for retention details)

5.2 Business Rules

The following operating principles shall be applied to the product.

<u>Reference</u>	<u>Description</u>
5.2.1	<p>Persons who are entitled to receive a full collision report without redaction:</p> <ul style="list-style-type: none"> o County Prosecuting Attorney o Chief of Police o County Sheriff o Director of the Department of Licensing o Chief of the Washington State Patrol o Commissioned Officers o Driver(s) involved in the collision o The legal guardian or, if a minor, the parent(s) of driver(s) involved in the collision o Persons injured in the collision o The legal guardian or, if a minor, the parent(s) of persons injured in the collision o Owner(s) of vehicle(s) involved in the collision, including both the legal and registered owner o Owner(s) of property damaged in the collision o Authorized representatives of any of the above interested parties with written permission o Persons with a "proper interest," such as: <ul style="list-style-type: none"> a. Federal, state and local agencies authorized by statute to obtain collision information for their official use. b. Traffic safety statistical research groups when a research agreement with the Washington State Patrol/Washington State Department of Transportation is in effect. o Third party representatives of any authorized party, including attorneys and insurance companies, with written authorization signed by the attorney or an authorized representative of the insurance company to act as their representative o Schools, public or private, having children committed to their custody.
5.2.2	<p>If the requestor is not entitled to view the full record of an Adult Driver, Pedalcyclist, Pedestrian, or Property Owner. The following information must be redacted on the PTCR image:</p> <ul style="list-style-type: none"> o Driver's License Number o Date of Birth
5.2.3	<p>If the requestor is not entitled to view the full record of a Passenger or Witness The following information must be redacted on the PTCR image:</p> <ul style="list-style-type: none"> o Date of Birth

- 5.2.4 If the requestor is not entitled to view the full record of a Juvenile (under 18 at time of collision) Driver, Pedalcyclist, Pedestrian, or Property Owner the following information must be redacted on the PTCR Image:
- o Driver License Number
 - o Date of Birth
 - o Convictions or Pending Prosecution information
- 5.2.5 If the requestor is not entitled to view the full record of a Juvenile (under 18 at time of collision) Passenger, or Witness the following information must be redacted on the PTCR Image:
- o Date of Birth
 - o Convictions or Pending Prosecution information
- 5.2.6 The database used to display collision records to the WEB Requestor must be the same database that Internal WSP Employees of Collision Records use to address Requestors who walk in and Phone in and Public Disclosure.
- 5.2.7 When a requester is flagged as “Authorized Representatives” and chooses to continue without written permission they will then be categorized as “Non Authorized”
- 5.2.8 This product must capture physical address when capturing Requestor information.
Mailing address is optional.
- 5.2.9 Allow Requestor to only choose one of the below to answer “How Were you Involved in This Collision”
- o Driver Involved
 - o Legal Guardian
 - o Parent of a Minor Driver
 - o Injured Passenger
 - o Other Person Injured in the Collision
 - o Owner of Vehicle Damaged
 - o Owner of Property Damaged
 - o Insurer of Party Involved
 - o Attorney of Driver or Injured Passenger
 - o Other Authorized Representative
 - o Government Agency
 - o OTHER
- 5.2.10 The product will allow WSP employee to search by any date range
- 5.2.11 The product must process bank card transactions using CyberSource.

5.3 Payment recording check and money order

Following operating principles shall be applied to the product.

- 5.3.1 Authorized WSP Collision Records personnel will have the ability to enter check number or money order number to a requestors information along with processing check or money order at that time of entry

6 Retention

6.1 Retention Overview

The following operating principles shall be applied to the product.

- 5.4.1.1 The document that was presented to the Requestor shall be captured and unaltered for a total of 7 years. [6 years plus 1 year]
- 5.4.1.2 The date/time for retention begins when the document is presented to the Requestor for viewing

6.2 Public Disclosure

- 5.4.2.1 The collision record, as it was presented to the Requestor, will be captured unaltered for a total of 6 years.
- 5.4.2.2 The original collision record will also be flagged for retention and remained unaltered for a total of 6 years.
- 5.4.2.3 Time begins when the last action is taken on the record.

6.3 Other

The following operating principles shall be applied to the product.

- 5.5.1 The product will be able to distinguish a Authorized WSP CRD employee from a Public user
- 5.5.2 The system administrator will have the ability to configure which fields are required on information being collected by requestor.
- 5.5.3 The product will allow an authorized user to update, add, change or delete content within fields without requiring code changes

Requirements Approval

March 8, 2010

This Requirement Document represents an agreement among the executive steering committee for the Washington Requests for Electronic Collision Reports business requirements. My signature indicates that I have reviewed the Project Business Requirements and concur with its contents.

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Planning and Project Office

March 16, 2010

7 APPENDIX A: Data Dictionary

7.1 Bank Card Transaction File

<u>Bank Card Transaction Record</u>				
<u>Field Name</u>	<u>Type</u>	<u>Size</u>	<u>Edit Rules or Range of Values</u>	<u>Occurrences</u>
Transaction Number				Single
Transaction Timestamp	Date/Time			Single
Requestor Name				Single
Bank Card Type				
Bank Card Month/Year				
Collision Report Number(s)				Multiple
Amount				
Authorization Code				
Shopper ID				
Order ID				
AVS Result				
Response Code				

7.2 Automated Clearing House (ACH) Transaction File

<u>ACH Transaction Record</u>				
<u>Field Name</u>	<u>Type</u>	<u>Size</u>	<u>Edit Rules or Range of Values</u>	<u>Occurrences</u>
Transaction Number				Single

7.3 Billable Account Transaction File

<u>Billable Account Transaction Record</u>				
<u>Field Name</u>	<u>Type</u>	<u>Size</u>	<u>Edit Rules or Range of Values</u>	<u>Occurrences</u>
Transaction Number				Single

7.4 Billable Account User File

<u>Billable Account User Record</u>				
<u>Field Name</u>	<u>Type</u>	<u>Size</u>	<u>Edit Rules or Range of Values</u>	<u>Occurrences</u>
Account Number				Single

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7.5 OFM Accounts Receivable Export File

The WRECR application must build a transaction file which contains data to be exported into the Accounts Receivable (AR) application. The file is encoded according to ASCII standards and delimited by carriage-return/linefeeds at the record level, and by comma at the field level.

There are three kinds of records contained in each transaction file:

- Batch—each transaction file contains one and only one batch record.
- Document—a batch record contains one or multiple document records.
- Transaction—a document record contains one or multiple transaction records.

The Batch record must always be first in the file. The Batch record must be followed by at least one Document record. A Document must be followed by at least one Transaction record. A Transaction record must be followed by either another Transaction record or a Document record. The Transaction records should pertain to the Document record they follow, as the Account Receivable application assigns the Document's reference number to its Transactions.

7.5.1 Batch Record

The following table gives the details of Batch records:

Order	Field	Required/Optional/Default	Size or Literal Text	Description
0	Record Type	Required	BATCH	
1	Batch Number	Default		Always empty (no spaces)
2	Biennium	Optional	4 bytes, Number, Valid Year date	Set to empty (no spaces)
3	Fiscal Month	Optional	2 bytes, Number, Valid Fiscal Month	Set to empty (no spaces)
4	Batch Category Code	Required	"D" for Normal Debit	Set to empty (no spaces)
5	AR Type	Required	2 bytes	Set to "ID".
6	Control Total	Required	Max 13 bytes including decimal and two digits right of the decimal	Amount equal to the dollar total of all documents in the batch. Minimum - 0.01 Maximum - 999999999.99
7	AFRS Batch Handling	Required/Default	1 byte	Defaults to "N" = No Action
8	S.O. Address	Optional	2 bytes	Set to empty (no spaces)

7.5.2 Document Record

The following table gives the details of Document records:

Order	Field	Required/Optional/Default	Size or Literal Text	Description
0	Record Type	Required	DOCUMENT	
1	Document Type	Required	2 bytes	“IN” for Invoice (case sensitive)
2	Document Reference Number	Required	Max 10 bytes Alpha Numeric	InvoiceNumber from the AccountRequestorBatchGroup table.
3	Customer ID	Required	Max 10 bytes Alpha-Numeric	Valid customer id. This is the AccountReceivableID field from the AccountRequestor table.
4	Terms	Optional/Default	2 bytes	Set to empty (no spaces)
5	Document Description	Required	Max 30 bytes Alphanumeric	Set with quotes. Value is: Full name of the month Space 4 digit calendar year Literal = “BackgroundChecks” Example: “December 2006 BackgroundChecks”
6	Document Date	Optional	MM/DD/YY (MM/DD/YYYY)	Set to empty (no spaces)
7	Due Date	Optional	MM/DD/YY (MM/DD/YYYY)	Set to empty (no spaces)
8	Orig Document Amount	Required	Max 13 bytes including decimal and two digits left of the decimal	Amount equal to the dollar total of all transactions in the document. Minimum 0.01; maximum 999999999.99.
9	Customer Name	Optional	Max 30 bytes	Set to empty (no spaces)
10	Customer Addr1	Optional	Max 30 bytes	Set to empty (no spaces)
11	Customer City	Optional	Max 30 bytes	Set to empty (no spaces)
12	Customer State	Optional	Max 2 bytes	Set to empty (no spaces)
13	Customer Zip	Optional	Max 9 bytes	Set to empty (no spaces)
14	Additional Cust Attn	Optional	Max 30 bytes	Set to empty (no spaces)
15	Additional Cust Name	Optional	Max 30 bytes	Set to empty (no spaces)
16	Additional Cust Addr 1	Optional	Max 30 bytes	Set to empty (no spaces)

<u>Order</u>	<u>Field</u>	<u>Required/Optional/Default</u>	<u>Size or Literal Text</u>	<u>Description</u>
17	Additional Cust Addr 2	Optional	Max 30 bytes	Set to empty (no spaces)
18	Additional Cust City	Optional	Max 30 bytes	Set to empty (no spaces)
19	Additional Cust State	Optional	Max 2 bytes	Set to empty (no spaces)
20	Additional Cust Zip	Optional	Max 9 bytes	Set to empty (no spaces)

7.5.3 Transaction Record

The following table gives the details of Transaction records

<u>Order</u>	<u>Field</u>	<u>Required/Optional/Default</u>	<u>Size or Literal Text</u>	<u>Description</u>
0	Record Type	Required	TRANSACTION	
1	Quantity	Optional	Numeric/Float	Set to empty (no spaces)
2	Unit Price	Optional	Numeric/Float	Set to empty (no spaces)
3	Amount	Required	Numeric/Float	Amount of the transaction. Minimum 0.01; maximum 99999999.99.
4	Transaction Print Amount	Optional	Numeric/Float	Set to the value of Amount (item 3)
5	ARTranCode	Required	3 bytes	Use the AccountBudgetType from the AccountRequestor record, the FeeCode from the DecisionActionDetail table, and the BudgetFundCode Number from the CTBudgetFund table to retrieve the matching ARTranCode from the BudgetFundDistribution table and set the value in the Transaction record.
6	ARAcct Desc	Required	Max 30 bytes (exclusive of quotes, if provided)	Must be set with quotes as it may contain embedded commas. Set to the BudgetFundCode field from the CTBudgetFund code table.
7	Service Date	Optional/Default	MM/DD/YY (MM/DD/YYYY)	Set to empty (no spaces)

<u>Order</u>	<u>Field</u>	<u>Required/Optional/Default</u>	<u>Size or Literal Text</u>	<u>Description</u>
8	Fund	Required	3 bytes	Set to the Fund field from the CTBudgetFund code table.
9	Appropriation Index	Optional	3 bytes	Set to the APPNIndex from the CTBudgetFund code table. If APPNIndex value is Null, then set to a space with quotes.
10	Program Index	Optional	5 bytes	Set to the PROGIndex from the CTBudgetFund code table. If PROGIndex value is Null, then set to a space with quotes
11	Org Index	Optional	4 bytes	Set to empty (no spaces)
12	Project Number	Optional	4 bytes	Set to the Project from the CTBudgetFund table.
13	Subproject	Optional	2 bytes	Set to empty (no spaces)
14	Project Phase	Optional	2 bytes	Set to empty (no spaces)
15	Subobject	Optional	2 bytes	Set to the SubObject from the CTBudgetFund table If SubObject value is Null, then set to a space with quotes
16	Subsubobject	Optional	4 bytes	Set to the SubSubObject from the CTBudgetFund table
17	Major Group	Optional	2 bytes	The MajorGroup from the CTBudgetFund table If MajorGroup value is Null, then set to a space with quotes
18	Major Source	Optional	2 bytes	Set to the MajorSource from the CTBudgetFund table If MajorSource value is Null, then set to a space with quotes
19	Subsource	Optional	6 bytes	Set to the SubSource from the CTBudgetFund table If SubSource value is Null, then set to a space with quotes
20	Alloc Code	Optional	4 bytes	Set to empty (no spaces)
21	Budget Unit	Optional	3 bytes	Set to empty (no spaces)

<u>Order</u>	<u>Field</u>	<u>Required/Optional/Default</u>	<u>Size or Literal Text</u>	<u>Description</u>
22	MOS	Optional	4 bytes	Set to empty (no spaces)
23	Vendor Number	Optional	10 bytes	Set to empty (no spaces)
24	Vendor Suffix	Optional	2 bytes	Set to empty (no spaces)
25	County	Optional	3 bytes	Set to empty (no spaces)
26	City	Optional	4 bytes	Set to empty (no spaces)
27	Master Index	Optional	8 bytes	Set to empty (no spaces)
28	Workclass	Optional	3 bytes	Set to empty (no spaces)
29	GL Account	Optional	4 bytes	Set to the GLAccount from the CTBudgetFund table. If GLAccount value is Null, then set to a space with quotes
30	GL Subaccount	Optional	6 bytes	Set to empty (no spaces)

7.5.4 Sample File

The following is an example of a possible transaction file:

Batch,,,,, "ID", 352116.00,,

Document, "IN", "I06010465", "INT040", , "September
2009CollisionReports",,,1170.00,,,,,,,,,,,,,

Transaction, , ,1170.00,1170.00, "012", "225-04-20-FPID", , "225", "
", "00240",,,,,, " ", "04", "20", "00FPID",,,,,,,,,, " ",

7.5.4.1 Notes on Sample File

1. The Batch Number in the above sample file is empty. It is essential that this always be true. If a Batch Number is added it could result in an error.
2. It is highly recommended that the Biennium and Fiscal Month be blank, as they are in the above sample file. In this case the system assigns the current values to them. They can be assigned values but if the values are closed or in the future the entire batch is rejected.
3. Trailing commas must be included for all fields not being given a value. Many of these are "unused" fields which represent a feature in the Credit Screen that has not been implemented. Do not put any spaces in fields that are being left empty.
4. All non-numeric fields must be enclosed in double quotes ("").

7.6 WSDOT Image and Index Extract Import File

The WRECR application must build a way to import both a daily index file as well as Image file which contains data to from WSDOT application.

The file is delivered daily to WSP in the zip format with the following structure:

7.6.1 WSDOT Daily Index Zip File Structure

- A folder for each collision record named “imgXXXX” (where XXXX is a unique identifier specific in the Index.xml file below)
 - Each folder will contain one or more image files in the “tiff” image format (one for each page contained within the collision report).
 - A “Collision_Index.xml” file with information about the collisions and the vehicle occupants as specified below.
 - An “Index.xml” file with information the collision images contained in this file and a collision report number that can be used to reference the Collision Report data contained in the Collision_Index.xml file.
- The index files and image files may be one or two directory levels down in the zip files (e.g. it should not be assumed the above files will be at the root directory level within the zip archive).
- It is possible an index file will contain no records.
- Index files can also be large and contain thousands of records.

7.6.2 Collision_Index.xml File Structure

```
<?xml version="1.0" standalone="yes" ?>
<Collision_Index>
  <xs:schema id="Collision_Index" xmlns="" xmlns:xs="http://www.w3.org/2001/XMLSchema"
  xmlns:msdata="urn:schemas-microsoft-cam:xml-msdata">
    <xs:element name="Collision_Index" msdata:IsDataSet="true"
  msdata:UseCurrentLocale="true">
      <xs:complexType>
        <xs:choice minOccurs="0" maxOccurs="unbounded">
          <xs:element name="collision">
            <xs:complexType>
              <xs:sequence>
                <xs:element name="ColliRptNum" type="xs:string" minOccurs="0" />
                <xs:element name="CollisionDate" type="xs:dateTime" minOccurs="0" />
                <xs:element name="City_Num" type="xs:string" minOccurs="0" />
                <xs:element name="County_Num" type="xs:string" minOccurs="0" />
              </xs:sequence>
            </xs:complexType>
          </xs:element>
          <xs:element name="Occupants">
            <xs:complexType>
              <xs:sequence>
                <xs:element name="ColliRptNum" type="xs:string" minOccurs="0" />
                <xs:element name="UnitNumNum" type="xs:short" minOccurs="0" />
                <xs:element name="FirstName" type="xs:string" minOccurs="0" />
                <xs:element name="MidNit" type="xs:string" minOccurs="0" />
                <xs:element name="LastName" type="xs:string" minOccurs="0" />
                <xs:element name="BirthDate" type="xs:dateTime" minOccurs="0" />
                <xs:element name="Type" type="xs:string" minOccurs="0" />
              </xs:sequence>
            </xs:complexType>
          </xs:element>
        </xs:choice>
      </xs:complexType>
    </xs:element>
  </xs:schema>

```

```

        </xs:element>
      </xs:choice>
    </xs:complexType>
  </xs:element>
  <xs:annotation>
    <xs:appinfo>
      <msdata: Relationship name="CollisionOccupants" msdata:parent="Collision"
msdata: child="Occupants" msdata:parentkey="ColliRptNum" msdata:childkey="ColliRptNum"/>
    </xs:appinfo>
  </xs:annotation>
</xs:schema>
<Collision>
  <ColliRptNum>1234567</ColliRptNum>
  <CollisionDate>2010-01-01T00:00:00-08:00</CollisionDate>
  <City_Num>1234</City_Num>
  <County_Num>12</County_Num>
</Collision>
<Collision>
  <ColliRptNum>1234568</ColliRptNum>
  <CollisionDate>2010-01-01T00:00:00-09:00</CollisionDate>
  <City_Num>1234</City_Num>
  <County_Num>12</County_Num>
</Collision>
<Occupants>
  <ColliRptNum>2426413</ColliRptNum>
  <UnitNumNum>1</UnitNumNum>
  <Type>Driver</Type>
</Occupants>
<Occupants>
  <ColliRptNum>1234567</ColliRptNum>
  <UnitNumNum> 2</UnitNumNum>
  <FirstName>JOHN</FirstName>
  <MidInit>A</MidInit>
  <LastName>DOE</LastName>
  <BirthDate>1989-12-11T00:00:00-08:00</BirthDate>
  <Type>Driver</Type>
</Occupants>
<Occupants>
  <ColliRptNum>1234568</ColliRptNum>
  <UnitNumNum>1</UnitNumNum>
  <FirstName>JANE </FirstName>
  <LastName>DOE </LastName>
  <BirthDate>1980-03-23T00:00:00-07:00</BirthDate>
  <Type>Driver</Type>
</Occupants>
<Occupants>
  <ColliRptNum>1234568</ColliRptNum>
  <UnitNumNum> 2 </UnitNumNum>
  <FirstName>GEORDE </FirstName>
  <MidInit>R</MidInit>
  <LastName>DOE </LastName>
  <BirthDate>1952-10-24T00:00:00-07:00</BirthDate>
  <Type>Driver</Type>
</Occupants>
</Collision_Index>

```

7.6.3 Index.xml File Structure

```

< ?xml version="1.0" standalone="yes" ?>
<ImageIndexes>
  <XS:schema id="ImageIndexes" xmlns="" xmlns:xs="http://www.w3.org/2001/XMLSchema" xmlns:msdata="urn:schemas-microsoft-com:xml-msdata">
    <xs:element name="ImageIndexes" msdata:IsDataSet="true" msdata:UseCurrentLocale="true" >

```

```

<xs:complexType>
  <xs:choice minOccurs="0" maxOccurs="unbounded">
    <xs:element name="Index">
      <xs:complexType>
        <xs:sequence>
          <xs:element name="CollisionDate" type="xs:dateTime" minOccurs="0" />
          <xs:element name="ColliRptNum" type="xs:string" minOccurs="0" />
          <xs:element name="DocType" type="xs:string" minOccurs="0" />
          <xs:element name="FileDate" type="xs:dateTime" minOccurs="0" />
          <xs:element name="RelativePath" type="xs:string" minOccurs="0" />
          <xs:element name="FileName" type="xs:string" minOccurs="0" />
          <xs:element name="PhysicalPath" type="xs:string" minOccurs="0" />
          <xs:element name="PageNumber" type="xs:string" minOccurs="0" />
        </xs:sequence>
      </xs:complexType>
    </xs:element>
  </xs:choice>
</xs:complexType>
</xs:element>
</xs:schema>
<Index>
  <CollisionDate>2010-01-01T00:00:00-08:00</CollisionDate>
  <ColliRptNum>1234567</ColliRptNum>
  <DocType>Officer</DocType>
  <FileDate>2010-01-01T00:00:00-08:00</FileDate>
  <RelativePath>DOL\imgA541</RelativePath>
  <FileName>imgA542.tif</FileName>
<PhysicalPath>E:\Applications\CLASBatch\DOLImageExport\20091218\DOL\imgA541\imgA542.tif</PhysicalPath>
  <PageNumber>1</PageNumber>
</Index>
<Index>
  <CollisionDate>2010-01-01T00:00:00-08:00</CollisionDate>
  <ColliRptNum>1234567</ColliRptNum>
  <DocType>Officer</DocType>
  <FileDate>2010-01-01T00:00:00-08:00</FileDate>
  <RelativePath>DOL\imgA541</RelativePath>
  <FileName>imgA544.tif</FileName>
<PhysicalPath>E:\Applications\CLASBatch\DOLImageExport\20091218\DOL\imgA541\imgA544.tif</PhysicalPath>
  <PageNumber>2</PageNumber>
</Index>
<Index>
  <!-- Each additional image is captured in a separate Index record -->
</Index>
</ImageIndexes>

```

7.6.4 Draft Design of how process will work

8 APPENDIX B: Sample Reports and Responses

This appendix contains typical examples of reports that are output of something-yet-to-be named (formerly PIDS). The actual detail, format, field sources are to be determined during the technical design specification definition process.

B1: No Record Found Letter (Sample)

WASHINGTON STATE PATROL
COLLISION RECORD SECTION
NO RECORD FOUND

Based on the information provided in your request, we have been unable to locate a collision report. Please reevaluate the information and only resubmit your original request if there is a correction or additional information that will help in the search of your original request. If you resubmit your request within 30 days of the no record response, it is not necessary to pay another \$5.00 fee. If you have any questions, please contact the Washington State Patrol Collision Records Section at (360) 570-2355 and refer to the seven digit number on the upper right hand corner of the request form.

Thank you!

B2: Process Public Disclosure and Collision Record Requests Letter (Sample)**TWO DIFFERENT OFFICES: PROCESS PUBLIC DISCLOSURE REQUESTS AND COLLISION RECORDS REQUESTS.**

YOUR REQUEST FOR PUBLIC DISCLOSURE HAS BEEN FORWARDED TO THE WASHINGTON STATE PATROL PUBLIC RECORDS OFFICER AT PO BOX 42631 OLYMPIA WA 98504-2611. A FORM HAS BEEN ATTACHED FOR FUTURE REQUESTS OF ANY INFORMATION OTHER THAN THE COLLISION REPORT.

REQUESTS FOR COLLISION RECORDS SHOULD BE SUBMITTED TO THE WASHINGTON STATE PATROL COLLISION RECORDS REQUEST SECTION
PO BOX 47382 OLYMPIA WA 98504-7382

THANK YOU

Information Technology Division
Planning and Project Office

March 16, 2010

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SRS version 2.1

B3: Still No Record Found Letter (Sample)



STILL NO RECORD FOUND

Based on the information provided in your second request, we are still unable to locate a collision report. You may want to contact the original investigating agency to verify that a report was written.

Only resubmit if you can obtain new information. If you have any questions, please contact the WSP Collision Record Unit at (360) 570-2355 and reference the control number on the upper right hand corner of the request form.

Thank you!

B4: Cash Receipt Journal Summary for DISC

**DISC (Discover Card)
Washington Stats Patrol
Cash Receipt Journal Summary**

Document Date: 2/8/2010

Document # 1360 B
225WT

Agency No.
2250

<u>BUDGET CODES</u>	<u>DESCRIPTION</u>	<u>FUND</u>	<u>APPN INDEX</u>	<u>PROG INDEX</u>	<u>SUB OBJECT</u>	<u>MAJOR GROUP</u>	<u>MAJOR SOURCE</u>	<u>SUB SOURCE</u>	<u>GL ACCOUNT</u>	<u>TOTAL</u>
FPID	225-08-20-FPID	225		240		04	20	00FPID		\$50.00
FPI	225-GL-5151	225				—			5151	\$ 0.00
										<u>\$50.00</u>

DISC Total Deposit \$50.00

Repaired By: /s/ Bob McGregor

Date: 2/8/2010

Phone: 534-2128

B5: Cash Receipt Journal Summary for AMEX

AMEX {American Express
Washington State Patrol
Cash Receipt Journal Summary

<u>Document Date:</u>		<u>Document #</u>		1350 B				<u>Agency No.</u>		
		225WT						2250		
<u>BUDGET CODES</u>	<u>DESCRIPTION</u>	<u>FUND</u>	<u>APPN INDEX</u>	<u>PROG INDEX</u>	<u>SUB OBJECT</u>	<u>MAJOR GROUP</u>	<u>MAJOR SOURCE</u>	<u>SUB SOURCE</u>	<u>GL ACCOUNT</u>	<u>TOTAL</u>
FPID	225-08-20-FPID	225		240		04	20	20FPID		\$300.00
FBI	225-GL-5151	225	—			—			5151	\$ 0.00
										\$300.00

AMEX Total Deposit: \$300.00

Prepared by: /s/ Bob McGregor Date: 2/8/2010 Phone: 534-2126
 Approved by: _____ Date: _____

Information Technology Division
Planning and Project Office

March 16, 2010

B6: Detail Report / Debits / Credits

Capture Detail Report
 V8914278
 728 WSP IDENTIFICATION
 February 25, 2010

Grand Total: 3239.00

Successful debits/Credits
 American Express - Debit
 Total: 300.00

Order Number	Date	Trans Ref No	CC Last 4	Amount	Customer Dept	Customer ID	Comments	Source User
368321	2/1/2010			15.00				msg215
369414	2/16/2010			19.00				msg215
369439	2/16/2010			20.00				msg215
369441	2/16/2010			19.00				msg215
369474	2/16/2010			15.00				msg215
368382	2/17/2010			34.00				msg215
369478	2/16/2010			16.00				msg215
369482	2/16/2010			16.00				msg215
369436	2/16/2010			20.00				msg215
369435	2/16/2010			35.00				msg215
369511	2/16/2010			18.00				msg215
369419	2/16/2010			16.00				msg215
368319	2/11/2010			16.00				msg215
369423	2/16/2010			16.00				msg215

Reschedule Printout

9 APPENDIX C: Reference Material

**C1: Request for Copy of Collision Report
Request for Copy of Collision Report**



Tracking Number



Instructions

Instructions

1. Complete a separate request form for each collision report requested. For best results, print neatly and provide accurate information.
2. A \$5.00 check or money order made payable to the Washington State Patrol must accompany each request. Do not send cash. This fee is to pay the cost of searching for the report and is not refundable, regardless of whether or not the copy of the report can be provided.
3. Include a self-addressed envelope for **each report** requested. Mail to: **Washington State Patrol, Collision Records Section, PO Box 47382, Olympia WA 98504-7382 - Phone (360) 570-2355.**

Type of Report Requested (Check one box)

- Police Traffic Collision Report (Officer's Report) Motor Vehicle Collision Report (Non-Police Response)

Washington State Law provides for the release of collision reports only to certain persons (RCW 46.52.080 and 083). Parties not entitled to the complete report will be given information as permitted by RCW 11.02.005, 11.88.010, 13.40.020, 13.50.050, 13.50.100, 42.56, 43.52.070, 46.12.380, 46.52.030, 46.52.080, 46.52.083, 46.52.085, and 46.52.130.

Collision Information (If necessary, use a separate page for additional information.)

Collision Report No. (optional)		Date of Collision	County Where Collision Occurred	
Fatality <input type="checkbox"/> Yes <input type="checkbox"/> No		City Where Collision Occurred		Name of Roadway Where Collision Occurred
Name of Driver or Involved Party Last Name		First Name	MI	WA State Driver's Lic. No.
Name of Second Driver or Involved Party Last Name		First Name	MI	WA State Driver's Lic. No.

Requestor Information

Print Name or Firm's Name		E-Mail Address		Date
Street or PO Box			Phone No.	FAX No.
City/Town	State	ZIP Code	File, Policy, or Claim No.	
<p>How Were You Involved in This Collision?(Check One Box)</p> <p><input type="checkbox"/> Driver Involved <input type="checkbox"/> Owner of Vehicle Damaged</p> <p><input type="checkbox"/> Parent of a Minor Driver (Under the age of 18) <input type="checkbox"/> Owner of Property Damaged</p> <p><input type="checkbox"/> Injured Passenger <input type="checkbox"/> Insurer of Party Involved*</p> <p><input type="checkbox"/> Parent of Injured Minor Passenger <input type="checkbox"/> Attorney of Driver or Injured Passenger*</p> <p><input type="checkbox"/> Other Person Injured in Collision <input type="checkbox"/> Other Authorized Representative (Authorization Letter Required)</p> <p>(Specify how you were involved) *Client's Name _____</p>				

C2: Acorde Redaction Tool for Public Disclosure Business Requirements—DOT/ WSP “DRAFT”ACORDE REDACTION TOOL FOR PUBLIC DISCLOSURE
BUSINESS REQUIREMENTS—DOT/WSP “DRAFT”
MAY 31, 2007**Background:**

The WSP Public Disclosure Unit is required to provide copies of collision reports to the public. Current Public Disclosure laws require certain information to be redacted from the report if the person requesting the report is not entitled by law to receive it. For example, if a person requesting the report was not involved in the collision or a legal representative or guardian of a person involved in a collision, then certain personal information depending on the involved person’s age must be redacted.

Currently this process is done on a report by report basis one field at a time. Even though this process may be appropriate for a single request, it becomes too time consuming and non-productive if a batch of reports is requested.

Starting in 2006 the WSP Public Disclosure office started receiving requests from two law firms. These requests were for all collisions that occurred in a county during a certain timeframe. As a result, Collision Records has to print literally hundreds of reports at a time and has to redact restricted information one field at a time. These types of requests proved to be very time consuming and tapped resources that already had a full workload.

To help address this issue, the business requirements stated below will allow WSP Collision Records staff to utilize the Acorde system to redact certain fields automatically based on the involved person’s age and unit type.

Business Requirements:

A user (staff person) will request a batch of collision reports or a single collision report based on the requirements entered by the user for a batch search (for example: county and date) or single report search. This search will result in all collision reports that are available as soon as they are indexed. There must be a way to electronically document the index of reports that were available on that date for the search criteria entered. When a user brings up the batch in the Acorde viewer, the system must choose a series of options. When one of these options is chosen, the data fields associated with that option must be redacted. The batch to which the system has applied the options will then present each report page for viewing in a Viewer. Another Viewer will present the originally requested matching page that has not been redacted. The user will then have the option of removing or adding redactions using the Acorde tool in any field or area (including narrative and diagram) to the report pages presented in the Viewer to which the system has applied the options. Below is a list of these options, based on current law and practice, with a description of what fields need to be redacted:

- Option 1—Adult Driver or Pedalcyclist Unit 1: If this option is chosen then the following fields must be redacted on the unit one portion on the Part A of the PTCR image: (See Attachment)
 - Driver’s License Number
 - Date of Birth
- Option 2—Adult Driver, Pedalcyclist, Pedestrian, or Property Owner Unit 2: If this option is chosen then the following fields must be redacted on the unit two portion on the Part A of the PTCR image: (See Attachment)
 - Driver’s License Number
 - Date of Birth
- Option 3—Adult Driver, Pedalcyclist, Pedestrian, or Property Owner Unit 3: If this option is chosen then the following fields must be redacted on the top unit portion on the Supplemental page of the PTCR image: (See Attachment)
 - Driver’s License Number
 - Date of Birth

- Option 4—Adult Driver, Pedalcyclist, Pedestrian, or Property Owner Unit 4: If this option is chosen then following fields must be redacted on the bottom unit portion on the Supplemental page of the PTCR image. (See Attachment)
 - Driver's License Number
 - Date of Birth

(Options 3 and 4 would apply to any Adult in the Unit Driver, Pedalcyclist, Pedestrian, or Property Owner position on any additional Supplemental pages.)

- Option 5—Adult Passenger/Witness 1: If this option is chosen then the following fields must be redacted on the top portion on the Part B of the PTCR image: (See Attachment)
 - Date of Birth
- Option 6—Adult Passenger/Witness 2: If this option is chosen then the following fields must be redacted on the top portion on the Part B of the PTCR image: (See Attachment)
 - Date of Birth
- Option 7—Adult Passenger/Witness 3: If this option is chosen then the following fields must be redacted on the top portion on the Part B of the PTCR image: (See Attachment)
 - Date of Birth

(Options 5, 6, and 7 would apply to any additional Adult Passenger/Witness on any additional Part B pages.)

- Option 8—Juvenile Driver (under 18 at time of collision) or Pedalcyclist Unit 1: If this option is chosen then the following fields must be redacted on the unit one portion of the Part A of the PTCR Image: (See Attachment)
 - Phone Number
 - Last Name
 - First Name
 - Middle Initial
 - Address
 - City
 - State
 - Zip
 - Driver License Number
 - Date of Birth
- Option 9—Juvenile (under 18 at time of collision) Driver, Pedalcyclist, Pedestrian, or Property Owner Unit 2: If this option is chosen then the following fields must be redacted on the unit two portion of the Part A of the PTCR Image: (See Attachment)
 - Phone Number
 - Last Name
 - First Name
 - Middle Initial
 - Address
 - City
 - State
 - Zip
 - Drivers License Number
 - Date of Birth
- Option 10—Juvenile (under 18 at time of collision) Driver, Pedalcyclist, Pedestrian, or Property Owner Unit 3: If this option is chosen then the following fields must be redacted on the top unit portion of the Supplemental page of the PTCR Image: (See Attachment)

- Phone Number
- Last Name
- First Name
- Middle Initial
- Address
- City
- State
- Zip
- Drivers License Number
- Date of Birth
- Option 11 — Juvenile (under 18 at time of collision) Driver, Pedalcyclist, Pedestrian, or Property Owner Unit 4: If this option is chosen then the following fields must be redacted on the bottom unit portion of the Supplemental of the PTCR Image: (See Attachment)
 - Phone Number
 - Last Name
 - First Name
 - Middle Initial
 - Address
 - City
 - State
 - Zip
 - Drivers License Number
 - Date of Birth

(Options 10 and 11 would apply to any additional Juvenile Driver in the Unit position on any additional Supplemental pages.)

- Option 12—Juvenile (under 18 at time of collision) Passenger/Witness 1: If this option is chosen then the following fields must be redacted on the top portion on the Part B of the PTCR image: (See Attachment)
 - Last Name, First Name, Middle Initial
 - Address
 - Date of Birth
- Option 13—Juvenile (under 18 at time of collision) Passenger/Witness 2: If this option is chosen then the following fields must be redacted on the top portion on the Part B of the PTCR image: (See Attachment)
 - Last Name, First Name, Middle Initial
 - Address
 - Date of Birth
- Option 14—Juvenile (under 18 at time of collision) Passenger/Witness 3: If this option is chosen then the following fields must be redacted on the top portion on the Part B of the PTCR image: (See Attachment)
 - Last Name, First Name, Middle Initial
 - Address
 - Date of Birth

(Options 5, 6, and 7 would apply to any additional Juvenile Passenger/Witness on any additional Part B pages.

These automated redactions should apply to all three forms of the Police Traffic Collision Report (manual redactions should apply to any page of the report).

After review, editing, and acceptance by Collision Records staff of each page of the automatically redacted collision reports, these documents and/or batches will be electronically stored to be accessed by staff to present to requesters to view electronically. The requester will view each report to determine which reports he/she wants to order. The name of the viewer and the date of viewing of the report will be automatically and electronically documented to create a record that will remain with the report for six years or until the report is destroyed, whichever is longer (viewed reports must be retained for a period of six years). He/she will check a box to order the report which will then generate and print a Request for Copy of a Collision Report. The requester's information and the collision report's index will automatically populate the form used to Request a Copy of a Police Traffic Collision Report. Copies of the collision forms and request forms will be printed by the requester on a printer located nearby but outside the area where the documents are being viewed.

Redacted versions of the collision reports will be electronically stored by selected batch (in the way we store folders of paper reports currently viewed under public disclosure) and accessible by report number.

C3: Automated Clearing House File Format SpecificationsACH File Format Specifications**9.1.1 Format Requirements**

Your ACH file must be delivered to the Office of the State Treasurer properly formatted for transmission to State's concentration bank. The following technical specifications conform to state's concentration bank processing requirements as well as NACHA record format specifications. The NACHA record format is a national standard developed to provide uniform processing requirements for all participants and is accepted by all ACH member financial institutions.

9.1.2 Data Specifications

NACHA format designates each field as either numeric or alphanumeric and the specifications within each of these designations.

NACHA rules allow for the use of special characters within your file. However, the practice is discouraged due to translation issues within the banking community.

Numeric Fields

1. May only contain numbers 0-9 and hyphens
2. Right justify all numeric fields
3. Fill all unused spaces with zeros
4. Leave all numeric fields unsigned

Alphanumeric Fields

1. May contain all permitted characters
2. Left justify all alphanumeric fields
3. Fill all unused spaces with blanks
4. Use only upper case letters

Field Inclusion Requirements (FIR)

The decision to populate a specific field should be based on NACHA's field inclusion requirements. NACHA has classified each field as Mandatory (M), Required (R) or Optional (O).

Mandatory: A Mandatory field is necessary to ensure the proper routing and/or posting of an ACH entry. If a Mandatory field is not included in an ACH entry, that entry, batch, or file will be rejected and returned to the ODFI by the ACH Operator.

Required: The omission of a required field will not cause an entry to reject at the ACH Operator, but may cause the entry to reject at the RDFI. Fields classified as required should be included to avoid processing problems at the RDFI.

Optional: NACHA considers the inclusion or omission of an optional data field at your discretion. Be advised that State's concentration bank's processing system may require Optional fields to be populated.

9.1.3 Record Types

NACHA has designated six record types within an ACH file. Each record type contains specific information for the processing and routing of the file. Records are 94 characters in length. All record types are required with the exception of Addenda Records.

File Header Record

The File Header Record identifies the Originator and the ODFI. Physical file characteristics, such as file id and file creation date and time, which can be used to identify the file uniquely, are also contained in this record. The File Header Record always carries a record type of one and is often referred to as the 'one record'.

Company/Batch Header Record

The Company/Batch Header Record identifies the Originator and briefly describes the purpose of the entry (i.e. 'PAYROLL' or 'TAXES'). It contains the transit routing number of the ODFI for settlement and routing of returns. Additionally, it contains the effective entry date of all entries in the batch. Information contained in the Company/Batch Header Record applies uniformly to all Entry Detail Records in the batch. Some fields from the Company/Batch Header Record may be transcribed to the Receiver's account statement. The Company/Batch Header Record always carries a record type of five and is often referred to as the 'five record'.

Entry Detail Record

The Entry Detail Record contains information required to post an entry to a Receiver's account. This includes transit routing number of the RDFI, Receiver's account number, transaction code indicating type of entry, and dollar amount. Additionally, the Originator may include information that uniquely identifies the Receiver in their accounting system. The Entry Detail Record always carries a record type of six and is often referred to as the 'six record'.

Addenda Record

The Addenda Record supplies additional information to the Receiver concerning the preceding Entry Detail Record. Inclusion of an Addenda Record is optional. The Addenda Record always carries a record type of seven and is often referred to as the 'seven record'.

Company/Batch Control Record

The Company/Batch Control Record contains the counts, hash totals and dollar totals for the preceding detail entries within the indicated batch. The Company/Batch Control Record always carries a record type of eight and is often referred to as the 'eight record'.

File Control Record

The File Control Record contains dollar, entry and hash total accumulations for the Company/Batch Control Records in the file. The File Control Record always carries a record type of nine and is often referred to as the 'nine record'.

9.1.4 Transaction Codes

Transaction Codes are two digit designators used to identify the transaction type of an Entry Detail Record. Transaction types include checking, savings, general ledger (GL) or loan payment transactions. Within transaction types, the transaction codes indicate if an entry is a credit, debit, prenote or return entry.

Valid Transaction Codes

<u>Checking</u>	<u>Savings</u>	<u>General Ledger (GL)</u>	<u>Loan</u>
21 Credit Return/NOC	31 Credit Return/NOC	41 Credit Return/NOC	51 Credit Return/NOC
22 Checking Credit	32 Savings Credit	42 GL Credit	52 Loan Payment
23 Credit Prenote	33 Credit Prenote	43 Credit Prenote	53 Credit Prenote
26 Debit Return/NOC	36 Debit Return\NOC	46 Debit Return\NOC	55 Loan Reversal
27 Checking Debit	37 Savings Debit	47 GL Debit	56 Loan Return\ NOC
28 Debit Prenote	38 Debit Prenote	48 Debit Prenote	

NOC — Notice of Change

9.1.5 Service Class Codes

The service class code identifies the general classification of dollar entries to be exchanged.

- 200 Mixed credit and debit entries
- 220 Credit entries only
- 225 Debit entries only

9.1.6 Standard Entry Class Code

The Standard Entry Class Code is a three-character mnemonic, which permits various kinds of entries to be distinguished. It is also commonly referred to as the 'SEC code'. The two most commonly used SEC codes are listed below. Agencies should consult with the Treasurer's Office on which SEC code best fits their ACH application.

CCD

Cash Concentration or Disbursement. This code identifies debits and credits initiated by an agency to a business, corporation or other government entity. A CCD entry may be accompanied by one Addenda Record and is then referred to as a CCD+ entry.

PPD

Prearranged Payments and Deposits. This code identifies credit and debit entries initiated by an agency to a consumer. It is used for applications such as payroll, benefit disbursements or bill payment. A PPD entry may be accompanied by one Addenda Record and is then referred to as a PPD+ entry.

9.1.7 Blocking Factor

The blocking factor defines the number of physical records with a block. For all files the value "10" must be used creating blocks of 940 characters. If the number of records within the file is not a multiple of ten, the remainder of the block must be nine filled.

9.1.8 Sequence of Records

Records in an ACH file must be in the following sequence. Any other sequence will cause the file to be rejected.

File Header Record
 1st Company/Batch Header Record
 1st Entry Detail Record
 Addenda Record (optional)
 Ies of Entry Detail Records and corresponding
 Addenda Records
 Company/Batch Control Record
 2nd Company/Batch Header Record
 Ies of Entry Detail Records and corresponding
 Addenda Records
 2nd Company/Batch Control Record
 File Control Record
 fill records to create blocks of 10

Note: This example shows a file with two botches. You may have as many batches on your file as necessary.

Record Specifications

File Header Record

Field	Position	Size	Contents	Field Name	Entry Information	FIR	Alphameric or Numeric
1	01-01	1	"1"	Record Type Code	Code identifying the File Header Record	M	N
2	02-03	2	"01"	Priority Code	Only 01 may be used.	R	N
3	04-13	10	"b121108250"	Immediate Destination	Identifies state's concentration bank as the destination of the file. 'b' indicates a blank space.	M	N
4	14-23	10	NNNNNNNNNN	Immediate Origin	Identifies you as the Originator. It will be mutually defined by your Agency, the OST and state's concentration bank	M	A
5	24-29	6	YYMMDD	File Creation Date	The date the file was created. YY = last two digits of the year MM = month expressed in two digits DD = day expressed in two digits	M	N
6	30-33	4	HHMM	File Creation Time	Time of day the file was created. HH = hour expressed in military time MM = minutes expressed in two digits	O	N
7	34-34	1	A-Z or 0-9	File ID Modifier	Value to enable distinction between files created on the same day. Populate in ascending order. A-Z must be uppercase.	M	A
8	35-37	3	"094"	Record Size	Number of characters in each record. Only 094 may be used.	M	N
9	38-39	2	"10"	Blocking Factor	Number of records per block. Only 10 may be used.	M	N
10	40-40	1	"1"	Format Code	Only 1 may be used	M	N
11	41-63	23	Alphameric	Immediate Destination Name	Describes state's concentration bank as the ODFI. Populate with "BOFA WASHINGTON"	O	A
12	64-86	23	Alphameric	Immediate Origin Name	Identifies the name of the Originator. It will be mutually defined by your Agency, the OST and State's concentration bank.	O	A
13	87-94	8	Alphameric	Reference Code	Used by the Originator for internal accounting purposes. May be left blank	O	A

Notes:

Although NACHA Rules do not require Optional fields be populated, State's concentration bank operating system may require them for successful processing. Values in quotes should be translated verbatim to your ACH file.

Company/Batch Header Record

<u>Field</u>	<u>Position</u>	<u>Size</u>	<u>Contents</u>	<u>Field Name</u>	<u>Entry Information</u>	<u>FIR</u>	<u>Alphanumeric or Numeric</u>
1	01-01	1	"5"	Record Type Code	Code Identifying the Company/Batch Header Record.	M	N
2	02-04	3	Numeric	Service Class Code	Identifies the type of entries in the batch.	M	N
3	05-20	16	Alphanumeric	Company Name	Identifies entity sending the batch. It will be mutually defined by your Agency, the OST and State's concentration bank. May print on the Receiver's account statement.	M	A
4	21-40	20	Alphanumeric	Company Discretionary Data	Used internally by the Originator. May be left blank.	O	A
5	41-50	10	Alphanumeric	Company Identification	Identifies entity sending the batch. It will be mutually defined by your Agency, the OST and State's concentration bank. May print on the Receiver's account statement.	M	A
6	51-53	3	Alphanumeric	Standard Entry Class Code	Identifies the ACH record type in the batch.	M	A
7	54-63	10	Alphanumeric	Company Entry Description	Description of the purpose of the entries (i.e. PAYROLL). May print on the Receiver's account statement	M	A
8	64-69	6	Alphanumeric	Company Descriptive Date	Date you choose to identify the entries for descriptive purposes only, May be in any format. May be left blank.	O	A
9	70-75	6	YYMMDD	Effective Entry Date	Date you desire entries to post to Receiver's account. Must be a valid banking day. YY = last two digits of the year MM = month expressed in two digits DD = day expressed in two digits	R	N
10	76-78	3	Blank	Settlement Date	Leave Blank. The ACH Operator will insert the Settlement date	N/A	N
11	79-79	1	"1"	Originator Status Code	Identifies the ODFI as a financial institution.	M	N
12	80-87	8	"12110825"	Originating DFI Identification	Identifies State's concentration bank as the ODFI	M	N
13	88-94	7	Numeric	Batch Number	Assign batch numbers in ascending order, (i.e. 0000001, 0000002)	M	N

Notes:

Although NACHA Rules do not require Optional fields be populated, State's concentration bank operating system may require them for successful processing. Values in quotes should be translated verbatim to your ACH file.

Entry Detail Record

Field	Position	Size	Contents	Field Name	Entry Information	FIR	Alphameric or Numeric
1	01-01	1	"6"	Record Type Code	Code identifying the Entry Detail Record	M	N
2	02-03	2	Numeric	Transaction Code	Code to identify type of entry.	M	N
3	04-11	8	TTTTAAAA	Receiving DFI Identification	Transit Routing/ABA number of the Receiver's financial institution.	M	N
4	12-12	1	Numeric	Check Digit	The ninth character in the Transit Routing/ABA number.	M	N
5	13-29	17	Alphameric	DFI Account Number	Receiver's account number.	R	A
6	30-39	10	\$\$\$\$\$\$çç	Amount	Entry amount in dollars and cents. <u>Do not</u> include decimal point or dollar sign.	M	N
7	40-54	15	Alphameric	Individual Identification Number	Internal identification number for the Receiver. May print on the Receiver's account statement.	O	A
8	55-76	22	Alphameric	Individual Name	Name of Receiver	R	A
9	77-78	2	Alphameric	Discretionary Data	May be left blank	O	A
10	79-79	1	Numeric	Addenda Record Indicator	"1" = addenda follows entry "0" = No addenda follows entry	M	N
11	80-94	15	Numeric	Trace Number	The first 8 positions must contain "12110825" the remaining 7 positions must be assigned in ascending sequential order. Example: 121108250000001 121108250000002 121108250000003	M	N

Notes:

Although NACHA Rules do not require Optional fields be populated, State's concentration bank operating system may require them for successful processing.

Values in quotes should be translated verbatim to your ACH file.

Addenda Record (optional)

<u>Field</u>	<u>Position</u>	<u>Size</u>	<u>Contents</u>	<u>Field Name</u>	<u>Entry Information</u>	<u>FIR</u>	<u>Alphanumeric or Numeric</u>
1	01	1	"7"	Record Type Code	Code identifying the Addenda Record.	M	N
2	02-03	2	"05"	Addenda Type Code	Code for most standard entry classes.	M	N
3	04-83	80	Alphanumeric	Payment Related Information	Payment information associated with the preceding Entry Detail Record. Must contain ANSI ASC X12 data segments or NACHA endorsed	O	A
4	84-87	4	Numeric	Addenda Sequence Number	Sequence number assigned to each Addenda Record. Assign in sequential ascending order beginning with 0001.	M	N
5	88-94	7	Numeric	Entry Detail Sequence Number	Should match positions 88-94 of corresponding Entry Detail Record.	M	N

Notes:

Although NACHA Rules do not require Optional fields be populated, State's concentration bank operating system may require them for successful processing.

Values in quotes should be translated verbatim to your ACH file.

Company/Batch Control Record

Field	Position	Size	Contents	Field Name	Entry Information	FIR	Alphameric or Numeric
1	01-01	1	"8"	Record Type Code	Code Identifying the Company/Batch Control Record	M	N
2	02-04	3	Numeric	Service Class Code	Identifies the type of entries in the batch. Must match field two of the preceding Company/Batch Header Record.	M	N
3	05-10	6	Numeric	Entry Addenda Count	Total number of Entry Detail Records and Addenda Records in the batch.	M	N
4	11-20	10	Numeric	Entry Hash	The sum of the Receiving DFI identification numbers (field 3 of the Entry Detail Record) of all Entry Detail Records. Enter the 10 low order (right most) digits of the calculation.	M	N
5	21-32	12	\$\$\$\$\$\$\$\$\$¢¢	Total Debit Entry Dollar Amount	Dollar total of debit entries of the batch in dollars and cents. <u>Do not</u> include decimal point or dollar sign.	M	N
6	33-44	12	\$\$\$\$\$\$\$\$\$¢¢	Total Credit Entry Dollar Amount	Dollar total of credit entries of the batch in dollars and cents. <u>Do not</u> include decimal point or dollar sign.	M	N
7	45-54	10	Alphameric	Company Identification	Assigned Company Identification code. Must match field five (company identification) of the Company/Batch Header Record.	R	A
8	55-73	19	Blank	Message Authentication Code	Leave this field blank	O	A
9	74-79	6	Blank	Reserved	Reserved for future use. Leave this field blank.	N/A	N/A
10	80-87	8	"12110825"	Originating DFI Identification	Identifies State's concentration bank as the ODFI	M	N
11	88-94	7	Numeric	Batch Number	Must match field thirteen (batch number) of preceding Company/Batch Header Record	M	N

Notes:

Although NACHA Rules do not require Optional fields be populated, State's concentration bank operating system may require them for successful processing.

Values in quotes should be translated verbatim to your ACH file.

File Control Record

<u>Field</u>	<u>Position</u>	<u>Size</u>	<u>Contents</u>	<u>Field Names</u>	<u>Entry Information</u>	<u>FIR</u>	<u>Alphanumeric</u>
1	01-01	1	"9"	Record Type Code	Code identifying the File Control Record	M	N
2	02-07	6	Numeric	Batch Count	Total number of Company/Batch Header Records in the file.	M	N
3	08-13	6	Numeric	Block Count	Total number of blocks in the file.	M	N
4	14-21	8	Numeric	Entry/Addenda Count	Total number of Entry Detail Records and Addenda Records in the file.	M	N
5	22-31	10	Numeric	Entry Hash	The sum of the Entry Hash fields from all the Company/Batch Header Records in the file. Enter the 10 low order (right most) digits of the calculation.	M	N
6	32-43	12	\$\$\$\$\$\$\$\$\$\$çç	Total Debit Entry Dollar Amount in File	Dollar total of debit entries of the entire file in dollars and cents. <u>Do not</u> include decimal point or dollar sign.	M	N
7	44-55	12	\$\$\$\$\$\$\$\$\$\$çç	Total Credit Entry Dollar Amount in File	Dollar total of credit entries of the entire file in dollars and cents. <u>Do not</u> include decimal point or dollar sign.	M	N
8	56-94	39	Blank	Reserved	Reserved for future use. Leave this field blank	N/A	N/A

Notes:

Although NACHA Rules do not require Optional fields be populated, State's concentration bank operating system may require them for successful processing.

Values in quotes should be translated verbatim to your ACH file.

C4: Automated Clearing House Best Practices from OST

Website Design

Payment Options Presentation

OST recommends presenting the payer with the ACH payment option when they hit the pay button and providing a link or button to other payment options. This approach, we refer to as 'path of least resistance payment options' is being employed by many major businesses such as PayPal to encourage customers choose low-cost ACH over bankcards.

Board of Accountancy recently launched a website using this approach. Approximately 40% of their customer base is opting to pay by ACH representing a potential savings of thousands of dollars per month.

Bank Routing Number (RTN) Validation

The ACH rules require Originators to confirm the RTN provided is for a financial institution participating in the ACH network. We recommend using the free download from the Federal Reserve Bank at <https://www.fededirectory.frb.org/download.cfm> there are two directories on this site be sure to use the **FedACH Participants**.

The RTN Validation should be completed before the payer receives confirmation of their payment request.

Payment Processing/Complete Message

Agencies are encouraged to include a message notifying customers the payment is being processed and/or processing is complete. This will keep your customers from creating duplicate charges accidentally.

Data Collection Requirements

Customer Name—22 characters available on ACH File. You may want to consider edits that prohibit the customer from entering junk names. i.e. AAAA BBBB

Bank RTN—9 digits. See above discussion regarding validation requirements.

Bank Account Number—17 characters max (may include dashes, spaces, alpha characters). You may want to consider edits that prohibit the customer from entering junk account numbers. i.e. 1111111,123456789

Account Type—Checking or Savings. General Ledger is also a common account type request if your customer base includes the financial institutions themselves.

Account Type—Business or Personal. There are slightly different file format requirements depending on whether the account is a business or personal account.

File Transmission

Transmission of the ACH File(s) between agencies will be done using DIS' Secure File Transmission (SFT) server. OST will provide the User ID and password; there is no cost to the agency for the service. Files must be placed on the SFT server by 2:00 to receive same day processing.

ACH File Effective Dates

OST only accepts files with future dated Effective Dates. Effective dates must be valid banking days, no weekends or holidays.

Agencies may place their ACH files on the SFT Server 24x7 but OST only picks up files during normal business hours. Effective date calculations must be made based on when OST will pick up the file rather than when it is placed on the SFT server.

ACH Returns

Some debits won't be paid by the customer's bank (just like checks). When a bank is unable to post an ACH transaction the item is Returned unpaid to the Originator. The information you provide on the Original Transaction is returned back to you. Consider returned items when you are determining how you will populate fields such as the Individual ID Number.

Returned items will be accompanied by a code indicating the reason for return. NSF, Account Closed, Invalid Account Number.

Transmittal Registers

Agencies are required to submit a transmittal register (TR) confirming a files dollar totals, record counts and effective date before OST can forward the ACH file to the bank for processing. TRs can either be entered directly into OST's TMS system or the agency can send an email.

ACH Rules

The Agency is encouraged to have a current copy of the ACH Rules (Corporate Edition).

**ACH SERVICE LEVEL AGREEMENT
OFFICE OF THE STATE TREASURER**

This Service Level Agreement (SLA) is made and entered into by and between the Office of the State Treasurer (OST) and the Washington State Patrol (the Agency) to set forth their mutual agreements for ACH processing as provided for by contract between OST and State's concentration bank, Agreement No. BNK-000-001. This SLA shall encompass the files known mutually to OST and the Agency as WSP1. This SLA may be updated from time to time by the OST for distribution to all parties.

The following information applies to the creation, processing and receipt of ACH Files for the collection of payments (debits) or distribution of benefits (credits). The following information should be made available to all parties involved with the ACH process to be used as a reference tool for common processing questions.

Definitions:

- **ACH** — Automated Clearing House. A funds transfer system, governed by the NACHA Operating Rules, which provides for the interbank clearing of electronic entries for participating financial institutions.
- **ACH Entry** — An electronic item representing the transfer of funds via the ACH.
- **ACH Operator** - The central clearing facility operated by a private organization or a Federal Reserve Bank (FRB) on behalf of financial institutions, to or from which participating financial institutions transmit and/or receive ACH entries.
- **Agency** — The Washington State Patrol. The term 'the Agency' includes any third party ACH processor providing ACH services to the Agency by contract.
- **ARPC**—ACH Regional Processing Center. Washington State is assigned to the bank's ARPC located in San Francisco, California.
- **Bank**—The financial institution and/or department acting as OST's ODFI, at this time, State's concentration bank.
- **Banking Day** — Any day in which both the Federal Reserve Bank and the ODFI are open to transact business.
- **Effective Date** — The day the Originator intends for an entry to post to the Receiver's account.
- **File or ACH File** — A group of ACH entries initiated into the ACH network.
- **NACHA** — National Automated Clearing House Association. NACHA is the governing body for ACH activity.
- **NWCHA** — Northwest Clearing House Association. The regional payment association providing education, assistance, products and services to Washington and Alaska.
- **ODFI** — Originating Depository Financial Institution, A participating financial institution that initiates ACH entries at the request of and by agreement with its customers. At this time the OST has contracted with State's concentration bank to act as our ODFI.
- **Originator** — Any individual, corporation or other entity that initiates entries into the ACH network. In the context of this agreement, the Agency creating the ACH File is the Originator.
- **OST** — The Office of the State Treasurer.
- **RDFI** — Receiving Depository Financial Institution. The financial institution for which the ACH entry is destined.

- **Receiver**—Individual or entity receiving the ACH entry.
- **Settlement Date**—Date inserted by the ACH Operator designating when an entry will post to the Receiver’s account. The ACH Operator will always insert a date at least one banking day in the future from when the file is received by the Operator. Because of OST pre-edit processing; this date should always be set to the Effective Date by the ACH Operator.
- **TMS**—Treasury Management System, the computer application used by the OST to manage and account for financial services.

9.1.9 Compliance

The parties agree to be bound by all applicable federal and state laws, and the NACHA Operating Rules, which contain the rules applicable to all parties of an ACH entry. Violation of the NACHA Operating Rules or violation of applicable federal and state laws may result in the termination of this agreement and the Agency’s access to the ACH Network. The Agency shall obtain a copy of the NACHA Operating Rules prior to implementation of their ACH program and will obtain an updated copy annually. A copy of the NACHA Operating Rules may be obtained directly from the Northwest Clearing House Association (206) 622-7846 or www.nwcha.org.

The NACHA Operating rules include provisions for the enforcement of the rules. Included in these provisions is a system of fines. Per NACHA rules, fines are assessed against the ODFI originating the entry to which the rules violation relates. However, under the contract with the Bank, the State may be liable for fines assessed against the Bank for rules violations resulting from an action or the inaction of the OST or the Agency, or from processing data contained on an ACH file provided to the Bank. OST will pass any cost borne by OST for rules violations to the Agency if it is found that the rules violation resulted from the action or inaction of the Agency, or if ACH data provided to OST for processing on behalf of the Agency was the cause of the violation. For a complete description of NACHA’s rules enforcement provisions see Appendix Eleven of the NACHA Operating rules.

9.1.10 Authorization

Authorization must be obtained from each individual or business that will be receiving an ACH debit and/or credit prior to initiating the first ACH entry, including prenotes, to a Receiver’s account. It is the Agency’s responsibility to obtain the authorization. If the Agency will be debiting an account, the authorization must be obtained in writing, signed or similarly authenticated by the account holder. The term ‘similarly authenticated’ includes the use of a digital signature or other code. The authorization must provide that the Receiver may revoke the authorization in a manner specified within the authorization. The Receiver must be provided a copy of the debit authorization. The Agency must retain the original authorization for two (2) years following the termination or revocation of the authorization.

The Bank is authorized to transact ACH business only with designated personnel from the Office of the State Treasurer. This includes, but is not limited to, the authority to request research regarding ACH transactions or a request to delete or reverse an ACH file, batch or item. Requests for the assistance of the bank to resolve an ACH related issue on behalf of the Agency must be made through OST’s ACH Program Coordinator, (360) 902-8911.

9.1.11 Prenotification

The NACHA Operating rules allow the Originator to verify that the transit routing number and account number provided by the Receiver is valid through prenotification. A Prenote is a zero dollar entry sent to the Receiver’s account prior to the transmission of live dollars. Prenotification utilizes a negative notification system, that is, the RDFI only responds to the prenote entry if the transit routing number and/or the account number is invalid. As with all ACH entries the RDFI has no obligation to verify account ownership. Prenotification is not mandatory but is strongly recommended to reduce the number of live dollar returns received by the Agency.

If the Agency chooses to utilize prenotification, per NACHA Operating rules, live dollar entries may not be initiated for six banking days following the settlement of the prenote. If, within the six banking day period, the Originator receives a return entry, live dollar entries shall not be initiated to that same account. Proper authorization, must be received prior to initiating a prenote transaction to a receiver’s account.

9.1.12 File Transmissions

The Agency shall create and deliver ACH Files to the OST in the standard NACHA format. OST does not accept the transmission of empty ACH files. To ensure that all ACH Files comply with NACHA and Bank processing specifications, the

OST and the Agency shall perform file testing for each new file or any file to which the Agency makes any modifications or additions. The OST and the Bank will verify format and connectivity. Upon completion of testing, authorization to begin live transmission of files will be granted. If at any time the Agency's file is rejected, either by TMS or the bank's operating system, it is the responsibility of the Agency to correct and resend the data to OST for processing.

The state Information Services Board (ISB) requires that the electronic transmission of personally identifiable information utilize secure data transmission. The data on an ACH File contains personally identifiable information; therefore, the electronic transmission of ACH data into or out of OST must use secure data transmission. Files delivered to the OST via any non-secure, non-approved method will not be processed.

The Agency will transmit files to the OST according to a schedule established as follows: each year OST will provide the Agency a blank ACH calendar to be completed by the Agency and returned to the OST in a timely manner. The Agency will indicate the date on which their ACH File will be transmitted to OST. The Agency will provide the OST with an updated calendar if their transmission dates change.

Each file transmission to the OST must be accompanied by a Transmittal Register containing at a minimum: File Id, Effective Date of the file, Total Debit Dollar Amount, Entry Count of Debits, Total Credit Dollar Amount, Entry Count of Credits, and a Contact Person and Phone Number. The OST shall receive the Transmittal Register within one hour of receiving the ACH File. The Agency may input the Transmittal Register directly into TMS or it may be delivered to OST via email to ACHTR@tre.wa.gov or via fax to (360) 664-2292. The Transmittal Register is used by OST to ensure the correct transmission was received from the Agency before forwarding it on to the bank for processing and as such must be received before OST can send the ACH File to the bank for processing in the ACH Network.

The OST will transmit all ACH data to the Bank utilizing commercially reasonable security procedures mutually agreed upon by the OST and the Bank. The normal window for OST to transmit the ACH file to the Bank is between 8:00 a.m. Pacific Time and 2:00 p.m. Pacific Time. Other transmission times must be mutually approved in advance by the Bank and the OST. Approvals will be made on an individual file basis. When difficulties occur that may prevent a file and/or a transmittal register from being delivered to the OST within the normal transmission window, it is extremely important that the Agency notify OST immediately.

Data transmissions to the OST must be complete, including delivery of the Transmittal Register, no later than 2:00 p.m. Pacific Time at least one banking day prior to the effective date on the file. Transmissions received after 2:00 p.m. on the banking day prior to effective date may not meet processing deadlines for timely settlement.

The Agency should be aware that OST does not warehouse ACH data. All ACH files received during the business day must either be transmitted to the bank for processing or deleted from OST's system if the Agency wishes OST to process a previously deleted file, the Agency must resend the file, accompanying transmittal register and accounting documents, as described under Settlement. It is the Agency's responsibility to ensure the effective date has been updated if necessary.

9.1.13 Effective Dates

While NACHA rules allow for files with multiple batches, OST's Treasury Management System (TMS) requires that all batches within a file contain the same Effective Date. The Agency will therefore create a separate file for each batch with a unique Effective Date. Files sent with multiple Effective Dates will be rejected by TMS and must be corrected before transmission to the bank can occur.

OST pre-edits each file with respect to Effective Date. The Effective Date on each file must be for a valid banking day at least one day in the future. Files with invalid Effective Dates will be rejected and must be corrected by the Agency before the file can be processed. Invalid Effective Dates include dates in the past, current date, weekends or Bank Holidays.

9.1.14 Settlement

The settlement dollar amount is posted to the State Treasurer's Concentration Account on the Settlement Date. The appropriate accounting documents, as set forth below, corresponding to the settlement amount must be received by OST no later than 2:00 p.m. on the Settlement Date. The documentation must be solely for the individual transmission and be identified with a unique document number. Generally, agencies should submit an AFRS Cash Receipts Journal Summary (A8) for all files in which monies are collected from the Receiver (ACH debit files), and an AFRS Journal Voucher (EFTJV) for all files in which monies are sent to the Receiver (ACH credit files).

9.1.15 Returned Items

In the event an entry is returned by the RDFI (i.e. as account closed or NSF), a corresponding settlement entry is posted to the State Treasurer's Concentration Account. The OST settles these entries with the originating Agency. The Agency will receive notification from OST's Cash Management Division of all returned transactions. The appropriate accounting documents corresponding to the Return Item entry settlement must be received by OST no later than 2:00p.m. on the day notification is received. The Agency is required to act upon these returns in a manner consistent with the reason for the return.

A return entry that does not require settlement but does require action on the part of the Originator is the Notification of Change, referred to as an NOC. An NOC is a zero dollar entry initiated by the RDFI to inform the Originator that information in a posted entry is incorrect or outdated. The NOC will note both the invalid and valid information. The NACHA Operating rules require that changes specified in the NOC must be made within six banking days of receipt of the NOC or prior to initiating another entry to the Receiver's account, whichever is later.

Occasionally a returned item will be received in error or outside the allowable return time frames as provided in the NACHA rules. The NACHA rules provide for the dishonor of these returns to the RDFI within strict time frames. In order to meet these time frames the Agency must notify OST no later than 2:00 p.m. on the day the return is received of their desire to have the return dishonored. To request the dishonor contact OST's ACH Program Coordinator at 902-8911.

9.1.16 Erroneous Entries

Occasionally an ACH File may contain entries that were created in error (i.e. a payment amount was computed in error). If the Agency discovers such errors before the OST has transmitted the file to the Bank for processing, they may request OST to delete the ACH file. The Agency then must create and transmit a corrected file for processing. To request the delete, contact OST's ACH processing unit at (360) 902-8986 to determine if the file has been sent to the bank. Written authorization of your delete request, either by e-mail to ACHTR@tre.wa.gov or fax (360) 664-2292, must be received prior to OST executing the delete. Written authorization shall include file credit and debit amounts and effective date. OST cannot delete an individual transaction from a file.

NACHA rules allow for the reversal of ACH entries transmitted to a Receiver in error. A reversing entry is an offsetting entry (i.e. a debit to reverse a credit) to the Receiver's account; a reversal does not stop the original entry from posting because it is a separate transaction which offsets the original entry. The Receiver will see both entries posted to their account. OST will create reversal entries for the agency on a limited basis. If reversals are frequently needed OST will provide the agency access to TMS to create the reversal transactions. The ACH Rules limit the amount of time one may reverse an entry. To ensure compliance with the rules the reversal request must be received by OST no later than 2:00 p.m. Pacific Time on the fourth (4th) banking day after settlement of the original entry. Additionally, the Agency reversing the item must notify the Receiver of the reversal and the reason for the reversal no later than the Settlement Date of the reversing entry. At no time can the Bank's ARPC alter a transaction.

Upon reversing an entry, it is the Agency's responsibility to make alternative arrangements for the collection or distribution of funds with the Receiver.

A word of warning about reversals: *Financial institutions typically update their ATM networks, branch teller terminals, etc. by posting credit transactions such as direct deposits for availability at the opening of business on the settlement day. Debit transactions (i.e. reversals of direct deposits) however, may not post until the end of the day on settlement day. Thus, the receiver may have access to and withdraw their ACH credits even though the financial institution has received your reversal on or prior to the Settlement Date. If the full amount of the credit is not available at the time a reversal settles none of the funds will be returned. Furthermore, when attempting to reverse a debit entry, you have some risk that the original debit entry may be returned to you but not the reversing credit entry. The RDFI is not obligated to ensure the Originator is made whole. If a reversal is not honored the Agency must make arrangements for collection outside the ACH network.*

The OST must receive written authorization, signed by Agency personnel, prior to OST reversing an entry; OST is unable to process a verbal reversal request until the written authorization is received. The written authorization shall include: payee name, payee account number, routing number of the destination bank, dollar amount of the erroneous entry and effective date.

The Agency is responsible for ensuring the accuracy of the ACH items on each file. The OST and/or the Bank have no responsibility whatsoever to verify the accuracy of the items. Furthermore, the Agency understands that although an ACH file may contain the name and account number of the Receiver, payment may be made by the RDFI solely based on the account number even if the account number identifies an owner other than identified on the ACH item.

If an ACH file, batch or item is rejected by the Bank's processing system or the ACH Operator due to a technical or formatting error, it is the Agency's responsibility to remake and retransmit the file, batch or item as appropriate as well as the transmittal register.

9.1.17 File Monitoring

The ACH calendar specifies the expected date an ACH file will be transmitted. This information will be used by the OST and ARPC to schedule and monitor the receipt of expected files. The Bank will contact the OST if a scheduled ACH file is not received; therefore it is important that the ACH calendar be kept current. It is the responsibility of the Agency to notify OST of any processing schedule changes that occur during the year.

9.1.18 Business Continuity

In the event OST or the Bank experience any problem that indicates a transmission cannot be completed as scheduled, OST has established procedures to deliver a standard NACHA formatted file, on physical media, to the Bank by 3:00 p.m., Pacific Time, one banking day prior to the effective date. It is the responsibility of the Agency to maintain backup data and provide the OST with their file on appropriate physical media when requested. The Agency is encouraged to develop an in-stream backup process ensuring the availability of the ACH File under any circumstances. The Agency is required to test the backup with the OST and the Bank prior to implementation of live transmissions to the Bank.

OST's business continuity plan provides OST the ability to download files from the DIS mainframe under certain circumstances. Agencies using the DIS mainframe to produce ACH data may want to provide OST read-only security (RACF) authorization to their ACH files. If resources permit, OST will download your file on your behalf and deliver the data to the bank. Please keep in mind that providing OST access to your ACH data while still on the DIS mainframe does not negate your responsibility to provide your data on physical media upon request.

The OST conducts quarterly testing of the physical media backup process with the Bank. We encourage each agency to participate in the test. An email will be sent to your agency contact one week prior to the scheduled test notifying you of the test date and requesting voluntary participation.

9.1.19 Training

OST offers ACH training and consultations to all state agencies. Contact OST's ACH Program Coordinator to customize a presentation to your Agency's needs. Additionally, training seminars are offered by NWCHA. For a current NWCHA seminar schedule visit their website at www.nwcha.org or call (206) 622-7846.

9.1.20 Contact Information

Up-to-date contact information is essential to OST's ability to quickly resolve ACH processing issues or to provide news and information about changes in the ACH Network. In order to ensure OST has the correct contact information for your Agency, please complete and return the ACH Contact Information sheet attached as Appendix A of this document. It is the Agency's continuing responsibility to update the ACH Contact Information as changes occur within your Agency.

All ACH inquiries should be directed to OST's ACH Program Coordinator, Lesa Williams, at (360) 902-8911 or orlesa@tre.wa.gov.

C6: Automated Clearing House Input Deliver Dates Form

Office of the State Treasurer

Instructions:

1. Complete COMPANY INFORMATION
2. Circle the date your data will be received by OST Or check the box for Daily or No Calendar
3. Fax Completed from to 360-704-5176

○ Circle Delivery Dates
H= Bank Holiday **S** = State Holiday

Check here for **Daily Transmission**

Check here to indicate **No Calendar will be provided**

Revisor date _____

DO NOT INDICATE FILE EFFECTIVE DATES

January

M	T	W	T	F
				H
4	5	6	7	8
11	12	13	14	15
H	19	20	21	22
25	26	27	28	29

February

M	T	W	T	F
1	2	3	4	5
8	9	10	11	12
H	15	17	18	19
22	23	24	25	26

March

M	T	W	T	F
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29	30	31		

April

M	T	W	T	F
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

May

M	T	W	T	F
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
H				

June

M	T	W	T	F
	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30		

July

M	T	W	T	F
			1	2
H	5	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

August

M	T	W	T	F
2	3	4	5	6
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30	31			

September

M	T	W	T	F
		1	2	3
H	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27	28	29	30	

October

M	T	W	T	F
				1
4	5	6	7	8
H	12	13	14	15
18	19	20	21	22
25	26	27	28	29

November

M	T	W	T	F
1	2	3	4	5
8	9	10	H	12
15	16	17	18	19
22	23	24	H	S
29	30			

December

M	T	W	T	F
			1	2
6	7	8	9	10
13	14	15	16	17
20	21	22	23	S
27	28	29	30	S

2010 ACH Input Delivery Dates
 COMPANY INFORMATION

[ILLEGIBLE]
[ILLEGIBLE]
Agency Contact
Phone Number
Email Address

C7: WSP Hardware Standards

Hardware Standards—August 2007

Category	Hardware Requirements	Sub Category	Manufacturer	Purchasing Standards	Model
Desktop PC	Mini Tower		Gateway		E—4610
	All in one		Gateway		Profile 6
Desktop PC Options					
	Mult port Video cards				
Laptop	Convertible	Tablet	Gateway		N296
	Laptop		Gateway		475
	Laptop—Ruggedized		Itronix		RX1
Laptop Options	Docking Station		Gateway		Laptop dependent
	Mouse		Gateway		Standard
	Keyboard		Gateway/ Logitech/Microsoft		
	Monitor		Natural Gateway		Standard
	Token-Ring		IBM		
Personal Digital Assistants	E-mail		RIM		BlackBerry
	Calendar		RIM		BlackBerry
	Wireless communications		RIM		BlackBerry
	Other		RIM		BlackBerry
Printers	Label		Seiko Instruments		Smart Label Printer 460
	Portable		Canon		PIXM A IP 90
	Portable—Car (eTRIP)		Pentax		Pocketjet 3
Personal	Laser—Light to Med Workloads		Hewett—Packard		320
	Laser—medium to heavy Workloads		Hewett—Packard		P2015
	Laser—heavy workloads		Hewett—Packard		4250
Networked	Barcode		Zebra		TLP2844
	Laser		Hewett—Packard		1320n
	Laser		Hewett—Packard		2420dn
	Laser		Hewett—Packard		2430n
	Laser		Hewett—Packard		4250
	Laser—Color		Hewett—Packard		3000n
	Laser—Color		Hewett—Packard		3300n
	Laser—Color		Hewett—Packard		5550n
Large Format	Plotters		Hewett—Packard		DesignJet series
Print Servers	Ethernet 10/100		Hewett—Packard		JetDirect 300x
Scanners	Photo		Hewett—Packard		G4010
	Document		Hewett—Packard		5590
	Barcode		Symbol		
	(eTRIP only)		Adaptus Imaging Technology		
UPS	Workstation		APC		800VA
	Server		Contact ITD/Integrated Systems and Server Support (ISSS)		
Removable Media					
Compact	USB Drives		SanDisk		
External Drives	Hard drives		Seagate		
Mobile Environment	In-Car Digital Video		Coban		

C8: WSP Software Standards

<i>Software Standards - August 2007</i>			
Category	Subcategory	Purchasing	Development
Desktop/Laptop	Word Processing	Microsoft Office 2003	Microsoft Office XP SP2
	Spreadsheet	Microsoft Office 2003	Microsoft Office XP SP2
	Presentation	Microsoft Office 2003	Microsoft Office XP SP2
	Database	Microsoft Office 2003	Microsoft Office XP SP2
	Diagramming	Microsoft Visio 2003	Microsoft Visio 2003
	Org charts	Microsoft Visio 2003	n/a
	Project Management	Microsoft Project 2003	n/a
	E mail	Microsoft Outlook 2003	n/a
	Calendar	Microsoft Outlook 2003	n/a
	Remote Access	Windows XP	Windows 2000 XP
	Host emulation	Attachment EXTRA Personal Client 6.7	Attachment EXTRA Personal Client 6.7
	Operating System	Windows XP	Windows 2000 XP
	Internet Browser	Microsoft Internet Explorers 6.0	Microsoft Internet Explorer 6.0
		Java virtual machine (current version from Sun)	Java virtual machine v1.4.2, 5.0
	Internet Tools	Adobe Acrobat Reader 8.0	Adobe Acrobat Reader 7.0
		Adobe Acrobat 8.0 Professional	Adobe Acrobat 7.0
	Software Distribution	Microsoft SMS client 3.0	Microsoft SMS client 3.0
Antivirus	Norton Corporate Edition 10.1	Norton Corporate Edition 8x and 9.x	
Mind Mapping	Mind M apper Pro 8		
Desktop Laptop Options	Compression Utility	WinZip	WinZip 8.1
	Encryption	WinZip	
	Milage Estimator	Microsoft Trips and Streets	n/a
	Database	Microsoft SQL client 2005	Microsoft SQL client 2000 and 2005
	VPN Client	Cisco System & VPN Client v3.5	Cisco Systems VPN Client v3.5
	Internet Web Authoring Tools	Microsoft Front Page 2003	Microsoft Front Page XP/2003
	Report Generation	Seagate Crystal Reports v11.0	Seagate Crystal Reports v11.0, 9.0
		Microsoft SQL Report Server	Microsoft SQL Report Server
	Criminal Justice Software	Open Query v2.8.1	Open Query v2.8.1
		CAD Client	
		Basic Client for CAD server v1.5.2.9	Basic Client for CAD server v1.5.2.9
		AWW v0.2.1	AWW v3.2.1
	ATM (Advanced Tactical Mapping) v5.4.2	ATM (Advanced Tactical Mapping) v5.4.2	
	WebMSS Terminal v2.0	WebMSS Terminal v2.0	
Redacting Software for Electronic Documents	Redax	n/a	
Mobile Environment	In-Car Digital Video	Coban	n/a
Server	Operating System	Windows 2003 SP1 or R2	Windows 2003 SP1/R2 or Windows 2000 Server or Advanced Srv SP 2 or NT 4.0 SP 6a
	DataBase	Microsoft SQL 2000	Microsoft SQL 7.0 SP 4 & 2005
	Backup Software	IBM DB2 Universal v8	IBM DB 2 Universal v8
		ARC serve 2000	n/a
		SysBack (rs6000) AIX 5.1	SysBack (rs6000) -AIX vi.2.1 31
		NT Backup Windows 2000	NT Backup for Windows NT 4.0
	E-Mail	Microsoft Exchange 2003	Microsoft Exchange 5.5 SP 4
	Web server	Microsoft Internet Information Server (IIS) 6.0	Microsoft Internet Information Server (IIS) 4.0 SP 6a or 9.0
	HTTP Server (from comes with Websphere) v1.3.26	HTTP Server (from comes with Websphere) v1.3.26	
Web Application Server	Websphere v5.1	WebSphere v6.0.2.7	
		Apache FDP Library version 0.93	
Antivirus	Norton Corporate Edition 10.2	Norton Corporate Edition 8x and 9x	

C9: WSP IT Systems Documentation Standard

WSP INFORMATION TECHNOLOGY SYSTEMS DOCUMENTATION STANDARD

Version 1.0

July 9, 2009

Information Technology Division
Planning and Project Office

March 16, 2010

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SRS version 2.1

Purpose

Establishes a set of required elements for documenting Information Technology (IT) systems.

Scope

This standard applies to all IT systems in the department that are under the Information Technology Division (ITD) Administrator's responsibilities.

Ownership of this Document

Information Technology Division is responsible to maintain this document.

Version History

Version	Date	Reviser's Name	Brief description of change
1.0	7/9/2009	Brian Everson	Original approved version.

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4. Documentation Content Standard	78
Guidelines and Explanations to the IT System Documentation Standard.	82

ORGANIZATION

Contents of the documentation will be organized in clearly marked sections.

Sections and their order in the table of contents is as follows:

Network Business Rules

Business Documentation

System Software Inventory

Classification of System Information

Business Rules

Business Requirements for Data

Business Continuity Plan

Business Function Test Plan

Business Process Flow

Technical Documentation

System Disaster Recovery Plan

Testing

Application/System Documentation

Security Requirements

Agreements

Training and Manuals

FORMAT

Written documentation

Store all written documentation in the department's standard word processing file format.

Use only the Tahoma font when writing documentation.

Use font size 12 point in the body of written documentation to ensure readability when printed.

Training manuals are not required to follow this section of the standard (2.1 Written Documentation).

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Diagrams

Create all diagrams in the department's standard diagramming file format unless ITD has a different standard for a specific purpose (e.g., Entity Relationship diagrams).

Use font size 7 point or larger for text on all diagrams.

Document Versions

All documents including diagrams are to have consistent method for identifying different versions.

Version history should be at the end of each document and contain the following: Version identifier.

Date.

Reviser's name.

Brief reason for the revision.

STORAGE**Electronic**

Allows documentation to be stored as separate documents.

All documentation is stored in a manner easily accessed.

Security

System must be able to secure documents from unauthorized access, modification, and deletion.

Security is granular allowing different security settings for each document.

System must make use of Active Directory objects.

Document retrieval system

Organize documents in a compatible manner specified in 1.1 and 1.2.

Allows documentation to be stored as separate documents.

Store all documentation files with default file extensions that relate to the software the file was created by (e.g., Word —. docx, Excel —.xlsx, Visio —.vsd, etc.).

For diagrams created in non-standard department file formats. Store the diagrams in a compatible file format that is viewable by standard department software or have a distributable viewer available. Instructions on how to access the viewer must be provided with the file.

Include a version of the viewer (e.g., Adobe Acrobat Reader, MS Word Viewer, Visio Viewer, etc.) on the same media for documents being retained more than 6 years.

Hard copy information that is not electronically available is to be scanned and stored in a JPEG graphic file. Resolution of the scanning depends on the readability of the electronic document. If the original document is unreadable, then scan at a resolution where the document has the most value. If the document is readable and the scanned version is not, store the hard copy. Also include the hard copy's physical location in the electronic documentation.

DOCUMENTATION CONTENT STANDARD

Network Business Rules

The Network Business Rules document is used by ITD and Electronic Services Division (ESD) to specify the network needs of a system from three perspectives: the Business Owner, ITD, and ESD.

The business owner is responsible for the Business System Description section of the document.

ITD is responsible for the Technical Description section.

ESD is responsible for recording and keeping the contents of the Network Engineering Specifications section.

Business Documentation

System Software Inventory

Maintain a list of application or system software and the number of licenses for which the owner is responsible, updated annually.

Vendor contact information if applicable.

Classification of System Information

Classify all information used in a computer system according to Information Classification Standard established by ITD. Classification of data establishes the security needs for the data as it passes through the system. A copy of the standard can be found at http://insidewsp/orqanization/technical/Standards/it_proc_stand.htm

Business Rules

Established rules (policy and/or procedure) regarding the usage of the system. These rules should cover topics such as:

Who has access to the application

Roles (data entry, administration, reviewer, etc.)

How the application is to be accessed

Process for requesting access, etc.

Business Requirements for Data

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Establish archival, backup and recovery requirements for the application. Include the following:

Public Disclosure requirements
Record Retention requirements

Business Continuity Plan

Define the Business Continuity Plan for the software and its supporting business processes including:

Determine the relative importance of the application within the agency during a critical event.

Define the appropriate level of operation for the application during a critical event. In other words can the business function continue to operate for a period of time while the computer system is down? For how long?

Identify operating alternatives that satisfy business process workloads (i.e. manual processes).

Business Function Test Plan

The defined plan by the Business Unit for testing the system to insure it meets business function requirements. This information forms a basis for Business Unit testing of future changes to the system.

Business Process Flow

ITD with the business owner will develop business process diagrams/models done in Business Process Modeling Notation (BPMN). BPMN is a standard method for diagramming business processes. Web site for the standard can be found at <http://www.bpmn.org>.

Business owners are responsible for making sure the business process is correct.

Technical Documentation

System Disaster Recovery Plan documents the actions and information required to restore a system after a significant event occurred that stopped it from working. This document is required for all systems in the agency. The document contains:

What is required to be operational in the computing environment prior to bringing the system back on-line (e.g., hardware, software, connectivity, databases, security, network infrastructure, etc.).

All actions necessary to transfer programs, libraries, databases, and production control processes to a backup site(s). These actions include maintaining the appropriate level of privacy and confidentiality of the application data in accordance with its information classification. This documentation is to contain enough detail to allow recovery of the system in case of a disaster. People using this documentation are technical, but may not be familiar with the system.

Define emergency team composition including team and individual duties and responsibilities.

All emergency operating instructions for the system/application. This includes communications plan, emergency procedures with prioritized actions, and any new instructions for operations staff.

Testing

Technical Test Plan.

Documented processes used in system testing. This can include scripts testers used to complete testing, narration, outlines, listing of tests done.

User Acceptance Test Data Documentation provides a description of how test data was derived. This may include actual test data or a reference to its location.

Application/System Documentation

Application Requirements

The following diagrams must be part of every application and system documentation: System Network Diagram (logical)

Entity Relationship Diagram (Notation standard: Information Engineering)

Data Dictionary ((Information similar to what is produced by Erwin)

Security Requirements

Risk assessment for the system produced by IT Security Program.

Risk mitigation strategies. Information developed by the IT Security Program

Identify encryption needs and processes. Information developed by the IT Security Program

Identify “logs” captured by the system.

Document how to monitor compliance with the security policies and standards.

Waiver requests for exceptions to department IT standards, if necessary.

Agreements

Agreements may involve other divisions, agencies, or vendors. Service Level Agreements (SLAs) are with other divisions in the agency. Memorandum of Understanding (MOU) is between agencies. Contracts are agreements with vendors. This area should only include current and relevant information regarding agreements/contracts that are active. Relevant historical information should be appropriately kept in the other sections listed as it will pertain to either business, technical, or security purposes.

The contents of MOUs and contracts are not regulated by this standard.

SLAs will contain the following elements:

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Identify scope of agreement.

Identify processes and procedures associated with agreement (e.g., service support procedures, funding agreements, etc.).

Establish metrics (e.g., evaluation criteria, system performance, support metrics, etc.).

Define general terms and agreements (e.g., organizations, approval, key contacts, etc.).

Establish roles and responsibilities for ITD and the business owner/business unit.

Determine and assign responsibilities for all application or system software security mechanisms that will be controlled and administered outside of ITD.

Establish procedures for handling system access violations.

Escalation procedures and associated timeframes.

Training and Manuals

Administrator Training

User training

User manuals

GUIDELINES AND EXPLANATIONS TO THE IT SYSTEM DOCUMENTATION STANDARD.

Organization

Documentation from one system to the next should be consistent so that the reader(s) will know what to expect and where to find the information important to their purpose.

Format

Font

Written information is to be easily read and the font is to deliver the clear intent of the writer such as making distinctions between lower case letter “l”, upper case letter “i”, and the number one (1). Tahoma, a San Serif font, was chosen as a standard due to this ability and that lacks the “little tails” (serifs) on the ends of the letters making it easy to read.

Standard File Format

The standard file format for any documentation is the software standard. For example, the standard file format for written documentation is Microsoft Word, spreadsheets are Microsoft Excel, and diagrams are Microsoft Visio.

Storage

Electronic

Storing documentation as a separate document allows for updates to be done with standard software.

This is an application requirement.

Documentation may require additional security. Information about the IT infrastructure is considered as Confidential information. Information about an applications infrastructure should only be available to those who need to know.

Any Document Retrieval systems used for storing IT documentation must be able to organize the information in the standard format. Any changes to this should bring a change to the documentation standard itself.

Viewers are applications that allow the user to view a specific document file format without the ability to change the contents. Viewers should be stored with the document on the same media. Having the document and the viewer on the same media provides easy access to the information. This is especially necessary when accessing older documentation that does not comply with the current standard file formats.

Documentation Content

Network Business Rules is an established document used for communicating system requirements between ITD and ESD. The document should be done before testing begins and is required by ESD Network Engineering before the application is receiving or transmitting information outside the department.

Business owners control the outcome of their business processes and are the best source of information on how a system should support the business function. ITD can and should help the business owners document the business processes and requirements; however it is the business owner who can verify if the information is correct.

Technical documentation is designed to be used for disaster recovery efforts, maintenance of existing systems and a basis for designing replacement systems. It is assumed this information can be used for other purposes such as troubleshooting problems and expanding IT Portfolio information.

Security documentation is required by the IT Security Standards. The contents of this section are what is required of the agency for security documentation from various agreements and partnerships.

MOUs and Contracts may be drafted by ITD, but it is vetted by other stakeholder divisions before it is approved. A Service Level Agreement (SLA) is an internal agency document between ITD and the business owner of a system. The items listed should be part of every SLA.

This should include copies of any training or manuals delivered about the system.

10 APPENDIX D: Glossary

- **ACH**—Automated Clearing House. A funds transfer system, governed by the NACHA Operating Rules, which provides for the interbank clearing of electronic entries for participating financial institutions.
- **ACH Effective Date**—The day the Originator intends for an entry to post to the Receiver’s account.
- **ACH File**—A group of ACH entries initiated into the ACH network.
- **ACH Entry**—An electronic item representing the transfer of funds via the ACH.
- **ACH Operator**—The central clearing facility operated by a private organization or a Federal Reserve Bank (FRB) on behalf of financial institutions, to or from which participating financial institutions transmit and/or receive ACH entries.
- **ARPC**—ACH Regional Processing Center. Washington State is assigned to the bank’s ARPC located in San Francisco, California.
- **Attorney of a Driver or Injured Passenger**—Somebody legally empowered by a document power of attorney to make decisions and act on behalf of somebody else.
- **Bank**—The financial institution and/or department acting as OST’s ODFI, at this time, State’s concentration bank.
- **Bank Card**—Either a Debit Card or Credit Card use to make a payment. The card usually contains a credit card logo and is processed as Credit Card transaction.
- **Banking Day**—Any day in which both the Federal Reserve Bank and the ODFI are open to transact business.
- **BATCH**—Collection of one or more groups of documents consisting of payments and/or applicant search items. Each group has only one requestor.
- **Billing Account**—authorized agency that pre approved to receive paper billing.
- **Driver Involved**—Any driver connected with or participating in the collision.
- **DOB**—Date of Birth.
- **FBI**—Federal Bureau of Investigation.
- **Injured Passenger**—Any passenger that person that receives an injury code or Nature of injuries on a PTCR or MVCR.

- **Insurer of Party Involved**—Any person or company providing insurance.
- **LEA**—Law Enforcement Agency
- **MVCR**—Motor Vehicle Collision Report: A non officer investigated report that was submitted by the driver, registered owner or property owner.
- **NACHA**—National Automated Clearing House Association. NACHA is the governing body for ACH activity.
- **NWCHA**—Northwest Clearing House Association. The regional payment association providing education, assistance, products and services to Washington and Alaska.
- **ODFI**—Originating Depository Financial Institution, A participating financial institution that initiates ACH entries at the request of and by agreement with its customers. At this time the OST has contracted with State's concentration bank to act as our ODFI.
- **Originator**—Any individual, corporation or other entity that initiates entries into the ACH network. In the context of this agreement, the Agency creating the ACH File is the Originator.
- **OST**—The Office of the State Treasurer.
- **Other Authorized Representative**—This request would need to be accompanied with a letter of authorization from the involved party's or insurance Co. releasing the information the third party.
- **Other person(s) injured in Collision**—Bicyclist, Tricycles, Person on Foot Roller Skater/Skateboarder, Non-Motorized Wheelchair, Motorized Wheelchair, Flagger, Roadway Worker, and Emergency Response Personnel.
- **Owner of Vehicle damaged**—Registered owner Lien holder/ financial institution.
- **Parent of an injured minor or passenger**—Somebody who is legally entrusted to manage somebody else's affairs, especially those of a minor.
- **Parent of a Minor Driver**—Somebody who is legally entrusted to manage somebody else's affairs, especially those of a minor.
- **PTCR**—Police Traffic Collision Report: A report that was investigated by a commissioned officer.
- **RCW**—Revised Code of Washington; may be known as WARC in FBI approved phrasing.

- **RDFI**—Receiving Depository Financial Institution. The financial institution for which the ACH entry is destined.
- **Requestor**—The person who is asking for a Collision Record
- **Requesting Agency**—A non-criminal justice agency that has a statutory requirement for fingerprinting and a reciprocal exchange of information between the governmental entity and the FBI for licensing and other purposes related to the security of persons and property.
- **Settlement Date**—Date inserted by the ACH Operator designating when an entry will post to the Receiver’s account. The ACH Operator will always insert a date at least one banking day in the future from when the file is received by the Operator. Because of OST pre-edit processing; this date should always be set to the Effective Date by the ACH Operator
- **TMS**—Treasury Management System, the computer application used by the OST to manage and account for financial services.
- **WSDOT**—Washington State Department of Transportation
- **WSP**—Washington State Patrol.

Appendix B—Cash Purchase Response

This link is the Cash Purchase Response for vendors to complete as part of the WRECR project RFP. If you have trouble opening this document please notify the Acquisition Coordinator. Their contact information is in section 2.1 of this document.



WRECR - RFP

Appendix B—Cost Forms: Cash Purchase Response

Vendors are required to submit complete cost forms for the cash purchase of each proposed solution. All implementation costs for the entire project from discovery through final acceptance must be identified. The available state funding is limited to \$150,000 for the entire investment in the following components:

- Custom Application (if applicable).
- Application software.
- System software.
- System hardware.
- Implementation.

Enterprise licenses listed in the cost proposal must apply to all users of the WRECR solution. WRECR users include the public, WSP employees, agencies both in and out of the state of Washington, including:

- Local agencies (city and county).
- State agencies.
- Federal agencies.

Please use the following table as a basis for calculating systems maintenance requirements and costs:

<u>All Proposed</u>	<u>Required Maintenance Period</u>	<u>Maintenance Start Date</u>
Hardware	2 years.	Time of purchase.
Systems Software (e.g., operating systems, databases)	2 years.	Time of purchase.
Vendor Software	2 years.	Time of WSP acceptance.

See Sections A, B, C, and D. Vendors shall bid a fixed price for these components. Bids exceeding this limit will be rejected as nonresponsive.

A. Application Software Costs

List all application software being proposed, including package cost, customization cost, and annual maintenance expense. The total for this subsection shall agree with the application software total in the Cost Summary subsection. The annual maintenance cost shall represent the average maintenance cost for Years 3-5. The \$150,000.00 includes the implementation and a 2 year installation warranty. The annual maintenance [Years 3-5] is not part of this amount. The warranty period for the application should begin with final acceptance of the application product. This does not include the installation and development period between contract signing and acceptance. Year 2 is a definite annual support period. Years 3-5 are optional annual support periods.

<u>Application Software Description</u>	<u>Required Quantity</u>	<u>Package Name</u>	<u>Package Cost per License</u>	<u>Total Cost All Licenses</u>	<u>Annual Maintenance Cost</u>
		Electronic Collision Report Application—Production			
<i>User Interface Product</i>		Electronic Collision Report Application—Development			
		Electronic Collision Report Application—Test			

<u>Application Software Description</u>	<u>Required Quantity</u>	<u>Package Name</u>	<u>Package Cost per License</u>	<u>Total Cost All Licenses</u>	<u>Annual Maintenance Cost</u>
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Electronic Collision Report Application-Other (optional)

Interfaces

TOTAL

B. System Software Costs

List all system software, including costs and annual maintenance expense. The total from this subsection shall agree with the system software total in the Cost Summary subsection. The annual maintenance cost shall represent the average maintenance cost for Years 3-5. WSP reserves the right to utilize the state's enterprise software licensing or hardware master contracts for the procurement of the new WRECR solution.

<u>System Software Description</u>	<u>Release/Level</u>	<u>Cost</u>	<u>Annual Maintenance Cost</u>
	Production		
	Development		
	Test		
	Other (optional)		
TOTAL			

C. System Hardware Costs

List all hardware required, including purchase costs and annual maintenance expense. The total from this subsection shall agree with the hardware total in the Cost Summary subsection. The annual maintenance cost shall represent the average maintenance cost for Years 3-5. WSP reserves the right to utilize the state's enterprise software licensing or hardware master contracts for the procurement of the new WRECR solution.

<u>Hardware Component Description</u>	<u>Make/Model, Part Number</u>	<u>Required Quantity</u>	<u>Total Purchase Cost</u>	<u>Annual Maintenance Cost</u>
		Production		
		Development		
		Test		

Hardware Component Description	Make/Model, Part Number	Required Quantity Other (optional)	Total Purchase Cost	Annual Maintenance Cost
-----------------------------------	----------------------------	--	------------------------	----------------------------

TOTAL

D. Other Implementation Costs

Describe and list all other costs that would be associated with implementation of your system. Costs not identified shall become the responsibility of the vendor.

Pre-Implementation Activities	
Design	
Installation	
Integration	
Project Management	
Training	
Documentation	
Out-of-Pocket-Expenses (travel, per diem, etc.)	
Other (please describe)	
TOTAL OTHER IMPLEMENTATION COSTS	\$

E. Hourly Rate for Future Enhancements

During the term of the resulting contract WSP may determine that changes or enhancements are needed to the vendor product. Please refer to Section 57, Updating and Maintaining the Application Product, of the sample contract in APPENDIX C for a description of when time-and-materials work would be appropriate. Please submit an hourly rate for this type of work.

Hourly Rate \$ _____

F. Optional Component Costs

By utilizing the forms from Sections A, B, C, and D above, identify any and all costs associated with full implementation and maintenance of optional message switch components. Additional optional components should be included and noted to reflect additional capabilities that can be provided by the vendor, including addressing the following specific issues:

- Transfer of system licensing and code ownership to WSP.
- Business continuity approach.

G. Cost Summary

1. Total Onetime Costs

Provide a summary of all onetime costs for the system you are proposing. Any subtotals carried forward to this page shall agree with the corresponding detail Pages.

	<u>Onetime cost</u>
a. Application Software	\$ _____
b. System Software	_____

	<u>Onetime cost</u>
c. Hardware	_____
d. Other Implementation Costs	_____
Subtotal	\$ _____
e. Optional Costs;	_____
TOTAL ONETIME COST (INCLUDING OPTIONS) (not to exceed \$150,000.00)	\$ _____

2. Annual Recurring Costs

Provide a summary of all recurring costs for the system you are proposing. Any subtotals carried forward to this page shall agree with the corresponding detail pages.

	<u>Annual Cost</u>
Application Software Maintenance	\$ _____
System Software Maintenance	_____
Hardware Maintenance	_____
Other Recurring Costs	_____
_____	_____
_____	_____
TOTAL ANNUAL RECURRING COSTS (excluding options)	\$ _____

Total Recurring Costs on Optional Items

System Licensing and Code Ownership

\$ _____

Business Continuity Approach

**TOTAL ANNUAL RECURRING COSTS
(including options)**

\$ _____

Appendix C—Sample WSP Contract

This link is the Sample WSP Contract that will be WSP uses with the Apparent Successful Vendor. Contract negotiations will begin following the vender de-brief and protest periods. If you have trouble opening this document please notify the Acquisition Coordinator. Their contact information is in section 2.1 of this document.



C:\A\Sample WSP
Contract.doc

WSP CONTRACT NUMBER _____

for

Between
The Washington State Patrol
And

Effective Date: _____

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Exhibits

Exhibit A RFP No. _____

Exhibit B Vendor's Proposal dated _____

WSP CONTRACT NUMBER _____

for

PARTIES

This Contract ("Contract") is entered into by and between the state of Washington, acting by and through Washington State Patrol, an agency of Washington State government ("WSP" or "WSP") located at PO Box 42602, Olympia WA 98504-2602; and _____, a corporation licensed to conduct business in the state of Washington ("Vendor"), located at _____, for the purpose of purchasing Software licenses for _____.

RECITALS

The State of Washington, acting by and through WSP, issued a Request For Proposals (RFP) No. _____ for the purpose of purchasing Software licenses for _____. This RFP is incorporated into this Contract as Exhibit A, RFP No. _____, as amended.

The Vendor submitted a timely Response to the RFP. This response is incorporated into this Contract as Exhibit B, Vendor's Proposal.

WSP evaluated all properly submitted Responses to the above-referenced RFP and has identified the Vendor as the apparently successful Vendor.

WHEREAS WSP has determined that entering into a contract with the Vendor will meet WSP's needs and will be in the best interest to the citizens of Washington State;

NOW THEREFORE, WSP awards to the Vendor this Software License Contract, the terms and conditions of which shall govern Vendor's furnishing to WSP automated records management software and related services. This Contract is not for personal use.

IN CONSIDERATION of the mutual promises as hereinafter set forth, the parties agree as follows:

1. Definition of Terms.

The following terms as used throughout this Contract shall have the meanings set forth below.

"Acceptance" shall mean that the Software has passed its Acceptance Testing and shall be formalized in a written notice from WSP to Vendor; or, if there is no Acceptance Testing, Acceptance shall occur when the Products are delivered.

"Acceptance Date" shall mean the date Vendor delivers the Products.

"Business Days and Hours" shall mean Monday through Friday, 8:00 a.m. to 5:00 p.m., Pacific Time, except for holidays observed by the state of Washington.

"Concurrent User" shall mean the number of users accessing each separate module of the Software at the same time.

WSP No. _____

“Confidential Information” shall mean information that may be exempt from disclosure to the public or other unauthorized persons under either chapter 42.17 RCW or other state or federal statutes. Confidential Information includes, but is not limited to, names, addresses, Social Security numbers, e-mail addresses, telephone numbers, financial profiles, credit card information, driver’s license numbers, medical data, law enforcement records, agency source code or object code, agency security data, or information identifiable to an individual that relates to any of these types of information.

“Contract” shall mean this document, all schedules and exhibits, and all amendments hereto.

“Delivery Date” shall mean the date by which the Products ordered hereunder must be delivered.

“Effective Date” shall mean the first date this Contract is in full force and effect. It may be a specific date agreed to by the parties; or, if not so specified, the date of the last signature of a party to this Contract.

“Help Desk” shall mean a service provided by Vendor for the support of Vendor’s Products. WSP shall report warranty or maintenance problems to Vendor’s Help Desk for initial troubleshooting and possible resolution of the problems or for the initiation of repair or replacement services.

“Installation Date” shall mean the date by which all Software ordered hereunder shall be in place, in good working order.

“License” shall mean the rights granted to WSP to use the Software that is the subject of this Contract.

“Order” or “Order Document” shall mean any official document and attachments thereto specifying the Software and/or Services to be licensed or purchased from Vendor under this Contract.

“Price” shall mean charges, costs, rates, and/or fees charged for the Products and Services under this Contract and shall be paid in United States dollars.

“Product(s)” shall mean any Vendor-supplied equipment, Software, and documentation.

“Proprietary Information” shall mean information owned by Vendor to which Vendor claims a protectable interest under law. Proprietary Information includes, but is not limited to, information protected by copyright, patent, trademark, or trade secret laws.

“RCW” shall mean the Revised Code of Washington.

“Schedule A” shall mean the Authorized Product and Price List.

“Schedule B” shall mean the Acceptance Test Plan.

“Services” shall mean those Services provided under this Contract and related to the Software License(s) being purchased that are appropriate to the scope of this Contract and includes such things as installation Services, maintenance, training, etc.

“Software” shall mean the object code version of FDMWin Software and associated modules identified in Schedule A, licensed pursuant to this Contract. Embedded code, firmware, internal code, microcode, and any other term referring to software residing in the equipment that is necessary for the proper operation of the equipment is not included in this definition of Software. Software includes all prior, current, and future versions of the Software and all maintenance updates and error corrections, provided the service and maintenance terms of this Contract are in force.

“Specifications” shall mean the technical and other specifications set forth in RFP No. _____, Schedule A, and the specifications set forth in Vendor’s Product documentation, whether or not Vendor produces such documentation before or after this Contract’s Effective Date.

“Standard of Performance” shall mean the criteria that must be met before Software Acceptance, as set forth in the section titled Standard of Performance and Acceptance. The Standard of Performance also, applies to all additional, replacement or substitute Software and Software that is modified by or with the written approval of Vendor after having been accepted.

“Subcontractor” shall mean one not in the employment of Vendor, who is performing all or part of the business activities under this Contract under a separate contract with Vendor. The term “Subcontractor” means Subcontractor(s) of any tier.

“Vendor” shall mean _____, its employees and agents. Vendor also includes any firm, provider, organization, individual, or other entity performing the business activities under this Contract. It shall also include any Subcontractor retained by Vendor as permitted under the terms of this Contract.

“Vendor Account Manager” shall mean a representative of Vendor who is assigned as the primary contact person whom WSP Project Manager shall work with for the duration of this Contract and as further defined in the section titled Vendor Account Manager.

“Vendor Contracting Officer” shall mean Mr. Ed Colin, or the person to whom signature authority has been delegated in writing. This term includes, except as otherwise provided in this Contract, an authorized representative of Vendor Contracting Officer acting within the limits of his/her authority.

“WSP” shall mean the state of Washington, Washington State Patrol, any division, section, office, unit or other entity of WSP or any of the officers or other officials lawfully representing WSP.

“WSP Project Manager” shall mean the person designated by WSP who is assigned as the primary contact person whom Vendor’s Account Manager shall work with for the duration of this Contract and as further defined in the section titled WSP Project Manager.

“WSP Contract Administrator” shall mean that person designated by WSP to administer this Contract on behalf of WSP.

“WSP Contracting Officer” shall mean the Chief of the Washington State Patrol, or the person to whom signature authority has been delegated in writing. This term includes, except as otherwise provided in this Contract, an authorized representative of WSP Contracting Officer acting within the limits of his/her authority.

Contract Term

2. Term.

a. Term of Contract for Licensed Software Purchases

Vendor shall have the Software delivered by the date specified in the **Delivery** section and installed by the date specified in the Installation section. The Software License Term for any Software licensed for use by WSP under this Contract shall be perpetual; see the License Grant section.

b. Term of Contract for Maintenance and Support

This Contract’s initial Software maintenance and support term shall be one (1) year, commencing the day following expiration of Vendor’s warranty for the Software. This Contract’s Software maintenance and support term may be extended by three (3) additional one (1) year terms: provided that the extensions shall be at WSP’s option

and shall be effected by WSP giving written notice of its intent to extend this Contract to Vendor not less than thirty (30) calendar days prior to the then-current Contract term's expiration and Vendor accepting such extension prior to the then-current Contract term's expiration. No change in terms and conditions shall be permitted during these extensions unless specifically agreed to in writing.

3. Survivorship.

All license and purchase transactions executed pursuant to the authority of this Contract shall be bound by all of the terms, conditions, Prices and Price discounts set forth herein, notwithstanding the expiration of the initial term of this Contract or any extension thereof. Further, the terms, conditions and warranties contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive. In addition, the terms of the sections titled Overpayments to Vendor; License Grant; Software Ownership; Date Warranty; No Surreptitious Codes Warranty; Vendor Commitments, Warranties and Representations; Protection of WSP's Confidential Information; Section Headings, Incorporated Documents and Order of Precedence; Publicity; Review of Vendor's Records; Patent and Copyright Indemnification; Vendor's Proprietary Information; Disputes; and Limitation of Liability, and shall survive the termination of this Contract.

Pricing, Invoice and Payment

4. Pricing. In accordance with Schedule A, Vendor agrees to provide the Products and Services at the Prices set forth below.

- a. Software and Related Services:
- b. Maintenance and Support. Upon expiration of Vendor-provided warranty as set forth in the section titled Software Warranty and upon election by WSP to receive maintenance and support Services from Vendor, WSP shall pay maintenance and support fees to Vendor WSP shall reimburse the Vendor for Software Maintenance as identified in Schedule A.
- c. Vendor agrees all the Prices, terms, warranties, and benefits provided in this Contract are comparable to or better than the terms presently being offered by Vendor to any other governmental entity purchasing the same quantity under similar terms. If during the term of this Contract Vendor shall enter into contracts with any other governmental entity providing greater benefits or more favorable terms than those provided by this Contract, Vendor shall be obligated to provide the same to WSP for subsequent purchases.

5. Advance Payment Prohibited. No advance payment shall be made for the Software and Services furnished by Vendor pursuant to this Contract. Notwithstanding the above, maintenance payments may be made in accordance with the Invoice and Payment section above.

6. Taxes. WSP will pay sales and use taxes, if any, imposed on the Products and Services acquired hereunder. Vendor must pay all other taxes including, but not limited to, Washington Business and Occupation Tax, other taxes based on Vendor's income or gross receipts, or personal property taxes levied or assessed on Vendor's personal property. WSP, as an agency of Washington State government, is exempt from property tax.

Vendor shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this Contract.

7. **Invoice and Payment.** Vendor will submit properly itemized invoices to WSP Project Manager identified in WSP Project Manager section. Invoices shall provide and itemize, as applicable:

WSP Contract number _____

Vendor name, address, phone number, and Federal Tax Identification Number;

Description of Software, including quantity ordered;

Date(s) of delivery and/or date(s) of installation and set up;

Price for each item, or Vendor's list Price for each item and applicable discounts;

Maintenance charges;

Net invoice Price for each item;

Applicable taxes;

Shipping costs;

Other applicable charges;

Total invoice Price; and

Payment terms including any available prompt payment discounts.

Payments shall be due and payable within thirty (30) calendar days after receipt and Acceptance of Software or Services or thirty (30) calendar days after receipt of properly prepared invoices, whichever is later.

WSP shall pay Software maintenance and support charges on an annual basis for the following year. Payment of maintenance service/support of less than one (1) month's duration shall be prorated at 1/30th of the basic monthly maintenance charges for each calendar day.

Incorrect or incomplete invoices will be returned by WSP to Vendor for correction and reissue.

WSP Contract number _____ must appear on all bills of lading, packages, and correspondence relating to this Contract.

WSP shall not honor drafts, nor accept goods on a sight draft basis.

If WSP fails to make timely payment, Vendor may invoice WSP one percent (1 %) per month on the amount overdue or a minimum of one dollar (\$1). Payment will not be considered late if payment is deposited electronically in Vendor's bank account or if a check or warrant is postmarked within thirty (30) calendar days of Acceptance of the Software or receipt of Vendor's properly prepared invoice, whichever is later.

8. Overpayments to Vendor.

Vendor shall refund to WSP the full amount of any erroneous payment or overpayment under this Contract within thirty (30) days' written notice. If Vendor fails to make timely refund, WSP may charge Vendor one percent (1%) per month on the amount due, until paid in full.

Software License

9. License Grant (required).

Vendor grants to WSP a non-exclusive, license to use the Software and related documentation according to the terms and conditions of this Contract.

WSP Contract No. _____

WSP will not decompile or disassemble any Software provided under this Contract or modify Software that bears a copyright notice of any third party without the prior written consent of Vendor or Software owner.

WSP may copy each item of Software to a single hard drive.

WSP will make and maintain no more than one archival copy of each item of Software, and each copy will contain all legends and notices and will be subject to the same conditions and restrictions as the original. WSP may also make copies of the Software in the course of routine backups of hard drive(s) for the purpose of recovery of hard drive contents. WSP may use backup or archival copies of the Software, without reinstallation or interruption of production copy(ies), for disaster recovery exercises at its disaster recovery site(s), without additional charge. WSP may make these backup or archival copies available to the disaster recovery site(s)' employees who require use of the Software in order to assist WSP with disaster recovery exercises. WSP agrees that production use of the Software at the disaster recovery site(s) shall be limited to times when WSP's facilities, or any portion thereof, are inoperable due to emergency situations.

10. Freedom of Use.

Vendor understands that WSP may provide information processing services to other users that are agencies of state government and other tax-supported entities. Vendor further understands that WSP or other users that are agencies of state government and other tax-supported entities may provide services to the public through Internet applications. Software delivered hereunder may be used in the delivery of these services. Vendor acknowledges and agrees that such use of Software products is acceptable under the licensing agreements contained herein, however, any access to this information using the Software toolset is limited to those seats licensed under this Contract.

11. Software Ownership (required).

Vendor shall maintain all title, copyright, and other proprietary rights in the Software. WSP does not acquire any rights, express or implied, in the Software, other than those specified in this Contract. Vendor hereby warrants and represents to WSP that Vendor is the owner of the Software licensed hereunder or otherwise has the right to grant to WSP the licensed rights to the Software provided by Vendor through this Contract without violating any rights of any third party worldwide. Vendor represents and warrants that Vendor has the right to license the Software to WSP as provided in this Contract and that WSP's use of the Software and documentation within the terms of this Contract will not infringe upon any copyright, patent, trademark, or other intellectual property right worldwide or violate any third party's trade secret, contract or confidentiality rights worldwide. Vendor represents and warrants that: (i) Vendor is not aware of any claim, investigation, litigation, action, suit or administrative or judicial proceeding pending or threatened based on claims that the Software infringes any patents, copyrights, or trade secrets of any third party, and (ii) that Vendor has no actual knowledge that the Software infringes upon any patents, copyrights, or trade secrets of any third party.

12. Source Code Escrow

a. Source Code Escrow Package Definition. The term "Source Code Escrow Package" shall mean:

- 1) A complete copy in machine-readable form of the source code and executable code of the licensed Software;

WSP Contract No. _____

- 2) A complete copy of any existing design documentation and user documentation; and/or
 - 3) Complete instructions for compiling and linking every part of the source code into executable code for purposes of enabling verification of the completeness of the source code as provided below. Such instructions shall include precise identification of all compilers, library packages; and linkers used to generate executable code.
- b. Delivery of Source Code into Escrow. Vendor shall deliver a Source Code Escrow Package to Escrow Agent, provided that Vendor, WSP, and Escrow Agent shall first enter into a supplementary escrow agreement substantially the same as Schedule C—Escrow Agreement. Vendor and WSP shall use best efforts to enter into such an Escrow Agreement as soon as possible after the Effective Date of this Contract, but not later than thirty (30) calendar days after the Effective Date of this Contract.
- c. Delivery of New Source Code into Escrow. If during the term of this Contract, term of license, or term of maintenance and support, Vendor provides WSP with a maintenance release or upgrade version of the licensed Software, Vendor shall within ten (10) Business Days deposit with Escrow Agent a Source Code Escrow Package for the maintenance release or upgrade version and give WSP notice of such delivery.
- d. Verification of Source Code Escrow Package. At its option and expense, WSP may request that the completeness and accuracy of any Source Code Escrow Package be verified.
- 1) Such verification may be requested once per Source Code Escrow Package.
 - 2) Such verification will be conducted by Escrow Agent or, upon at least ten (10) Business Days' prior notice to Vendor, by another party ("Verifier") acceptable to Vendor, after full disclosure to Vendor of information reasonably requested by Vendor about Verifier.
 - 3) Prior to conducting the verification, Verifier shall first execute a confidentiality agreement prepared by Vendor that precludes Verifier from disclosing any information to WSP about the Source Code Escrow Package other than whether the Source Code Escrow Package was found to be complete and accurate.
 - 4) Unless otherwise agreed at the time by Vendor and WSP, verification will be performed on-site at Vendor's premises, utilizing Vendor's equipment and software, at a time reasonably acceptable to Vendor. Vendor shall make technical and support personnel available as reasonably necessary for the verification.
 - 5) At its discretion, Vendor may designate a representative to accompany the Source Code Escrow Package at all times, and to be present at the verification. Verifier will be WSP's sole representative at the verification.
 - 6) Verifier is solely responsible for the completeness and accuracy of the verification. Neither the Escrow Agent, if different from the Verifier, nor Vendor shall have any responsibility or liability to WSP for any incompleteness or inaccuracy of any verification.
- e. Escrow Fees. All fees and expenses charged by Escrow Agent will be borne by Vendor.
- f. Release Events for Source Code Escrow Packages. The Source Code Escrow Package may be released from escrow to WSP, temporarily or permanently, solely upon the occurrence of one or more of the following "Escrow Release Events:"
- 1) Vendor becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for business or assets, or becomes subject to any proceeding under any bankruptcy or insolvency law, whether domestic or foreign;

- 2) Vendor has wound up or liquidated its business voluntarily or otherwise and WSP has compelling reasons to believe that such events will cause Vendor to fail to meet its warranties and maintenance obligations in the foreseeable future; or
 - 3) Vendor has voluntarily or otherwise discontinued support of the Software or fails to support the Software in accordance with its warranties and maintenance obligations.
- g. Release Event Procedures. If WSP desires to obtain the Source Code Escrow Package from Escrow Agent:
- 1) WSP shall comply with the procedures set forth in the Escrow Agreement to document the occurrence of the Release Event;
 - 2) WSP shall maintain all materials and information comprising the Source Code Escrow Package in confidence in accordance with the Contract section titled Vendor's Proprietary information;
 - 3) If the release is temporary, WSP shall promptly return all released materials to Vendor when the circumstances leading to the release are no longer in effect; and
 - 4) WSP shall promptly, fully, and completely respond to any and all requests for information from Vendor concerning WSP's use or contemplated use of the Source Code Escrow Package.

13. Software Specifications.

All Software will conform to its Specifications. Vendor warrants that the Products delivered hereunder shall perform in conformance with the Specifications.

14. Date Warranty (required).

Vendor warrants that all Software provided under this Contract: (i) does not have a life expectancy limited by date or time format; (ii) will correctly record, store, process, and present calendar dates; (iii) will lose no functionality, data integrity, or performance with respect to any date; and (iv) will be interoperable with other software used by WSP that may deliver date records from the Software, or interact with date records of the Software ("Date Warranty"). In the event a Date Warranty problem is reported to Vendor by WSP and such problem remains unresolved after three (3) calendar days, at WSP's discretion, Vendor shall send, at Vendor's sole expense, at least one (1) qualified and knowledgeable representative to WSP's premises. This representative will continue to address and work to remedy the failure, malfunction, defect, or nonconformity on WSP's premises. This Date Warranty shall last perpetually. In the event of a breach of any of these representations and warranties, Vendor shall indemnify and hold harmless WSP from and against any and all harm, injury, damages, costs, and expenses incurred by WSP arising out of said breach.

15. Physical Media Warranty.

Vendor warrants to WSP that each licensed copy of the Software provided by Vendor is and will be free from physical defects in the media that tangibly embodies the copy (the "Physical Media Warranty"). The Physical Media Warranty does not apply to defects discovered more than thirty (30) calendar days after the date of Acceptance of the Software copy by WSP.

Vendor shall replace, at Vendor's expense including shipping and handling costs, any Software copy provided by Vendor that does not comply with this warranty.

16. No Surreptitious Code Warranty (required).

Vendor warrants to WSP that no licensed copy of the Software provided to WSP contains or will contain any Self-Help Code nor any Unauthorized Code as defined below. Vendor further warrants that Vendor will not introduce, via modem or otherwise, any code or mechanism that electronically notifies Vendor of any fact or event, or any key, node, lock, time-out, or other function, implemented by any type of means or under any circumstances, that may restrict WSP's use of or access to any program, data, or equipment based on any type of limiting criteria, including frequency or duration of use for any copy of the Software provided to WSP under this Contract. The warranty is referred to in this Contract as the "No Surreptitious Code Warranty."

As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than a licensee of the Software. Self-Help Code does not include software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g., remote access via modem) solely for purposes of maintenance or technical support.

As used in this Contract, "Unauthorized Code" means any virus, Trojan horse, worm or other software routines or equipment components designed to permit unauthorized access, to disable, erase, or otherwise harm Software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

Vendor will defend WSP against any claim, and indemnify WSP against any loss or expense arising out of any breach of the No Surreptitious Code Warranty. No limitation of liability, whether contractual or statutory, shall apply to a breach of this warranty.

17. Reauthorization Code Required.

Vendor's Software shall not require a reauthorization code in order for the Software to remain functional upon WSP's movement of the Software to another computer system.

18. Software Documentation.

Vendor will provide one (1) complete set of documentation for each Software order, including technical, maintenance, and installation information. Vendor shall also provide one (1) complete set of documentation for each updated version of Software that Vendor provides pursuant to the Software Upgrades and Enhancements section. Vendor shall provide the documentation on or before the date Vendor delivers its respective Software. There shall be no additional charge for this documentation or the updates, in whatever form provided. Vendor's Software documentation shall be comprehensive, well structured, and indexed for easy reference. If Vendor maintains its technical, maintenance and installation documentation on a web site, Vendor may fulfill the obligations set forth in this section by providing WSP access to its web-based documentation information. Vendor may also provide such information on CD-ROM. Vendor grants WSP the right to make derivative works, update, modify, copy, or otherwise reproduce the documentation furnished pursuant to this section at no additional charge.

Vendor's Responsibilities

19. Shipping and Risk of Loss.

Vendor shall ship all Products purchased pursuant to this Contract, freight prepaid, FOB WSP's destination. The method of shipment shall be consistent with the nature of the Products and hazards of transportation. Regardless of FOB point, Vendor agrees to bear

all risks of loss, damage, or destruction of the Products ordered hereunder that occurs prior to the Delivery Date except loss or damage attributable to WSP's fault or negligence; and such loss, damage, or destruction shall not release Vendor from any obligation hereunder. After the Delivery Date, the risk of loss or damage shall be borne by WSP, except loss or damage attributable to Vendor's fault or negligence.

20. Delivery.

- a. Software and Services. Vendor shall deliver, install, and have the Software ready for Acceptance Testing no later than September 20, 2004. For any exception to this Delivery Date, Vendor must notify WSP and obtain prior approval in writing.
- b. Training Services. Training services purchased under this Contract shall be delivered at the date agreed to between the WSP Contract Manager and the Vendor Account Manager, but no later than September 30, 2004. All deliveries made pursuant to this Contract must be complete.
- c. Functions To Be Published. Vendor shall deliver, install, and have the Functions To Be Published identified in the Pricing section ready for Acceptance Testing no later than September 30, 2004. For any exception to this Delivery Date, Vendor must notify WSP and obtain prior approval in writing.
- d. Delivery Specifications. Unless Vendor has obtained prior written approval from WSP, which shall not be withheld unreasonably, incomplete deliveries or backorders will not be accepted. All packages must be accompanied by a packing slip that identifies all items included with the shipment and WSP's Contract Number. Vendor's delivery receipt must be signed by an authorized representative of WSP for all deliveries made hereunder.

21. Site Security.

While on WSP's premises, Vendor, its agents, employees, or Subcontractors shall conform in all respects with physical, fire, or other security regulations.

22. Installation.

Vendor shall install the Software on WSP's designated equipment in accordance with RFP No. _____ according to the Delivery section of this Contract.

23. Standard of Performance and Acceptance

- a. This section establishes a Standard of Performance that must be met before Acceptance of the Software by WSP. This Standard of Performance is also applicable to any additional, replacement, or substitute Software and any Software that is modified by or with the written approval of Vendor after having been Accepted.
- b. The Standard of Performance and Acceptance for Software is defined in Schedule B.
- c. The Acceptance Testing period shall be thirty (30) calendar starting from the day after the Software is installed by the Vendor and WSP certifies that Software is ready for Acceptance Testing. WSP will review all pertinent data and shall maintain appropriate daily records to ascertain whether the Standard of Performance has been met.
- d. In the event the Software does not meet the Standard of Performance during the initial period of Acceptance Testing, WSP may, at its discretion, continue Acceptance Testing on a day-to-day basis until the Standard of Performance is met. If after sixty (60) calendar days the Software still has not met the Standard of Performance WSP may, at its option: (i) declare Vendor to be in breach of this Contract and terminate

this Contract; or, (ii) at the sole option of WSP, demand replacement Software from Vendor at no additional cost to WSP; or, (iii) continue the Acceptance Testing for an additional thirty (30) calendar days. WSP's option to declare Vendor in breach and terminate this Contract shall remain in effect until exercised or until such time as Acceptance Testing is successfully completed.

- e. The date of Acceptance shall be the first WSP Business Day following the successful Acceptance Testing period and shall be formalized in a notice of Acceptance from WSP to Vendor.

24. Software Warranty.

Vendor warrants that the Software shall be in good operating condition and shall conform to the Specifications for a period of one (1) year (the Warranty Period). This Warranty Period begins on the first day after the Acceptance Date. Vendor shall replace all Software that is defective or not performing in accordance with the Specifications, at Vendor's sole expense.

25. Software Upgrades and Enhancements.

During the maintenance and support term of this Contract, the Vendor shall:

Supply at no additional cost updated versions of the Software to operate on upgraded versions of operating systems, upgraded versions of firmware, or upgraded versions of hardware. The Vendor shall provide updates to the Software only for operating systems that are variants of WSP's currently installed operating system and that comply with the Vendor's currently published specifications; and

Supply at no additional cost updated versions of the Software that encompass improvements, extensions, maintenance updates, error corrections, or other changes that are logical improvements or extensions of the original Software supplied to WSP.

26. Software Maintenance and Support Services. Vendor shall provide a replacement copy or correction service at no additional cost to WSP for any error, malfunction, or defect in Software that, when used as delivered, fails to perform in accordance with the Specifications and that WSP shall bring to Vendor's attention. Vendor shall undertake such correction service as set forth below and shall use its best efforts to make corrections in a manner that is mutually beneficial. Vendor shall disclose all known defects and their detours or workarounds to WSP.

In addition, Vendor shall provide the following Services:

- a. Help Desk Services. Vendor shall provide Help Desk Services for reporting errors and malfunctions and trouble shooting problems. Vendor's Help Desk Services shall be by toll-free telephone lines. Vendor's Help Desk Services shall include but are not limited to the following Services:

Assistance related to questions on the use of the subject Software;

Assistance in identifying and determining the causes of suspected errors or malfunctions in the Software;

Advice on detours or workarounds for identified errors or malfunctions, where reasonably available;

Information on errors previously identified by Purchaser and reported to Vendor and detours to these where available; and

Advice on the completion and authorization for submission of the required form(s) reporting identified problems in the Software to Vendor.

- b. Error and Malfunction Service. Within two (2) Business Days of receiving oral or written notification by WSP of identified errors or malfunctions in the Software, Vendor will either:

Provide WSP with detour or code correction to the Software error or malfunctions. Each detour or code correction will be made available in the form of either a written correction notice or machine-readable media and will be accompanied by a level of documentation adequate to inform WSP of the problem resolved and any significant operational differences resulting from the correction that is known by Vendor, or

Provide WSP with a written response describing Vendor's then-existing diagnosis of the error or malfunction and generally outlining Vendor's then-existing plan and timetable, subject to WSP's approval, for correcting or working around the error or malfunction.

- c. Maintenance Release Services. Vendor will provide error corrections and maintenance releases to the Software that have been developed by Vendor at no additional cost to WSP. Such releases shall be licensed to WSP pursuant to the terms and conditions of this Contract. Each maintenance release will consist of a set of programs and files made available in the form of machine-readable media and will be accompanied by a level of documentation adequate to inform WSP of the problems resolved including any significant differences resulting from the release that are known by Vendor. Vendor agrees that each maintenance release of Software will be compatible with the then- current unaltered release of Software applicable to the computer system.

27. Vendor Commitments, Warranties and Representations (required).

Any written commitment by Vendor within the scope of this Contract shall be binding upon Vendor. Failure of Vendor to fulfill such a commitment may constitute breach and shall render Vendor liable for damages under the terms of this Contract. For purposes of this section, a commitment by Vendor includes: (i) Prices, discounts, and options committed to remain in force over a specified period of time; and (ii) any warranty or representation made by Vendor in its Response or contained in any Vendor or manufacturer publications, written materials, schedules, charts, diagrams, tables, descriptions, other written representations, and any other communication medium accompanying or referred to in its Response or used to effect the sale to WSP.

28. Protection of WSP's Confidential Information (required).

Vendor acknowledges that some of the material and information that may come into its possession or knowledge in connection with this Contract or its performance may consist of information that is exempt from disclosure to the public or other unauthorized persons under either chapter 42.17 RCW or other state or federal statutes ("Confidential Information"). Confidential Information includes, but is not limited to, names, addresses, Social Security numbers, e-mail addresses, telephone numbers, financial profiles, credit card information, driver's license numbers, medical data, law enforcement records, agency source code or object code, agency security data, or information identifiable to an individual that relates to any of these types of information. Vendor agrees to hold Confidential Information in strictest confidence and not to make use of Confidential Information for any purpose other than the performance of this Contract, to release it only to authorized employees or Subcontractors requiring such information for the purposes of carrying out this Contract, and not to release, divulge, publish, transfer, sell, disclose, or otherwise make the information known to any other party without WSP's express written consent or as provided by law. Vendor agrees to release such information or material only to employees or Subcontractors who have signed a nondisclosure agreement, the terms of which have been previously approved by WSP. Vendor agrees to implement physical, electronic, and managerial safeguards to prevent unauthorized access to Confidential Information.

Immediately upon expiration or termination of this Contract, Vendor shall, at WSP's option: (i) certify to WSP that Vendor has destroyed all Confidential Information; or (ii) return all Confidential Information to WSP; or (iii) take whatever other steps WSP requires of Vendor to protect WSP's Confidential Information.

WSP reserves the right to monitor, audit, or investigate the use of Confidential Information collected, used, or acquired by Vendor through this Contract. The monitoring, auditing, or investigating may include, but is not limited to, salting databases.

Violation of this section by Vendor or its Subcontractors may result in termination of this Contract and demand for return of all Confidential Information, monetary damages, or penalties.

Contract Administration

29. Legal Notices.

Any notice or demand or other communication required or permitted to be given under this Contract or applicable law shall be effective only if it is in writing and signed by the applicable party, properly addressed, and either delivered in person, or by a recognized courier service, or deposited with the United States Postal Service as first-class mail, postage prepaid to the parties at the addresses provided in this section. For purposes of complying with any provision in this Contract or applicable law that requires a "writing," such communication, when digitally signed with a Washington State Licensed Certificate, shall be considered to be "in writing" or "written" to an extent no less than if it were in paper form.

To Vendor at:

Attn:

Phone:

E-mail:

To WSP at:

Attn:

Phone:

E-mail:

Washington State Patrol
Mr. Jeff Hugdahl
PO Box 42602
Olympia WA 98504-2602
(360) 753-0602
jeff.hugdahl@wsp.wa.gov

Notices shall be effective upon receipt or four (4) Business Days after mailing, whichever is earlier. The notice address as provided herein may be changed by written notice given as provided above.

In the event that a subpoena or other legal process commenced by a third party in any way concerning the Software or Services provided pursuant to this Contract is served upon Vendor or WSP, such party agrees to notify the other party in the most expeditious fashion possible following receipt of such subpoena or other legal process. Vendor and WSP further agree to cooperate with the other party in any lawful effort by the other party to contest the legal validity of such subpoena or other legal process commenced by a third party.

30. Vendor Account Manager.

Vendor shall appoint an Account Manager for WSP's account under this Contract who will provide oversight of Vendor activities conducted hereunder. Vendor's Account Manager will be the principal point of contact for WSP concerning Vendor's performance under this Contract. Vendor shall notify WSP Contract Administrator and Project Manager, in writing, when there is a new Vendor Account Manager assigned to this Contract. The Vendor

Account Manager information is:

Vendor Account Manager:

Address:

Phone:

E-mail:

31. WSP Project Manager.

WSP shall appoint _____, who will be WSP Project Manager for this Contract and will provide oversight of the activities conducted hereunder. WSP Project Manager will be the principal contact for Vendor concerning business activities under this Contract. WSP shall notify Vendor, in writing, when there is a new WSP Project Manager assigned to this Contract.

32. Section Headings, Incorporated Documents and Order of Precedence (required).

The headings used herein are inserted for convenience only and shall not control or affect the meaning or construction of any of the sections. Each of the documents listed below is, by this reference, incorporated into this Contract as though fully set forth herein.

Schedule A;

RFP No. _____; and

All Vendor or manufacturer publications, written materials and schedules, charts, diagrams, tables, descriptions, other written representations and any other supporting materials Vendor made available to WSP and used to affect the sale of Software to WSP.

In the event of any inconsistency in this Contract, the inconsistency shall be resolved in the following order of precedence:

Applicable federal and state statutes, laws, and regulations;

Sections of this Contract;

RFP No. _____; and

All Vendor or manufacturer publications, written materials and schedules, charts, diagrams, tables, descriptions, other written representations and any other supporting materials Vendor made available to WSP and used to affect the sale of Software to WSP.

33. Entire Agreement (required).

This Contract sets forth the entire agreement between the parties with respect to the subject matter hereof and except as provided in the section titled Vendor Commitments, Warranties and Representations, understandings, agreements, representations, or warranties not contained in this Contract or a written amendment hereto shall not be binding on either party. Except as provided herein, no alteration of any of the terms, conditions, delivery, Price, quality, or Specifications of this Contract will be effective without the written consent of both parties.

34. Authority for Modifications and Amendments.

No modification, amendment, alteration, addition, or waiver of any section or condition of this Contract shall be effective or binding unless it is in writing and signed by WSP and Vendor Contracting Officers. Only WSP Contracting Officer shall have the express, implied, or apparent authority to alter, amend, modify, add, or waive any section or condition of this Contract on behalf of WSP.

WSP Contract No. _____

35. Independent Status of Vendor (required).

In the performance of this Contract, the parties will be acting in their individual, corporate or governmental capacities and not as agents, employees, partners, joint ventures, or associates of one another. The parties intend that an independent contractor relationship will be created by this Contract. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever. Vendor shall not make any claim of right, privilege or benefit which would accrue to an employee under chapter 41.06 RCW or Title 51 RCW.

36. Governing Law (required).

This Contract shall be governed in all respects by the law and statutes of the state of Washington, without reference to conflict of law principles. However, if the Uniform Computer Information Transactions Act (UCITA) or any substantially similar law is enacted as part of the law of the state of Washington, said statute will not govern any aspect of this Contract or any license granted hereunder, and instead the law as it existed prior to such enactment will govern. The jurisdiction for any action hereunder shall be exclusively in the Superior Court for the state of Washington. The venue of any action hereunder shall be in the Superior Court for Thurston County, Washington.

36. Subcontractors.

Vendor may, with prior written permission from WSP Contracting Officer, which consent shall not be unreasonably withheld, enter into subcontracts with third parties for its performance of any part of Vendor's duties and obligations. In no event shall the existence of a subcontract operate to release or reduce the liability of Vendor to WSP for any breach in the performance of Vendor's duties. For purposes of this Contract, Vendor agrees that all Subcontractors shall be held to be agents of Vendor. Vendor shall be liable for any loss or damage to WSP, including but not limited to personal injury, physical loss, harassment of WSP employee, or violations of the Patent and Copyright Indemnification, Protection of WSP's Confidential Information, and Software Ownership sections of this Contract occasioned by the acts or omissions of Vendor's Subcontractors, their agents or employees. The Patent and Copyright Indemnification, Protection of WSP's Confidential Information, Software Ownership, Publicity and Review of Vendor's Records sections of this Contract shall apply to all Subcontractors.

38. Assignment.

With the prior written consent of WSP Contracting Officer, which consent shall not be unreasonably withheld, Vendor may assign this Contract including the proceeds hereof, provided that such assignment shall not operate to relieve Vendor of any of its duties and obligations hereunder, nor shall such assignment affect any remedies-available to-WSP- that may arise from any breach of the sections of this Contract, or warranties made herein including but not limited to, rights of setoff.

WSP may assign this Contract to any public agency, commission, board, or the like, within the political boundaries of the state of Washington, provided that such assignment shall not operate to relieve WSP of any of its duties and obligations hereunder.

39. Publicity (required).

The award of this Contract to Vendor is not in any way an endorsement of Vendor or Vendor's products by WSP and shall not be so construed by Vendor in any advertising or other publicity materials.

Vendor agrees to submit to WSP, all advertising, sales promotion, and other publicity materials relating to this Contract or any Product furnished by Vendor wherein WSP's name is mentioned, language is used, or Internet links are provided from which the connection of WSP's name therewith may, in WSP's judgment, be inferred or implied.

Vendor further agrees not to publish or use such advertising, sales promotion materials, publicity or the like through print, voice, the World Wide Web, and other communication media in existence or hereinafter developed without the express written consent of WSP prior to such use.

40. Review of Vendor's Records (required).

Vendor and its Subcontractors shall maintain books, records, documents and other evidence relating to this Contract, including but not limited to protection and use of WSP's Confidential Information, and accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature invoiced in the performance of this Contract. Vendor shall retain all such records for six (6) years after the expiration or termination of this Contract. Records involving matters in litigation related to this Contract shall be kept for either one (1) year following the termination of litigation, including all appeals, or six (6) years from the date of expiration or termination of this Contract, whichever is later.

All such records shall be subject at reasonable times and upon prior notice to examination, inspection, copying, or audit by personnel so authorized by WSP's Contract Administrator and/or the Office of the State Auditor and federal officials so authorized by law, rule, regulation or contract, when applicable, at no additional cost to the State. Vendor shall be responsible for any audit exceptions or disallowed costs incurred by Vendor or any of its Subcontractors.

Vendor shall incorporate in its subcontracts this section's records retention and review requirements.

It is agreed that books, records, documents, and other evidence of accounting procedures and practices related to Vendor's cost structure, including overhead, general and administrative expenses, and profit factors shall be excluded from WSP's review unless the cost or any other material issue under this Contract is calculated or derived from these factors.

General Provisions

41. Patent and Copyright Indemnification (required).

Vendor, at its expense, shall defend, indemnify, and save WSP harmless from and against any claims against WSP that any Product supplied hereunder, or WSP's use of the Product within the terms of this Contract, infringes any patent, copyright, utility model, industrial design, mask work, trade secret, trademark, or other similar proprietary right of a third party worldwide. Vendor shall pay all costs of such defense and settlement and any penalties, costs, damages and attorneys' fees awarded by a court or incurred by WSP provided that WSP:

Promptly notifies Vendor in writing of the claim, but WSP's failure to provide timely notice shall only relieve Vendor from its indemnification obligations if and to the extent such late notice prejudiced the defense or resulted in increased expense or loss to Vendor; and

Cooperates with and agrees to use its best efforts to encourage the Office of the Attorney General of Washington to grant Vendor sole control of the defense and all related settlement negotiations.

If such claim has occurred, or in Vendor's opinion is likely to occur, WSP agrees to permit Vendor, at its option and expense, either to procure for WSP the right to continue using the Product or to replace or modify the same so that they become noninfringing and functionally equivalent. If use of the Product is enjoined by a court and Vendor determines that none of

these alternatives is reasonably available, Vendor, at its risk and expense, will take back the Product and provide WSP a refund. In the case of Product, Vendor shall refund to WSP its depreciated value. No termination charges will be payable on such returned Product, and WSP will pay only those charges that were payable prior to the date of such return. Depreciated value shall be calculated on the basis of a useful life of four (4) years commencing on the date of purchase and shall be an equal amount per year over said useful life. The depreciation for fractional parts of a year shall be prorated on the basis of three hundred sixty-five (365) days per year. In the event the Product has been installed less than one (1) year, all costs associated with the initial installation paid by WSP shall be refunded by Vendor.

Vendor has no liability for any claim of infringement arising solely from:

Vendor's compliance with any designs, specifications or instructions of WSP;

Modification of the Product by WSP or a third party without the prior knowledge and approval of Vendor; or

Use of the Product in a way not specified by Vendor;

unless the claim arose against Vendor's Product independently of any of these specified actions.

42. Save Harmless (required).

Vendor shall defend, indemnify, and save WSP harmless from and against any claims, including reasonable attorneys' fees resulting from such claims, by third parties for any or all injuries to persons or damage to property of such third parties arising from intentional, willful or negligent acts or omissions of Vendor, its officers, employees, or agents, or Subcontractors, their officers, employees, or agents. Vendor's obligation to defend, indemnify, and save WSP harmless shall not be eliminated or reduced by any alleged concurrent WSP negligence.

43. Licensing Standards.

Vendor shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements and standards necessary in the performance of this Contract. (See, for example, chapter 19.02 RCW for state licensing requirements and definitions.)

44. OSHA/WISHA.

Vendor represents and warrants that its Products, when shipped, are designed and manufactured to meet then current federal and state safety and health regulations. Vendor agrees to indemnify and hold WSP harmless from all damages assessed against WSP as a result of the failure of the Products furnished under this Contract to so comply.

45. Antitrust Violations.

Vendor and WSP recognize that, in actual economic practice, overcharges resulting from antitrust violations are usually borne by WSP. Therefore, Vendor hereby assigns to WSP any and all claims for such overcharges as to goods and services purchased in connection with this Contract, except as to overcharges not passed on to WSP resulting from antitrust violations commencing after the date of the bid, quotation, or other event establishing the Price under this Contract.

46. Compliance with Civil Rights Laws (required).

During the performance of this Contract, Vendor shall comply with all federal and applicable state nondiscrimination laws, including but not limited to: Title VII of the Civil Rights Act, 42 U.S.C. §12101 et seq.; the Americans with Disabilities Act (ADA); and Title

49.60 RCW, Washington Law Against Discrimination. In the event of Vendor's noncompliance or refusal to comply with any nondiscrimination law, regulation or policy, this Contract may be rescinded, canceled, or terminated in whole or in part under the Termination for Default sections, and Vendor may be declared ineligible for further contracts with WSP.

47. Severability (required).

If any term or condition of this Contract or the application thereof is held invalid, such invalidity shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application; to this end the terms and conditions of this Contract are declared severable.

48. Waiver (required).

Waiver of any breach of any term or condition of this Contract shall not be deemed a waiver of any prior or subsequent breach. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written instrument signed by the parties.

49. Vendor's Proprietary Information (required).

Vendor acknowledges that WSP is subject to chapter 42.17 RCW and that this Contract shall be a public record as defined in chapter 42.17 RCW. Any specific information that is claimed by Vendor to be Proprietary Information must be clearly identified as such by Vendor. To the extent consistent with chapter 42.17 RCW, WSP shall maintain the confidentiality of all such information marked Proprietary Information. If a public disclosure request is made to view Vendor's Proprietary Information, WSP will notify Vendor of the request and of the date that such records will be released to the requester unless Vendor obtains a court order from a court of competent jurisdiction enjoining that disclosure. If Vendor fails to obtain the court order enjoining disclosure, WSP will release the requested information on the date specified.

Disputes and Remedies

50. Disputes (required).

In the event a dispute arises under this Contract, it shall be handled by a Dispute Resolution Panel in the following manner. Each party to this Contract shall appoint one member to the Panel. These two appointed members shall jointly appoint an additional member. The Dispute Resolution Panel shall review the facts, Contract terms and applicable statutes and rules and make a determination of the dispute as quickly as reasonably possible. The determination of the Dispute Resolution Panel shall be final and binding on the parties hereto. WSP and Vendor agree that, the existence of a dispute notwithstanding, they will continue without delay to carry out all their respective responsibilities under this Contract that are not affected by the dispute.

51. Attorneys' Fees and Costs.

If any litigation is brought to enforce any term, condition, or section of this Contract, or as a result of this Contract in any way, the prevailing party shall be awarded its reasonable attorneys' fees together with expenses and costs incurred with such litigation, including necessary fees, costs, and expenses for services rendered at both trial and appellate levels, as well as subsequent to judgment in obtaining execution thereof.

WSP Contract No. _____

In the event that the parties engage in arbitration, mediation or any other alternative dispute resolution forum to resolve a dispute in lieu of litigation, both parties shall share equally in the cost of the alternative dispute resolution method, including cost of mediator or arbitrator. In addition, each party shall be responsible for its own attorneys' fees incurred as a result of the alternative dispute resolution method.

52. Non-Exclusive Remedies.

The remedies provided for in this Contract shall not be exclusive but are in addition to all other remedies available under law.

53. Liquidated Damages

- a. General. Any delay by the Contractor in meeting the delivery date set forth in this Contract will interfere with the proper implementation of WSP's programs and will result in loss and damage to WSP. As it would be impracticable to fix the actual damage sustained in the event of any such failure(s) to perform, both parties agree that in the event of any such failure(s) to perform, the amount of damage which will be sustained will be the amount set forth in the following subsections and the parties agree that the Contractor shall pay such amounts as liquidated damages and not as a penalty. Liquidated damages provided under the terms of this Contract are subject to the same limitations as provided in the section titled Limitation of Liability.
- b. Specific. If the Contractor does not deliver the Products as identified in the **Delivery** section, the Contractor shall provide a revised Delivery Date and pay to WSP as fixed and agreed liquidated damages, in lieu of all other damages due to such delay, for each calendar day between the specified Delivery Date and the date that the Contractor actually provides the Products an amount of \$100 per day. If the revised Delivery Date is more than thirty (30) calendar days from the original Delivery Date, then by written notice to the Contractor, WSP may immediately terminate the right of the Contractor to provide the Products, and WSP may obtain substitute Products from another vendor. In this event, the Contractor shall be liable for fixed and agreed-upon liquidated damages, in lieu of all other damages due to such delay, in the amount specified above, until the substitute Product(s) is provided, or a maximum of ninety (90) calendar days from the original Delivery Date, whichever occurs first.

54. Failure to Perform.

If Vendor fails to perform any substantial obligation under this Contract, WSP shall give Vendor written notice of such Failure to Perform. If after thirty (30) calendar days from the date of the written notice Vendor still has not performed, then WSP may withhold all monies due and payable to Vendor, without penalty to WSP, until such Failure to Perform is cured or otherwise resolved.

55. Limitation of Liability (required).

The parties agree that neither Vendor nor WSP shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages except a claim related to bodily injury or death, or a claim or demand based on a Date Warranty or No Surreptitious Code Warranty issue or patent, copyright, or other intellectual property right infringement, in which case liability shall be as set forth elsewhere in this Contract. This section does not modify any sections regarding liquidated damages or any other conditions as are elsewhere agreed to herein between the parties. The damages specified in the sections titled OSHA/WISHA, Termination for Default, and Review of Vendor's Records are not consequential, incidental, indirect, or special damages as that term is used in this section.

Neither Vendor nor WSP shall be liable for damages arising from causes beyond the reasonable control and without the fault or negligence of either Vendor or WSP. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of a

governmental body other than WSP acting in either its sovereign or contractual capacity, war, explosions, fires, floods, earthquakes, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case the delays must be beyond the reasonable control and without fault or negligence of Vendor, WSP, or their respective Subcontractors.

If delays are caused by a Subcontractor without its fault or negligence, Vendor shall not be liable for damages for such delays, unless the Services to be performed were obtainable on comparable terms from other sources in sufficient time to permit Vendor to meet its required performance schedule.

Neither party shall be liable for personal injury to the other party or damage to the other party's property except personal injury or damage to property proximately caused by such party's respective fault or negligence.

Contract Termination

56. Termination for Default (required).

If the Vendor violates any material term or condition of this Contract or fails to fulfill in a timely and proper manner its obligations under this Contract, then WSP shall give the Vendor written notice of such failure or violation. The responsible party will correct the violation or failure within thirty (30) calendar days or as otherwise mutually agreed in writing. If the failure or violation is not corrected, this Contract may be terminated immediately by written notice from WSP to the Vendor. WSP reserves the right to suspend all or part of the Contract, withhold further payments, or prohibit Vendor from incurring additional obligations of funds during investigation of any alleged Vendor compliance breach and pending corrective action by Vendor or a decision by WSP to terminate the Contract.

In the event of termination of this Contract by WSP, WSP shall have the right to procure the Products and Services that are the subject of this Contract on the open market and Vendor shall be liable for all damages, including, but not limited to: (i) the cost difference between the original Contract price for the Products and Services and the replacement costs of such Products and Services acquired from another Vendor; (ii) if applicable, all administrative costs directly related to the replacement of this Contract, such as costs of competitive bidding, mailing, advertising, applicable fees, charges or penalties, staff time costs; and, (iii) any other costs to WSP resulting from Vendor's breach. WSP shall have the right to deduct from any monies' due to Vendor, or that thereafter become due, an amount for damages that Vendor will owe WSP for Vendor's default.

If the Failure to Perform is without the defaulting party's control, fault, or negligence, the termination shall be deemed to be a Termination for Convenience.

This section shall not apply to any failure(s) to perform that results from the willful or negligent acts or omissions of the aggrieved party.

57. Termination for Convenience.

When, at the sole discretion of WSP, it is in the best interest of the State, WSP Contracting Officer may terminate this Contract, in whole or in part, by thirty (30) calendar days written notice to Vendor. If this Contract is so terminated, WSP is liable only for payments required by the terms of this Contract for Software and Services received and Accepted by WSP prior to the effective date of termination.

58. Termination for Withdrawal of Authority.

In the event that WSP's authority to perform any of its duties is withdrawn, reduced, or limited in any way after the commencement of this Contract and prior to normal completion, WSP may terminate this Contract by seven (7) calendar days written notice to Vendor. No penalty shall accrue to WSP in the event this section shall be exercised. This section shall not be construed to permit WSP to terminate this Contract in order to acquire similar Services from a third party.

59. Termination for Conflict of Interest.

WSP may terminate this Contract by written notice to Vendor if WSP determines, after due notice and examination, that any party has violated chapter 42.52 RCW, Ethics in Public Service or any other laws regarding ethics in public acquisitions and procurement and performance of contracts. In the event this Contract is so terminated, WSP shall be entitled to pursue the same remedies against Vendor as it could pursue in the event Vendor breaches this Contract.

60. Termination Procedure. In addition to the procedures set forth below, if WSP terminates this Contract, Vendor shall follow any procedures WSP specifies in WSP's Notice of Termination.

Upon termination of this Contract, WSP, in addition to any other rights provided in this Contract, may require Vendor to deliver to WSP any property, Products, or Work Products specifically produced or acquired for the performance of such part of this Contract as has been terminated.

Unless otherwise provided herein, WSP shall pay to Vendor the agreed-upon price, if separately stated, for the Products or Services received and Accepted by WSP, provided that in no event shall WSP pay to Vendor an amount greater than Vendor would have been entitled to if this Contract had not been terminated. Failure to agree with such determination shall be a dispute within the meaning of the Disputes section of this Contract. WSP may withhold from any amounts due Vendor such sum as WSP determines to be necessary to protect WSP from potential loss or liability.

Vendor shall pay amounts due WSP as the result of termination within thirty (30) calendar days of notice of amounts due. If Vendor fails to make timely payment, WSP may charge interest on the amounts due at one percent (1%) per month until paid in full.

61. Covenant Against Contingent Fees.

Vendor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or a bona fide established commercial or selling agency of Vendor.

In the event Vendor breaches this section, WSP shall have the right to either annul this Contract without liability to WSP, or, in WSP's discretion, deduct from payments due to Vendor, or otherwise recover from Vendor, the full amount of such commission, percentage, brokerage, or contingent fee.

Contract Execution

62. Authority to Bind.

The signatories to this Contract represent that they have the authority to bind their respective organizations to this Contract.

WSP Contract No. _____

63. Counterparts.

This Contract may be executed in counterparts or in duplicate originals. Each counterpart or each duplicate shall be deemed an original copy of this Contract signed by each party, for all purposes.

In Witness Whereof, the parties hereto, having read this Contract in its entirety, including all attachments, do agree in each and every particular and have thus set their hands hereunto.

This Contract is effective this ____ day of _____, 20____

For the Washington State Patrol: For _____

Signature

Signature

Print or Type Name
Date

Print or Type Name
Date

Chief
Title

Title

Approved as to Form

State of Washington
Office of the Attorney General

Signature

Print or Type Name
Assistant Attorney General

Title Date

WSP Budget and Fiscal Services
Date

WSP Contract No. _____

Schedule A

Authorized Product and Price List

WSP No. _____

Schedule A

Page 1 of 2

Schedule B
Acceptance Test Plan

WSP No. _____

Schedule B

Page 18 of 19

Schedule C

ESCROW CONTRACT

This Escrow Contract (hereinafter referred to as "Contract") is entered into by and between the State of Washington, Washington State Patrol, hereinafter referred to as "WSP;" and _____, hereinafter referred to as "Vendor,"

WHEREAS, the Vendor and the WSP have entered into WSP Contract No. _____ to which this Contract is appended hereto and made a part hereof, pursuant to which the Vendor has licensed to the WSP certain computer Software product(s), including updates, improvements, and enhancements thereof from time to time developed by the Vendor, and such additional computer program changes as the WSP may order from the Vendor from time to time, all documentation therefore developed by the Vendor (hereinafter collectively referred to as the "Product"); and

WHEREAS, it is the policy of the Vendor not to disclose the Source Code(s) and related documentation (hereinafter collectively referred to as the ("Source Code Escrow Package") for the Product(s) to its customers except as provided in an applicable Escrow Contract; and

WHEREAS Vendor and the WSP agree that upon occurrence of certain events described in Section 3(a) hereof, the WSP shall be able to obtain the Source Code Escrow Package and all revisions thereof;

ACCORDINGLY, the Vendor agrees to deliver the Source Code Escrow Package to the Escrow Agent upon the effective date of this Escrow Contract, which shall be as soon as practicable after the execution date of the Software License Contract between Vendor and the WSP.

NOW THEREFORE, in consideration of the mutual covenants exchanged herein and for other valuable consideration, the adequacy and receipt of which are hereby acknowledged, the Vendor, the WSP and the Escrow Agent hereby act and agree as follows:

1. DEPOSITS

The Escrow Agent, as a safekeeping (escrow) agent, agrees to accept from the Vendor the Source Code Escrow Package. "Source Code Escrow Package" shall mean the following:

- a) A complete copy in machine-readable form of the Source Code and Executable Code of the Licensed Software;
- b) A complete copy of any existing Design Documentation and User Documentation;
- c) Complete instructions for compiling and linking every part of the Source Code into Executable Code for purposes of enabling verification of the completeness of the Source Code as provided below. Such instructions shall include precise identification of all compilers, library packages, and linkers used to generate Executable Code.

The Escrow Agent will issue to the Vendor and WSP a receipt for the Source Code Escrow Package upon delivery. The Source Code Escrow Package held by the Escrow Agent shall remain the exclusive property of the Vendor, and the Escrow Agent shall not use the Source Code Escrow Package or disclose the same to any third party except as specifically provided for herein. The Escrow Agent will hold the Source Code Escrow Package in safekeeping at its office listed in Section 9 titled Notices below unless and until the Escrow Agent is to deliver the Source Code Escrow Package to Vendor or the WSP, in which case, the Escrow Agent shall deliver the Source Code Escrow Package to the party identified therein, subject, however, to the sections of this Escrow Contract.

2. REPRESENTATIONS OF VENDOR TO WSP

Vendor represents and warrants to WSP that:

- a. The materials described in this Contract as Software applications products hereto constitutes the Source Code Escrow Package and documentation for the Product licensed to the WSP pursuant to the Software license and service Contract therein.
- b. The Source Code Escrow Package delivered to the Escrow Agent are in a form suitable for reproduction by computer and photocopy equipment, and consists of full source language statement of the computer program or programs comprising the Software and complete computer program maintenance documentation, including all flow charts, schematics and annotations which comprise the precoding detailed design specifications, and all other material necessary to allow a reasonably skilled third party programmer or analyst to maintain or enhance the Product without the help of any other person or reference to any other material; such Source Code Escrow Package to be in the mode machine readable by the then operating WSP equipment and produced and copied on 1600 bpi magnetic tape.
- c. The Vendor will promptly supplement the Source Code delivered hereunder with all revisions, corrections, enhancements or other changes so that the Source Code Escrow Package constitutes a human readable computer program for the current release of the Product. This supplementation shall be made in machine readable format by the then operating WSP equipment and produced and copied on 1600 bpi magnetic tape, along with specifications of sections a. and b. herein, every six (6) months or within ten (10) Business Days of delivery of any modification, enhancement, or upgrade to the WSP or any other customer of the Vendor, whichever occurs first.

3. NOTICE OF DEFAULT

- a. The Vendor shall be deemed to be in default of its responsibilities to the WSP if:
 - i. The Vendor becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under any bankruptcy or insolvency law, whether domestic or foreign;
 - ii. The Vendor has wound up or liquidated its business voluntarily or otherwise and the WSP has compelling reasons to believe that such events will cause the Vendor to fail to meet its warranties and maintenance obligations in the foreseeable future; or
 - iii. The Vendor voluntarily or otherwise discontinues support of the provided products or fails to support the products in accordance with its warranties and maintenance obligations.
- b. The WSP shall give written notice ("Notice of Default") to the Escrow Agent of any default by the Vendor. The Notice of Default shall, at the minimum:
 - i. Be labeled "Notice of Default";
 - ii. Identify the Software License Contracts and any other relevant agreement, contained therein and this Escrow Contract;
 - iii. Specify the nature of the default(s);
 - iv. Identify the Source Code Escrow Package with specificity; and
 - v. Demand the delivery of the Source Code Escrow Package to the WSP.

c. Upon receipt of the Notice of Default, the Escrow Agent shall send a copy thereof to the Vendor by certified or registered mail, postage prepaid, return receipt requested. The Escrow Agent shall automatically be authorized and directed to deliver the Source Code Escrow Package to the WSP in accordance with this Escrow Contract within ten (10) Business Days.

4. NOTICE OF TERMINATION

Upon the termination of the applicable Software License Contracts, the Vendor may obtain the return of the applicable Source Code Escrow Package to terminated Software applications products by furnishing written notice of the termination, agreed to by authorized and notarized signature of the WSP.

5. DISPUTES

The Escrow Agent shall not release the Source Code Escrow Package to either party except in accordance with the completion of any of the sections in Section 3 above, or upon receipt of an agreement with authorized and notarized signatures of both Vendor and the WSP, authorizing the release of the Source Code Escrow Package to one of the parties hereto.

6. PAYMENT OF ESCROW

As payment for its Services hereunder, the Escrow Agent shall receive a fee of _____ from the Vendor.

7. TERMINATION

Unless terminated sooner, this Escrow Contract shall terminate on the delivery of the Source Code Escrow Package of Software applications products to Vendor or WSP as provided herein.

8. WAIVER, AMENDMENT OR MODIFICATION; SEVERABILITY

This Escrow Contract shall not be waived, amended, or modified except by the written agreement of all the parties hereto. Any invalidity, in whole or in part, of any section of this Escrow Contract shall not affect the validity of any other of its sections.

9. NOTICES

All notices required to be given hereunder shall be in writing and shall be given by certified or registered mail, return receipt requested, to the parties at their respective addresses as follows:

to Vendor at: *[Vendor Name]*
Attention: [Name]
[Street Address]
[City]
[State]
[phone and fax numbers]

to WSP at: Washington State Patrol
Attention: Budget and Fiscal Services
PO Box 42602
Olympia, WA 98504-2602
Phone: (360)753-0602; Fax (360) 664-0657

to Escrow Agent at: *[Escrow Agent's Name]*
Attention: [Name]
[Street Address]
[City]
[State]

[phone and fax numbers]

10. LIMITATION ON ESCROW AGENT'S RESPONSIBILITY AND LIABILITY

- a. The Escrow Agent shall not be obligated or required to examine or inspect the Source Code Escrow Package, or any of the Additions. The Escrow Agent's obligation for safekeeping shall be limited to providing the same degree of care for the Source Code Escrow Package as it maintains for its valuable documents and those of its customers lodged in the same location with appropriate atmospheric or other safeguards. However, the parties agree and acknowledge that the Escrow Agent shall not be responsible for any loss or damage to any of the Source Code Escrow Package due to changes in such atmospheric conditions, unless such changes are proximately caused by the gross negligence or malfeasance of the Escrow Agent.
- b. The Escrow Agent shall be protected in acting upon any written notice, request, waiver, consent, receipt or other paper or document furnished to it, not only in assuming its due execution but also the validity and effectiveness of its information therein contained, which it in good faith believes to be genuine and what it purports to be.
- c. In no event shall the Escrow Agent be liable for any act or failure to act under the sections of the Escrow Contract except where its acts are the result of gross negligence or malfeasance. The Escrow Agent shall have no duties except those which are expressly set forth herein, and it shall not be bound by any notice of a claim, or demand, termination or rescission of the Escrow Contract, unless received in writing, and, if its duties herein are affected, unless it shall have given its prior written consent thereto.
- d. The parties to this Contract hereby jointly and severally indemnify the Escrow Agent against any loss, liability or damage (other than any caused by the gross negligence or malfeasance of the Escrow Agent), including reasonable costs of litigation and counsel fees, arising from and in connection with the performance of its duties under this Contract.

11. GOVERNING LAWS

This Contract shall be governed in all respects by the law and statutes of the state of Washington. The venue of any action hereunder shall in the Superior Court for Thurston County, Washington.

12. AUTHORITY TO BIND

The signatories to this Contract represent that they have the authority to bind their respective organizations to this Contract.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Contract to be duly executed in triplicate originals and each triplicate shall be deemed an original copy of this Contract signed by each party, for all purposes, as of the year and date last written below.

FOR THE WASHINGTON STATE PATROL

[Vendor's Name]

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

ESCROW AGENT

By: _____

Its: _____

Date: _____

WSP No. _____

Schedule C

Page 5 of 5



smarter documents smarter business.

06/04/2010

Ms. Paula Breshears, Acquisition Coordinator
Information Technology Division
403 Cleveland Avenue SE, Suite C
Tumwater, Washington 98501

Dear WSP WRECR Team,

Intellinetics is pleased to present this response for consideration.

The content reflects over 25 years of aggregate experience in the design, delivery, and support of redaction-enabled, public-facing document portals which support fee and non-fee based access models.

The solution architecture is based upon a commercially available software platform (Intellivue) with customized components that encapsulate all project specific functions not available off-the-shelf.

We have included an additional publication titled "WSP RFP Response Support Material". Please have all reviewers read this document as a first step in evaluating our response materials.

We stand ready to work hard to make this project a success and, as a result, bring WSP into the Intellinetics client base—a community we are proud to serve.

Sincerely,

/s/ Matthew L. Chretien
Matthew L. Chretien, President

Corporate Office

2190 Dividend Drive
Columbus, OH
43228-3806

1 : 614.921.8170
1 : 614.850.2789

www.intellinetics.com

I/we make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract(s):

1. I/we declare that all answers and statements made in the proposal are true and correct.
2. The prices and/or cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition. However, I/we may freely join with other persons or organizations for the purpose of presenting a single proposal.
3. The attached proposal is a firm offer for a period of 180 days following receipt, and it may be accepted by WSP without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 180-day period.
4. In preparing this proposal, I/we have not been assisted by any current or former employee of the state of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. (Any exceptions to these assurances are described in full detail on a separate page and attached to this document.)
5. I/we understand that WSP will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of WSP, and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
6. Unless otherwise required by law, the prices and/or cost data which have been submitted have not been knowingly disclosed by the Proposer and will not knowingly be disclosed by him/her prior to opening, directly or indirectly to any other Proposer or to any competitor.
7. I/we agree that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached Personal Service Contract General Terms and Conditions. If there are any exceptions to these terms, I/we have described those exceptions in detail on a page attached to this document.
8. No attempt has been made or will be made by the Proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.
9. I/we certify that neither the Proposer nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in any contract resulting from this procurement by any federal department or agency. Further, if awarded a contract the Proposer agrees not to enter into any arrangements or other contracts with any party that is on the "General Service Administration List of Parties Excluded from Federal Procurement or Non-procurement Programs" which can be found at www.epls.gov.

/s/ Matthew L. Chretien

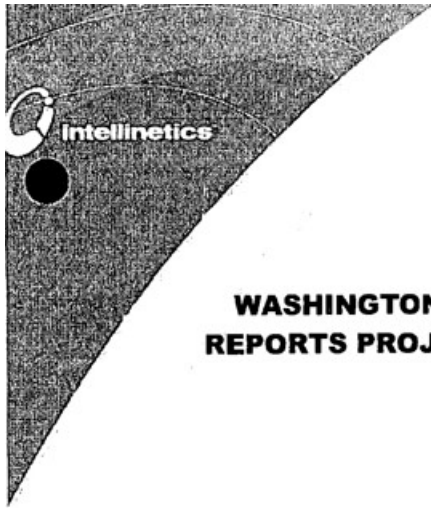
Signature of Proposer

President

6/4/2010

Title

Date



**WASHINGTON REQUESTS FOR ELECTRONIC COLLISION
REPORTS PROJECT (WRECR) RFP: Supporting Information**

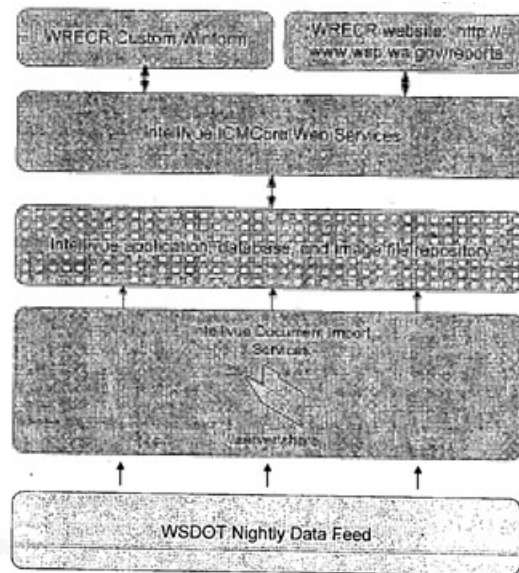
Internet based traffic crash report services

Preface The technology, tools, and processes that Intellinetics would use to support WSP for this project reflect over 15 years of continuous improvement in serving public safety / compliance and regulatory markets as a leading document management software development organization. Specifically, the RFP response material is an extension of approximately 25 years of aggregate experience the design, delivery, and support of public-facing document portals which support fee and non-fee based access models. The solution architecture in this response is based upon a commercially available software platform (Intellivue) with customized components that encapsulate all project specific functions not available off-the-shelf. All customization will use Intellivue's web services application programming interface (API). In this way, all WSP customization remains programmatically isolated so future Intellivue releases do not impact WSP WRECR functions.

Purpose The content provided within this document is meant to set a level of understanding for the reader while evaluating the Intellinetics response to WSP's WRECR RFP. All of the information provided within the RFP response (Sections 5 and 6) are made with reference to the information provided within this supplement. It is strongly recommended that the RFP response reviewer begins by reading this document.

Solution Approach The Intellinetics approach to delivering the solution defined by the WRECR RFP is to use the Intellivue platform as the base (shown in blue), and then layer onto that base the WSP specific requirements through two customized user presentation layers (shown in green) using the Intellivue web services application programming interface (API) called ICMCore Web Services: The WRECR Winform and the WRECR website. The Winform will encapsulate all fund accounting, reporting, requestor registration components, while the website will support requests from the public. This architecture minimizes overall custom development efforts while enabling WSP to benefit from a design based upon Intellivue. Since all WSP specific requirements are isolated at the web browser and winform layers and communicate via ICMCore to the Intellivue platform, Intellivue updates / upgrades will not in any way affect WRECR system functions.

As an enterprise document management (EDM) platform with advanced user-controlled and automated redaction features, Intellivue delivers out-of-the-box a robust foundation upon which to build the WSP WRECR solution. With this model, project efforts focus on the WSP-specific user, administrative, reporting, and fund accounting requirements and NOT establishing the EDM foundation critical to proper solution design:



The purpose of each component is provided below:

Component	Purpose
WRECR website: http://www.wsp.wa.gov/reports	This is the universal resource locator (URL) where all non WSP power users will access content contained within the ECR repository.
WRECT Custom Winform	This is the user interface which will support all WSP WRECT requirements that are not already a standard feature within the Intellivue platform. Isolating the requirements in this way and supporting all Winform actions through ICMCore will ensure that WSP is able to upgrade the core Intellivue platform without impacting WRECT functions.
Intellivue ICMCore Web Services	This is the Intellivue web services API used by ECR website to run all user and system functions. ICMCore is a Microsoft .NET API able to support any programming environment able to support web services (i.e., Java, C#, etc.)
Intellivue application, database, and image file repository	Intellivue will be the foundation for WSP's ECR solution. As a full function EDM, Intellivue delivers the framework to manage all report content and meta data, and expose this content programmatically through ICMCore web services to support web based ECR system users.
Intellivue Document Import Services	This component processes the in-bound nightly feeds of report content and meta-data from WSDOT.
WSDOT Nightly Feed	This is the packaged report content coming from WSDOT for input into ECR repository.

WRECR Project Goals Many of the core functions delivered by the Intellivue platform are key to delivering overall project goals:

- A database that will contain the collision records, allow for querying of these records based on specific search parameters. (Standard Intellivue feature)
- A Redaction application — that will automatically redact using specific parameters and also allow for manual redaction. (Standard Intellivue with automated redaction module -Redactivue).
- A Retention tool that will meet the retention requirements discussed in the document and in the Software Requirements Specification located in Appendix A. (Intellivue has a companion retention utility that is included as a standard administrative tool).

With the WRECR environment in place WSP would hope to accomplish the following functions/activities:

- A way for the Requestor to query the collision report database by date and Driver Name along with other parameters to obtain specific collision reports. (Standard Intellivue feature)
- A way to process payments before the collision record is viewed. (Build CyberSource interface to ICMCore. web services — customized module)
- To have the system automatically redact along with manual redaction of a collision report based on information provided by Requestor. (Standard Intellivue feature)
- The ability to exchange data with external systems. (Standard Intellivue feature)
- The ability to generate reports, invoices and logs daily, weekly or monthly. (SQL Reporting Services)

RFP Response
Methodology

While Intellivue does provide all critical EDM functions and the web services API required to build the ECR solution sought by WSP, most of the WSP-specific administrative, financial, and use cases (policy) will need to be satisfied through custom development of the WRECR browser using the ICMCore web services layer. In this regard, any WSP WRECR system requirements that cannot be demonstrated with Intellivue out-of-the-box will carry a response other than Available.

When a response of Partially Meets is provided, it is meant to indicate that this feature is supported by Intellivue, and will be used as the bases for integrating these features into the browser presentation layer with corresponding use-case requirements. For example, under General System Requirements, item 1:

1. The product must provide a method to collect Requestor information. Requestor information includes;

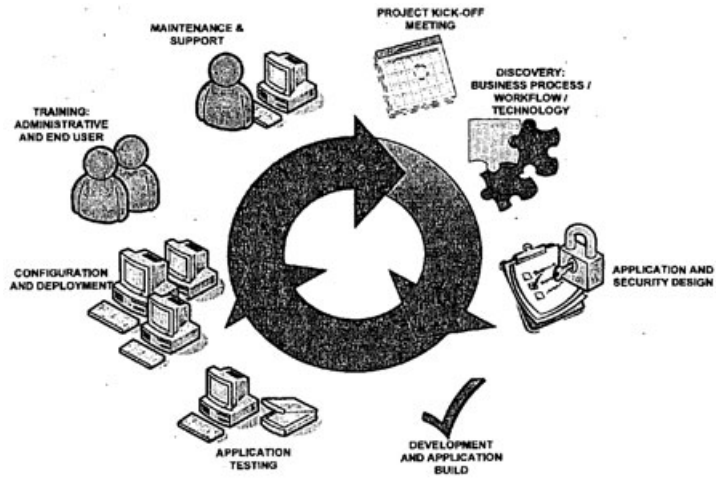
- Person or company name
- Current Date
- Physical Address
- Mailing address
- City
- State
- Zip Code
- Phone Number
- FAX Number
- E-mail address
- File, Policy, or Claim Number
- Client Name
- Answer to the question “What is the Requestor’s interest in this collision.”

A response of “Partially Meets” is provided because by using the Intellivue Administrator, each and every field provided can be defined as a (required or optional) element in the database. Once the base database model is built (filed names, properties, etc.), they become available for use (“programmatically extensible”) through the ICMCore web services API. As a result, we will build a “view” within a browser based upon web services methods which use the underlying Intellivue database as the source of its fields on the screen. In this way, much of the base database definition / enforcement can flow from Intellivue vs. have to be built from the ground up, saving a significant amount of time and extending Intellivue’s access control model to the WRECR browser view.

This same concept applies to the core traffic crash report repository central to ECR solution function. Once the logical folder structure which will hold all of the crash reports is defined, it can be rapidly published with ease directly from the Intellivue administrator and all supporting user, administrative, financial, and reporting functions can now be built into the presentation layer without having to build / manage database, security, and content management functions as they are all handled neatly through ICMCore.

Intellinetics Project
Methodology

Intellinetics project methodology is rooted in best practices based upon a five-stage, phased approach of discovery, design, build, deploy, control. Each project milestone is defined and managed in a context of constant communication and formal change management:



For the WRECR project, the final software specifications issue as part of the forthcoming RFP will serve as the solution specifications.

Vendor Technical Proposal Response

5.1 GENERAL SYSTEM REQUIREMENTS

QUERY	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
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5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
<p>1. **The product must provide a method to collect Requestor information. Requestor information includes;</p> <ul style="list-style-type: none"> • Person or company name • Current Date • Physical Address • Mailing address • City • State • Zip Code • Phone Number • FAX Number • E-mail address • File, Policy, or Claim Number • Client Name • Answer to the question “What is the Requestor’s interest in this collision.” <p>[SR 4.1.2.1]</p>		✓			<p>PLEASE READ COMPANION DOCUMENT LABELED SUPPORTING INFORMATION BEFORE READING THE RESONSES IN THIS SECTION.</p> <p>A RESPONSE OF “PARTIALLY MEETS” IS PROVIDED BECAUSE BY USING THE INTELLIVUE ADMINISTRATOR, EACH AND EVERY FIELD PROVIDED CAN BE DEFINED AS A (REQUIRED OR OPTIONAL) ELEMENT IN THE DATABASE. ONCE THE BASE DATABASE MODEL IS BUILT (FILED NAMES, PROPERTIES, ETC.), THEY BECOME AVAILABLE FOR USE (“PROGRAMMATICALLY EXTENSIBLE”) THROUGH THE ICMCORE WEB SERVICES API. AS A RESULT, WE WILL BUILD A “VIEW” WITHIN A BROWSER BASED UPON WEB SERVICES METHODS WHICH USE THE UNDERLYING INTELLIVUE DATABASE AS THE SOURCE OF ITS FIELDS ON THE SCREEN. IN THIS WAY, MUCH OF THE BASE DATABASE DEFINITION / ENFORCEMENT CAN FLOW FROM INTELLIVUE VS. HAVE TO BE BUILT FROM THE GROUND UP, SAVING A SIGNIFICANT AMOUNT OF TIME AND EXTENDING INTELLIVUE’S ACCESS CONTROL MODEL TO THE WRECR BROWSER VIEW.</p> <p>This same concept applies to the core traffic crash report repository central to ECR solution function. Once the logical folder structure is defined which will hold all of the crash reports, it can be rapidly published with ease directly from the Intellivue administrator and all supporting user, administrative, financial, and reporting functions can now be built into the presentation layer without having to build / manage database, security, and content management functions as they are all handled neatly through ICMCore.</p>

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
2. The product must analyze the Information entered by the Requestor and supply context specific messages for those requestors. [SR 4.1.2.2]		✓			The Intellivue access control model includes roles-based redaction. As a result, a single report may have an unlimited number of defined views which are tied to and defined by a user's role. These role-specific properties are extensible to other features such as role-specific messages.
3. **The product must provide a method to enter search parameters using Date and Driver Name. Additional information would include any of the below parameters. The product shall provide the following options to search the database: <ul style="list-style-type: none">• Driver Name (Last, First, MI)• Driver License Number• Registered Owner (RO)• Date of Birth (DOB)• Location (City or County)• Roadway• Collision Date Range *• Collision Number• Injury Indicator• Fatality Indicator• Agency Identifier [for Law Enforcement Agencies]	✓				

* NOTE—The date range is up to 10 days prior to the date chosen

[SR 4.1.2.3]

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
4. The product must analyze the Information and search parameters entered by the Requestor and supply context specific error messages for those found invalid. [SR 4.1.2.4]		✓			Will reside in WR CER web browser.
5. The product must search the collision report database using search parameters supplied by the Requestor and display a pick list of records that match the parameters. [SR 4.1.2.5]	✓				As an ecm, intellivue is optimized around managing documents and related search / retrieval methods.
6. The name search should use a phonetic or "Soundex" type search of the database to retrieve records with like-sounding names or names with minor misspellings. [SR 4.1.2.6]	✓				
7. The product must provide a method for the requestor to select a record from the "pick list" and add to a shopping cart for later processing. [SR 4.1.2.7]		✓			Once the Cybersource interface is available for development, we will use iCMcore webservices query / select methods combined with Cybersource ecommerce functions to build the cart / checkout. Options for ad-hoc report selection and Select All will be provided.
8. The product must provide a method for the requestor to review and edit the shopping cart. [SR 4.1.2.8]		✓			

5.1 GENERAL SYSTEM REQUIREMENTS

	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
9. The product must provide a method for the Requestor to process all selected records in the shopping cart. [SR 4.1.2.9]		✓			
10. The product will have the ability to place a query request in "pending status" if no record is found by Authorized WSP Collision Records personnel only. [SR 4.1.2.10]		✓			
11. The product will have the ability to place an end date on pending status request to allow the request to be automatically removed from a status of pending. [SR 4.1.2.11]		✓			

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
<p>12. Returned information [pick list] will contain the following:</p> <ul style="list-style-type: none"> • Total number of matching records • Collision Report number* • Collision Date • County the collision occurred in • Name of Roadway • driver # 1 last name • driver # 2 last name • driver # 3 last name • Injury = Yes or No • Fatality = Yes or No 	✓				
<p>* NOTE—The collision report number will only be provided during the returned information if it was provided during initial search.</p>					
<p>[SR 4.1.2.12]</p>					
<p>13. **Authorized WSP Collision Records personnel will have the ability to enter check number or money order number to a requestor's information. This option is only viewable by WSP employees.</p>		✓			Will reside custom winform.
<p>[i.e. If a check is mailed in and an Authorized WSP Collision Records staff is manually processing a request for a collision record—the check number will be entered under requestor information] without processing check or money order at that time.</p>					
<p>[SR 4.1.2.13 & SR 4.2.2.1]</p>					

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
14. **This product must capture physical address when capturing Requestor information. Mailing address is optional. [SR5.2.8]		✓			Will reside in custom winform.
15. **Allow Requestor to choose only one of the below to answer "How Were you Involved in This Collision" [SR5.2.9]		✓			
16. **The product will allow WSP employee to search by any date range [SR5.2.10]	✓				
PAYMENT					
17. **The product must provide a way to release the collision report record for either Redaction (Section 4.5.1 of the Software Requirement Specification) or viewing once payment has been authorized by customer. [SR 4.2.2.2]		✓			Will embed this logic in the WRCER web browser application. The statuses of all requests (and the actions that flow from them) are managed throughout the entire request lifecycle. A request status is the key trigger for release / viewing.
18. **The product must charge the billable account a configurable amount for each collision report record requested. [SR 4.2.2.3]		✓			Will reside in the WRCER Winform administrator.

5.1. GENERAL SYSTEM REQUIREMENTS

REQUIREMENTS	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
19. ** The product must process Bank Card payments per the Office of State Treasurer (OST).		✓			Will work with WSP to use BAMS and confirm which processor is to be used. Intellinetics will select a PCI compliant processor as allowed / provided for by the OST Bank Card payments provider.
a. The OST has a mandatory use contract for each merchant bankcard services to be used by all state agencies accepting bankcards as payment. As authorized by law, the merchant bankcard services are procured by OST through a competitive bid process approximately every 7 years. The <i>current</i> agreement is with Bank of America Merchant Services (BAMS) and requires that BAMS merchant id numbers be used. The agreement does allow the choice of a wide range of processors, and all prospective vendors are required to confirm that they are certified to one of the processors available through the State contract with BAMS.					
The names of specific platforms and processors to which vendors are certified are required in order to confirm that the vendors are compatible with what is offered to the State under the current contract with BAMS.					
Bank Cards payment processing must meet the Payment Card Industry (PCI) Standards both current and any future standards that may be implemented.					
[SR 4.3.2.1]					

5.1 GENERAL SYSTEM REQUIREMENTS

	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
20. **Process ACH payments per Office of State Treasurer (OST) and NACHA Operating rules Industry Standards; a. ACH payments will be processed through the OST concentration account banking services contract. b. Vendor / product will adhere to the NACHA ACH Operating Rules c. Vendor/ product will produce a NACHA formatted file and transmit to State Treasurer's Office for further processing by the state's concentration bank. [SR4.4.2.1]		✓			
21. The product will allow for a "checkout" default payment type. This default needs to be configurable. a. The "default" will be to an ACH payment screen when customers select the "Pay now". Bank Card should be presented as a secondary payment option. Account login shall be the third payment option. [SR4.4.2.1]		✓			Will enforce this use case in the WRCER web browser.

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
22. Provide a visual reference for end user's entering their bank's routing number and checking account number. a. Example: Picture of an example check with the appropriate numbers highlighted		✓			
[SR4.4.2.2]					
23. Product shall validate the bank routing number entered by the customer from the Receiving Depository Financial Institution (RDFI) a. Example: Require the customer to re-enter their bank routing number for RDFI		✓			Will be supported in the custom Winform administrator. An editable lookup table will be provided for WSP to enter RDFI master list.
[SR4.4.2.2]					
24. **Allow the Requestor to pay for selected records via billable account. [SR4.5.2.1]		✓			
25. **The product must provide each batch request its own unique identifier. a. Example: a group of 14 record request would all be done under the same order number		✓			This is a requirement for the merchant processing step as each transaction (one or more reports) has its own unique identifier to track transaction status.
[SR4.5.2.2]					

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
26. **The product must provide the ability to enter a pre-assigned account number and password in order to access the billable account [SR4.5.2.3]		✓			
27. **The product must provide the ability to generate monthly statements. Each statement will contain the collision records unique identifier, date requested, individual amount, total amount, account information [i.e. Company name, address etc] [SR4.5.2.4]		✓			All transaction logging flows into specific sql server tables which are available for standard and ad-hoc reporting management.
28. **The product must process bank card transactions using a processor that is part of OST's Bank of America Merchant Services. <i>WSP will provide the vendor the final processor prior to contract negotiations.</i> a. Currently WSP is using CyberSource for Bank Card processing b. A new processor is currently being reviewed. [First Data] [SR5.2.11]		✓			A review of the cybersource API documentation confirms its industry standard web services architecture is compatible with lemcore api (http://apps.cybersource.com/library/documentation/sbc/api/guide/html) First Data also has standard, web services based architecture consistent with proposed WRCER design.

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
29. **Authorized WSP Collision Records personnel will have the ability to process a check or money order at the time of entry. a. No cash will be accepted over the counter. [SR5.3.1]		✓			
REDACTION					
30. The product must deliver the redacted or non redacted collision report to the requestor in a way that will allow the requestor to print and save locally [SR4.6.1.1.1]	✓				The reports will be provided in a PDF format upon release.
31. The product must provide notification to a requestor when a redacted or non redacted collision report is ready to be viewed [SR4.6.1.1.2]		✓			A valid email address will be part of demographics collected at time of (user) registration.
32. The product must be able to categorize based on criteria in section 5.2.1 -5.2.5 of Appendix A - System Requirement Specification. [SR4.6.2.2.1]	✓				The Intellivue access control model includes roles-based redaction. As a result, a single report may have an unlimited number of defined views which are tied to and defined by a users role. WSP authorized users will manage the category(5) associated with a specific requestor. These categories will then determine which view of the report(S) are appropriate
33. **The product will have the ability to redact a batch of requests or a single request. [SR4.6.3.2.1]	✓				The Intellivue redaction engine is constantly monitoring the identity of the user. As a result, any/all document viewing is restricted to user - specific redaction level(s) by report.

5.1 GENERAL SYSTEM REQUIREMENTS

	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
<u>REQUIREMENTS</u>					
34. **The product will automatically redact specific items within an image. See section 5.2-5.5 of Appendix A -System Requirement Specification. [SR4.6.3.2.2]	✓				
35. The product will have the ability to place a system redacted collision record in a “queue” for review and manual redaction. [SR4.6.3.2.3]	✓				Intetlivue’s workflow engine will be used to configure, deploy, and manage redaction workflow, in this case, a rule could be used to route reports which have been successfully auto-redacted to an in-basket for a WSP (Q/A) users to review / approve for release, etc.
36. **The product will have the ability to initiate system redaction on requested report [s] [SR4.6.3.2.4]	✓				
37. **The product will allow an authorized WSP employee to view redacted or un-redacted report[s] [SR4.6.3.2.5]	✓				
38. **The product will allow an authorized WSP employee to redact or un-redact any field or area [SR4.6.3.2.6]	✓				

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
39. The product will allow an authorized WSP employee to print or e-mail from a queue [SR4.6.3.2.7]	✓				
40. The product will have the ability to place a requested collision report in a "queue" for manual redaction [SR4.6.3.2.80]	✓				
41. **The product will have the ability to redact a batch of requests or a single request [SR4.6.3.4.1]	✓				
42. **The product will automatically redact specific items within an image. See section 5.2-5.5 of Appendix A -System Requirement Specification. [SR4.6.3.4.2]	✓				

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
<p>43. Persons who are entitled to receive a full collision report without redaction:</p> <ul style="list-style-type: none"> • County Prosecuting Attorney • Chief of Police • County Sheriff • Director of the Department of Licensing • Chief of the Washington State Patrol • Commissioned Officers • Driver(s) involved in the collision • The legal guardian or, if a minor, the parent(s) of driver(s) involved in the collision • Persons injured in the collision • The legal guardian or, if a minor, the parent(s) of persons injured in the collision • Owner(s) of vehicle(s) involved in the collision, including both the legal and registered owner • Owner(s) of property damaged in the collision • Authorized representatives of any of the above interested parties with written permission • Persons with a “proper interest,” such as: <ul style="list-style-type: none"> ○ Federal, state and local agencies authorized by statute to obtain collision information for their official use. ○ Traffic safety Statistical research groups when a research agreement with the Washington State Patrol/Washington State Department of Transportation is in effect. • Third party representatives of any authorized party, including attorneys and insurance companies, with written authorization signed by the attorney or an authorized representative of the insurance company to act as their representative • Schools, public or private, having children committed to their custody <p>[SR5.2.1]</p>	✓				intellivue’s role base access control enables WSP to configure un-redacted access to any/all roles for which such access is appropriate.

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
44. **If the requestor is not entitled to view the full record of an Adult Driver, Pedalcyclist, Pedestrian, or Property Owner the following information must be redacted on the PTCR image: <ul style="list-style-type: none">o Driver's License Numbero Date of Birtho Convictions or Pending Prosecution informationo Social Security Number [SR5.2.2]	✓				Requires a role against which this view can be defined.
45. **If the requestor is not entitled to view the full record of a Passenger or Witness the following information must be redacted on the PTCR image: <ul style="list-style-type: none">o Date of Birtho Convictions or Pending Prosecution informationo Social Security Number [[SR5.2.3]	✓				Requires a role against which this view can be defined.

5.1 GENERAL SYSTEM REQUIREMENTS

REQUIREMENTS	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
46. **If the requestor is not entitled to view the full record of a Juvenile (under 18 at time of collision) Driver, Pedalcyclist, Pedestrian, or Property Owner the following information must be redacted on the PTCR Image: <ul style="list-style-type: none"> o Driver License Number o Date of Birth o Convictions or Pending Prosecution information o Social Security Number [SRS.2.4]	✓				Requires a role against which this view can be defined.
47. **If the requestor is not entitled to view the full record of a Juvenile (under 18 at time of collision) Passenger, or Witness the following information must be redacted on the PTCR Image: <ul style="list-style-type: none"> o Date of Birth o Convictions or Pending Prosecution information o Social Security Number [SR5.2.5]	✓				Requires a role against which this view can be defined.
48. **When a requester is flagged as “Authorized Representatives” and chooses to continue without written permission they will then be categorized as “Non Authorized” [SR5.2.7]		✓			Requires roles against which these views can be defined. Will need to build role change flag(s), i.e., what actions change their role from authorized to Non-authorized, into browser logic.

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
IMPORT/EXPORT					
49. **Provide a means for automatic import of WSDOT of collision records from transfer file. See Section 7.6 of Appendix A—Software Requirement Specification Document for the structure of this file. [SR4.8.2.1]	✓				
50. The automatic import must be able to combine multiple separate “tiff” image files into a single Portable Document Format (PDF) document for each collision report consisting of one page for each Tiff image in the proper page order [SR4.8.2.2]	✓				NOTE: all source documents in the intellivue repository remain separate tiff images. The presentation of reports through the browser is done via pdf format.
51. **The Product must be able to determine if a record in the data file is new or modified [SR4.8.2.3]	✓				

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
52. **If a record is modified, the product must import the record in compliance with the retention rules stated elsewhere in this specification.	✓				
Clarification:					
Data feeds from WSDOT will be sending Supplemental data feeds for Collision Reports to correct or add information to an existing collision report; these supplemental reports must be able to be link to the report with a date received.					
NOTE: Retention for public disclosure; requires the record to be maintained for 6 years. And the original report can be disseminated and then a supplemental report is sent changing the date of the report. We should be able to view and see that the original report was received on one date and the supplemental report was received on a different date.					
[SR4.8.2.4]					
53. **The Import process must be able to run on a configurable schedule	✓				
[SR4.8.2.5]					

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
54. **Provide a means for authorized staff to extract billable account information to be exported to the WSP Budget and Fiscal accounts receivable system. See Section 7.6 of Appendix A—Software Requirement Specification Document for the structure of this file.		✓			All user account information will be maintained within the sql database and available for view/ reporting / export.
[SR4.8.3.1]					
55. Provide a means for External Sources to import data files. Example; OST will provide a NACHA formatted file of all ACH Returns which were not processed —this needs to match up to the WRECR transactions for that day or requested report per requested parameters		✓			All user account information will be maintained within the sql database and available for view/ reporting / export.
56. OST requires that all Import /Exports go through the Department of Information Services (DIS) secure FTP site. a. WSP will provide the user name and password for this site to vendor.		✓			Understood.

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u>	<u>Partially Meets</u>	<u>Future Release</u>	<u>Not Available</u>	<u>COMMENTS</u>
57. Capture export transactions for audit purposes [SR4.8.3.2 and SR 4.8.4.2]	✓				
LOGGING					
58. Provide a means for logs/reports to be viewed on on-screen [SR4.9.1 & 4.11.1.1]		✓			Will work with WSP to create 5 standard log report views through SQL reporting services.
59. Provide a means for printing reports [SR4.9.2 & 4.11.1.2]	✓				
60. **The system must create a record showing who has accessed the system and what operations he or she has performed during a given period of time. [SR4.9.1.3]		✓			While the intellivue-specific auditing is a standard component, WSP specific web browser actions will be added to the event logging features to capture all WRECR specific actions.
61. The system must capture the history of actions taken [i.e. the user, time stamp; data added, deleted or changed, original data if changed] [SR4.9.1.4]		✓			While the intellivue-specific auditing is a standard component, WSP specific web browser actions will be added to the event logging features to capture all WRECR specific actions.
62. The system must provide a searchable transaction log [SR4.9.1.5]		✓			Logs are searchable through SQL administrator.

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
63. The system must provide a searchable audit log [SR4.9.1.6]		✓			Logs are searchable through SQL administrator.
64. The system must allow for the logs to be archived [SR4.9.1.7]	✓				Can use standard SQLServer archiving methods.
65. The system must ensure logs are secured - (i.e. the logs are non editable) [SR4.9.1.8]		✓			Audit table access managed through SQL security (i.e., set as read only).
66. Provide the ability to view on screen, print and archive [SR4.9.1.8]		✓			

ERROR HANDLING

67. This product must allow for different error handling Examples; <ul style="list-style-type: none">• Entered information incorrectly message 1 is displayed• Incomplete information entry message 2 is displayed• Missing field information message 3 is displayed [SR4.10.1.2]		✓			Presentation layer requirement.
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5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
68. Error handling will be determined by where the Requestor is within the product. In most cases 2 attempts (initial request plus 1) then redirection [SR4.10.1.3]		✓			
69. In case of an error, the system should produce a suitable error log record which helps to determine the cause of an error [SR4.10.14]		✓			The Intellivue platform already has event logging features, WR CER winform and browser specific logging functions will also be added.
70. In case of ACH Return items such Non-sufficient funds [NSF] and Account Closed (called Returns) the system should produce a suitable error log		✓			All approval or rejection codes will be saved as part of order history.

REPORTING

71. Provide a means of exporting reports to the Portable Document Format (PDF) [SR4.11.1.3]	✓				Handled through a print to PDF driver.
72. Provide a means of exporting reports to Microsoft Excel [SR4.11.1.4]		✓			Can be accomplished through sql reporting services.

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
73. Provide a means for an authorized user to enter report parameters including start times, time span, requested for, etc. [SR4.11.1.5]		✓			Can be accomplished through sql reporting services.
74. Provide a means for standard correspondence to have auto fill capability [SR4.11.1.6]		✓			
75. The product shall provide a screen where invoice information can be added or modified (i.e. Budget and Fiscal's mailing address, WSP contact name and phone number) [SR4.11.1.7]		✓			WILL BE PART OF THE FUND ACCOUNTING ADMINISTRATIVE SECTION OF THE BROWSER LAYER.
<i>Provide individual reports that capture the following:</i>					
76. Deposit Summary, Fiscal Summary, Billed Account Summary, Invoice Log, Adjustment report <i>See Appendix B of Appendix A- Software Requirement Specification for Sample Reports</i> [SR4.11.1.8]		✓			Can be accomplished through sql reporting services.

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u>	<u>Partially Meets</u>	<u>Future Release</u>	<u>Not Available</u>	<u>Comments</u>
77. Provide combined reports: (1) Detail report, deposit summary, cards received, fiscal summary, billed account; (2) Monthly report, deposit summary, and fiscal summary, billed account report [SR4.11.1.9]	✓	✓	✓	✓	Can be accomplished through sql reporting services.
78. Provide an Agency Account Record report [SR4.11.1.10]	✓	✓	✓	✓	Can be accomplished through sql reporting services.
79. **Generate and print monthly invoices <i>See Appendix B of Appendix A- Software Requirement Specification for Sample Reports</i> [SR4.11.1.11]	✓	✓	✓	✓	WILL BE INCORPORATED INTO THE FUND ACCOUNTING ADMINSTRATION FUNCTIONS WITHIN BROWSER.
80. Provide a report of all budget distribution codes [SR4.11.1.12]	✓	✓	✓	✓	WILL BE INCORPORATED INTO THE FUND ACCOUNTING ADMINSTRATION FUNCTIONS WITHIN BROWSER.

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
81. **Provide cover letters, specific letters or other forms that are provided to Requestor		✓			
<i>See Appendix B of Appendix A- Software Requirement Specification for Sample Reports</i>					
[SR4.11.1.13]					
82. **Provide a report on which retained documents are at the end of their retention period and when they will expire		✓			Will use intellivue retention utility as the basis to include WSP specific retention rules.
[SR4.11.1.14]					
83. Provide a report with the type of Requestors that are requesting reports—based on the “how are you involved in the collision” response		✓			
[SR4.11.1.15]					
84. Provide a report on all released and non-released requests for all entitled parties and the number of the actual reports provided		✓			
[SR4.11.1.16]					
85. Provide a report for the number of collision reports purchased per day, per month, per year		✓			
[SR4.11.1.17]					

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>COMMENTS</u>
86. Provide a report for the number of searches requested but not purchased per day, per month, per year [SR4.11.1.18]	✓				Can be accomplished through sql reporting services.
87. Provide a report for the number of requests that were directed to contact Collision Records [SR4.11.1.19]		✓			Can be accomplished through sql reporting services.
88. Provide a report for pending requests, pending request by end date [SR4.11.1.20]		✓			Can be accomplished through sql reporting services.

RETENTION

89. **The document that was presented to the Requestor shall be captured and unaltered for a total of 7 years. [6 years plus 1 year] [SR 5.4.1.1]	✓				
90. **The date/time for retention begins when the document is presented to the Requestor for viewing [SR 5.4.1.2]	✓				

5.1 GENERAL SYSTEM REQUIREMENTS

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
PUBLIC DISCLOSURE					
91. **The collision record, as it was presented to the Requestor, will be captured un-altered for a total of 7 years [SR 5.4.2.1]	✓				
92. **The original collision record will also be flagged for retention and remained unaltered for a total of 7 years [SR 5.4.2.2]	✓				
93. **Retention time begins when the last action is taken on the record [SR 5.4.2.3]	✓				
94. Retention for public disclosure requires the record to be maintained for 6 years plus 1 year. The original report can be disseminated and then a supplemental report is sent changing the date of the report. We should be able to view and see the original report was received on one date and the supplemental report was received on a different date.	✓				

5.1 GENERAL SYSTEM REQUIREMENTS

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
OTHER						
95.	**The database used to display collision records to the WEB Requestor must be the same database that Internal WSP Employees of Collision Records use to address walk-in, phone-in, and Public Disclosure Requestors. [SR 5.1.6]	✓				

5.2 SYSTEM MANAGEMENT

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
1.	Ability to provide an environment that supports multiple users from multiple remote locations					
2.	**Ability to provide Authorized WSP employees remote access for inquiries, data entry, report generation, etc	✓				
3.	**Ability to provide security and system controls to limit access [SR 5.1]	✓				
4.	Ability to provide browser based interface		✓			

5.2 SYSTEM MANAGEMENT

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
5.	Ability to assign multiple levels of security to users [SR 5.5.1]	✓				
6.	**Ability for an administrator to define data fields [SR 5.5.2 and SR 5.5.3]	✓				
7.	**Compatible with all WSP hardware and software standards [SR 2.4.1 and 2.4.2]	✓				
8.	Ability to provide 24x7 technical support	✓				
9.	Ability to provide 24x7 access to data from remote connections	✓				
10.	**Provide a means for a System Administrator to maintain user accounts including the specification of an account number, account name, address, telephone number, e-mail address etc [SR4.12.2.1]	✓				
11.	**Provide a means for a System Administrator to create or maintain billing accounts including user login name, user name, telephone number, authorizations, etc [SR4.12.2.2]		✓			Many of these WSP account specific functions will be created within the browser based (and/or Winform) administrative functions which manage WSP specific use cases based upon Intellivue ICMCore web services.

5.2 SYSTEM MANAGEMENT

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
12.	**Provide a means for a System Administrator to configure the amount to be debited from the requestors account per collision report [SR4.12.2.3]		✓			
13.	**Provide a means for a System Administrator to add, change, or remove (from viewing) items from the system's configuration tables without a coding change Example: <ul style="list-style-type: none"> Increase the amount to be charged per record from \$5.00 to \$9.50 Add a new "type" to the "how are you involved in this collision question such as "employee" [SR4.12.2.5]		✓			
14.	**Provide a means for the System Administrator to view system details of imports / exports information (i.e. last date and time imported, record[s] count,) [SR4.12.2.6]		✓			These transaction reports generated and updated by Intellivue Document Import Services
15.	** If import or export file is "blank" or contains no records then an error report is generated.		✓			Document import services logs import transaction history and exception reporting.

5.2 SYSTEM MANAGEMENT

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
16. Allow Authorized WSP Collision Records personnel to add, update, delete and query agency account information [SR4.13.2.1]		✓			
17. **Allow Authorized WSP Collision Records personnel to adjust an account balance. The product shall capture the reason for the adjustment (i.e. debits, credits, or refunds) and comments [SR4.13.2.2]		✓			
18. **Allow Authorized WSP Collision Records personnel to flag the account for either Redaction or Non Redaction for all requests made by the Requestor [SR4.13.2.3]	✓				
19. **Allow Authorized WSP Collision Records personnel to add a pre assigned account number to the account. (The account number will be assigned by the WSP Budget and Fiscal unit) [SR4.13.2.4]		✓			

5.2 SYSTEM MANAGEMENT

	<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
20.	Allow Authorized WSP Collision Records to reset the password for the Billable Account System Admin [SR4.13.2.5]		✓			
21.	Allow an Authorized Billable Account System Admin to change passwords associated with their account [SR4.13.2.6]		✓			
22.	Allow an Authorized Billable Account System Admin to add, update, and delete users [SR4.13.2.7]		✓			
23.	**The product must require user WSP employees' name/password to access the system [SR5.1.1]	✓				
24.	The product must follow ISB standards for any password required (i.e. a system administrator account or anyone with access to financial info will need a password that expires after X amount of days [SR5.1.2]		✓			The system will be designed to integration with WSP Active Directory framework and will leverage Windows user / account password administration.

5.2 SYSTEM MANAGEMENT

<u>REQUIREMENTS</u>	<u>Available</u> ✓	<u>Partially Meets</u> ✓	<u>Future Release</u> ✓	<u>Not Available</u> ✓	<u>Comments</u>
25. The password must be strengthened and must comply with Industry standards [SR5.1.3]		✓			The system will be designed to integration with WSP Active Directory framework and will leverage Windows user / account password administration.
26. The product must provide the means for assigning and updating security and access authority for individuals, entities, and applications accessing features and data [SR5.1.4]	✓				
27. **The product must encrypt attachments that are sent via e-mail [SR5.1.5]		✓			
28. The product must request a “delivery” receipt for each e-mail that is sent. This receipt must be stored with the record and on the same retention schedule (See 6.1 for retention details of the Software Requirement Specification- located in Appendix A of this RFP) [SR5.1.6]		✓			Will require assistance / support from WSP’s email administrator(s).

6.1. CONTACT INFORMATION

Provide the following information on the single point of contact in your company for questions as it relates to this RFP. If your responses or part of you solution is dependent upon third-party vendors, please include their contact information as well.

Company Name: Intellinetics, Inc.
Telephone Number: 614-921-8170
Contact Person: Matthew Chretien
Telephone Number: 614-921-8170
FAX Number: 614-850-2789
Electronic Mail ID: matt@intellinetics.com

6.2. ADDITIONAL VENDOR QUESTIONS

6.2.1. System Questions

Question	Response
1. What "performance attributes" does your company use to verify or validate the accuracy of your application? Please explain each of your performance attributes and how they fit into the overall system performance testing.	The measurement of performance will be rooting in the WRECR software specifications issued as a part of this RFP from several perspectives: <ul style="list-style-type: none">• Confirm required use-cases are supported by application via unit testing. Document the results of each unit test.• Error Handling - use plain text error codes in debugging/testing / production to better support future fault isolation / troubleshooting.• Scaling - Load test to ensure application performance (often defined as response time) does not degrade past acceptable level(s). Load testing is conducted along several dimension: transaction rate(s) (i.e., a few people with a high number of reports contained within request), number of simultaneous users (many users with a wide range of requested reports), access control stress test (many requestor roles simultaneously hitting web services), and over size of report repository (simulate multi-terabyte repository). All of these test plan elements map back to the solution specifications.

Question	Response
2. How does your company manage “design” planning—do you need to do “site inspection/assessment” prior to identifying the approach and equipment needed for the application?	The WSP WRECR solution goals and software requirements are well defined within this RFI and it is anticipated that the RFP will serve to further refine / confirm same. This will serve to reduce the amount of time and mutual effort required for the production design phase planning efforts. It is expected that the design phase can be successfully completed in a “virtual” manner at this time.
3. Do you have a management pack available for System Center Operations Manager?	Not at this time.
4. Do you have “canned” reports that can be generated from the data collected or is it up to the purchaser to develop reports from the data in the SQL database?	Both options are available and a hybrid approach is assumed in our methodology. In this context, a hybrid approach is where a stable of base reports are included as part of solution delivery, however, their creation is done collaboratively for effective knowledge transfer to enable WSP to be self sufficient as reporting needs grow / evolve.
5. What type of system/equipment training do you provide and what are the durations??	Intellinetics has a dedicated training staff that conducts end user and administrative training courses. Each session is 4 to 8 hours in length and limited to 10 students per session

Question	Response
<p>6. What redaction methods does your proposed redaction tool use? Example -text based, text pattern, zoned etc.</p>	<ul style="list-style-type: none"> • Manual - User controlled mode where user draws a rectangle over region(s) to be redacted. • Pattern - System looks for any patterns that have been defined as part of redaction filter(s). A pattern based rule is defined by using regular expressions so the number and types of pattern rules are unlimited. • Fixed template based - Redaction templates are standard redaction overlays by form type. A common example is upon scanning the Federal 19 in a Human Resources context, the SSN field (which is always in the same place on the form) is automatically redacted based upon a redaction template. Redaction templates are most commonly linked to form type. • Labeled Proximity - This mode refers to looking for a specific text pattern (i.e., "SSN #") which is used as a reference point for a redacted region placed with a relative offset. Labeled Proximity rules can be considered a hybrid of pattern and fixed templates and are most often used with standard forms that are handwritten.
<p>7. Please describe how your redaction tools "redacts" information. Example—do you cover up the "item" or do you remove the "item"?</p>	<p>The coordinates of all redactions are tracked as a property of the document. Upon retrieval, the redaction engine validates the role associated with the requestor and provides the appropriate view of the document. Redactions are applied as a server side process that removes all of the data from the redacted regions. What is viewed, printed, emailed and/or exported is a modified version of the document with the data under redacted regions removed. In this sense, the item is "removed", yet WSP does not have the administrative and resource overhead of tracking multiple version of the same document. The original documents are never altered in this model - one physical image with "N" number of logical views.</p>
<p>8. Does your redaction tool come with pre-determined patterns or will it be configured. A pre-determined patter would be a social security Number [SSN] for example.</p>	<p>The redaction engine comes with standard pre-defined patterns for SSN, and other fields. The redaction engine has an easy to use administrative module which supports all up front and on-going redaction related tasks.</p>

Question	Response
9 The collision report will be an image, please explain how your redaction tool will find the “item” within the image.	All images which are received into the WRECR will be run through an OCR process. The resulting text is then analyzed for restricted content by Intellivue’s redaction services engine (Redactivue).
10. Please explain how your redaction tool will handle images that are poorly scanned, hard to read, etc.	The solution enables customized quality / approval workflow to ensure redactions are completed properly. For example, there could be an in-bound redaction workflow rule defined which directs any / all) reports for which redaction were found / applied by the automated redaction services is flagged and sent to WSP staff for quality check (QA) and final approval. In this model, it could be configured such that all new reports pending QA are not available for viewing by anyone other than specific WSP staff. Once QA step occurs, the report is released for search / select / purchase.
11. Please explain how your redaction tool will do a system redaction then proceed to allow a manual redaction.	Building upon the response to item 10 above, during the QA process, if there are additional redactions that need to be applied, an operator simply enabled the Intellivue redaction tool, applies the new redaction(s) as needed, and then saves new work.
12. Does the redaction tool you are proposing have the ability to turn on/ turn off redaction? Example—We have 4 items to redact—do we have to redact each item individually < 4 clicks> or can we highlight the 4 times and then redact everything at once? < 1 click>	Yes. Redactions within Intellivue may be applied in “batch mode” on a page - if there are multiple regions, all can be defined prior to saving new work.
13. Is your redaction tool a third party vender tool or an in-house application?	In-house tool which is part of the Intellivue suite (Redactivue).
14. If a third party vender—how long have you been associated with this vender?	N/A
15. If a third party vender—how many projects have you implemented together?	N/A
16. What is your recommendation for WSP’s requirement of a retention tool and its associated requirements [questions 86-91]?	Intellivue has a retention module which will be included as part of the platform.

Question	Response
17. The web application that you are proposing is it a commercially available solution that might require some customization to meet all of our needs or is it a custom application?	It will be a custom user interface built upon a commercially available application programming interface (API) which handles all database, image processing, security, and redaction functions.
18. Please describe what Bank Card processing platforms you have used in the past.	Skip Jack (the State of Ohio standard): http://www.skipjack.com/
19. Are you familiar with CyberSource or First Data as part of Bank Card processing? If so how.	Yes. Both are large bank card processors with a high level of market visibility. In addition, First Data has a large Columbus, Ohio presence (where Intellinetics headquarters is located).
20. What Bank do you usually use to process payments?	Fifth Third is the State of Ohio banking partner.

6.2.2. Corporate Information

Question	Response
<ul style="list-style-type: none">Describe the support offerings that your company provides. Do you support the product with internal support staff or through a third party?	<p>All support is provided directly from Intellinetics. As the developer (vs. reseller), the WSP would be in partnership directly with the software developer. This direct partnership eliminates the process and technology challenges that can arise from a provider that does not have control over the critical software components for their client(s).</p> <p>Support is available in three ways — email (support@intellinetics.com), toll free phone, and client portal. The client portal enables client to directly enter support tickets, track ticket progress, and access / search support knowledge base for answers to specific issues 24 x 7.</p> <p>Intellinetics support information is always available from the Intellinetics website as well:</p> <p>http://intellinetics.com/support/index.asp</p> <p>Support plans start with 4 hours response times covering standard business hours (8am-5pm) and scale to 24 x 7 options.</p>
<ul style="list-style-type: none">How many installations of your system do you have?	100+ (core Intellivue platform)
<ul style="list-style-type: none">How many installations have you performed in the last 24 months?	15 major, many mid / department level.
<ul style="list-style-type: none">How long has your company been in business?	Since 1994.
<ul style="list-style-type: none">How many employees do you have?	20
<ul style="list-style-type: none">Describe your target market/typical customer both in terms of industry and size.	<p>Strategic focus on compliance/ regulatory government markets at the State and local levels. Clients range in size from small government agencies to the City of Houston, Texas Police Department (new contract, active installation phase), with over 4000+ sworn officers.</p>
<ul style="list-style-type: none">Describe at least two installations of your system that are of the type and size of the project being proposed by WSP.	<p>Two examples of projects that have a similar architecture and (possible) scale: The Ohio State Highway Patrol (OSP), and the Franklin County, Ohio Clerk of Courts (FCC).</p> <p>OSP uses Intellivue as the back-end solution which supports a fee-based traffic crash report portal:</p> <p>http://crsweb.dps.state.oh.us/crashreports/search.aso</p>

Question

Response

- Provide a reference (company name, location, contact name, etc.) where your system is in operation, that is similar to our proposed solution, which would allow us to do a site visit and see the working product.

FCC uses Intellivue and its user-controlled and automated redaction features to provide access to court documents associated with a specific case online. Intellivue web services were used to integrate to FCC's web based court management system (CMS).

Ohio State Highway Patrol: Major Mark R. Atkeson (retired). Maj. Atkeson was a Staff Sergeant in 1994 over OSP's Central Records Unit (CRU). At that time, CRU was facing the same challenges as WSP related to timely responses for records requests. A competitive RFP was issued for a powerful, redaction-enabled system for OSP CRU and Intellinetics was selected. In August of 2002, OSP CRU went live with a fee-based traffic crash report portal connected to Intellivue as the back-end. Since that time the OSP portal has provided over 650,000 reports, 100,000+ Photo requests, while collecting millions of dollars in the process. Approximately 80-90% of requests now come through this portal. Retired Major Mark Atkeson responsibilities included the OSP CRU directly or indirectly for approximately 10-12 years and can be reached at (614-581-0027). The current manager of OSP CRU is Jeff Maute, and he can be reached at (614-728-5307).

FCC enabled internet based court document viewing late last year. FCC used Intellivue as their base EDM platform and was particularly interested in its advanced user-controlled and automated redaction features as ALL support court documents are reviewed prior to release to the web portal. Rosa Barker, the FCC IT Director, oversees all IT initiatives of the Office: Rosa Barker, 614-462-7516.

- In consideration of your company's current workload, how soon would your company be able to start full-time work on this project?
- Has your company worked with government agencies before? If so, which ones?

30 Days after contract award, perhaps sooner. It is critical to get the contract in place as soon as possible in light of administrative project deadline(s).

Intellinetics is a document management software solutions company whose flagship-platform, Intellivue, is optimized to serve the Public Sector and compliance / risk intensive areas of the commercial markets.

Question

Response

Intellivue's advanced access control, security, and user-controlled and/or automated redaction capabilities reflect its 16 history of service to these sectors. Representative clients include:

- Ohio State Highway Patrol
- Washington State Sheriffs and Police Chief's Organization (WASPC)
- Santa Clara, CA Police Department
- Polk County, FL Sheriff
- Alabama Department of Insurance
- Houston, TX Police Department
- The Ohio Department of Commerce
- The Ohio Auditor of State
- The Ohio Department of Insurance
- Arlington County, VA Police Department
- City of Milwaukee, WI Police Department
- Ontario Canada Provincial Police
- Montana Department of Justice
- Kentucky Department of Agriculture
- City of Savannah, GA Police Department

Yes in the State of Ohio for the Ohio State Highway Patrol traffic crash report solution.

- Has your company implemented payment processes through government agencies before? Example - implementing ACH through the Office of State Treasures or Bank Cards through a Budget and Fiscal division?

6.2.3. Version Releases

Question	Response
1. Approximately how often are major versions of equipment and/or back office software released?	Major versions are released every 1.5 — 2.5 years.
2. Approximately how often are minor versions of equipment and/or back office software released?	Minor versions are released about 2 times / year.
3. What are your plans for future enhancements of the system (both equipment and back office software)?	Intellinetics software products are continually evolving. Generally driven by client, industry, and technology demands.
4. What is the latest version of your system and how many sites are using this version?	<p>The current major release number for the GX product suite is 2.0.0.0. GX is the second in the pure web services based next generation Intellivue platform. It supports about 20 installations at this time. The GX platform will be used for WSP's WRECR. The balance of our client base is running on the production version of the Intellivue client / server platform — version 6.2.9.</p> <p>The technology, tools, and process that Intellinetics would bring to WSP for this project reflect over 15 years of continuous improvement by serving compliance and regulatory markets.</p>

6.2.4. Product Support

Question	Response
1. Where are your technical support locations?	All Tier 1 and Tier 2 support is provided from our Columbus, Ohio corporate headquarters. Tier 3 is provided via our western development office in the Denver, CO metro area (Kersey, CO).
2. What is the native operating system (including version and release) for your back office software? 32 bit or 64 bit?	It is a Microsoft based platform. Recommended back office software: Windows Server 2008, SQL Server 2005 or higher, Microsoft IIS v6 or higher. We can operate on a 32 or 64 bit Windows OS.
3. Will your back office software run on VMware and or Hyper-V on 64 bit machines?	Yes to both.
4. If you answered no to question 2, do you have plans to catch up? By when?	
5. How do you publish and distribute software patches?	Maintenance release are made available to all clients with an active maintenance plan in effect. Updates are release via email in most cases with

Question	Response															
6. How do you publish documentation (e.g., HTML, PDF file, hard copy, etc?)	some exceptions (patches are also available through client portal). Each update is accompanied by update instructions and release notes. MS Word and PDF.															
7. Is your technical support organization in-house or outsourced to a third-party?	In -house. All support personnel are Intellinetics full time employees.															
8. Describe software support including: support tiers, response times, support hours, resolution assurance, change requests.	<p>While there are some client specific variations, typical support model / escalations are:</p> <p><u>Nature of Issue:</u></p> <p>CRITICAL — Defined as “catastrophic problem” wherein the WSP solution is down, and/or the user has no production capabilities HIGH — Defined as a “severe problem” wherein the WSP solution is up, but production capability is seriously degraded. MEDIUM — Defined as a “moderate problem” wherein the WSP solution is up, but production capability is reduced. LOW — Defined as a “minor problem” wherein the WSP solution is up, with no significant impact to production.</p> <p><u>Response Matrix</u></p> <table border="1" data-bbox="967 630 1539 907"> <thead> <tr> <th data-bbox="1019 634 1084 659">Priority Level</th> <th data-bbox="1143 634 1208 659">Response Time</th> <th data-bbox="1347 634 1412 659">Resolution Time</th> </tr> </thead> <tbody> <tr> <td data-bbox="1019 676 1084 701">Critical</td> <td data-bbox="1143 676 1273 722">Four (4) hours maximum</td> <td data-bbox="1347 697 1523 722">One(1) calendar day</td> </tr> <tr> <td data-bbox="1029 739 1075 764">High</td> <td data-bbox="1143 739 1273 785">Four (4) hours maximum</td> <td data-bbox="1347 760 1539 785">Two (2) calendar days</td> </tr> <tr> <td data-bbox="1013 802 1091 827">Medium</td> <td data-bbox="1143 802 1273 848">Eight (8) hours maximum</td> <td data-bbox="1347 802 1507 848">Three (3) business days</td> </tr> <tr> <td data-bbox="1029 865 1075 890">Low</td> <td data-bbox="1143 865 1305 911">Sixteen (16) hours maximum</td> <td data-bbox="1347 886 1539 911">Five (5) business days</td> </tr> </tbody> </table>	Priority Level	Response Time	Resolution Time	Critical	Four (4) hours maximum	One(1) calendar day	High	Four (4) hours maximum	Two (2) calendar days	Medium	Eight (8) hours maximum	Three (3) business days	Low	Sixteen (16) hours maximum	Five (5) business days
Priority Level	Response Time	Resolution Time														
Critical	Four (4) hours maximum	One(1) calendar day														
High	Four (4) hours maximum	Two (2) calendar days														
Medium	Eight (8) hours maximum	Three (3) business days														
Low	Sixteen (16) hours maximum	Five (5) business days														
9. Describe the warranty coverage for your system.	It can vary by specific contract requirements; however typical warranty period is 12 months from date of installation.															

Question	Response
10. Describe the on-going maintenance services, and their associated fees, that your company would make available to WSP.	The recommended support model would be a model similar to the one described above packaged as an annual fee which is derived from the base Intellivue components and the WSP browser layer to be developed under this Project.

6.2.5. Environment and Architecture

Question	Response
1. What is the native operating system for your back office software 32 bit or 64 bit?	Windows server 32 or 64 bit.
2. Will your back office software run on VMware and or Hyper-V on 64 bit machines?	Yes to both.
3. If you answered no to question 3, what are you plans to catch up?	N/A
4. Do you support the Microsoft SQL Server platform 2008, and XP?	Yes to both.
5. How many Microsoft SQL Server database installations of your system are currently in production?	Every Intellivue client requires / runs a production SQL Server instance(s) so 100+.
6. Based on the information within this RFI, what would be your recommended architectural design for this project	Fault tolerant back end infrastructure with hardware load balancing in the future running supported Microsoft products. The client presentation layer would be a mixture of JAVA based web pages and ICMCore web services-based Win forms.
7. Based on your recommended architecture please provide an itemized list of the hardware and software components you believe will be needed for the WRECR project solution.	1 — Image Server with 4 GB RAM, 2.0 Ghz or higher processor and 250 GB hard drive space with RAID 0, Redundant power supplies 1 — MS Windows 2008 Server OS Software 1 — MS SQL 2008 1 CPU Software

6.2.6. Miscellaneous

Question

1. Did you thoroughly review the WRECR Software Requirements Specifications — Appendix A?

Response

Yes. The WRECR Software Requirements were the basis for solution approach, architecture and responses.

Vendor Cost Proposal

Appendix B—Cost Forms: Cash Purchase Response

Vendors are required to submit complete cost forms for the cash purchase of each proposed solution. All implementation costs for the entire project from discovery through final acceptance must be identified. The available state funding is limited to \$150,000 for the entire investment in the following components:

- Custom Application (if applicable).
- Application software.
- System software.
- System hardware.
- Implementation.

Enterprise licenses listed in the cost proposal must apply to all users of the WRECR solution. WRECR users include the public, WSP employees, agencies both in and out of the state of Washington, including:

- Local agencies (city and county).
- State agencies.
- Federal agencies.
-

Please use the following table as a basis for calculating systems maintenance requirements and costs:

All Proposed	Required Maintenance Period	Maintenance Start Date
Hardware	2 years.	Time of purchase.
Systems Software (e.g., operating systems, databases)	2 years.	Time of purchase.
Vendor Software	2 years.	Time of WSP acceptance.

See Sections A, B, C, and D. Venders shall bid a fixed price for these components. Bids exceeding this limit will be rejected as nonresponsive.

A. Application Software Costs

List all application software being proposed, including package cost, customization cost, and annual maintenance expense. The total for this subsection shall agree with the application software total in the Cost Summary subsection. The annual maintenance cost shall represent the average maintenance cost for Years 3-5. The \$150,000.00 includes the implementation and a 2 year installation warranty. The annual maintenance [Years 3-5] is not part of this amount. The warranty period for the application should begin with final acceptance of the application product. This does not include the installation and development period between contract signing and acceptance. Year 2 is a definite annual support period. Years 3-5 are optional annual support periods.

Application Software Description	Required Quantity	Package Name	Package Cost Per License	Total Cost All License	Annual Maintenance Cost
Electronic Collision Report Application—Production					
The Main WRECR software platform upon with commercially available and customized componts will operate, Enterprise License	1	Intellivue GX Enterprise License (restricted to WRECR solution use).	\$ 50,000	\$ 50,000	\$ 10,000
Automated Redaction Engine or GX	1	Redactivue	Included	Included	Included
Web Services Application Programming Interface	1	ICMCore	Included	Included	Included
Data Import Services for importing reports from WSDOT	1	Content Importer	Included	Included	Included
<i>User Interface Product</i>					
Electronic Collision Report Application—Development					
Custom Winform and web browser based modules for all WSP WRECR requirements not met through Base GX platform	1	N/A	1	\$ 50,000	\$ 10,000
Electronic Collision Report Application- Test					
Electronic Collision Report Application—Other (optional)					

Application Software Description	Required Quantity	Package Name	Package Cost Per Licenses	Total Cost All Licenses	Annual Maintenance Cost
Interfaces					
WSDOT Import Services Interface	1	Content Importer Interface	Included	Included	\$ 1,250
OST Bank Processing Interface	1	Bank Card Processing Interface.	Included	Included	\$ 3,750
TOTAL				\$ 100,000	\$ 25,000

B. System Software Costs

List all system software, including costs and annual maintenance expense. The total from this subsection shall agree with the system software total in the Cost Summary subsection. The annual maintenance cost shall represent the average maintenance cost for Years 3-5. WSP reserves the right to utilize the state's enterprise software licensing or hardware master contracts for the procurement of the new WRECR solution.

System Software Description	Release/Level	Cost	Annual Maintenance Cost
Production			
Windows OS	2008	\$ 1,000	N/A
SQLserver	2008 R2 1 CPU	\$ 9,000	N/A
Development			
Test			
Other (optional)			
TOTAL		\$10,000	N/A

C. System Hardware Costs

List all hardware required, including purchase costs and annual maintenance expense. The total from this subsection shall agree with the hardware total in the Cost Summary subsection. The annual maintenance cost shall represent the average maintenance cost for Years 3-5. WSP reserves the right to utilize the state's enterprise software licensing or hardware master contracts for the procurement of the new WRECR solution.

Hardware Component Description	Make/Model, Part Number	Required Quantity	Total Purchase Cost	Annual Maintenance Cost
Production				
Server - HP DL360, 4GB RAM, 250GB RAID0 Drives, Redundant Power	HP DL360	1	\$ 5,000	\$ 768
Development				
Test				
Other (optional)				
TOTAL			\$ 5,000	\$ 768

D. Other Implementation Costs

Describe and list all other costs that would be associated with implementation of your system. Costs not identified shall become the responsibility of the vendor.

Pre-Implementation Activities	\$ 5,000
Design	\$10,000
Installation	\$ 5,000
Integration	_____
Project Management	\$12,500
Training	\$ 2,500
Documentation	_____
Out-of-Pocket-Expenses (travel per diem, etc.)	_____

	<u>Onetime Cost</u>
a. Application Software	\$ 100,000
b. System Software	\$ 10,000
c. Hardware	\$ 5,000
d. Other Implementation Costs	\$ 35,000
Subtotal	\$ 150,000
e. Optional Costs:	
TOTAL ONETIME COST (INCLUDING OPTIONS)	\$ 150,000
(not to exceed \$150,000.00)	

2. Annual Recurring Costs

Provide a summary of all recurring costs for the system you are proposing. Any subtotals carried forward to this page shall agree with the corresponding detail pages.

	<u>Annual Cost</u>
Application Software Maintenance	\$ 25,000
System Software Maintenance	None
Hardware Maintenance (3 yr 24x7x4)	\$ 768
Other Recurring Costs	_____
TOTAL ANNUAL RECURRING COSTS	\$ 25,768
(excluding options)	
Total Recurring Costs on Optional Items	
System Licensing and Code Ownership	\$ _____
Business Continuity Approach	\$ 1,350
TOTAL ANNUAL RECURRING COSTS	\$27,118
(including options)	

Note: Business Continuity Approach refers to annual software escrow account maintenance.

Other (please describe)	_____
TOTAL OTHER IMPLEMENTATION COSTS	\$35,000

E. Hourly Rate for Future Enhancements

During the term of the resulting contract WSP may determine that changes or enhancements are needed to the vendor product. Please refer to Section 57, Updating and Maintaining the Application Product, of the sample contract in APPENDIX C for a description of when time-and-materials work would be appropriate. Please submit an hourly rate for this type of work.

Hourly Rate

\$125.00

F. Optional Component Costs

By utilizing the forms from Sections A, B, C, and D above, identify any and all costs associated with full implementation and maintenance of optional message switch components. Additional optional components should be included and noted to reflect additional capabilities that can be provided by the vendor, including addressing the following specific issues:

- Transfer of system licensing and code ownership to WSP. **RESPONSE:** There are no optional software components presented as part of this response. Upon Acceptance, all non-commercial source code produced as part of this project will be provided to WSP. That transfer is included as part of the project total.
- Business continuity approach. **RESPONSE:** All hardware, software and services will be provided in a manner consistent with WSP IT standards and policy, and reflect Intellinetics subject matter expertise and experience deploying similar solutions. In addition, the Software Escrow Agreement requirement that is part of the contracting model (if apparent successful vendor) will protect WSP in the event commercial source code transfer triggers have occurred. The annual cost for Software Escrow Agreement is provided in the optional cost summary below.

G. Cost Summary

1. Total Onetime Costs

Provide a summary of all onetime costs for the system you are proposing. Any subtotals carried forward to this page shall agree with the corresponding detail pages.



8. PROJECT MANAGEMENT PROPOSAL

8.1.1. Project Management

Vendors must provide an overview of how they will successfully manage the complex aspects of budget, scope, and schedule management. In addition, vendors need to describe the project management methodology to be utilized, including a description of any supporting software. This discussion will include information about overall project management techniques, issue management approaches, weekly status reporting, and staffing. WSP prefers the use of Microsoft Project 2003 as the project scheduling software.

The following is Intellinetics approach to project management. While some items described may not necessarily apply to this particular project it gives WSP an understanding of the process and methodology that Intellinetics subscribes to.

Intellinetics' Engagement Methodology is called "Excellence In Motion", or EIM™. EIM follows best practices, including methodologies and standards set forth by the Project Management Institute designed to minimize risk, decrease costs, and ensure project outcomes meet objectives.



PHASE 1: DISCOVERY

The Discovery phase provides an objective analysis of your organization's document and content management needs. It can be used to determine not only your risk exposure, but also can provide the necessary data to produce your business case analysis (Return on Investment [ROI] and Total Cost of Ownership [TCO]).

Activities	Results	Value
<ul style="list-style-type: none"> • Interviews with stakeholders and subject matter experts • Infrastructure assessment • Review business climate and organizational goals/objectives • Document integration requirements and technology standards 	<ul style="list-style-type: none"> • Core business drivers • Summary of Findings • Return on Investment review • System management resource impact analysis 	<ul style="list-style-type: none"> • Determine tactical and strategic benefits of document management on business model • Enable organization to advance to next stage in life cycle

The Discovery phase brings resources on-site to assess your current infrastructure and business processes. The result is a summary of findings that outlines the tactical and strategic impact of document management upon the stakeholders and respective business units that participate in the process. It also includes any relevant technical, policy, or resource constraints that must be accommodated.

The Discovery phase begins with documenting your current business drivers, initiatives and goals. This analysis forms the baseline for future planning. The Discovery Phase is supported by a combination of detailed interviews and departmental walk-throughs. If legacy systems are in place, our technical consultants will evaluate the technology in order to recommend the best integration or conversion strategy. Any key enterprise applications are also examined to determine integration points that could provide additional value to the organization.

Once the on-site portion of the Discovery phase is concluded, the information is gathered, analyzed, and distilled into a Summary of Findings. The process concludes with a formal business presentation of the analysis and findings.

Phase 2: Design

The Design phase translates the analysis and findings from the Discovery phase into detailed system architecture and a complete Statement of Work (SOW).

Activities	Results	Value
<ul style="list-style-type: none"> • System architecture design • System interface design • Detailed system configuration and design • Training Plan • Support Model • System documentation requirements 	<ul style="list-style-type: none"> • Analysis and Design findings • Application design documents • Hardware requirements • Business Process and Workflow diagrams • Detailed project plan 	<ul style="list-style-type: none"> • System design and project scope are in tight alignment with system requirements • New system will yield tactical and strategic benefits highlighted in Discovery phase • Enable organization to advance to next stage in life cycle

The Design phase is comprised of building the details behind overall system design and project planning. It focuses on accommodating the specific technology, process, and policy needs identified in the Discovery phase into a complete SOW. The Design phase concludes with an approved SOW that will support all aspects of the next phase of the life cycle: Implementation.

Phase 3: Implementation

The Implementation phase is comprised of active system delivery. The Implementation phase requires that formation of a formal project team that (ideally) remains intact throughout the entire project. The SOW produced in the Design phase guides all aspects of active delivery.

Activities	Results	Value
<ul style="list-style-type: none">• Order and configure all hardware and third-party software• Configure server, storage, and software• Equipment delivery to worksite• Installation / testing• Training• Documentation• Acceptance Testing and full cutover	<ul style="list-style-type: none">• Complete system delivery per SOW and approved changes• The solution is properly installed and integrated into business• Knowledge transfer critical to system expansion	<ul style="list-style-type: none">• Tactical and strategic benefits identified in Discovery now realized• Enable organization to advance to next stage in life cycle

The Implementation phase closes out with comprehensive system acceptance tests as well as the completion and delivery of all technical, training, and policy documentation.

Phase 4: Control

The Control phase transitions the new solution to on-going support/continuous operation mode. This phase incorporates all aspects of proactive and reactive system administration and control into organization policy and procedure. The control phase is characterized by the creation of formal feedback loops for ideas on expanded system use.

Activities	Results	Value
<ul style="list-style-type: none">• Access support and maintenance resources as needed• Create system user group to trap and build upon ideas for system expansion and/or policy revision• Participation in user community	<ul style="list-style-type: none">• Expansion of benefits through policy and system configuration refinements• New/unexpected benefits through direct end-user feedback• Gain insight into how other organizations have used their solution to solve their technical and business needs	<ul style="list-style-type: none">• Establish a mission-critical business asset able to evolve and grow• Implement new business and service models based upon new capabilities• Increase the return on system investment through continuous improvement and expansion

The Control phase forms the basis of the implementation of new capabilities now possible as a result of the new system. System expansions follow the same life cycles—discovery, design, implement, and control. This process on continuous improvement is dynamic and grows and evolves to support changing needs.

Ongoing Activity

Ongoing Activities are items that span multiple phases. Note the following summaries regarding these activities.

Communications Planning & Execution

Communications Planning & Execution is reflective of the ongoing activity practice of solid communications. Examples of tools used include:

- Project Plans and Schedules
- Meeting Agenda / Recaps
- Status Reports
- Change Control Documents
- Acceptance Documents

Teambuilding & Profiling

Account Relationship & Profiling is reflective of the ongoing process of managing the account relationship and learning/documenting everything that we learn. Tools used during this process include the Intellinetics Customer Profile, and Intellinetics Contact Profile forms.

Project Management

Project Management is the process of managing the On-Time, On-Budget, and Client Satisfaction aspects of the project. Tools used within Project Management include:

- Client Status Communications
- Scope and Change Control Documents
- Project planning templates and processes
- Techniques advocated by the Project Management Institute (PMI)

Knowledge Transfer

Knowledge Transfer is the art of transitioning the process and technology knowledge associated with our solution to the client. It not only involves specific training-oriented events, but it involves solid day-to-day communications with the client. Tools used within Knowledge Transfer include:

- Training courses
- Software documentation
- Expert support staff and consultants
- Opportunities for continuing advanced product and process education

Quality Assurance

The focus of Quality Assurance is to ensure quality deliverables throughout the design, testing, and implementation phases of the project.

- Standardized delivery processes
- Solution documentation and acceptance mechanisms
- Detailed Statement of Work
- Quality *planning* instead of quality *testing*

Tools

Intellinetics uses many tools to manage a project. Microsoft Project 2003 can be used for managing the project tasks, schedules and resources if required by the client. However, Intellinetics uses a solution called AutoTask. Autotask has an embedded project management tool that allows real-time collaboration and communications between the Intellinetics project team and the client project team. The client is provided with a web based client access portal that allows them to view the project tasks and schedule as well as input notes, communicate with the project team, and open service desk requests.

8.1.2. Status Reporting

Vendors should describe the process of providing project status updates to WSP. The vendor project manager will report to the WSP project manager weekly by e-mail and a minimum of once a month in person [if applicable] or via phone to update WSP on completed tasks, review the progress of uncompleted tasks, clarify requirements, and discuss other issues related to the WRECR project. The vendor project manager will report project status to the project Executive Steering Committee as necessary.

Intellinetics conducts weekly project status meeting via conference calls and webinars with the project team. In addition, Intellinetics provides at a minimum weekly written project status reports describing the tasks completed for the period, outlining any upcoming tasks for the next period, identifying any project issues or concerns, and provides an "Action Item" list so that all project team members know the items they are responsible for should any follow up be required. There is also a legend in the upper right hand corner of the status report document that provides, at a glance, an overall project health check.

8.1.3. Quality Assurance

Vendors must describe the QA process to be utilized for the project tasks, schedule, deliverables, and testing in order to ensure that work related to the production of acceptable deliverables is on track and expectations are met or exceeded. The QA process is expected to be proactive so as to ensure not only that the schedule is met but also that product and service quality is maintained.

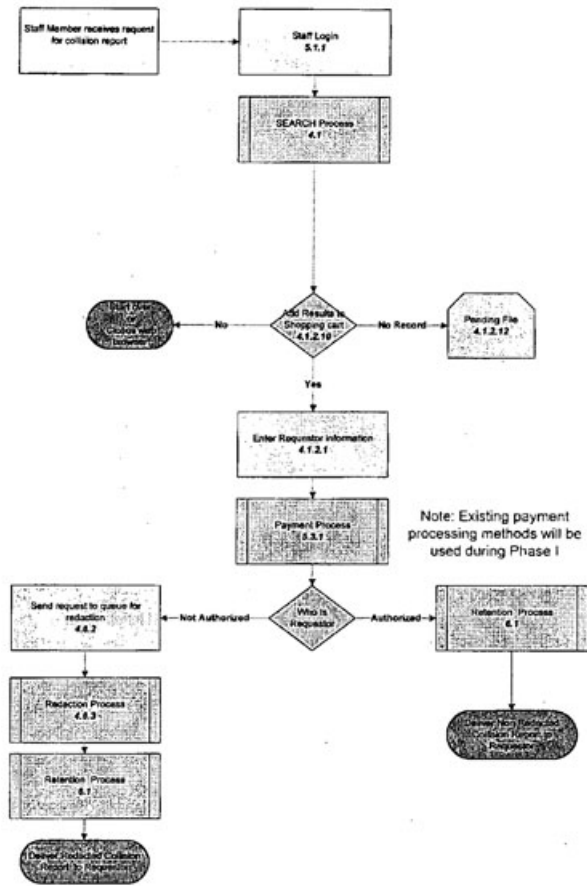
Throughout the various phases of the project Intellinetics performs QA reviews with the client and/or the entire project team to ensure that the project is proceeding on schedule and that deliverables are being delivered to the client's satisfaction. Also during the various phases of the project signatures are required from the client acknowledging that the deliverables for that phase have been met. Client acceptance is necessary before moving on to the next phase.

8.1.4. Project Schedule

Vendors must describe the process of developing the schedule, including the identification of all major phases, tasks, and subtasks. For each identified task or subtask, vendors should include the following information:

- Resource assignments (e.g., vendor staff, local agency staff).
- Milestones.
- Time frames.
 - Assume 10 business days for WSP review on each iteration of a deliverable.
- Deliverables.

Phase 1 Implementation-Supports Process Numbers 5.1.1, 4.1, 4.121.10, 4.1.2.12, 4.1.2.1 4.6.2, 4.6.3,6,1

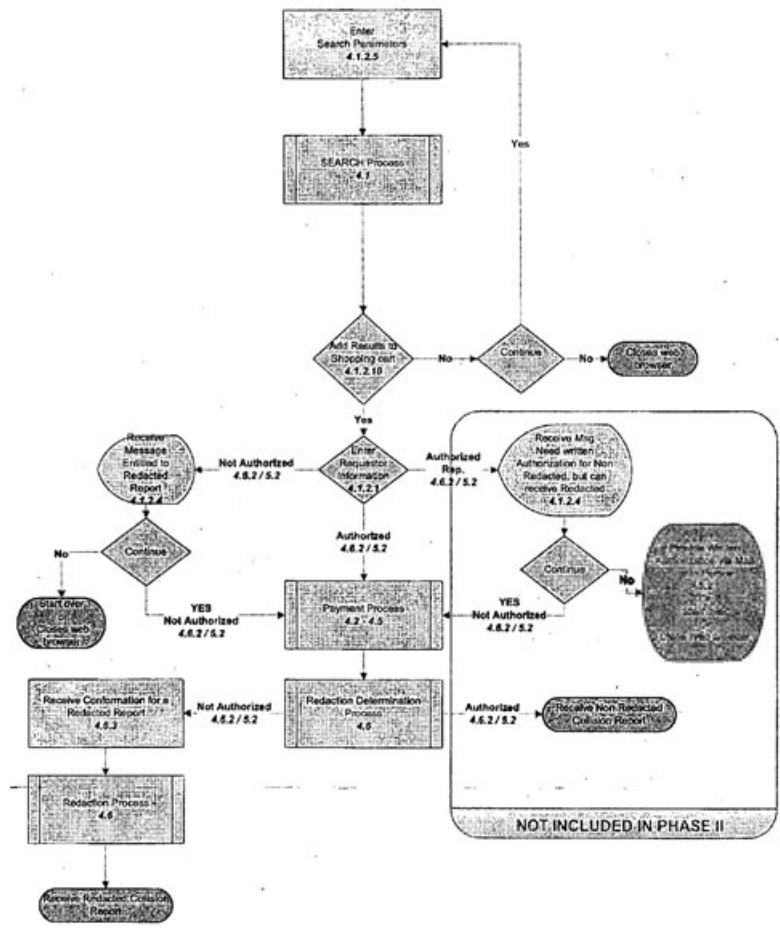


Timeline to complete

- Phase 1—Base System Functionality
- Project kick-off
- Discovery/Infrastructure Review
- Base Platform Deployment
- Software/License Implementation
- Base Application Design.
- Base Application Deployment
- End User and Admin Training
- Phase 1 Go-Live

	<u>July 1</u>	<u>July 9</u>	<u>July 16</u>	<u>July 23</u>	<u>July 30</u>
Project kick-off	✓				
Discovery/Infrastructure Review		✓			
Base Platform Deployment			✓		
Software/License Implementation			✓		
Base Application Design.				✓	
Base Application Deployment				✓	
End User and Admin Training					✓
Phase 1 Go-Live					✓

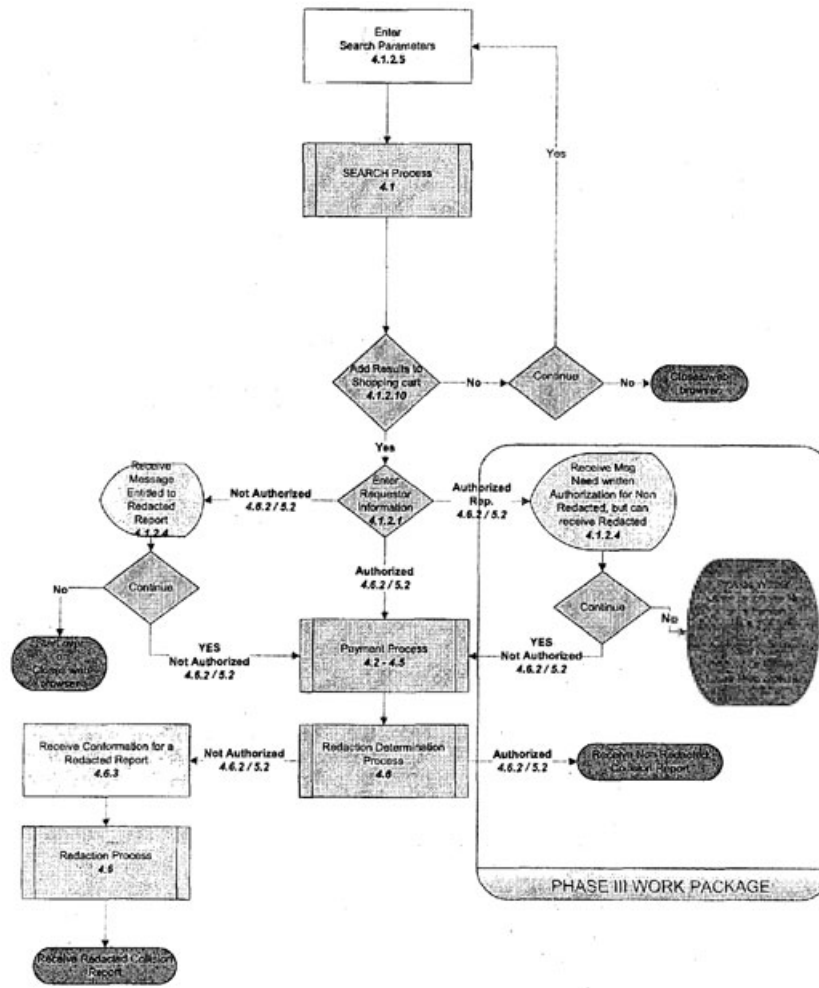
- Phase 2 Implementation—Web Browser Deployment for Non-Authorized Users. Supports Process Numbers 4.1.2.5, 4.1, 4.1.2.10, 4.1.2.1, 4.6.2, 5.2, 4.1.2.4, 4.6.3



Timeline to complete

Phase 2—Public Access Functionality	Sep 17	Nov 5
Develop/Test/Deploy Web Browser Interface for Non-Authorized Users	✓	
Develop/Test/Deploy Bank Card Processing Interface		✓
Phase 2 Go-Live		✓

- Phase 3 Implementation—Web Browser Deployment for Authorized Users. Supports Process Numbers 4.6.2, 5.2, 4.1.2.4



Timeline to complete

Phase 3—Non Redacted Requests

Develop/Test/Deploy Web Brower User Interface for Authorized Users
 Phase 3 Go-Live

Dec 31

✓
 ✓

Intellinetics assumptions:

- Work will begin July 1, 2010
- Most of the work can be completed remotely from the Intellinetics offices
 - o Intellinetics uses a secure remote support tool called LogMeIn Rescue
 - o Intellinetics can work with WSP to create secure point-to-point VPN tunnel if required
- Some work may be necessary to be performed on site at WSP
- Intellinetics will have access to WSP resources and infrastructure as needed on a timely basis
- All hardware, software, and licenses will be purchased and installed in a timely manner to meet implementation requirements and schedules
- Intellinetics will have timely access to subject matter experts as required

8.1.6. Risk Management Approach

Vendors must provide their approach to risk management that minimally identifies all risks associated with implementing WRECR, the methods proposed to mitigate each risk, the probability that each risk will occur (i.e., high, medium, low), and the impact each risk can have on the project (i.e., high, medium, low).

Intellinetics manages risk by providing and receiving constant communication feedback with the client project team. Much time is spent during the discovery phase of the project to identify and document the specific project tasks and associated timelines. Although much of the anticipated work and delivery timelines are known and identified as part of this RFP there will still be some details that will need to be discussed and worked out with WSP. By effectively identifying the associated tasks and timelines and aggressively managing the work and resources the amount of risk should be kept to a minimum.

Using the project management methodology outlined in section 8.1.1 and reporting, outlined in section 8.1.2 Intellinetics is able to manage risk and keep the client informed of project status in a timely manner.

Should something happen to create a risk to the project (whether vendor side or client side), the client PM and team are notified immediately with full disclosure so as to understand the risk, the cause of the risk, what actions are being taken to resolve the risk and the impact of the risk on the project. With this information the project team can make the appropriate decisions and work to resolution.

8.1.7. Proposed Project Staff

Vendors must provide an outline of all proposed individuals, including their major areas of responsibility during the project and the percentage of time that each will be dedicated to the project.

Specific guidelines for the vendor's project manager include the following:

- Must be able to demonstrate a history of *successful* projects of similar size, nature, and complexity.
- Must have a bachelor's degree or equivalent work experience.
- Must be able to demonstrate a minimum of 3 years' project management experience.

Though not required, Project Management Professional (PMP) certification from the Project Management Institute, Inc. (PMI) would be a value-added qualification.

Resumes of all key proposed personnel are required and must include the following, at a minimum:

- Experience with the vendor.
- Experience with projects related to public safety, especially message switch solutions.
- Experience with projects similar in size, scope, and complexity to this project.
- System design and development experience.
- System implementation and support experience.
- System integration experience.

Vendors shall indicate any industry-acknowledged certifications (e.g., Capability Maturity Model Integration [CMMI], PMP, International Organization for Standardization [ISO]) that their organizations or key proposed personnel have attained or are actively pursuing.

The description of experience must include specific responsibilities of vendor personnel and the number of years of their experience.

Each project referenced in a resume should include the customer name, customer reference (including current telephone number), and time period of the project, as well as a very brief project description. Limit references to the last 5 years.

It is important to note that WSP reserves the right to approve or reject any changes to the vendor's key personnel after the contract award. WSP also reserves the right to require key personnel changes, with reasonable notice to the vendor, following contract award if WSP determines that such changes are in the best interest of the project.

Mike Beck—Project Manager (PM) —10% of the PM's time is allocated to project activities Qualifications:

Mike Beck brings 20 years of IT experience to Intellinetics including infrastructure, project management and leadership. Mike is a member of the Intellinetics leadership team and is responsible for overall solution delivery. Mike brings experience in project management and reporting. Prior to joining Intellinetics Mike was the project manager for a large voice and data infrastructure build out for a major retailer's corporate headquarters and distribution center. The project was delivered on time and on

budget. While at Intellinetics Mike was the project manager for a year-long project involving a custom developed application for managing elected officials financial disclosure information. That project was also delivered on time and on budget. Mike has also managed many other large and small projects and holds a Bachelors degree in Business Administration.

Neil Campbell—Development Manager—30% of the Development Managers time is allocated to project activities

Qualifications:

Neil Campbell offers 20 years of IT experience including infrastructure design and support, project management, consulting, and development management. Neil has excellent solution design qualifications and effectively manages a development team to produce highly functional and efficient applications. Neil has experience managing large scale, complex efforts to bring solutions in on time and on budget. Neil is responsible for the end-to-end product life cycle management from initial concept through development. Neil is responsible for the tactical and strategic policies and procedures for product development. Neil holds a Bachelors degree in Economics.

Amy Hedgpath—Business Process Analyst (BPA)—20% of the BPA time is allocated to project activities

Qualifications:

Amy Hedgpath brings five and one half years of experience in document imaging. She has excellent written and verbal communication skills. Amy has a deep knowledge of the Intellinetics products and understands workflow and the importance of processes. She is proficient in Intellinetics application and security design. Amy has had many years of user training experience with previous employers as well as with Intellinetics. Amy has been the lead business process analyst on many projects including a large project with a large agency spanning over more than one year and involving many departments. In addition, Amy has led the discovery process on many other projects for companies in the public and private sector.

John Savolaine—Technical Consultant (TC)—25% of the TC time is allocated to project activities

Qualifications:

John Savolaine has many years of experience in the content and document management environment as well as Microsoft Windows server and SQL environments. Specifically, John is proficient in supporting Windows 2000, 2003, and 2008 server and SQL 2000, 2005 and 2008. John is also experienced at implementing all of the Intellinetics products. John has performed many implementations both large and small. He has performed application migrations and upgrades. John is customer focused and works to ensure clients are getting the most out of their application. John has been the lead in many instances when integrating Intellinetics products with other third party systems and applications. John holds the following certifications: MCDBA, MCSA, CDIA+ (Certified Document Management Architech), Hyland Software (OnBase)—Certified Installer, Certified Workflow Engineer, Work View certified, API certified. John has a Bachelors degree in Information Technology, a Bachelor of Science degree in Psychology and a Master of Arts degree in Education.

8.1.8. Implementation Approach

Vendors must provide their approaches to implementation of the proposed WRECR solution, outlining the steps from the time of contract signing through complete acceptance and go-live of the future WRECR infrastructure in the production environment.

The project plan is based upon a phased approach where each phase builds upon the others, while accelerating WSP's ability to use the new capabilities provide by each phase:

Phase I: Base Platform Deployment

- Install Hardware
- Install OS
- Install Database
- Install GX Platform
 - ICMCore
 - Host Site Manager
 - Content Importer
 - Redactivue
- Configure WRECR base Intellivue Application to support process numbers:
 - 5.1.1
 - 4.1
 - 4.121.10
 - 4.1.2.12
 - 4.1.2.1
 - 4.6.2
 - 4.6.3
 - 6.1

Phase II: Web Browser Deployment for Non-Authorized Requestors

- Develop / Test / Deploy Web Browser User Inteface for Non-Authorized Users
 - User Registration
 - Search
 - Select
 - Pay
 - Receive
- Develop / Test / Deploy Bank Card Processing Interface
- Configure WRECR web browser module which supports process numbers:
 - 4.1.2.5
 - 4.1
 - 4.1.2.10
 - 4.1.2.1
 - 4.6.2
 - 5.2
 - 4.1.2.4
 - 4.6.3
 - 4.6

Phase III: Web Browser Deployment for Authorized Requestors

- Develop / Test / Deploy Web Browser User Interface for Authorized Users
 - Manage Authorization lifecycle
 - Forms
 - Notifications
 - Auditing
- Configure WRECR web browser module which supports process numbers:
 - 4.6.2
 - 5.2
 - 4.1.2.4

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is entered into as of the _____ day of November, 2011, by and between Intellinetics, Inc., an Ohio corporation (the "Corporation") and _____ ("Indemnitee"), a member of the board of directors ("Board") of the Corporation.

WHEREAS, it is essential to the Corporation to retain and attract as directors and officers the most capable persons available; and

WHEREAS, the substantial risks of litigation against corporations and their directors and officers subjects directors and officers of the Corporation to the possible necessity of incurring extraordinary expenses out of their personal funds either while directors' and officers' liability insurance may be unavailable to them or because the expenditure is not covered by insurance policies then in effect; and

WHEREAS, it is the policy of the Corporation to indemnify its directors and officers so as to provide them with the maximum possible protection permitted by law; and

WHEREAS, so as to assure that Indemnitee is willing to serve as a director, and the Corporation desires Indemnitee to serve as a director;

NOW, THEREFORE, in consideration of Indemnitee's service as a director of the Corporation, the Corporation and Indemnitee hereby agree as follows:

1. Agreement to Serve. Indemnitee agrees to serve as a director of the Corporation for so long as Indemnitee is duly elected or appointed or until such time as Indemnitee tenders Indemnitee's resignation in writing or otherwise Indemnitee's service is terminated in accordance with the Corporation's Code of Regulations and applicable law. Notwithstanding anything to the contrary, this Agreement does not constitute either an employment contract or any commitment, express or implied, to cause Indemnitee to be elected as a director.

2. Definitions. As used in this Agreement:

(a) "Proceeding" includes, without limitation, any threatened, pending, or completed action, suit, or proceeding, including any appeals related thereto, whether brought by or in the right of the Corporation or otherwise, and whether of a civil, criminal, administrative, or investigative nature, in which Indemnitee is or was a party or is threatened to be made a party by reason of the fact that Indemnitee is or was a director or officer of the Corporation (or of any predecessor or subsidiary of the Corporation or any successor to the Corporation by merger), or is or was serving at the request of the Corporation as a director, officer, employee, member, manager, agent, or fiduciary of any other corporation, partnership, joint venture, trust, or other

enterprise (including but not limited to a subsidiary). Such request by the Corporation shall be presumed to exist in the case of a subsidiary or other entity in which the Corporation has an investment or contractual interest. "Proceeding" also includes an action by Indemnitee, including without limitation any mediation or arbitration, to establish or enforce a right of Indemnitee under this Agreement.

(b) "Expenses" include, without limitation, expenses of investigation, costs of judicial or administrative proceedings or appeals, amounts paid in settlement by or on behalf of Indemnitee, attorneys' fees and disbursements, costs of meals, lodging and travel reasonably and necessarily incurred by Indemnitee to attend any Proceeding or event related to the Proceeding including but not limited to depositions and mediation sessions, and any other defense costs incurred by Indemnitee in connection with any Proceeding, but shall not include judgments, fines, or penalties finally assessed against Indemnitee.

(c) "Other enterprises" include employee benefit plans; "fines" include any excise taxes assessed on Indemnitee with respect to any employee benefit plan; "serving at the request of the Corporation" includes any service as a director, officer, employee, member, manager or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, member, manager, agent, or fiduciary with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interest of the Corporation" as referred to in this Agreement.

(d) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither currently is, nor in the five years previous to its selection or appointment has been, retained to represent (i) the Corporation or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements) or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(e) "Change of Control" means any one of the following circumstances occurring after the date hereof: (i) there shall have occurred an event required to be reported with respect to the Corporation in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item or any similar schedule or form) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), regardless of whether the Corporation is then subject to such reporting requirement; (ii) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall have become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 15% or more of the combined voting power of the Corporation's then outstanding voting securities (provided that, for purposes of this clause (ii), the term "person" shall exclude (x) the Corporation, (y) any trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, and (z) any corporation owned, directly or indirectly, by the

shareholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation); (iii) there occurs a merger or consolidation of the Corporation with any other entity, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the Board or other governing body of such surviving entity; (iv) all or substantially all the assets of the Corporation are sold or disposed of in a transaction or series of related transactions; (v) the approval by the shareholders of the Corporation of a complete liquidation of the Corporation; or (vi) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Corporation and any new director whose election by the Board of Directors or nomination for election by the Corporation's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof.

3. Indemnity in Third-Party Proceedings. The Corporation shall indemnify Indemnitee against all Expenses, judgments, fines, and penalties actually and reasonably incurred by Indemnitee in connection with the defense or settlement of any Proceeding (other than a Proceeding by or in the right of the Corporation to procure a judgment in its favor, and other than a Proceeding brought or initiated voluntarily by Indemnitee), but only if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, in the case of a criminal proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful. The termination of any, such Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

4. Indemnity in Proceedings By or In the Right of the Corporation. The Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with the defense or settlement of any Proceeding by or in the right of the Corporation to procure a judgment in its favor, but only if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification for Expenses shall be made under this section in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation for negligence or misconduct in the performance of Indemnitee's duty to the Corporation, unless (and then only to the extent that) the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Expenses which such court shall deem proper.

5. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement:

(a) To the extent that Indemnitee has been successful on the merits or otherwise, including by a settlement, in defense of any Proceeding, or in defense of any one or more claims, issues or matters included therein, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee in connection therewith; and

(b) Indemnitee's Expenses actually and reasonably incurred in connection with successfully establishing or enforcing, in whole or in part, Indemnitee's right to indemnification or advancement of Expenses under this Agreement or otherwise, shall also be indemnified by the Corporation.

6. Advances of Expenses. At the written request of Indemnitee, the Expenses reasonably incurred by Indemnitee in any Proceeding, including Expenses billed but not yet paid, shall be paid directly (or if already paid by Indemnitee, shall be reimbursed to Indemnitee) by the Corporation from time to time in a timely manner in advance of the final disposition of such Proceeding, provided that Indemnitee shall undertake in writing to repay the amounts advanced if and to the extent that it is ultimately determined that Indemnitee is not entitled to indemnification. Indemnitee shall not be required to provide security for such undertaking. If the Corporation makes an advance of Expenses pursuant to this section, the Corporation shall be subrogated to every right of recovery Indemnitee may have against any insurance carrier from whom the Corporation has purchased insurance for such purpose.

7. Right of Indemnitee to Indemnification Upon Application: Procedure Upon Application.

(a) Any indemnification or advancement of Expenses under this Agreement shall be paid by the Corporation no later than 30 days after receipt of the written request of Indemnitee, unless a determination is made within said 30-day period that Indemnitee has not met the standards for indemnification set forth in the relevant section or sections of this Agreement by either:

(i) If a Change of Control shall not have occurred:

(A) The Board by a majority vote of a quorum consisting of directors who were not and are not parties to the Proceeding in respect of which indemnification is being sought ("Disinterested Directors"), or

(B) If there are no such Disinterested Directors, or if such Disinterested Directors so direct, by Independent Counsel in a written opinion, or

(C) The shareholders of the Corporation by vote of a majority of a quorum at a meeting duly called and held; or

(ii) If a Change of Control shall have occurred, by Independent Counsel in a written opinion.

(b) Indemnitee's right to indemnification or advancement of Expenses as provided by this Agreement shall be enforceable by Indemnitee in any court of competent jurisdiction. The burden of proving that such indemnification or advancement is not appropriate shall be on the Corporation. Neither the failure of the Corporation (including the Board or Independent Counsel or the shareholders) to have made a determination prior to the commencement of such action that Indemnitee has met the applicable standard of conduct nor an actual determination by the Corporation (including the Board or Independent Counsel or the shareholders) that Indemnitee has not met such standard shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(c) With respect to any Proceeding for which indemnification or advancement of Expenses is requested, the Corporation will be entitled to participate therein at its own expense and, except as otherwise provided below, the Corporation may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Corporation to Indemnitee of its election to assume the defense of a Proceeding, the Corporation will not be liable to Indemnitee under this Agreement for any Expenses subsequently incurred by Indemnitee in connection with the defense thereof, other than as provided below. The Corporation shall not settle any Proceeding in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Indemnitee shall have the right to employ counsel in any Proceeding but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense of the Proceeding shall be at the expense of Indemnitee and shall not be advanced or indemnified by the Corporation, unless:

(i) The employment of counsel by Indemnitee has been authorized by the Corporation, or

(ii) Indemnitee shall have reasonably concluded, in writing sent to the Corporation, that there may be a conflict of interest between the Corporation and Indemnitee in the conduct of the defense of a Proceeding, or

(iii) The Corporation shall not in fact have employed counsel to assume the defense of a Proceeding, or

(iv) Such Expenses of counsel are actually and reasonably incurred in connection with successfully establishing, in whole or in part, Indemnitee's right to indemnification or advancement of Expenses under this Agreement or otherwise,

in each of which cases the fees and expenses of Indemnitee's counsel shall be advanced by the Corporation.

Notwithstanding the foregoing, the Corporation shall not be entitled to assume the defense of any Proceeding brought by or in the right of the Corporation.

8. Limitation on Indemnification. No payment pursuant to this Agreement shall be made by the Corporation:

(i) To indemnify or advance funds to Indemnitee for Expenses with respect to Proceedings initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification or advancement of expenses under this Agreement, but such indemnification or advancement of Expenses may be provided by the Corporation in specific cases if the Board finds it to be appropriate;

(ii) To indemnify Indemnitee for any Expenses, judgments, fines, or penalties sustained in any Proceeding for which payment is actually made to Indemnitee under a valid and collectible insurance policy, except in respect of any deductible or retention amount, or any excess beyond the amount of payment under such insurance;

(iii) To indemnify Indemnitee for any Expenses, judgments, fines or penalties sustained in any Proceeding for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Corporation pursuant to the provisions of § 16(b) of the Exchange Act, the rules and regulations promulgated thereunder and amendments thereto or similar provisions of any federal, state, or local statutory law;

(iv) To indemnify Indemnitee for any Expenses, judgments, fines or penalties resulting from Indemnitee's conduct which is finally adjudged to have been willful misconduct, knowingly fraudulent, or deliberately dishonest; or

(v) If a court of competent jurisdiction finally determines that such payment is unlawful

9. Indemnification Hereunder Not Exclusive. The indemnification and advancement of Expenses provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under the Articles of Incorporation or the Code of Regulations of the Corporation, any other agreement, any vote of shareholders or disinterested directors, the General Corporation Law of the State of Ohio, or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such directorship or office. The indemnification provided by this Agreement shall continue as to Indemnitee even though Indemnitee may have ceased to be a director and shall inure to the benefit of Indemnitee's personal representatives, heirs, legatees and assigns.

10. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Corporation for a portion of the Expenses, judgments, fines, or penalties actually and reasonably incurred by him or her in any Proceeding but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such Expenses, judgments, fines, or penalties to which Indemnitee is entitled.

11. Presumption and Burden of Proof. In any adjudication, opinion by counsel, or decision by the Board or shareholders referred to in this Agreement or otherwise that involves the determination, directly or indirectly, as to whether Indemnitee is entitled to indemnification, including the advancement of Expenses, there shall be a presumption that Indemnitee is entitled to indemnification. The Corporation or any other person opposing indemnification shall have the burden of proof to overcome the presumption in favor of indemnification by clear and convincing evidence.

12. Selection of Independent Counsel.

(a) If an opinion of Independent Counsel shall be required pursuant to Section 7(a)(ii), such counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Corporation advising it of the identity of the Independent Counsel. If an opinion of Independent Counsel shall be required pursuant to Section 7(a)(i)(B), such counsel shall be selected by the Corporation, in which case the Corporation shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel. In either event, Indemnitee or the Corporation, as the case may be, may, within 10 days after such written notice of selection shall have been received, deliver to the Corporation or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within 20 days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 7 hereof and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either the Corporation or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Corporation or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 7 hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to this Agreement, the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(b) Nothing herein shall prohibit the Board from selecting Indemnitee's defense counsel for this purpose if the Board determines this to be in the best interest of the Corporation as an appropriate way to determine the potential liability of Indemnitee.

(c) The Corporation agrees to pay the reasonable fees and expenses of any Independent Counsel serving under this Agreement.

13. Settlement of Proceedings. In the case of a Proceeding by Indemnitee to establish or enforce a right of Indemnitee under this Agreement, the Corporation shall have the right at any time during such Proceeding to make the determination that it is in the best interests of the Corporation to settle the Proceeding, and to pay all or part of the indemnity sought as a part of such settlement.

14. Arbitration. If the Corporation makes a determination that Indemnitee is not entitled to indemnity in connection with a Proceeding, Indemnitee shall have the right to *de novo* review of such determination before a panel of arbitrators chosen in accordance with the commercial arbitration rules of the American Arbitration Association.

15. Maintenance of Liability Insurance.

(a) The Corporation hereby covenants and agrees that, as long as Indemnitee continues to serve as a director of the Corporation and thereafter as long as Indemnitee may be subject to any Proceeding, the Corporation, subject to subsection (c) of this section, shall maintain in full force and effect directors' and officers' liability insurance ("D&O Insurance") in reasonable amounts from established and reputable insurers.

(b) In all D&O Insurance policies, Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Corporation's directors and officers. Further, in all policies of D&O Insurance, coverage for Indemnitee shall include but not be limited to the following:

(i) Claims asserted by the Corporation's present or past shareholders, directors, employees, lenders, customers, suppliers, competitors and regulators, as well as claims in connection with class actions, claims arising out of mergers and acquisitions and antitrust claims asserted by governmental or private parties; but the policy may exclude claims by one insured against another insured, except for employment claims;

(ii) No exclusion for Indemnitee's negligence;

(iii) No exclusion for fraud or deliberate dishonesty, except if there has been a final adjudication of fraud or dishonesty by a court of competent jurisdiction;

(iv) Punitive and exemplary damages as well as the multiplied portion of any damage award; and

(v) Any and all Expenses, judgments, fines and penalties not indemnifiable pursuant to this Agreement, the Corporation's Articles of Incorporation or Code of Regulations, the General Corporation Law of the State of Ohio, or the laws, rules or regulations of any other jurisdiction or state or federal agency whose laws, rules or regulations may be applicable.

(c) Notwithstanding the foregoing, the Corporation shall have no obligation to obtain or maintain D&O Insurance if and to the extent that the Corporation determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is so limited by exclusions that it provides an insufficient benefit, or Indemnitee is covered by similar insurance maintained by a subsidiary of the Corporation.

16. Miscellaneous.

(a) Savings Clause. If this Agreement or any portion hereof is invalidated on any ground by any court of competent jurisdiction, the Corporation shall nevertheless indemnify Indemnitee to the extent permitted by any applicable portion of this Agreement that has not been invalidated or by any other applicable law.

(b) Notice. Indemnitee shall, as a condition precedent to his right to be indemnified under this Agreement, give to the Corporation notice in writing as soon as practicable of any Proceeding for which indemnity will or could be sought under this Agreement. Notice to the Corporation shall be directed to Intellinetics, Inc., Attention: President, at 2190 Dividend Drive, Columbus, Ohio 43228, or such other address as is then its corporate headquarters, or such other address as the Corporation shall have designated in writing to Indemnitee at his last known residence or office address. Notice shall be deemed received three days after the date postmarked if sent by prepaid mail, properly addressed. In addition, Indemnitee shall give the Corporation such information and cooperation as it may reasonably require and as shall be reasonably within Indemnitee's power.

(c) Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument.

(d) Applicable Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the law of the State of Ohio.

(e) Successors and Assigns. This Agreement shall be binding upon the Corporation and its successors and assigns and upon Indemnitee and his personal representatives, heirs, legatees and assigns.

(f) Amendments. No amendment, waiver, modification, termination, or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto. The indemnification rights afforded to Indemnitee hereby are contract rights and may not be diminished, eliminated, or otherwise affected by amendments to the Articles of Incorporation or Code of Regulations of the Corporation or by other agreements without the express written agreement of the parties expressly referring to and consenting to the provision by which such rights will be diminished, eliminated or otherwise affected.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and signed as of the day and year first above written.

INTELLINETICS, INC.

William J. Santiago, President

LOAN AGREEMENT
between
THE DIRECTOR OF DEVELOPMENT
OF THE STATE OF OHIO

and
INTELLINETICS, INC.

Dated
as of
July 17, 2009

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LOAN AGREEMENT

THIS LOAN AGREEMENT is made and entered into as of July 17, 2009 by and between the Director of Development (the "Director") of the State of Ohio (the "State"), acting on behalf of the State, and Intellinetics, Inc., an Ohio corporation (the "Company"), under the circumstances summarized in the following recitals (the capitalized terms used in the recitals being used therein as defined in Article I hereof):

- A. Pursuant to the Act, the Director is authorized, among other things, to make loans to assist in the financing of an Eligible Innovation Project.
- B. The Company has requested that the Director provide the financial assistance for the Project hereinafter described.
- C. The Director has determined that the Project constitutes an Eligible Innovation Project and that the financial assistance to be provided pursuant to this Agreement is appropriate under the Act and will be in furtherance and in implementation of the public policy set forth in the Act.
- D. The financial assistance to be provided pursuant to this Agreement has been reviewed and approved by the Development Financing Advisory Council and the Controlling Board, pursuant to the Act.

NOW, THEREFORE, in consideration of the premises and the representations and agreements hereinafter contained, the Director and the Company agree as follows:

ARTICLE I

Definitions

Section 1.1. Use of Defined Terms. In addition to the words and terms elsewhere defined in this Agreement or by reference to the Security Documents or other instruments, the words and terms set forth in Section 1.2 hereof shall have the meanings therein set forth unless the context or use expressly indicates different meaning or intent. Such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms therein defined.

Section 1.2. Definitions. As used herein:

"Act" means Chapter 166, Ohio Revised Code, as from time to time enacted and amended.

"Agreement" means this Loan Agreement, as the same may be amended, modified, supplemented, restated or replaced from time to time.

"Allowable Innovation Costs" means "allowable innovation costs" of the Project within the meaning of the Act.

“Application” means the Application of the Company submitted to the Director requesting assistance under the Act and approved as of December 8, 2008.

“Business Day” means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of Ohio and on which the New York Stock Exchange is not closed.

“City” means the city of Hilliard, Ohio.

“Closing Date” means July 17, 2009, the date of execution and delivery of the Loan Documents.

“Collateral” shall have the same meaning as defined in the Security Agreement.

“Commitment” means the Commitment Letter between the Director and the Company dated January 20, 2009.

“Code” means the Internal Revenue Code of 1986, and any successor statute of similar import, together with all rules and regulations thereunder, as amended, reformed or otherwise modified from time to time. References to sections or titles of the Code shall be construed to also refer to successor sections or titles.

“Completion Date” means the date of completion of the Project, as certified by the Company pursuant to Section 3.5 hereof.

“Controlling Board” means the Controlling Board of the State.

“Corrective Work” means all activities of removal, response, investigation, testing, analysis, remediation (including, but not limited to disposal of Hazardous Substances) taken pursuant to Environmental Requirements (i) to prevent, abate, or correct a Release or threatened Release of Hazardous Substances at, about, affecting, or affected by the Project or the Project Site or (ii) to comply with any and all Environmental Requirements applicable to the Project or the Project Site or areas at, about, affecting, or affected by the Project or the Project Site.

“Cost Certification” means a certification of the Company, as of a specified date, setting forth in reasonable detail the costs incurred and, if appropriate, to be incurred by the Company in completing the provision of the Project, including a detail by category of all Allowable Innovation Costs.

“DCB Loan” means the loan in the principal amount of Two Hundred One Thousand Twenty-Four Dollars (\$201,024.00) made by Delaware County Bank and Trust Company to the Company pursuant to the DCB Loan Documents.

“DCB Loan Documents” means all documents, instruments and agreements evidencing or securing the DCB Loan, as the same may be amended, modified, supplemented, restated or replaced from time to time with the prior written consent of the Director.

“Development Financing Advisory Council” means the Development Financing Advisory Council of the State.

“Disbursement Request” means each Disbursement Request in the form of Exhibit A attached to the Escrow Disbursing Agreement.

“Eligible Innovation Project” means an “eligible innovation project” within the meaning of the Act and, with respect to the Loan, means the Project.

“Environmental Activity” means any actual or threatened storage, holding, existence, Release, emission, discharge, transportation or disposal of any Hazardous Substance from, under, into or on the Project and/or the Project Site or otherwise relating to the Project and/or the Project Site or any Use of the Project and/or the Project Site which is regulated by or for which standards of conduct or liability are imposed by any Environmental Requirements.

“Environmental Laws” means the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §5101 et seq., the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., the Federal Water Pollution Control Act (Clean Water Act), 33 U.S.C. §1251 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., regulations promulgated thereunder, and any other federal, state, county, municipal, local or other statute, law, principles of common law, ordinance or regulation and any consent decrees, settlement agreements, judgments, orders, directives, policies or programs issued by or entered into with a Governmental Authority which may relate to or deal with (i) pollution or pollution control; (ii) protection of human health from exposure to regulated substances; (iii) protection of the environment; (iv) the presence, use, management, generation, manufacture, processing, extraction, treatment, recycling, refining, reclamation, labeling, packaging, sale, transport, storage, collection, distribution, disposal or release or threat of release of regulated substances; (v) the presence of contamination; (vi) the protection of endangered species; and (vii) the protection of environmentally sensitive areas. References to sections or titles of any Environmental Law shall be construed to also refer to successor sections or titles.

“Environmental Requirements” means all present and future laws, including but not limited to Environmental Laws, authorizations, judgments, decrees, concessions, grants, orders, franchises, agreements and other restrictions and requirements (whether or not arising under statutes or regulations) relating to any Hazardous Substances or Environmental Activity.

“ERISA” means the Employee Retirement Income Security Act of 1974, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

“ERISA Affiliate” means at any time, the Company and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control and all other entities which, together with the Company, are treated as a single employer under Section 414(b) and/or (c) of the Internal Revenue Code.

“Escrow Account” means the Escrow Account as defined in the Escrow Disbursing Agreement.

“Escrow Agent” means The Huntington National Bank, in its capacity as Escrow Agent under the Escrow Disbursing Agreement.

“Escrow Disbursement Date” means each date upon which Escrow Funds are disbursed to, or for the benefit of, the Company from the Escrow Account pursuant to the Escrow Disbursing Agreement, and the final Escrow Disbursement Date shall not be later than July 30, 2010. There shall not be more than one (1) Escrow Disbursement Date in any thirty (30) day period.

“Escrow Disbursement Termination Date” means July 30, 2010, or such subsequent date as may be established by the Director in writing in accordance with Section 3.7 hereof for the disbursement of the Loan.

“Escrow Disbursing Agreement” means the Escrow Disbursing Agreement of even date herewith among the Company, the Director and the Escrow Agent, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Escrow Funding Date” means each date proceeds of the Loan are funded to the Escrow Account in accordance with the terms of this Agreement and the Escrow Disbursing Agreement. There shall not be more than two (2) Escrow Funding Dates.

“Escrow Funds” means the proceeds of the Loan disbursed into the Escrow Account in accordance with the terms of this Agreement and the Escrow Disbursing Agreement.

“Event of Default” means any of the events described as an event of default in Section 5.1 hereof.

“Final Cost Certification” means the Cost Certification dated as of the Completion Date.

“Governing Instruments” means the articles of incorporation and code of regulations of the Company and the Guarantor.

“Governmental Authority” means, collectively, the United States of America, the State, any political subdivision thereof, any municipality, and any agency, department, commission, board or bureau of any of the foregoing having jurisdiction over the Project and/or the Project Site.

“Guarantor” means The Avatar Group, Inc., an Ohio corporation and wholly-owned subsidiary of the Company.

“Guaranty” means the Guaranty of Payment by the Guarantor in favor of the Director, of even date herewith, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Hazardous Substances” means:

- (a) any “hazardous substance” as defined in §101(14) of CERCLA (42 U.S.C. §9601(14)) or regulations promulgated thereunder;
- (b) any “solid waste”, “hazardous waste”, “infectious waste”, “pollutant”, or “hazardous air pollutant”, as such terms are defined in any Environmental Law at such time;
- (c) asbestos, urea-formaldehyde, polychlorinated biphenyls, source, special nuclear or by-product material, chemical waste, radioactive material, explosives, known carcinogens, petroleum products and by-products and other dangerous, toxic or hazardous pollutants, contaminants, chemicals, material or substances listed or identified in, or regulated by, any Environmental Law; and
- (d) any additional substances or materials which at such time are classified or considered to be hazardous or toxic under any Environmental Law.

“Intercreditor Agreement” means the Intercreditor Agreement among the Company, the Director and the Delaware County Bank and Trust Company, of even date herewith, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Landlord Waiver” means the Landlord Waiver between the Director and Dividend Drive, LLC, of even date herewith, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Loan” means the loan by the Director to the Company in the total sum of the Loan Amount, to be disbursed pursuant to the terms hereof and the Escrow Disbursing Agreement.

“Loan Amount” means the lesser of (i) \$1,012,500 and (ii) 75% of the Allowable Innovation Costs of the Project, as determined by the Director in the Director’s sole discretion pursuant to this Agreement.

“Loan Approval Documents” means, with respect to the Loan, the Recommendation of the Director to the Development Financing Advisory Council dated December 8, 2008, the Resolution of the Development Financing Advisory Council dated December 8, 2008, the Approval of the Controlling Board dated January 12, 2009, and the Commitment.

“Loan Documents” means all documents, instruments and agreements delivered to or required by the Director to evidence or secure the Loan, including, but not limited to, this Agreement, the Note, the Guaranty, the Security Documents, and the Escrow Disbursing Agreement as required by the Commitment and this Agreement, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Loss” is defined in Section 3.8(b)(viii) hereof.

“Market Conditions” means those conditions determined by the Director, with advice from the Federal Reserve Bank of Cleveland, with respect to which the Director shall consider the following:

- (i) two consecutive quarters of decline in information technology employment in the State as a whole, or when possible by relevant manufacturing sector. Employment figures will be those reported by the Department of Job and Family Services of the State;
- (ii) a decline, as a whole or by relevant sector, in twelve (12) of the last thirty-six (36) months as detailed in the Federal Reserve’s National Industrial Production Index; and
- (iii) a decline within the relevant sector of Standard & Poor’s “Industrial Outlook”.

“Multiemployer Plan” means any employee benefit plan that is a “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA and to which the Company or any ERISA Affiliate is then making or accruing an obligation to make contributions or, within the preceding five plan years, has made or had an obligation to make such contributions.

“Note” means the cognovit promissory note, in the form attached hereto as Exhibit A, evidencing the obligation of the Company to repay the Loan, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Notice Address” means:

(a) As to the Director: Ohio Department of Development
Strategic Business Investment Division
77 South High Street, 28th Floor
P.O. Box 1001
Columbus, OH 43216-1001
Attn: Office of Financial Incentives

With a copy to: Hahn Loeser & Parks LLP
200 Public Square, Suite 2800
Cleveland, OH 44114
Attn: Christopher S.W. Blake, Esq.

(b) As to the Company or Guarantor: Intellinetics, Inc.
2190 Dividend Drive
Hilliard, OH 43228
Attn: Matthew Chretien

With a copy to: Shumaker, Loop & Kendrick, LLP
Huntington Center
41 South High Street, Suite 2400
Columbus, OH 43215
Attn: Steven L. Smith, Esq.

or such additional or different address, notice of which is given under Section 6.2 hereof.

“Ohio Commercial Code” means the Uniform Commercial Code as in effect in the State of Ohio on the date hereof and as amended from time to time except to the extent that the conflict of law rules of such Uniform Commercial Code shall apply the Uniform Commercial Code as in effect from time to time in any other state to specific property or other matters.

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant Subtitle A of Title IV of ERISA or any successor.

“Perfection Certificate” means the Perfection Certificate delivered by the Company to the Director, dated as of July 17, 2009.

“Plan” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan) that is covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained by the Company or any ERISA Affiliate, or (ii) has at any time within the preceding five years been maintained by the Company or any ERISA Affiliate or to which at any time within the preceding five years contributions had been made by the Company or any ERISA Affiliate.

“Plans and Specifications” means the plans and specifications or other appropriate documents describing the Project prepared by or at the direction of the Company, including, but not limited to, the Schedule of Development attached hereto as Schedule 1.2.

“Prohibited Transaction” means a transaction described in Section 4975 of the Code or Section 406 of ERISA that is not the subject of an exemption pursuant to Section 4975(c)(2) of the Code or Section 408 of ERISA, respectively.

“Project” means the Project Site, the Project Equipment and the Project Intangible Facilities, together constituting an Eligible Innovation Project.

“Project Equipment” means the equipment, machinery and other personal property described on Exhibit B attached hereto, as such Exhibit B is amended and supplemented from time to time in accordance with the terms of the Security Agreement.

“Project Intangible Facilities” means the intangible property related to a new product or process based on new technology or the creative application of existing technology, including research and development, product or process testing, quality control, market research, and related activities, that is to be acquired, established, expanded, remodeled, rehabilitated, or modernized for industry, commerce, distribution, or research, or any combination thereof, the operation of which, alone or in conjunction with other eligible projects, eligible innovation projects, or innovation property described in Exhibit C attached hereto.

“Project Purposes” means the development of, testing of, training on, and protection of intellectual property rights relating to the development of Company’s Intellivue software application into software as a service application.

“Project Site” means 2190 Dividend Drive, Hilliard, Ohio 43228, or any subsequent location of the Company’s principal place of business that the Company may move to in accordance with, and as permitted by, this Agreement and the other Loan Documents.

“Provision” means, as applicable, the acquiring, constructing, reconstructing, rehabilitating, renovating, enlarging, installing, improving, equipping or furnishing of the Project.

“Release” means spilling, leaking, pumping, paving, emitting, emptying, discharging, injecting, escaping, contaminating, leaching, disposing, releasing or dumping of any Hazardous Substance into the environment.

“Reportable Event” means a “reportable event” within the meaning of Section 4043 of ERISA and the Regulations thereunder.

“Required Equity Contribution” means \$337,500 to be provided by the Company in cash to pay a portion of the Allowable Innovation Costs of the Project.

“Security Agreement” means the Security Agreement between the Director and the Company, of even date herewith, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Security Documents” means, collectively, the Security Agreement, the Intercreditor Agreement, the Landlord Waiver, the Perfection Certificate, and the UCC Financing Statements, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“State” means the State of Ohio.

“UCC Financing Statement” means a financing statement under Article 9 of the Ohio Commercial Code providing notice of the Director’s security interest in the Collateral.

“Use” means the use, ownership, development, construction, renovation, maintenance, management, operation or occupancy of real property, including the Project Site.

Section 1.3. Certain Words and References. Any reference herein to the Director shall include those succeeding to the Director’s functions, duties or responsibilities pursuant to or by operation of law or lawfully performing such functions. Any reference to a section or provision of the Constitution of the State or to the Act or to a section, provision or chapter of the Ohio Revised Code shall include such section, provision or chapter as from time to time amended, modified, revised, supplemented or superseded, provided that no such amendment, modification, supplementation, revision or supersession shall alter the obligation of the Company to pay all the amounts payable hereunder on the terms provided herein. All references to “generally accepted accounting principles” shall have the meaning set forth in Statement on Auditing Standards No. 69, or any predecessor or successor pronouncement of the American Institute of Certified Public Accountants, in effect for any applicable fiscal period.

Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement and each of the other Loan Documents: (i) references to the plural include the singular, the plural, the part and the whole and the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”; (ii) the words “hereof,” “hereby,” “herein,” “hereto,” “hereunder” and similar terms refer to this Agreement or such other Loan Document as a whole; (iii) the term “heretofore” means before, and the term “hereafter” means after, the date of delivery of this Agreement or such other Loan Document; (iv) article, section, subsection, clause, schedule and exhibit references are to this Agreement or other Loan Document, as the case may be, unless otherwise specified; (v) reference to any person includes such person’s successors and assigns; (vi) reference to any agreement, including this Agreement and any other Loan Document together with the schedules and exhibits hereto or thereto, document or instrument means such agreement, document or instrument as amended, modified, replaced, substituted for, superseded or restated; (vii) relative to the determination of any period of time, “from” means “from and including”; (viii) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all applicable tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (ix) section headings herein and in each other Loan Document are included for convenience and shall not affect the interpretation of this Agreement or such Loan Document; and (x) words of the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender may refer to any gender.

ARTICLE II

Determinations and Representations

Section 2.1. Determinations of the Director. Pursuant to the Act and on the basis of the representations and other information provided by the Company, the Director has heretofore made certain determinations, as set forth in the Loan Approval Documents, which are hereby confirmed, and the Director hereby determines that the financial assistance to be provided by the State pursuant

to this Agreement will conform to the requirements of the Act, including Sections 166.12 to 166.16 thereof, and will further and implement the purposes of the Act by creating new jobs or preserving existing jobs and employment opportunities and improving the economic welfare of the people of the State.

Section 2.2. Representations and Warranties of the Company. The Company hereby represents and warrants that:

- (a) Each of the Company and the Guarantor is a corporation for profit duly incorporated, organized, validly existing and in good standing under the laws of the State, and has all requisite power to conduct its business as now conducted and to own, hold and lease its assets and properties and is duly qualified to do business in all other jurisdictions in which it owns property or conducts its business, except where the failure to so qualify would not impair the ability of such party to perform any of its obligations under the Loan Documents to which it is a party or would not materially adversely affect the financial condition of such party, and will remain so qualified and in good standing in such jurisdictions during the term of this Agreement. Other than the Guarantor, the Company has no subsidiaries.
- (b) The Company has full power and authority to execute, deliver and perform the Loan Documents, and to enter into and carry out the transactions contemplated thereby. Such execution, delivery and performance do not, and will not, violate any provision of law applicable to the Company or the Governing Instruments of the Company and do not, and will not, conflict with or result in a default under any agreement or instrument to which the Company is a party or by which it or any of its property or assets is or may be bound. The Loan Documents have, by proper action, been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the Company.
- (c) The provision of financial assistance pursuant to the Loan Approval Documents and this Agreement induced the Company to provide the Project, thereby creating new jobs or preserving existing jobs and employment opportunities and improving the economic welfare of the people of the State.
- (d) The Provision of the Project will be completed and the Project and the Company's business will be operated and maintained in such manner as to conform with all applicable Environmental Laws and zoning, planning, building and other applicable governmental regulations imposed by any Governmental Authority and as to be consistent with the purposes of the Act.
- (e) The Company presently intends that the Project will be used and operated in a manner consistent with the Project Purposes until the date on which the Loan has been fully repaid, and the Company knows of no reason why the Project will not be so operated.

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- (f) There are no actions, suits or proceedings pending or threatened against or affecting either of the Company or the Guarantor or the Project which, if adversely determined, would individually or in the aggregate materially impair the ability of the Company or the Guarantor to perform any of its obligations under the Loan Documents or the DCB Loan Documents to which it is a party or adversely affect the financial condition of such party.
 - (g) The Company is not in default under any of the Loan Documents or the DCB Loan Documents, or in the payment of any indebtedness for borrowed money or under any agreement or instrument evidencing any such indebtedness, and no event has occurred which by notice, the passage of time or otherwise would constitute any such event of default.
 - (h) The Project Site is zoned by the City under a zoning ordinance which permits the Provision of the Project thereon in accordance with the Plans and Specifications and the operation of the Company's business; and all utilities, including water, storm and sanitary sewer, gas, electric and telephone, and rights of access to public ways shall be available or will be provided to the Project Site in sufficient locations and capacities to meet the requirements of operating the Project and the Company's business and of any applicable Governmental Authority.
 - (i) The Company has made no contract or arrangement of any kind, other than the Loan Documents and the DCB Loan Documents, which has given rise to, or the performance of which by the other party thereto would give rise to, a lien or claim of lien on the Project, the Project Site or other collateral covered by the Loan Documents or the DCB Loan Documents and no materials or labor have heretofore been supplied to or performed in connection with the Project, except as permitted under the Commitment.
 - (j) No representation or warranty of either of the Company or the Guarantor contained in any of the Loan Approval Documents, Loan Documents or DCB Loan Documents to which it is a party, and no statement contained in any certificate, schedule, list, financial statement or other instrument furnished to the Director by or on behalf of such party (including, without limitation, the Application), contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained herein or therein not misleading.
 - (k) The financial statements of the Company set forth on Schedule 2.2(k) and heretofore delivered to the Director are true and correct, in all respects, have been prepared in accordance with generally accepted accounting principles consistently applied, and fairly present the financial condition and the results of operation of the Company as of the dates thereof. No materially adverse change has occurred in the financial condition of the Company reflected therein since the respective dates thereof.

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- (l) All proceeds of the Loan shall be used by the Company for the payment of Allowable Innovation Costs relating to the Provision of the Project. No part of any such proceeds shall be knowingly paid to or retained by the Company or any member, owner, manager, partner, officer, shareholder, director or employee of the Company as a fee, kick-back or consideration of any type. The Company has no identity of interest with the general contractor or any architect, subcontractor, laborer or materialman performing work or services or supplying materials in connection with the Provision of the Project.
- (m) The Company has (or will have upon acquisition) a good and marketable title to a leasehold interest in the Project Site and is the owner of the Project Equipment and Project Intangible Facilities, subject in all cases to no lien, charge, easement, condition, restriction or encumbrance except as created by the Loan Documents and the DCB Loan Documents, or shown as Permitted Encumbrances under the Security Documents.
- (n) (i) The Company is and has been at all times in compliance with all applicable Environmental Requirements relating to the Project, the Project Site and the Use of the Project and the Project Site and neither the Company nor the Guarantor has engaged in any Environmental Activity in violation of any applicable Environmental Requirements, nor has any Environmental Activity otherwise occurred, in violation of any applicable Environmental Requirements.
- (ii) No investigations, inquiries, orders, hearings, actions or other proceedings by or before any court or Governmental Authority are pending or threatened in connection with any Environmental Activity or alleged Environmental Activity conducted upon the Project Site.
- (iii) No claims at any time have been made or threatened against the Company or the prior owners of the Project and/or the Project Site relating to damage, contribution, cost recovery, compensation, penalty, loss or injury resulting from any Environmental Activity or Hazardous Substance.
- (iv) Neither the Company nor the Guarantor has any liability, absolute or contingent, in connection with any Environmental Activity.
- (v) No Hazardous Substances have been integrated into the Project, the Project Site or any component thereof in such manner or quantity as may reasonably be expected to or in fact would pose a threat to human health or the value of the Project or the Project Site.
- (vi) No portion of the Project or the Project Site is located within 2,000 feet of (a) a Release of a Hazardous Substance which has been reported or is required to be reported under any Environmental Requirements or (b) the location of any site used, in the past or presently, for the disposal of any Hazardous Substance.

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- (vii) No occurrence or condition on any real property adjoining the Project Site exists which could cause the Project, the Project Site or any part thereof to be subject to any restrictions on ownership, occupancy, transferability or operation under any Environmental Requirement.
 - (viii) Neither the Company nor the Guarantor has engaged in any Environmental Activity and no Environmental Activity has otherwise occurred, and no notice, order, directive, complaint or other written communication has been made or issued by a governmental agency or other person alleging the occurrence of Environmental Activity in, on or about the Project or the Project Site in violation of any Environmental Requirements.
 - (ix) Neither the Project nor the Project Site has been used for the disposal of Hazardous Substances.
 - (x) None of its business operations conducted on the Project Site have contaminated lands, waters or other property of others with Hazardous Substances.
 - (xi) No underground or above ground storage tank (regardless of contents) is now located on, at or beneath the Project Site.
 - (xii) Neither the Project nor the Project Site is subject to any claim which might give rise to a lien in favor of any Governmental Authority as a result of any Release or threatened Release of any Hazardous Substance or Environmental Activity.
- (o) It shall provide the Required Equity Contribution by the Completion Date and otherwise in accordance with the terms hereof and the Escrow Disbursing Agreement.
 - (p) Allowable Innovation Costs which consist of the costs of (i) research and development of the Project, (ii) obtaining or creating any requisite software or computer hardware related to Project or the products or services associated therewith, (iii) testing (including, without limitation, quality control activities necessary for initial production), perfecting, and marketing of such products and services, and (iv) creating and protecting intellectual property related to the Project or any products or services related thereto, including costs of securing appropriate patent, trademark, trade secret, trade dress, copyright, or other form of intellectual property protection for the Project or related products and services, are expenditures that can and will be capitalized under applicable generally accepted accounting principles.

ARTICLE III

Loan; Provision of Project; Conditions to Disbursement

Section 3.1. Loan and Repayment.

(a) On the terms and conditions of this Agreement and the Commitment, the Director shall lend to the Company the Loan Amount to assist in the financing of the Project. The Loan shall be evidenced by this Agreement and the Note and secured by the Security Documents and the other Loan Documents, as applicable. Those instruments shall be executed and delivered by the Company to the Director on the Closing Date.

(b) The terms of repayment of the Loan shall be as set forth in the Note and the Company shall make all payments required to be made under the Note as and when due.

(c) In addition to all other payments required under the Note, upon maturity of the Loan (whether at scheduled maturity, by acceleration or otherwise), the Company shall pay to the Director a loan participation fee equal to 10% of the dollar amount of the Loan actually funded; provided, however, if the Loan is prepaid in full prior to the end of the term of the Loan, the loan participation fee shall be paid to the Director at the time of such prepayment.

(d) Proceeds of the Loan shall be disbursed into the Escrow Account on each Escrow Funding Date pursuant to the terms hereof and the Escrow Disbursing Agreement upon the satisfaction of the conditions set forth in Section 3.6(a) hereof and held in accordance with the terms of this Agreement and the Escrow Disbursing Agreement. The Loan shall be disbursed only from, and only to the extent that on each Escrow Funding Date funds not heretofore committed are available to make the Loan from moneys in, the "Innovation Ohio Loan Fund" created by the Act and as defined in the Act.

(e) The Escrow Funds shall be available for disbursement until the Escrow Disbursement Termination Date, and thereafter, the Director shall have no obligation to make or approve any further disbursements from the Escrow Account. Any Escrow Funds disbursed to the Director from the Escrow Account shall reduce the principal amount of the Note.

(f) The Escrow Funds shall be disbursed from the Escrow Account on each Escrow Disbursement Date pursuant to the terms of this Agreement and the Escrow Disbursing Agreement. The Company shall be entitled to submit Disbursement Requests pursuant to the Escrow Disbursing Agreement not more frequently than once in any thirty (30) day period and for amounts not less than Ten Thousand Dollars (\$10,000) minimum.

(g) Each payment of Allowable Innovation Costs of the Project shall be funded 75% with Escrow Funds and 25% with the Required Equity Contribution.

Section 3.2. Provision of Project. The Company (a) has commenced or shall promptly hereafter commence the Provision of the Project; (b) shall pay all expenses incurred in such Provision from funds made available therefor in accordance with this Agreement, the Required Equity Contribution or otherwise; and (c) shall demand, sue for, levy and recover all sums of money and debts which may be due and payable under the terms of any contract, order, receipt, guaranty, warranty, writing or instruction in connection with the Provision of the Project and will enforce the terms of any contract, agreement, obligation, bond or other performance security with respect thereto. The Company confirms its agreement in the Commitment that, to the extent applicable, all wages paid to laborers and mechanics employed on the Provision of the Project shall be paid at not less than the prevailing rates of wages for laborers and mechanics for the class of work called for by the Project, which wages shall be determined in accordance with the requirements of Chapter 4115, Ohio Revised Code, for determination of prevailing wage rates; *provided* that if the Company undertakes, as part of the Project, work to be performed by its regular bargaining unit employees who are covered under a collective bargaining agreement which was in existence prior to the date of the Commitment, the rate of pay provided under the applicable collective bargaining agreement may be paid to such employees.

Section 3.3. Plans and Specifications; Inspections. At the Director's option, the Director may designate an employee or officer of the State or may retain, at the Company's expense, an architect, engineer, appraiser or other consultant for the purpose of approving the Plans and Specifications, verifying costs and performing inspections of the Project as Provision of the Project progresses. Such inspections, reviews or approvals shall not impose any responsibility or liability of any nature upon the Director, the State or officers, employees, agents, representatives or designees of the Director or the State, or, without limitation, make or cause to be made any warranty or representation as to the adequacy or safety of the structures or any of their component parts or any other physical condition or feature pertaining to the Project and the Project Site. The Company shall, at the request of the Director, make periodic reports (including, if required, submission of updated Cost Certifications) to the Director concerning the status of completion and the expenditures for costs in respect thereof.

The Company may revise the Plans and Specifications from time to time; *provided* that no revision shall be made (a) which would change the Project Purposes to purposes other than those permitted by the Act; (b) without obtaining, to the extent required by law, the approval of any applicable Governmental Authority; and (c) without the prior written approval of the Director if such revision would change the amounts set forth in the most recently furnished Cost Certification. In any event, all revisions to the Plans and Specifications shall be promptly filed with the Director.

Section 3.4. Company Required to Pay Costs in Event Proceeds Insufficient. In the event that the proceeds of the Loan and the Required Equity Contribution are not sufficient to pay all costs of the Project, the Company shall, nonetheless and irrespective of the cause of such deficiency, complete the Project in accordance with the Plans and Specifications and pay all costs of such completion in full from its own funds.

Section 3.5. Completion Date. The Completion Date shall occur not later than July 30, 2010, and shall be evidenced to the Director by a certificate of the Company stating (a) the Completion Date, (b) that all licenses, permits and approvals for the Project required by any Governmental Authority have been procured and/or obtained, (c) that all improvements and

additions reflected in the Plans and Specifications have been made and the Provision of the Project has been completed, (d) that all costs of providing the Project have been paid, and (e) the date as of which operation of the Project shall commence.

Section 3.6. Conditions to Disbursement

(a) Disbursement of Loan Proceeds to Escrow Account. Prior to the Director authorizing disbursement of any proceeds of the Loan to the Escrow Account pursuant to the terms of this Agreement and the Escrow Disbursing Agreement, the Director shall have received the following:

- (i) the executed Note;
- (ii) evidence of the liability and property insurance required by the Security Documents (on ACORD form 27);
- (iii) determination of prevailing wage by the Wage and Hour Bureau of the Department of Commerce of the State, if applicable;
- (iv) the duly executed Security Documents, Escrow Disbursing Agreement, Guaranty and all other Loan Documents;
- (v) a Certificate of Corporate Good Standing issued by the Secretary of State of the State for each of the Company and the Guarantor, dated within 10 days of the date of this Agreement;
- (vi) certified copy of the resolutions of the governing board/body of each of the Company and the Guarantor authorizing execution, delivery and performance of the Loan Documents to which such entity is a party;
- (vii) the UCC Financing Statement to evidence and perfect the security interests created by the Security Documents;
- (viii) certificates of incumbency as to each of the Company and the Guarantor;
- (ix) copies, certified by each of the Company and the Guarantor to be true, correct and complete, of the Governing Instruments of such entity;
- (x) an opinion of legal counsel to the Company and Guarantor which sets forth substantially the following:
 - (A) that each of the Company and the Guarantor is a corporation duly incorporated, organized and validly existing under the laws of, and in good standing with, the State;

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- (B) that each of the Company and the Guarantor has full power and authority to own its properties and conduct its business and to execute and deliver the Loan Documents to which it is a party;
 - (C) that the execution, delivery and performance of the Loan Documents by the Company and the Guarantor to which each is a party have been duly authorized by all necessary corporate action by such party;
 - (D) that the execution and delivery of the Loan Documents by each of the Company and the Guarantor to which such party is a party, and the performance of such party's obligations thereunder, do not conflict with the Governing Instruments of such party, or, to the knowledge of such counsel, constitute a default under, conflict with or violate any judgment, decree, indenture, mortgage, deed of trust, lease, guaranty, agreement or other instrument to which such party is a party or by which such party is bound, or, to the knowledge of such counsel, conflict with or violate any provisions of law, administrative regulation, or court order or consent decree;
 - (E) that the Loan Documents have been duly executed and delivered by the Company and the Guarantor and are valid and binding instruments, enforceable against such party in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditor's rights generally;
 - (F) that the execution and delivery by each of the Company and the Guarantor of the Loan Documents to which it is a party and the performance of its obligations thereunder neither is prohibited by, nor subjects such party to a fine, penalty or other similar sanction under, any statute or regulation of any Governmental Authority and such party has obtained any and all requisite governmental consents, permits, licenses and approvals necessary for such party to enter into, execute and deliver the Loan Documents to which it is a party and to perform such party's obligations thereunder;
 - (G) that there are no actions, suits or proceedings, at law or in equity, or before or by any court, public board or body, pending or, to the knowledge of counsel, threatened affecting either the Company or the Guarantor or the Project which, if adversely determined, would individually or in the aggregate materially impair the ability of such party to perform any of its obligations under the Loan Documents or would materially adversely affect the financial condition of such party; and

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- (H) The Security Agreement creates in favor of the Director as security for the Company's obligations under the Loan Documents, a valid, good and enforceable security interest in the Company's rights in the Collateral to which Article 9 of the Ohio Commercial Code is applicable; and
 - (I) The UCC Financing Statement is in proper form under the applicable laws of the State of Ohio to be accepted for filing by the Secretary of State of the State of Ohio. Upon due recordation with the Secretary of State of Ohio, the UCC Financing Statement will perfect in favor of the Director a valid, good, and enforceable lien of record in that portion of the Collateral in which a security interest may be perfected by filing an initial financing statement with the Secretary of State of Ohio under the Ohio Commercial Code, as security for the payment and performance of the Company's obligations under the Loan Documents.
- (xi) copies of all licenses and permits required by any Governmental Authority in connection with the Project and the operation thereof;
 - (xii) Notice of Commencement as required by Chapter 1311, Ohio Revised Code, if applicable;
 - (xiii) evidence satisfactory to the Director that the Project Site is not located in a an area identified by the Federal Emergency Management Agency as an area having special flood hazards, or if the Project Site is located in such an area, that appropriate flood insurance or other satisfactory measures have been taken to protect the Project Site and the Project from flood damage;
 - (xiv) a copy of the Plans and Specifications, if requested by the Director;
 - (xv) UCC security interest, judgment and tax lien searches regarding the Company from all appropriate jurisdictions;
 - (xvi) landlord waivers; and
 - (xvii) such other certifications, documents or opinions as the Director may reasonably request.

(b) Disbursement of Funds from the Escrow Account. Subject to the terms hereof and the Escrow Disbursing Agreement, the disbursement of Escrow Funds shall be made on each Escrow Disbursement Date, provided the affirmations set forth in subsection (d) below are true, accurate and complete and the Director shall have received the following on or before each such Escrow Disbursement Date:

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- (i) a Disbursement Request, duly completed and executed by the Company, indicating the nature of each Allowable Innovation Cost incurred, the amount thereof, that the Required Equity Contribution has been paid from retained earnings and/or working capital of the Company and setting forth a date (which must be a Business Day) not less than 10 days nor more than 25 days from the date of the submission of the Disbursement Request, upon which the disbursement is to be made;
 - (ii) a Cost Certification;
 - (iii) a written certification from the Company that certain technical milestones set forth in Schedule 1.2 attached hereto have been met with respect to the Project;
 - (iv) such other certifications, documents or opinions as the Director may reasonably request; and
 - (v) in connection with the final Escrow Disbursement Date, the following additional items:
 - (1) the items required by Section 3.5 hereof;
 - (2) if applicable, certificate of compliance issued by the Wage and Hour Bureau of the Department of Commerce of the State, certifying as to full compliance with Chapter 4115, Ohio Revised Code;
 - (3) Final Cost Certificate;
 - (4) certificate of occupancy, if applicable; and
 - (5) list of all contractors and subcontractors (names and addresses) who worked on the Project, if applicable.

(c) If the items described in subsection 3.6(b) received by the Director are deemed by it to be satisfactory in form, substance and execution and if the Director shall have approved the disbursement of Escrow Funds as set forth in the Disbursement Request, the Director shall instruct the Escrow Agent to disburse the appropriate portion of the Escrow Funds to the Company and in the amounts shown on the Disbursement Request.

(d) Each Disbursement Request shall be deemed an affirmation by the Company that (i) the undisbursed portion of the Escrow Funds, after the requested disbursement, together with the undisbursed portion of the Required Equity Contribution, will be sufficient to complete the Project, (ii) the Project Equipment which is described in the Disbursement Request has been delivered and accepted by the Company, (iii) the representations and warranties of each of the Company and the

Guarantor set forth in the Loan Documents and the Loan Approval Documents to which it is a party remain true and correct as of the date of the disbursement of Escrow Funds in accordance with such Disbursement Request, (iv) no Event of Default shall have occurred as of the date of the disbursement of Escrow Funds in accordance with such Disbursement Request, (v) each item for which payment is requested hereunder is an Allowable Innovation Cost, properly payable out of the Escrow Funds in accordance with the terms and conditions of this Agreement and the other Loan Documents; (vi) none of the items for which payment is requested had formed the basis for any payment heretofore made from the Escrow Funds; and (vii) each item for which payment is requested is necessary in connection with the Project.

(e) Upon the giving of written notice by the Director to the Escrow Agent that no further disbursements of the Escrow Funds and/or interest accrued on the Escrow Funds shall be made (whether due to the occurrence of an Event of Default under the Loan Documents or upon the occurrence of such other event permitting the Director to terminate disbursement as provided for herein), the Escrow Agent shall not make any further disbursements of the Escrow Funds and/or such accrued interest until the Escrow Agent is notified in writing by the Director that either (i) such disbursements may resume, or (ii) the Escrow Agent shall disburse all remaining Escrow Funds, together with all accrued interest thereon, to the Director.

Section 3.7. Postponement of Escrow Disbursement Termination Date. At the written request of the Company setting forth the reasons therefor and received at least 20 days prior to the Escrow Disbursement Termination Date, the Director may, but shall be under no obligation to, postpone the Escrow Disbursement Termination Date to a later date. No such postponement shall be deemed to have been granted unless stated in a writing signed by the Director specifying the length of the extension given. If for any reason the Loan and the Escrow Funds shall not have been fully disbursed on or before the Escrow Disbursement Termination Date or such subsequent date as the Director shall have specified in writing pursuant to the preceding sentence, the Director shall not have any obligation to approve or permit any further disbursement of proceeds of the Loan to the Escrow Account nor disbursement of Escrow Funds from the Escrow Account to the Company. For purposes of this Section, time is of the essence.

Section 3.8. Payment of Costs; Indemnification

- (a) The Company shall pay all costs incident to the Loan, including, but not limited to, recording fees, insurance fees, escrow fees and all costs and expenses incurred by the Director.
- (b) The Company shall, at its sole cost and expense, defend, indemnify and hold the Director and any officials, employees, agents and representatives of the Director and the State, its and their successors and assigns, harmless from and against, and shall reimburse the Director and any officials, employees, agents and representatives of the Director and the State, its and their successors and assigns for, any and all loss, cost, claim, liability, damage, judgment, penalty, injunctive relief, action or cause of action arising in connection with or as the result of:

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- (i) any past, present or future existence, use, handling, storage, transportation, manufacture, Release, threat of Release, or disposal of any Hazardous Substance in, on or under the Project or the Project Site;
 - (ii) the occurrence of any Environmental Activity in violation of any Environmental Requirement, or any failure of the Company or any operator of the Project or Project Site to comply with all applicable Environmental Requirements relating to the Project or the Project Site or the Use of the Project or the Project Site;
 - (iii) any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Authority in connection with any Environmental Activity occurring or allegedly occurring on or about the Project or the Project Site;
 - (iv) any failure of any representation and/or warranty set forth herein or in any other Loan Document to be correct in all respects;
 - (v) any failure of the Company or the Guarantor to perform any covenant set forth herein or in any other Loan Document to which it is a party;
 - (vi) any claim, demand or cause of action, or any action or other proceedings, whether meritorious or not, brought or asserted against the Director and/or any officials, employees, agents and representatives of the Director and the State, its and their successors and assigns, which directly or indirectly relates to, arises from or is based on any of the matters described in clauses (i) through (v) of this Section 3.8(b) or any allegation of any such matters; or
 - (vii) the execution and delivery of this Agreement or any other Loan Documents and the transactions contemplated thereby, and the preparation of documents relating to the disbursement of the Loan, including all aforementioned costs and expenses, regardless of whether or not the disbursement of the Loan shall actually occur; and
 - (viii) the enforcement of this Agreement or the assertion by either of the Company or the Guarantor of any defense to its obligations hereunder. This indemnity and hold harmless provision shall apply to all of clauses (i) through (viii) of this Section 3.8(b) whether such events, acts or omissions are foreseeable or unforeseeable, regardless of the source, the time of occurrence or the time of discovery, and whether any of such matters arise before or after foreclosure of the Security Documents or other taking of title to all or any portion of the Project Site and/or the Project by the Director, its successors and/or assigns (all of this preceding sentence hereinafter collectively referred to as a "Loss"). The foregoing indemnification against Loss includes, without limitation, indemnification against all costs in law or in equity of removal, response,

investigation, or remediation of any kind, and disposal of such Hazardous Substances, all costs of determining whether the Project or the Project Site is in compliance with, and of causing the Project or the Project Site to be in compliance with, all applicable Environmental Requirements, all reasonable costs incurred to take precautions to protect against the Release of Hazardous Substances on, in, under or affecting the Project and the Project Site, all reasonable costs associated with any Corrective Work, all reasonable costs associated with claims for damages to persons, property, or natural resources, any reasonable loss to the Director from the diminution in the value of the Project or the Project Site, and the Director's attorneys' and consultants' fees, court costs and expenses incurred in connection with any thereof.

- (c) The provisions of this Section 3.8 shall survive the termination of this Agreement.

ARTICLE IV

Additional Covenants and Agreements

Section 4.1. Employment Statement; Job Creation. The Company shall furnish to the Director upon request, but in any event not less frequently than concurrently with the annual financial statements to be furnished pursuant to Section 4.3(e)(ii) hereof, throughout the term of the Loan a statement certifying (a) the number of employees of the Company employed on the Project as of the date of the Application; (b) the number of employees of the Company currently employed on the Project; (c) the number of any and all employees of the Company laid off or terminated from the Project since the Closing Date; (d) the current number of women and minority employees of the Company employed on the Project; and (e) such other employment, economic and statistical data concerning the Company as may be reasonably requested by the Director.

The Company has represented that the Loan will permit the Company to retain seven (7) not at-risk full-time jobs, secure three (3) at-risk full-time jobs and create an estimated fifteen (15) jobs and employment opportunities in the City during the three-year period after the Completion Date. If the Company fails, for reasons other than Market Conditions, to retain and create an aggregate of at least twenty-five (25) such jobs and employment opportunities, the interest rate on the outstanding balance of the Loan shall, at the option of the Director, increase to ten percent (10%) per annum.

Section 4.2. Public Offering. The Loan and all other amounts payable by the Company under this Agreement and the other Loan Documents shall be due and payable in full if the Company shall undertake and complete an initial public offering of its securities.

Section 4.3. Affirmative Covenants of the Company. Throughout the term of this Agreement, the Company shall:

- (a) **Taxes and Assessments.** Pay and discharge promptly, or cause to be paid and discharged promptly, when due and payable, all taxes, assessments and governmental charges, levies or claims imposed upon the Company or the Guarantor, such party's

income or any of such party's property, or upon any part thereof, as well as all claims of any kind (including claims for labor, materials and supplies) which, if unpaid, might by law become a lien or charge upon such party's property.

Notwithstanding the preceding paragraph, the Company or the Guarantor may, at such party's expense and after prior notice to the Director, by appropriate proceedings diligently prosecuted, contest in good faith the validity or amount of any such taxes, assessments, governmental charges, levies and claims and during the period of contest, and after notice to the Director, may permit the items so contested to remain unpaid, provided that adequate reserves or other appropriate provisions, if any, as shall be required by generally accepted accounting principles shall have been made by such party. However, if at any time the Director shall notify the Company that, in the opinion of legal counsel satisfactory to the Director, by nonpayment of any such items the lien created by the Security Documents as to any part of the Project, the Project Site and/or the Collateral will be materially affected or the Project, the Project Site and/or the Collateral or any part thereof will be subject to imminent loss or forfeiture, the Company shall promptly pay such taxes, assessments, charges, levies or claims.

- (b) Maintain Existence. Do or cause to be done all things necessary to preserve and keep in full force and effect its existence and its material rights and franchises and the Guarantor's existence.
- (c) Maintain Property. Maintain and keep, or cause to be maintained and kept, the property of each of the Company and the Guarantor in good repair, working order and condition, and from time to time make all repairs, renewals and replacements which, in the opinion of the Company or the Guarantor, are necessary and proper so that the business carried on in connection therewith may be properly and advantageously conducted at all times; *provided, however*, subject to the terms of the Security Documents, that nothing in this subsection (c) shall prevent the Company from selling or otherwise disposing of any of its property whenever, in the good faith judgment of the Company, such property is obsolete, worn out, without economic value or unnecessary for the conduct of the business of the Company.
- (d) Maintain Insurance. Keep all of its insurable property insured against loss or damage by fire and other risks, maintain public liability insurance against claims for personal injury, death, or property damage suffered by others upon, in or about any premises occupied by the Company; and maintain all such worker's compensation or similar insurance as may be required under the laws of any state or jurisdiction in which it may be engaged in business. All insurance for which provision has been made in this subsection (d) shall be maintained against such risks and in at least such amounts as set forth in the Security Documents, and all insurance herein provided for shall be effected and maintained in force under a policy or policies issued by insurers of recognized responsibility, except that it may effect worker's compensation or similar insurance in respect of operations in any state or other jurisdiction either through an

insurance fund operated by such state or other jurisdiction or by causing to be maintained a system or systems of self-insurance which is in accordance with applicable law.

(e) Furnish Information. Furnish to the Director:

- (i) Quarterly Reports. Within 30 days after the end of each quarterly period of each fiscal year of the Company, a copy of its prepared consolidated financial statements, including the consolidated balance sheet of the Company and the Guarantor as at the end of such quarterly period, together with related statements of income, retained earnings and cash flows for such quarterly period and for the period from the beginning of such fiscal year to the end of such quarter, setting forth in comparative form the corresponding figures as at the end of or for the corresponding quarter of the previous fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a consistent basis, subject to usual year-end audit adjustments.
- (ii) Annual Reports. Within 120 days after the end of each fiscal year of the Company, a copy of its reviewed consolidated financial statements, including the consolidated balance sheet of the Company and the Guarantor as at the end of such fiscal year, together with related statements of income, retained earnings and cash flows for such fiscal year, setting forth in comparative form the corresponding figures as at the end of or for the previous fiscal year, all in reasonable detail and all examined by and accompanied by a review or opinion of its independent certified public accountants to the effect that such consolidated financial statements were prepared in accordance with the generally accepted accounting principles consistently applied, and present fairly the Company's and Guarantor's financial position at the close of such periods and the results of its operations for such periods.
- (iii) Certificate: No Default. With each of the financial reports required to be furnished under this Section, a certificate of the Company's chief executive officer or chief financial officer stating that (a) no Event of Default has occurred and is continuing and no event or circumstance which would constitute an Event of Default, but for the requirement that notice be given, time elapse or otherwise, has occurred and is continuing, or, if such an Event of Default or such event or circumstance has occurred and is continuing, a statement as to the nature thereof and the action which the Company proposes to take with respect thereto, and that (b) no action, suit or proceeding by either the Company or the Guarantor or against either party at law or in equity, or before any governmental instrumentality or agency, is pending or threatened, which, if adversely determined, would materially impair the right or ability of the Company to carry on the business which is contemplated in connection with the Project, or would materially impair the right or ability of

such party to perform the transactions contemplated by this Agreement, the other Loan Documents to which it is a party or would materially and adversely affect such party's business, operations, properties, assets or condition, all as of the date of such certificate, except as disclosed in such certificate.

- (iv) Other Information. Such other information respecting the business, properties or the condition or operations, financial or otherwise, of the Company as the Director may reasonably request.
- (f) Deliver Notice. Forthwith upon learning of any of the following, deliver written notice thereof to the Director, describing the same and the steps being taken by the Company with respect thereto:
 - (i) the occurrence of an Event of Default or an event or circumstance which would constitute an Event of Default, but for the requirement that notice be given, elapse of time or otherwise; or
 - (ii) any action, suit or proceeding by it or against it at law or in equity, or before any governmental instrumentality or agency, instituted or threatened which, if adversely determined, would materially impair the right or ability of the Company to carry on the business which is contemplated in connection with the Project or would materially impair the right or ability of the Company to perform the transactions contemplated by the Loan Documents, or would materially and adversely affect its business, operations, properties, assets or condition; or
 - (iii) the occurrence of a Reportable Event under, or the institution of steps by the Company to withdraw from, or the institution of any steps to terminate, any Plan as to which the Company may have liability; or
 - (iv) any material communication affecting the Project, the Project Site or the DCB Loan Documents, and the Company will promptly respond fully to any inquiry of the Director made with respect thereto.
- (g) Inspection Rights. Permit the Director, or any agents or representatives thereof, to examine and make copies of and abstract from the records and books of account of, and visit the properties of, the Company and discuss the general business affairs of the Company and the Guarantor with any of its officers.
- (h) Purchases. Use its best efforts to purchase goods and services from persons and business entities located in this State.
- (i) Environmental Matters.

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- (i) Comply with all Environmental Requirements relating to the Project and the Project Site or to the Use of the Project and the Project Site.
 - (ii) Notify the Director, within 15 days, if it commences to contest the assertion of any Governmental Authority or any third party of any obligation or liability affecting it or the Project, the Project Site or any part thereof regarding an Environmental Activity or an Environmental Requirement, and, if requested by the Director, shall give the Director monthly reports thereafter during the period of such contest. If the Company contests the assertion of any such obligation or liability, such contest shall be diligently prosecuted until a final judgment is obtained. If such contest is unsuccessful, the Company shall promptly commence Corrective Work. If the Company is not contesting the assertion of any such obligation or liability, the Company shall commence Corrective Work promptly after the Company obtains actual knowledge of any Hazardous Substances on, in or affecting the Project or the Project Site.
 - (iii) Notify the Director prior to the commencement of any Corrective Work, and shall promptly submit to the Director, for the Director's review, reasonably detailed plans for any such Corrective Work. If the Director, based upon the proper advice and judgment of the Director's experts, reasonably rejects such plans, the Company shall promptly submit revised plans to the Director. The Director shall have no liability to the Company or any third party for accepting or rejecting such plans. After the commencement of Corrective Work, the Company shall, if requested by the Director, give the Director monthly reports during the performance of such Corrective Work.
 - (j) Operations: Chief Executive Office. Maintain its primary operations and chief executive office in the State during the term of the Loan; if such operations are not so maintained, the Loan and all other amounts payable by the Company under the Agreement and Loan Documents shall be due and payable in full. Prior to any change in the location of the Company's primary operations and chief executive office, Company shall obtain the written consent of the Director, which consent may be given or withheld in the Director's sole discretion, and shall deliver to the Director a landlord waiver in form and substance substantially similar to the Landlord Waiver delivered on the Closing Date or a mortgage in form and substance satisfactory to the Director, as applicable, and any other documents or agreements as Director requests and deems necessary and advisable in its discretion to preserve and protect its security interests granted under the Loan Documents and to exercise and enforce its rights and remedies thereunder.

Section 4.4. Negative Covenants of the Company. Throughout the term of this Agreement, the Company and its ERISA Affiliates and the Guarantor shall not:

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- (a) Maintain Existence. Sell, transfer or otherwise dispose of all, or substantially all, of its assets, consolidate with or merge into any other entity, or permit one or more entities to consolidate with or merge into it; *provided, however*, that the Company may, without violating the agreement contained in this subsection (a), consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell, transfer or otherwise dispose of all, or substantially all, of its assets and thereafter dissolve if: (i) the prior written consent of the Director is obtained; (ii) the surviving, resulting or transferee entity, as the case may be, assumes in writing all of the obligations of the Company hereunder (if such surviving, resulting or transferee entity is other than the Company); and (iii) the surviving, resulting or transferee entity, as the case may be, is an entity duly organized and validly existing under the laws of the State or duly qualified to do business therein, and has a net worth of not less than that of the Company immediately prior to such disposition, consolidation or merger, transfer or change of form.
- (b) ERISA. (i) Voluntarily terminate, or file a notice of intent to terminate, any Plan maintained for employees of the Company or any ERISA Affiliate and covered by Title IV of ERISA; (ii) adopt any amendment to a Plan that is treated as a termination under Section 4041 or 4041A of ERISA; (iii) withdraw from a Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or have a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (iv) enter into any Prohibited Transaction involving any Plan; (v) cause the occurrence of any Reportable Event for which the PBGC has not waived the requirement of notice; (vi) cause a complete or partial withdrawal from a Multiemployer Plan or receive notification that a Multiemployer Plan is in reorganization; (vii) allow or suffer to exist commencement of proceedings by the PBGC to terminate a Plan or Multiemployer Plan; (viii) allow to exist an event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or Multiemployer Plan; (ix) cause the imposition of any liability under Title IV of ERISA on the Company or any ERISA Affiliate, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA; or (x) allow or suffer to exist any other event or condition that results in any material liability of the Company or any ERISA Affiliate to the PBGC.
- (c) Agreements. Enter into any agreement containing any provision which would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered by it hereunder or in connection herewith.
- (d) Assignment or Lease. In whole or in part, assign this Agreement or lease or grant the right to occupy or use the Project to others, without the prior written consent of the Director.
- (e) Encumbered Assets. Pledge, assign, hypothecate or in any manner encumber any of its assets excepting, however, the assets of the Company pursuant to the Loan Documents and the DCB Loan Documents.

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- (f) Removal of Assets. Remove, transfer or transport any of the Company's assets from the Project Site other than the operation of motor vehicles or the shipment of goods in the ordinary course of business.
 - (g) Environmental Matters. Produce, treat, store, generate, dispose of or Release any Hazardous Substance in violation of any Environmental Requirement.
 - (h) Suspension of Operation. Suspend or discontinue operation of its business.
 - (i) Stock Transfers. Issue, transfer, sell, or cause to be issued, transferred or sold, any shares of its capital stock.
 - (j) Leasebacks. Enter into any arrangements, directly or indirectly, with any person whereby the Company shall sell or transfer any property, whether now owned or hereafter acquired, used or useful in the Company's business, in connection with the rental or lease or the property so sold or transferred or of other property which the Company intends to use for substantially the same purpose or purposes as the property so sold or transferred.
 - (k) Change of Business. Enter into any business which is substantially different from that presently conducted by it without the written consent of the Director.
 - (l) Zoning Changes. Initiate, approve or acquiesce to any change in or modification to the zoning in effect for the Project Site or any portion thereof without the prior written consent of the Director. The Company shall promptly notify the Director of any such proposed change or modification stating in reasonable detail the anticipated or proposed change and the manner in which such change would affect the Company's use and enjoyment of the Project Site, or any part thereof. The Director shall have the right to participate in any and all proceedings, judicial, administrative or otherwise, with respect to or in any way affecting the Project Site, including, without limitation, zoning, environmental and other matters.
 - (m) Modification of DCB Loan Documents. Enter into any modification, amendment or alteration of any DCB Loan Document to which it is a party which changes the amount of the DCB Loan or the payment schedule for the DCB Loan or which materially affects the rights and interests of the Director as determined by the Director in its sole discretion without the prior written consent of the Director.
 - (n) Shareholder Loans. The Company shall not receive, incur, or have outstanding, any loan from any officer, director or holder of 5% or more of the Company's equity securities (present or future) (a "Shareholder Loan"), unless such Shareholder Loan is subordinated to the Loan and all obligations owing to Director pursuant to the Loan Documents. The Company shall promptly obtain and deliver to Director an executed subordination agreement relating to any such Shareholder Loan in form and content

satisfactory to Director (a "Subordination Agreement"). The Company shall not pay, or otherwise make a distribution as satisfaction for, interest on any Shareholder Loan except to the extent as may be permitted under the Subordination Agreement applicable thereto. Payments of principal on Shareholder Loans shall not be made except to the extent as may be permitted under the Subordination Agreement applicable thereto.

ARTICLE V

Events of Default and Remedies: Termination

Section 5.1. Events of Default. Each of the following shall be an "Event of Default":

- (a) the Company shall fail to pay when due any amount payable pursuant to this Agreement or under the Note; or
- (b) failure by either the Company or Guarantor to pay when due any other amounts to be so paid to the Director under this Agreement or any Loan Document; or
- (c) failure by the Company to observe and perform any term, covenant or agreement contained in Section 4.1 hereof; or
- (d) the Company or the Guarantor shall fail to observe and perform any agreement, covenant, term or condition applicable to it contained in this Agreement (other than as required pursuant to subsections (a), (b) and (c) above), and such failure continues for a period of 30 days after the Company has knowledge thereof; *provided, however,* that such 30 day cure period shall not apply to (i) any failure which in the good faith opinion of the Director is incapable of cure, (ii) any failure which has previously occurred, or (iii) any failure to maintain and keep in effect any insurance required by the Loan Documents; or
- (e) any representation or warranty made by either of the Company or the Guarantor (or any of such party's officers) herein or in any other Loan Documents or Loan Approval Documents or in connection herewith or therewith shall prove to have been incorrect in any material respect when made; or
- (f) the Company shall fail to pay any indebtedness of the Company, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, by acceleration, on demand or otherwise), including, without limitation, the DCB Loan Documents, and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness; or any other default under any agreement or instrument relating to any such indebtedness, including, without limitation, the DCB Loan Documents, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such

agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such indebtedness; or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

- (g) the Company or the Guarantor commences a voluntary case concerning it under Title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against either the Company or the Guarantor under the Bankruptcy Code and relief is ordered against such party, or the petition is controverted but is not dismissed within 60 days after the commencement of the case; or either the Company or the Guarantor is not generally paying its debts as such debts become due; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of either the Company or Guarantor; or either the Company or the Guarantor commences any other proceeding under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect; or there is commenced against such party any such proceeding which remains undismissed for a period of 60 days; or either the Company or the Guarantor is adjudicated insolvent or bankrupt; or either the Company or the Guarantor fails to controvert in a timely manner any such case under the Bankruptcy Code or any such proceeding or any order of relief or other order approving any such case or proceeding or in the appointment of any custodian or the like of or for it or any substantial part of its property or suffers any such appointment to continue undischarged or unstayed for a period of 60 days; or either the Company or the Guarantor makes a general assignment for the benefit of creditors; or any action is taken by either the Company or the Guarantor for the purpose of effecting any of the foregoing; or a receiver or trustee or any other officer or representative of the court or of creditors, or any court, governmental officer or agency, shall under color of legal authority, take and hold possession of any substantial part of the property or assets of either the Company or the Guarantor for a period in excess of 60 days; or
- (h) a judgment or order for the payment of money in excess of One Hundred Thousand Dollars (\$100,000.00) shall be rendered against either the Company or the Guarantor and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or
- (i) the Company fails to meet its minimum funding requirements under Section 301 *et seq.* of ERISA, with respect to any of its Plans; or

- (j) any default in the observance or performance of any other covenant, condition or provision (other than set forth above) under any other Loan Document or the DCB Loan Documents shall have occurred and be continuing; or
- (k) the Project is not completed by the Completion Date.

Section 5.2. Remedies on Default. Whenever an Event of Default shall have occurred and be continuing, any one or more of the following remedial steps may be taken:

- (a) if none of the proceeds of the Loan has been disbursed into the Escrow Account, the Director may terminate any and all of the Director's obligations under this Agreement and the Commitment;
- (b) if the Loan has not been fully disbursed into the Escrow Account, the Director may terminate any and all of the Director's obligations under this Agreement and the Commitment to make any further advance of proceeds of the Loan into the Escrow Account;
- (c) if the Escrow Funds have not been fully disbursed from the Escrow Account, the Director may terminate any and all of the Director's obligations under this Agreement and the Commitment, to approve or permit any further disbursements from the Escrow Account and at the request of the Director, all amounts then held in the Escrow Account shall be disbursed to the Director;
- (d) the Director may declare all payments under the Note to be immediately due and payable, whereupon the same shall become immediately due and payable;
- (e) the Director may exercise any or all or any combination of the remedies specified in any Loan Document;
- (f) the Director may have access to, inspect, examine and make copies of the books and records, accounts and financial data of the Company and the Guarantor; or
- (g) the Director may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Agreement, the Security Documents, the Note, the Guaranty or any other Loan Documents, or to enforce the performance and observance of any other obligation or agreement of the Company under the Loan Documents.

Section 5.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Director by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, each other Loan Document, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power

may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Director to exercise any remedy reserved to the Director in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly provided for herein or required by law.

Section 5.4. Agreement to Pay Expenses and Attorneys' Fees. If an Event of Default shall occur and the Director shall incur expenses, including reasonable attorney's fees, in connection with the enforcement of this Agreement or any other Loan Document, or the collection of sums due thereunder, the Company shall reimburse the Director for the expenses so incurred upon demand. If any such expenses are not so reimbursed, the amount thereof, together with interest thereon from the date of demand for payment at the Interest Rate for Advances (as defined in the Security Documents), shall constitute additional indebtedness secured by the Security Documents, and in any action brought to collect such indebtedness or to foreclose or enforce the Security Documents or the Guaranty, the Director shall be entitled to seek the recovery of such expenses in such action.

Section 5.5. No Waiver. No failure by the Director to insist upon the strict performance by the Company of any provision hereof shall constitute a waiver of the Director's right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Company to observe or comply with any provision hereof.

ARTICLE VI

Miscellaneous

Section 6.1. Term of Agreement. This Agreement shall be and remain in full force and effect from the date of its delivery until (a) the termination of this Agreement pursuant to Section 5.2(a)-(c) hereof or (b) such time as the Loan shall have been fully repaid and all other sums payable by the Company under this Agreement, the Security Documents, the Note and the other Loan Documents shall have been paid.

Section 6.2. Notices. (a) All notices, certificates, requests or other communications hereunder shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail, postage prepaid, or sent by telecopier. The Company or the Director may, by notice given hereunder, change a Notice Address or designate any further addresses to which subsequent notices, certificates, requests or other communications shall be sent. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 6.2(b), shall be effective as provided in such Section.

(b) Notices and other communications hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Director. The Director or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to

procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Director otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

Section 6.3. Extent of Covenants of the Director; No Personal Liability. All covenants, obligations and agreements of the Director contained in this Agreement and all other Loan Documents shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future Director in other than such Director's official capacity acting pursuant to the Act.

Section 6.4. Binding Effect. This Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Director, the Company and their respective successors and assigns; *provided, however*, the Company may not assign this Agreement or any of the Loan Documents without the prior written consent of the Director.

Section 6.5. Amendments and Supplements. This Agreement may not be amended or supplemented except by an instrument in writing executed by the Director and the Company.

Section 6.6. Execution Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 6.7. Severability. If any provision of this Agreement, or any covenant, obligation or agreement contained herein, is determined by a court to be invalid or unenforceable, such determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if such invalid or unenforceable provision were not contained herein. Such invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement, shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 6.8. Captions; Entire Agreement. The captions and headings in this Agreement shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement. All exhibits and schedules to this Agreement shall be annexed hereto and shall be deemed to be part of this Agreement. This Agreement and the exhibits and schedules attached hereto and the Loan Documents embody the entire agreement and understanding between the Director and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 6.9. Interpretation. This Agreement shall be deemed to have been prepared jointly by the parties hereto and any uncertainty or ambiguity existing herein shall not be interpreted against any party but shall be interpreted according to the rules for the interpretation of arm's length agreements.

Section 6.10 WAIVER OF JURY TRIAL. THE COMPANY AND THE DIRECTOR, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS LOAN AGREEMENT, THE NOTE, THE SECURITY DOCUMENTS, OR ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF ANY OF THEM. THIS WAIVER SHALL NOT IN ANY WAY AFFECT THE DIRECTOR'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED IN THE NOTE, IN ANY LOAN DOCUMENT OR ANY RELATED INSTRUMENT OR AGREEMENT. NEITHER THE COMPANY NOR THE DIRECTOR SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY THE COMPANY OR THE DIRECTOR EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY BOTH OF THEM.

Section 6.11. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

EXHIBIT A

(to Loan Agreement between the Director of Development of the State of Ohio
and Intellinetics, Inc., July 17, 2009)

Form of Note

COGNOVIT PROMISSORY NOTE

\$1,012,500

July ____, 2009

For value received, Intellinetics, Inc., an Ohio corporation (the "Company"), promises to pay to the order of the Director of Development of the State of Ohio (the "Director"), at Strategic Business Investment Division, 77 South High Street, 28th Floor, P.O. Box 1001, Columbus, Ohio 43216-1001, or at such other address as may be designated in writing by the Director, the principal sum of One Million Twelve Thousand Five Hundred Dollars (\$1,012,500), or such amount thereof as shall be disbursed to the Company, with interest on the amount of principal from time to time outstanding from the first Escrow Funding Date as specified under and defined in the Loan Agreement between the Director and the Company dated as of July 17, 2009 (the "Loan Agreement"), at the rate of six percent (6%) per annum until paid, subject to adjustment as set forth in the Loan Agreement or herein. Interest on this Note shall be paid in monthly installments, which shall be due and payable on the first day of each calendar month commencing on the first day of ____ 2010 (the "First Interest Payment Date") and such amount shall include interest accrued hereon from the Escrow Funding Date to the First Interest Payment Date. The principal of this Note shall be paid in forty-eight (48) consecutive monthly installments of _____ (\$_____) each plus interest thereon, which shall be due and payable on the first day of each calendar month commencing on the first day of ____ 2011 (the "First Installment Date") and ending on ____ 2015 (the "Last Installment Date") and the amount of the installment payable on the Last Installment Date shall be equal to the balance of the principal sum outstanding, together with interest accrued thereon and yet unpaid. In addition, the Company promises to pay to the order of the Director a monthly service fee equal to one-twelfth (1/12) of one percent (1.0%) of the principal balance outstanding from time to time under this Note (the "Service Fee"), and such Service Fee shall be due and payable on the first day of each calendar month commencing on the first day of the second month after the first Escrow Funding Date and continuing each following month until and including the Last Installment Date.

In addition to all other payments required under hereunder, upon maturity of the Loan (as defined in the Loan Agreement) whether at scheduled maturity, by acceleration or otherwise, the Company shall pay to the Director a loan participation fee equal to 10% of the dollar amount of the Loan actually funded; provided, however, if the Loan is prepaid in full prior to Last Installment Date, the loan participation fee shall be paid to the Director at the time of such prepayment.

This Note does not of itself constitute a commitment by the Director to make any disbursement of the Loan (as defined in the Loan Agreement) to the Company. The conditions for making such a disbursement are set forth in the Loan Agreement. The disbursements made by the Director to the Company shall not exceed the face amount of this Note and the total amount of such disbursement is limited by and subject to the conditions for making disbursement of the Loan as set forth in the Loan Agreement.

The annual rate of interest stated herein shall apply to a 360-day period, and amounts of interest due hereunder shall be computed upon the basis of 30-day months. Installments of principal, interest and monthly service fee shall be applied first to monthly service fee, then interest as provided herein and the balance to principal due hereunder.

The Company may prepay all or any portion of the principal sum hereof at any time without penalty. All such prepayments shall be applied to the payment of the principal installments due hereon in the inverse order of their maturity, and shall be accompanied by the payment of accrued interest and monthly service fee on the amount of the prepayment to the date thereof.

The payment of this Note and all interest and monthly service fees hereon is secured by a Security Agreement, Intercreditor Agreement, Guaranty of Payment, and UCC Financing Statements (collectively, the "Security Documents"). The covenants, conditions and agreements contained in the Security Documents and the Loan Agreement are hereby made a part of this Note.

The Company, each endorser and any other party liable on this Note severally waives demand, presentment, notice of dishonor and protest.

If default be made in the payment of any installment of principal, interest and/or monthly service fee under this Note when any such payment shall have become due and payable, or if an "Event of Default," as defined in the Loan Agreement or the Security Documents, shall have occurred and be subsisting, then, at the option of the Director, the entire principal sum payable hereunder and all interest and monthly service fees accrued thereon shall become due and payable at once, without demand or notice.

To the extent permitted by law, upon the occurrence of an Event of Default and until such time such Event of Default shall have been cured or waived, the rate of interest under this Note and on any obligation of the Company under the Loan Documents shall be increased to ten percent (10%) per annum.

THE COMPANY AND THE DIRECTOR, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS NOTE, THE LOAN AGREEMENT, THE SECURITY DOCUMENTS, OR ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF EITHER OF THEM. THIS WAIVER SHALL NOT IN ANY WAY AFFECT THE DIRECTOR'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED HEREIN, IN THE LOAN AGREEMENT, THE SECURITY DOCUMENTS OR ANY RELATED INSTRUMENT OR AGREEMENT. NEITHER THE COMPANY NOR THE DIRECTOR SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE

DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY THE COMPANY OR THE DIRECTOR EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY BOTH OF THEM.

The Company hereby irrevocably authorizes any attorney-at-law, including any attorney-at-law employed or retained by the Director, to appear for it in any action on this Note at any time after the same becomes due as herein provided, in any court of record situated in Franklin County, Ohio (which the Company acknowledges to be the place where this Note was signed), or in the county where the Company then resides or can be found, to waive the issuing and service of process, and confess a judgment in favor of the Director or other holder of this Note against the Company for the amount that may then be due, with interest at the rate provided for herein, together with the costs of suit, and to waive and release all errors in said proceedings and the right to appeal from the judgment rendered. The Company consents to the jurisdiction and venue of such court. The Company waives any conflict of interest that any attorney-at-law employed or retained by the Director may have in confessing judgment hereunder and consents to the payment of a legal fee to any attorney-at-law confessing judgment hereunder.

This Note was executed in Hilliard, Ohio, and shall be construed in accordance with the laws of Ohio.

WARNING — BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

INTELLINETICS, INC.,
an Ohio corporation

By: _____
Title: _____

This Note is subject to the terms and conditions of a certain Intercreditor Agreement of even date herewith between the Director and The Delaware County Bank and Trust Company.

EXHIBIT B

(to Loan Agreement between the Director of Development of the State of Ohio
and Intellinetics, Inc., dated July 17, 2009)

Project Equipment

- GX software network servers
 - Business class windows application servers running Microsoft OS and SQL server database technology
- GX security software and appliances
 - Business class network monitoring software and hardware
- GX network attached storage
 - Business class network attached mass storage hardware and management software
- GX backup software and appliances
 - Business class data backup hardware and management software

EXHIBIT C

(to Loan Agreement between the Director of Development of the State of Ohio
and Intellinetics, Inc., dated July 17, 2009)

Project Intangible Facilities

1. **Intellivue WebAPI —**
These are the primary web components that exist on the back end of the system. Developed in asp.net, they reside on the Intellinetics managed platform. Internal documentation phase at this time.
2. **Host Site Manager (HSM)**
End user site administration—security, user management, solution modification, connectors to other business systems (ERP, CRM, QuickBooks, etc.), Solutions On-Demand, and MFD connectors.
3. **Document Processing Services (DPS)**
 - a. Auto redaction
 - b. Barcode processing, image cleanup,
 - c. Optical character recognition (OCR) / intelligent character recognition (ICR),
 - d. Text annotation and burning, image conversion,
 - e. Workflow routing, customer pre/post processing.
4. **Host Site Services**
Administrative / Management / sales system
Providing automated setup and service initiation.
Online sales setup system, site manager
5. **Business Process Automation Layer (Activity Center)** The Activity Center is a key client software add-on for workflow and business process automation.
6. **Client Applications —**
 - a. GX (search / view)
 - b. GXI (Indexing—catalogs new content into system)
 - c. GXS (scanning module)

SCHEDULE 1.2

Schedule of Development

Work packages and current start / end windows:

1. **Intellivue WebAPI** -01/2009-12/2009
These are the primary web components that exist on the back end of the system. Developed in asp.net, they reside on the Intellinetics managed platform. Internal documentation phase at this time.
2. **Host Site Manager (HSM)**04/2009-09/2009
End user site administration—security, user management, solution modification, connectors to other business systems (ERP, CRM, QuickBooks, etc.), Solutions On-Demand, and MFD connectors.
3. **Document Processing Services (DPS)** 04/2009-06/2010
 - a. Auto redaction
 - b. Barcode processing, image cleanup,
 - c. Optical character recognition (OCR) / intelligent character recognition (ICR),
 - d. Text annotation and burning, image conversion,
 - e. Workflow routing, customer pre/post processing.
4. **Host Site Services** 01/2009-6/2010
Administrative / Management / sales system
Providing automated setup and service initiation.
Online sales setup system, site manager
5. **Business Process Automation Layer (Activity Center)** 04/2009—6/2010
The Activity Center is a key client software add-on for workflow and business process automation.
6. **Client Applications—**
 - a. GX (search/ view)-v2.0 1/2010
 - b. GXI (Indexing—catalogs new content into system) v2.0 1/2010
 - c. GXS (scanning module)—v2.0 1/2010

SCHEDULE 2.2(k)

Financial Statements

1. Personal Financial Statement for Matthew Chretien dated May 6, 2008
2. Personal Financial Statement for Alfred Michael Chretien dated October 20, 2008
3. Historical, Current (08-08) and Projected P&L for 2005 through 2011 dated September 25, 2008
4. Historical, Current (08-08) and Projected Balance Sheet for 2005 through 2011 dated September 25, 2008

COGNOVIT PROMISSORY NOTE

\$1,012,500

July 17, 2009

For value received, Intellinetics, Inc., an Ohio corporation (the "Company"), promises to pay to the order of the Director of Development of the State of Ohio (the "Director"), at Strategic Business Investment Division, 77 South High Street, 28th Floor, P.O. Box 1001, Columbus, Ohio 43216-1001, or at such other address as may be designated in writing by the Director, the principal sum of One Million Twelve Thousand Five Hundred Dollars (\$1,012,500), or such amount thereof as shall be disbursed to the Company, with interest on the amount of principal from time to time outstanding from the first Escrow Funding Date as specified under and defined in the Loan Agreement between the Director and the Company dated as of July 17, 2009 (the "Loan Agreement"), at the rate of six percent (6%) per annum until paid, subject to adjustment as set forth in the Loan Agreement or herein. Interest on this Note shall be paid in monthly installments, which shall be due and payable on the first day of each calendar month commencing on the first day of August 2010 (the "First Interest Payment Date") and such amount shall include interest accrued hereon from the Escrow Funding Date to the First Interest Payment Date. The principal of this Note shall be paid in forty-eight (48) consecutive monthly installments of Twenty-One Thousand Ninety-Three and 75/100 Dollars (\$21,093.75) each plus interest thereon, which shall be due and payable on the first day of each calendar month commencing on the first day of August 2011 (the "First Installment Date") and ending on July 1, 2015 (the "Last Installment Date") and the amount of the installment payable on the Last Installment Date shall be equal to the balance of the principal sum outstanding, together with interest accrued thereon and yet unpaid. In addition, the Company promises to pay to the order of the Director a monthly service fee equal to one-twelfth (1/12) of one percent (1.0%) of the principal balance outstanding from time to time under this Note (the "Service Fee"), and such Service Fee shall be due and payable on the first day of each calendar month commencing on the first day of the second month after the first Escrow Funding Date and continuing each following month until and including the Last Installment Date.

In addition to all other payments required under hereunder, upon maturity of the Loan (as defined in the Loan Agreement) whether at scheduled maturity, by acceleration or otherwise, the Company shall pay to the Director a loan participation fee equal to 10% of the dollar amount of the Loan actually funded; provided, however, if the Loan is prepaid in full prior to Last Installment Date, the loan participation fee shall be paid to the Director at the time of such prepayment.

This Note does not of itself constitute a commitment by the Director to make any disbursement of the Loan (as defined in the Loan Agreement) to the Company. The conditions for making such a disbursement are set forth in the Loan Agreement. The disbursements made by the Director to the Company shall not exceed the face amount of this Note and the total amount of such disbursement is limited by and subject to the conditions for making disbursement of the Loan as set forth in the Loan Agreement.

The annual rate of interest stated herein shall apply to a 360-day period, and amounts of interest due hereunder shall be computed upon the basis of 30-day months. Installments of principal, interest and monthly service fee shall be applied first to monthly service fee, then interest as provided herein and the balance to principal due hereunder.

The Company may prepay all or any portion of the principal sum hereof at any time without penalty. All such prepayments shall be applied to the payment of the principal installments due hereon in the inverse order of their maturity, and shall be accompanied by the payment of accrued interest and monthly service fee on the amount of the prepayment to the date thereof.

The payment of this Note and all interest and monthly service fees hereon is secured by a Security Agreement, Intercreditor Agreement, Guaranty of Payment, and UCC Financing Statements (collectively, the "Security Documents"). The covenants, conditions and agreements contained in the Security Documents and the Loan Agreement are hereby made a part of this Note.

The Company, each endorser and any other party liable on this Note severally waives demand, presentment, notice of dishonor and protest.

If default be made in the payment of any installment of principal, interest and/or monthly service fee under this Note when any such payment shall have become due and payable, or if an "Event of Default," as defined in the Loan Agreement or the Security Documents, shall have occurred and be subsisting, then, at the option of the Director, the entire principal sum payable hereunder and all interest and monthly service fees accrued thereon shall become due and payable at once, without demand or notice.

To the extent permitted by law, upon the occurrence of an Event of Default and until such time such Event of Default shall have been cured or waived, the rate of interest under this Note and on any obligation of the Company under the Loan Documents shall be increased to ten percent (10%) per annum.

THE COMPANY AND THE DIRECTOR, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS NOTE, THE LOAN AGREEMENT, THE SECURITY DOCUMENTS, OR ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF EITHER OF THEM. THIS WAIVER SHALL NOT IN ANY WAY AFFECT THE DIRECTOR'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED HEREIN, IN THE LOAN AGREEMENT, THE SECURITY DOCUMENTS OR ANY RELATED INSTRUMENT OR AGREEMENT. NEITHER THE COMPANY NOR THE DIRECTOR SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE

DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY THE COMPANY OR THE DIRECTOR EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY BOTH OF THEM.

The Company hereby irrevocably authorizes any attorney-at-law, including any attorney-at-law employed or retained by the Director, to appear for it in any action on this Note at any time after the same becomes due as herein provided, in any court of record situated in Franklin County, Ohio (which the Company acknowledges to be the place where this Note was signed), or in the county where the Company then resides or can be found, to waive the issuing and service of process, and confess a judgment in favor of the Director or other holder of this Note against the Company for the amount that may then be due, with interest at the rate provided for herein, together with the costs of suit, and to waive and release all errors in said proceedings and the right to appeal from the judgment rendered. The Company consents to the jurisdiction and venue of such court. The Company waives any conflict of interest that any attorney-at-law employed or retained by the Director may have in confessing judgment hereunder and consents to the payment of a legal fee to any attorney-at-law confessing judgment hereunder.

This Note was executed in Hilliard, Ohio, and shall be construed in accordance with the laws of Ohio.

WARNING—BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

INTELLINETICS, INC.,
an Ohio corporation

By: /s/ Matthew L. Chretien

Title: President

This Note is subject to the terms and conditions of a certain Intercreditor Agreement of even date herewith between the Director and The Delaware County Bank and Trust Company.

Cognovit Promissory Note

November 1st, 2011

FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT (this "Amendment") is dated as of November 1st, 2011, and is made by and between Intellinetics, Inc., an Ohio corporation (the "Company") and the Director of Development (the "Director") of the State of Ohio (the "State"), acting on behalf of the State.

RECITALS:

A. The Company and the Director are parties to that certain Loan Agreement dated as of July 17, 2009 (the "Loan Agreement").

B. The current stock ownership of the Company is set forth on Exhibit A, attached hereto and made a part hereof.

C. The Company desires to take the following actions: (i) consummate a stock split whereby approximately 5.3 shares of common stock will be issued for every currently existing share of common stock, which stock split will be effectuated pursuant to Amended and Restated Articles of Incorporation, a copy of which has been furnished to the Director, (ii) issue additional shares of common stock to existing shareholders and employees as described on Exhibit A, (iii) enter into a merger and share exchange transaction whereby the Company will merge with a public shell corporation with the public shell corporation being the surviving corporation, the existing shareholders of the Company will become the owners of at least 86% of the capital stock of the surviving corporation, the current board of directors of the Company will control the board of directors of the surviving corporation, and the surviving corporation will automatically succeed to all obligations, liabilities, duties and rights under the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement); and (iv) following the merger described in the preceding subsection, the surviving corporation may sell up to 14% of the capital stock of the surviving entity to one or more outside investors in its initial raise, and up to a total of no more than an additional 26% in future rounds of stock sales (collectively, the "RTO Transactions").

D. To permit the RTO Transactions, the Company has requested that the Director agree to various amendments as set forth herein, and the Director has agreed to amend the Loan Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing and intending to be legally bound, and incorporating the above-defined terms herein, the parties hereto agree as follows:

1. Capitalized Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given to them in the Loan Agreement.

2. Consent of Director. The Director hereby consents to the RTO Transactions, including but not limited to the merger into a public company shell for purposes of the covenant set forth in Section 4.4(a) of the Loan Agreement.

3. Amendments to Loan Agreement.

(a) New Definitions. The following new definitions are hereby inserted in Section 1.2 of the Loan Agreement in alphabetical order:

“Company” shall mean Intellinetics, Inc., an Ohio corporation, and any successor-by-merger.

“First Amendment” shall mean that certain First Amendment to this Agreement dated as of November 1st, 2011.”

“First Amendment Effective Date” shall mean November 1st, 2011.”

“RTO Transactions” shall have the meaning given such term in the First Amendment.

(b) Amendment to Section 4.2 of the Loan Agreement [Public Offering]. Section 4.2 of Loan Agreement is hereby amended and restated in its entirety as follows:

“4.2 Public Offering. The Loan and all other amounts payable by the Company under this Agreement and the other Loan Documents shall be due and payable in full if the Company shall undertake and complete an initial public offering of its securities, it being acknowledged and agreed that this covenant shall not apply to the RTO Transactions or any portion thereof.”

(c) Amendment to Section 4.4(i) of the Loan Agreement [Stock Transfers]. Section 4.4(i) is hereby amended and restated as follows:

“4.4(i) Stock Transfers. Issue, transfer, sell, or cause to be issued, transferred or sold, any shares of its capital stock except in connection with the RTO Transactions or in connection with compensation, benefit plans or incentive plans for employees or officers.”

4. Conditions to Effectiveness. The amendments contained in this Amendment shall become effective upon satisfaction of each of the following conditions being satisfied to the satisfaction of the Director:

(a) Execution and Delivery of this Amendment. The Company and the Director shall have executed and delivered this Amendment.

(b) Officer’s Certificate. There shall be delivered to the Director a certificate, dated the date hereof certifying that no Event of Default exists.

(c) Secretary’s Certificate. There shall be delivered to the Director a certificate, dated the date hereof and signed by the Secretary of each Loan Party, certifying as appropriate as to:

(i) all action taken by such party in connection with this Amendment and the other documents executed and delivered in connection herewith, together with authorizing resolutions on behalf of the Company evidencing same;

(ii) the names of the officer or officers authorized to sign this Amendment and the other documents executed and delivered in connection herewith and the true signatures of such officer or officers and specifying the officers permitted to act on behalf of the Company for purposes of the Loan Documents and the true signatures of such officers, on which the Director may conclusively rely; and

(iii) copies of its organizational documents as in effect on the date hereof, together with certificates from the appropriate state officials as to the continued existence and good standing of the Company in the State of Ohio.

5. Miscellaneous.

(a) Full Force and Effect. All provisions of the Loan Agreement remain in full force and effect on and after the date hereof except as expressly amended hereby. The parties do not amend any provisions of the Loan Agreement except as expressly amended hereby.

(b) Counterparts. This Amendment may be signed in counterparts (by facsimile transmission or otherwise) but all of such counterparts together shall constitute one and the same instrument.

(c) Incorporation into Loan Agreement. This Amendment (including all Schedules and Exhibits) shall be incorporated into the Loan Agreement by this reference. All representations, warranties, Events of Default and covenants set forth herein shall be a part of the Loan Agreement as if originally contained therein.

(d) Governing Law. This Amendment and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the laws of the State of Ohio without regard to its conflict of laws principles.

(e) No Novation. Except as amended hereby, all of the terms and conditions of the Loan Agreement and the other Loan Documents shall remain in full force and effect. The Company and the Director acknowledge and agree that this Amendment is not intended to constitute, nor does it constitute, a novation, interruption, suspension of continuity, satisfaction, discharge or termination of the obligations, loans, liabilities, or indebtedness under the Loan Agreement or the other Loan Documents.

[SIGNATURE PAGES FOLLOW]

Exhibit A

Ownership

I. EXISTING OWNERSHIP

Shareholder	No. Shares
A. Michael Chretien	385
Matthew Chretien	395
Tom Moss	80
Larry Dill	10
Rye D'Orazio	50
Total	920

II. FINAL PRE-MERGER OWNERSHIP

Owner	Current Shares	Split	Post-Split	Addtl. Shares	Total
A. Michael Chretien	385	x 5.321518987	2048	44	2092
Matthew L. Chretien	395	x 5.321518987	2102	0	2102
Tom Moss	80	x 5.321518987	425	108	533
Larry Dill	10	x 5.321518987	53	16	69
Rye D'Orazio	50	x 5.321518987	266	30	296
William J. Santiago	—			701	701
Ray Shealy	—			118	118
Tom Skoulis	—			59	59
Mark Shary	—			59	59
Totals	920		4894	1135	6029

LOAN AGREEMENT

between

**THE DIRECTOR OF DEVELOPMENT
OF THE STATE OF OHIO**

and

INTELLINETICS, INC.

Dated

as of

June 3, 2011

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and is only for convenience of reference.)*

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LOAN AGREEMENT

THIS LOAN AGREEMENT is made and entered into as of June 3, 2011 by and between the Director of Development (the "Director") of the State of Ohio (the "State"), acting on behalf of the State, and Intellinetics, Inc., an Ohio corporation (the "Company"), under the circumstances summarized in the following recitals (the capitalized terms used in the recitals being used therein as defined in Article I hereof):

- A. Pursuant to the Act, the Director is authorized, among other things, to make loans to assist in the financing of an Eligible Innovation Project.
- B. The Company has requested that the Director provide the financial assistance for the Project hereinafter described.
- C. The Director has determined that the Project constitutes an Eligible Innovation Project and that the financial assistance to be provided pursuant to this Agreement is appropriate under the Act and will be in furtherance and in implementation of the public policy set forth in the Act.
- D. The financial assistance to be provided pursuant to this Agreement has been reviewed and approved by the Development Financing Advisory Council and the Controlling Board, pursuant to the Act.

NOW, THEREFORE, in consideration of the premises and the representations and agreements hereinafter contained, the Director and the Company agree as follows:

ARTICLE I

Definitions

Section 1.1. Use of Defined Terms. In addition to the words and terms elsewhere defined in this Agreement or by reference to the Security Documents or other instruments, the words and terms set forth in Section 1.2 hereof shall have the meanings therein set forth unless the context or use expressly indicates different meaning or intent. Such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms therein defined.

Section 1.2. Definitions. As used herein:

"Act" means Chapter 166, Ohio Revised Code, as from time to time enacted and amended.

"Agreement" means this Loan Agreement, as the same may be amended, modified, supplemented, restated or replaced from time to time.

"Allowable Innovation Costs" means "allowable innovation costs" of the Project within the meaning of the Act.

“Application” means the Application of the Company submitted to the Director requesting assistance under the Act dated March 31, 2010.

“Business Day” means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of Ohio and on which the New York Stock Exchange is not closed.

“City” means the city of Columbus, Ohio.

“Closing Date” means June 3, 2011, the date of execution and delivery of the Loan Documents.

“Collateral” shall have the same meaning given that term in the Security Agreement.

“Commitment” means the Commitment Letter between the Director and the Company dated February 4, 2011.

“Code” means the Internal Revenue Code of 1986, and any successor statute of similar import, together with all rules and regulations thereunder, as amended, reformed or otherwise modified from time to time. References to sections or titles of the Code shall be construed to also refer to successor sections or titles.

“Completion Date” means the date of completion of the Project as follows: the earlier of (i) September 31, 2011, and (ii) as certified by the Company pursuant to Section 3.5 hereof, unless extended by agreement between the Director and Company.

“Controlling Board” means the Controlling Board of the State.

“Corrective Work” means all activities of removal, response, investigation, testing, analysis, remediation (including, but not limited to disposal of Hazardous Substances) taken pursuant to Environmental Requirements (i) to prevent, abate, or correct a Release or threatened Release of Hazardous Substances at, about, affecting, or affected by the Project or the Project Site or (ii) to comply with any and all Environmental Requirements applicable to the Project or the Project Site or areas at, about, affecting, or affected by the Project or the Project Site.

“Cost Certification” means a certification of the Company, as of a specified date, setting forth in reasonable detail the costs incurred and, if appropriate, to be incurred by the Company in completing the provision of the Project, including a detail by category of all Allowable Innovation Costs.

“DCB Loan” means the loan in the principal amount of Two Hundred One Thousand Twenty-Four Dollars (\$201,024.00) made by Delaware County Bank and Trust Company to the Company pursuant to the DCB Loan Documents.

“DCB Loan Documents” means all documents, instruments and agreements evidencing or securing the DCB Loan, as the same may be amended, modified, supplemented, restated or replaced from time to time with the prior written consent of the Director.

“Development Financing Advisory Council” means the Development Financing Advisory Council of the State.

“Disbursement Request” means each Disbursement Request in the form of Exhibit A attached to the Escrow Disbursing Agreement.

“Eligible Innovation Project” means an “eligible innovation project” within the meaning of the Act and, with respect to the Loan, means the Project.

“Environmental Activity” means any actual or threatened storage, holding, existence, Release, emission, discharge, transportation or disposal of any Hazardous Substance from, under, into or on the Project and/or the Project Site or otherwise relating to the Project and/or the Project Site or any Use of the Project and/or the Project Site which is regulated by or for which standards of conduct or liability are imposed by any Environmental Requirements.

“Environmental Laws” means the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §5101 et seq., the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., the Federal Water Pollution Control Act (Clean Water Act), 33 U.S.C. §1251 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., regulations promulgated thereunder, and any other federal, state, county, municipal, local or other statute, law, principles of common law, ordinance or regulation and any consent decrees, settlement agreements, judgments, orders, directives, policies or programs issued by or entered into with a Governmental Authority which may relate to or deal with (i) pollution or pollution control; (ii) protection of human health from exposure to regulated substances; (iii) protection of the environment; (iv) the presence, use, management, generation, manufacture, processing, extraction, treatment, recycling, refining, reclamation, labeling, packaging, sale, transport, storage, collection, distribution, disposal or release or threat of release of regulated substances; (v) the presence of contamination; (vi) the protection of endangered species; and (vii) the protection of environmentally sensitive areas. References to sections or titles of any Environmental Law shall be construed to also refer to successor sections or titles.

“Environmental Requirements” means all present and future laws, including but not limited to Environmental Laws, authorizations, judgments, decrees, concessions, grants, orders, franchises, agreements and other restrictions and requirements (whether or not arising under statutes or regulations) relating to any Hazardous Substances or Environmental Activity.

“ERISA” means the Employee Retirement Income Security Act of 1974, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

“ERISA Affiliate” means at any time, the Company and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control and all other entities which, together with the Company, are treated as a single employer under Section 414(b) and/or (c) of the Internal Revenue Code.

“Escrow Account” means the Escrow Account as defined in the Escrow Disbursing Agreement.

“Escrow Agent” means The Huntington National Bank, in its capacity as Escrow Agent under the Escrow Disbursing Agreement.

“Escrow Disbursement Date” means each date upon which Escrow Funds are disbursed to, or for the benefit of, the Company from the Escrow Account pursuant to the Escrow Disbursing Agreement, and the final Escrow Disbursement Date shall not be later than June 30, 2011. There shall not be more than one (1) Escrow Disbursement Date in any thirty (30) day period.

“Escrow Disbursement Termination Date” means June 3, 2012, or such subsequent date as may be established by the Director in writing in accordance with Section 3.7 hereof for the disbursement of the Loan.

“Escrow Disbursing Agreement” means the Escrow Disbursing Agreement of even date herewith among the Company, the Director and the Escrow Agent, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Escrow Funding Date” means each date proceeds of the Loan are funded to the Escrow Account in accordance with the terms of this Agreement and the Escrow Disbursing Agreement. There shall not be more than two (2) Escrow Funding Dates.

“Escrow Funds” means the proceeds of the Loan disbursed into the Escrow Account in accordance with the terms of this Agreement and the Escrow Disbursing Agreement.

“Event of Default” means any of the events described as an event of default in Section 5.1 hereof.

“Final Cost Certification” means the Cost Certification dated as of the Completion Date.

“Governing Instruments” means the articles of incorporation and code of regulations of the Company.

“Governmental Authority” means, collectively, the United States of America, the State, any political subdivision thereof, any municipality, and any agency, department, commission, board or bureau of any of the foregoing having jurisdiction over the Project and/or the Project Site.

“Hazardous Substances” means:

- (a) any “hazardous substance” as defined in §101(14) of CERCLA (42 U.S.C. §9601(14)) or regulations promulgated thereunder;
- (b) any “solid waste”, “hazardous waste”, “infectious waste”, “pollutant”, or “hazardous air pollutant”, as such terms are defined in any Environmental Law at such time;
- (c) asbestos, urea-formaldehyde, polychlorinated biphenyls, source, special nuclear or by-product material, chemical waste, radioactive material, explosives, known carcinogens, petroleum products and by-products and other dangerous, toxic or hazardous pollutants, contaminants, chemicals, material or substances listed or identified in, or regulated by, any Environmental Law; and
- (d) any additional substances or materials which at such time are classified or considered to be hazardous or toxic under any Environmental Law.

“Intercreditor Agreement” means the Intercreditor Agreement among the Company, the Director and the Delaware County Bank and Trust Company, dated as of June 27, 2011, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Landlord Waiver” means the Landlord Waiver and Consent between the Director and Dividend Drive, LLC, dated as of May 31, 2011, consented to by the Company as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Loan” means the loan by the Director to the Company in the total sum of the Loan Amount, to be disbursed pursuant to the terms hereof and the Escrow Disbursing Agreement.

“Loan Amount” means the lesser of (i) \$750,000 and (ii) 75% of the Allowable Innovation Costs of the Project, as determined by the Director in the Director’s sole discretion pursuant to this Agreement.

“Loan Approval Documents” means, with respect to the Loan, the Recommendation of the Director to the Development Financing Advisory Council dated December 6, 2010, the Resolution of the Development Financing Advisory Council dated December 6, 2010, the Approval of the Controlling Board dated January 31, 2011, and the Commitment.

“Loan Documents” means all documents, instruments and agreements delivered to or required by the Director to evidence or secure the Loan, including, but not limited to, this Agreement, the Note, the Security Documents, and the Escrow Disbursing Agreement as required by the Commitment and this Agreement, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Loss” is defined in Section 3.8(b)(viii) hereof.

“Market Conditions” means those conditions determined by the Director, with advice from the Federal Reserve Bank of Cleveland, with respect to which the Director shall consider the following:

- (i) two consecutive quarters of decline in information technology employment in the State as a whole, or when possible by relevant manufacturing sector. Employment figures will be those reported by the Department of Job and Family Services of the State;
- (ii) a decline, as a whole or by relevant sector, in twelve (12) of the last thirty-six (36) months as detailed in the Federal Reserve’s National Industrial Production Index; and
- (iii) a decline within the relevant sector of Standard & Poor’s “Industrial Outlook”.

“Multiemployer Plan” means any employee benefit plan that is a “multiemployer plan” Within the meaning of Section 4001(a)(3) of ERISA and to which the Company or any ERISA Affiliate is then making or accruing an obligation to make contributions or, within the preceding five plan years, has made or had an obligation to make such contributions.

“Note” means the cognovit promissory note, in the form attached hereto as Exhibit A, evidencing the obligation of the Company to repay the Loan, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Notice Address” means:

(a) As to the Director:

Ohio Department of Development
Strategic Business Investment Division
77 South High Street, 28th Floor
P.O. Box 1001
Columbus, OH 43216-1001
Attn: Office of Financial Incentives

With a copy to:

Climaco, Wilcox, Peca,
Tarantino & Garofoli Co., L.P.A.
55 Public Square, Suite 1950
Cleveland, OH 44114
Attn: John A Peca, Esq.

(b) As to the Company:

Intellinetics, Inc.
2190 Dividend Drive
Columbus, OH 43228
Attn: Matthew Chretien

With a copy to:

Calfee, Halter & Griswold LLP
1100 Fifth Third Center
21 East State Street
Columbus, OH 43215
Attn: Steven Karzmer, Esq.

or such additional or different address, notice of which is given under Section 6.2 hereof.

“Ohio Commercial Code” means the Uniform Commercial Code as in effect in the State of Ohio on the date hereof and as amended from time to time except to the extent that the conflict of law rules of such Uniform Commercial Code shall apply the Uniform Commercial Code as in effect from time to time in any other state to specific property or other matters.

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant Subtitle A of Title IV of ERISA or any successor.

“Plan” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan) that is covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained by the Company or any ERISA Affiliate, or (ii) has at any time within the preceding five years been maintained by the Company or any ERISA Affiliate or to which at any time within the preceding five years contributions had been made by the Company or any ERISA Affiliate.

“Plans and Specifications” means the plans and specifications or other appropriate documents describing the Project prepared by or at the direction of the Company, including, but not limited to, the Schedule of Development attached hereto as Schedule 1.2.

“Prohibited Transaction” means a transaction described in Section 4975 of the Code or Section 406 of ERISA that is not the subject of an exemption pursuant to Section 4975(c)(2) of the Code or Section 408 of ERISA, respectively.

“Project” means the Project Site, the Project Equipment and the Project Intangible Facilities, together constituting an Eligible Innovation Project.

“Project Equipment” means the equipment, machinery and other personal property described on Exhibit B attached hereto, as such Exhibit B is amended and supplemented from time to time in accordance with the terms of the Security Agreement.

“Project Intangible Facilities” means the intangible property related to a new product or process based on new technology or the creative application of existing technology, including research and development, product or process testing, quality control, market research, and related activities, that is to be acquired, established, expanded, remodeled, rehabilitated, or modernized for industry, commerce, distribution, or research, or any combination thereof, the operation of which, alone or in conjunction with other eligible projects, eligible innovation projects, or innovation property described in Exhibit C attached hereto.

“Project Purposes” means the development of, testing of, training on, and protection of intellectual property rights relating to the development of Company’s Redactivue software application into software as a service application.

“Project Site” means 2190 Dividend Drive, Columbus, Ohio 43228, or any subsequent location of the Company’s principal place of business that the Company may move to in accordance with, and as permitted by, this Agreement and the other Loan Documents.

“Provision” means, as applicable, the acquiring, constructing, reconstructing, rehabilitating, renovating, enlarging, installing, improving, equipping or furnishing of the Project.

“Release” means spilling, leaking, pumping, paving, emitting, emptying, discharging, injecting, escaping, contaminating, leaching, disposing, releasing or dumping of any Hazardous Substance into the environment.

“Reportable Event” means a “reportable event” within the meaning of Section 4043 of ERISA and the Regulations thereunder.

“Required Equity Contribution” means \$250,000 to be provided by the Company in cash to pay a portion of the Allowable Innovation Costs of the Project.

“Security Agreement” means the Security Agreement between the Director and the Company, of even date herewith, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“Security Documents” means, collectively, the Security Agreement, the Intercreditor Agreement, the Landlord Waiver, the Perfection Certificate, and the UCC Financing Statements, as the same may be amended, modified, supplemented, restated or replaced from time to time.

“State” means the State of Ohio.

“UCC Financing Statement” means a financing statement under Article 9 of the Ohio Commercial Code providing notice of the Director’s security interest in the Collateral.

“Use” means the use, ownership, development, construction, renovation, maintenance, management, operation or occupancy of real property, including the Project Site.

Section 1.3. Certain Words and References. Any reference herein to the Director shall include those succeeding to the Director’s functions, duties or responsibilities pursuant to or by operation of law or lawfully performing such functions. Any reference to a section or provision of the Constitution of the State or to the Act or to a section, provision or chapter of the Ohio Revised Code shall include such section, provision or chapter as from time to time amended, modified,

revised, supplemented or superseded, provided that no such amendment, modification, supplementation, revision or supersession shall alter the obligation of the Company to pay all the amounts payable hereunder on the terms provided herein. All references to “generally accepted accounting principles” shall have the meaning set forth in Statement on Auditing Standards No. 69, or any predecessor or successor pronouncement of the American Institute of Certified Public Accountants, in effect for any applicable fiscal period.

Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement and each of the other Loan Documents: (i) references to the plural include the singular, the plural, the part and the whole and the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”; (ii) the words “hereof,” “hereby,” “herein,” “hereto,” “hereunder” and similar terms refer to this Agreement or such other Loan Document as a whole; (iii) the term “heretofore” means before, and the term “hereafter” means after, the date of delivery of this Agreement or such other Loan Document; (iv) article, section, subsection, clause, schedule and exhibit references are to this Agreement or other Loan Document, as the case may be, unless otherwise specified; (v) reference to any person includes such person’s successors and assigns; (vi) reference to any agreement, including this Agreement and any other Loan Document together with the schedules and exhibits hereto or thereto, document or instrument means such agreement, document or instrument as amended, modified, replaced, substituted for, superseded or restated; (vii) relative to the determination of any period of time, “from” means “from and including”; (viii) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all applicable tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (ix) section headings herein and in each other Loan Document are included for convenience and shall not affect the interpretation of this Agreement or such Loan Document; and (x) words of the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender may refer to any gender.

ARTICLE II

Determinations and Representations

Section 2.1. Determinations of the Director. Pursuant to the Act and on the basis of the representations and other information provided by the Company, the Director has heretofore made certain determinations, as set forth in the Loan Approval Documents, which are hereby confirmed, and the Director hereby determines that the financial assistance to be provided by the State pursuant to this Agreement will conform to the requirements of the Act, including Sections 166.12 to 166.16 thereof, and will further and implement the purposes of the Act by creating new jobs or preserving existing jobs and employment opportunities and improving the economic welfare of the people of the State.

Section 2.2. Representations and Warranties of the Company. The Company hereby represents and warrants that:

-
- (a) It is a corporation for profit duly incorporated, organized, validly existing and in good standing under the laws of the State, and has all requisite power to conduct its business as now conducted and to own, hold and lease its assets and properties and is duly qualified to do business in all other jurisdictions in which it owns property or conducts its business, except where the failure to so qualify would not impair the ability of the Company to perform any of its obligations under the Loan Documents or would not materially adversely affect the financial condition of the Company, and will remain so qualified and in good standing in such jurisdictions during the term of this Agreement.
 - (b) It has full power and authority to execute, deliver and perform the Loan Documents, and to enter into and carry out the transactions contemplated thereby. Such execution, delivery and performance do not, and will not, violate any provision of law applicable to the Company or the Governing Instruments of the Company and do not, and will not, conflict with or result in a default under any agreement or instrument to which the Company is a party or by which it or any of its property or assets is or may be bound. The Loan Documents have, by proper action, been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the Company.
 - (c) The provision of financial assistance pursuant to the Loan Approval Documents and this Agreement induced the Company to provide the Project, thereby creating new jobs or preserving existing jobs and employment opportunities and improving the economic welfare of the people of the State.
 - (d) The Provision of the Project will be completed and the Project and the Company's business will be operated and maintained in such manner as to conform with all applicable Environmental Laws and zoning, planning, building and other applicable governmental regulations imposed by any Governmental Authority and as to be consistent with the purposes of the Act.
 - (e) It presently intends that the Project will be used and operated in a manner consistent with the Project Purposes until the date on which the Loan has been fully repaid, and the Company knows of no reason why the Project will not be so operated.
 - (f) There are no actions, suits or proceedings pending or threatened against or affecting the Company or the Project which, if adversely determined, would individually or in the aggregate materially impair the ability of the Company to perform any of its obligations under the Loan Documents or the DCB Loan Documents or adversely affect the financial condition of the Company.
 - (g) It is not in default under any of the Loan Documents or the DCB Loan Documents, or in the payment of any indebtedness for borrowed money or under any agreement or instrument evidencing any such indebtedness, and no event has occurred which by notice, the passage of time or otherwise would constitute any such event of default.

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- (h) The Project Site is zoned by the City under a zoning ordinance which permits the Provision of the Project thereon in accordance with the Plans and Specifications and the operation of the Company's business; and all utilities, including water, storm and sanitary sewer, gas, electric and telephone, and rights of access to public ways shall be available or will be provided to the Project Site in sufficient locations and capacities to meet the requirements of operating the Project and the Company's business and of any applicable Governmental Authority.
 - (i) It has made no contract or arrangement of any kind, other than the Loan Documents and the DCB Loan Documents, which has given rise to, or the performance of which by the other party thereto would give rise to, a lien or claim of lien on the Project, the Project Site or other collateral covered by the Loan Documents or the DCB Loan Documents and no materials or labor have heretofore been supplied to or performed in connection with the Project, except as permitted under the Commitment.
 - (j) No representation or warranty of the Company contained in any of the Loan Approval Documents, Loan Documents or DCB Loan Documents, and no statement contained in any certificate, schedule, list, financial statement or other instrument furnished to the Director by or on behalf of the Company (including, without limitation, the Application), contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained herein or therein not misleading.
 - (k) The financial statements of the Company heretofore delivered to the Director are true and correct, in all respects, have been prepared in accordance with generally accepted accounting principles consistently applied, and fairly present the financial condition and the results of operation of the Company as of the dates thereof. No materially adverse change has occurred in the financial condition of the Company reflected therein since the respective dates thereof.
 - (l) All proceeds of the Loan shall be used for the payment of Allowable Innovation Costs relating to the Provision of the Project. No part of any such proceeds shall be knowingly paid to or retained by the Company or any member, owner, manager, partner, officer, shareholder, director or employee of the Company as a fee, kick-back or consideration of any type. The Company has no identity of interest with the general contractor or any architect, subcontractor, laborer or materialman performing work or services or supplying materials in connection with the Provision of the Project.
 - (m) It has a good and marketable title to a leasehold interest in the Project Site and is the owner of the Project Equipment and Project Intangible Facilities, subject in all cases to no lien, charge, easement, condition, restriction or encumbrance except as created by the Loan Documents and the DCB Loan Documents, or shown as Permitted Encumbrances under the Security Documents.

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- (n) (i) It is and has been at all times in compliance with all applicable Environmental Requirements relating to the Project, the Project Site and the Use of the Project and the Project Site and the Company has not engaged in any Environmental Activity in violation of any applicable Environmental Requirements, nor has any Environmental Activity otherwise occurred, in violation of any applicable Environmental Requirements.
- (ii) No investigations, inquiries, orders, hearings, actions or other proceedings by or before any court or Governmental Authority are pending or threatened in connection with any Environmental Activity or alleged Environmental Activity conducted upon the Project Site.
- (iii) No claims at any time have been made or threatened against the Company or the prior owners of the Project and/or the Project Site relating to damage, contribution, cost recovery, compensation, penalty, loss or injury resulting from any Environmental Activity or Hazardous Substance.
- (iv) It has no liability, absolute or contingent, in connection with any Environmental Activity.
- (v) No Hazardous Substances have been integrated into the Project, the Project Site or any component thereof in such manner or quantity as may reasonably be expected to or in fact would pose a threat to human health or the value of the Project or the Project Site.
- (vi) No portion of the Project or the Project Site is located within 2,000 feet of (a) a Release of a Hazardous Substance which has been reported or is required to be reported under any Environmental Requirements or (b) the location of any site used, in the past or presently, for the disposal of any Hazardous Substance.
- (vii) No occurrence or condition on any real property adjoining the Project Site exists which could cause the Project, the Project Site or any part thereof to be subject to any restrictions on ownership, occupancy, transferability or operation under any Environmental Requirement.
- (viii) It has not engaged in any Environmental Activity and no Environmental Activity has otherwise occurred, and no notice, order, directive, complaint or other written communication has been made or issued by a governmental agency or other person alleging the occurrence of Environmental Activity in, on or about the Project or the Project Site in violation of any Environmental Requirements.

-
- (ix) Neither the Project nor the Project Site has been used for the disposal of Hazardous Substances.
 - (x) None of its business operations conducted on the Project Site have contaminated lands, waters or other property of others with Hazardous Substances.
 - (xi) No underground or above ground storage tank (regardless of contents) is now located on, at or beneath the Project Site.
 - (xii) Neither the Project nor the Project Site is subject to any claim which might give rise to a lien in favor of any Governmental Authority as a result of any Release or threatened Release of any Hazardous Substance or Environmental Activity.
- (o) It shall provide the Required Equity Contribution by the Completion Date and otherwise in accordance with the terms hereof and the Escrow Disbursing Agreement.
 - (p) Allowable Innovation Costs which consist of the costs of (i) research and development of the Project, (ii) obtaining or creating any requisite software or computer hardware related to Project or the products or services associated therewith, (iii) testing (including, without limitation, quality control activities necessary for initial production), perfecting, and marketing of such products and services, and (iv) creating and protecting intellectual property related to the Project or any products or services related thereto, including costs of securing appropriate patent, trademark, trade secret, trade dress, copyright, or other form of intellectual property protection for the Project or related products and services, are expenditures that can and will be capitalized under applicable generally accepted accounting principles.

ARTICLE III

Loan; Provision of Project; Conditions to Disbursement

Section 3.1. Loan and Repayment.

(a) On the terms and conditions of this Agreement and the Commitment, the Director shall lend to the Company the Loan Amount to assist in the financing of the Project. The Loan shall be evidenced by this Agreement and the Note and secured by the Security Documents and the other Loan Documents, as applicable. Those instruments shall be executed and delivered by the Company to the Director on the Closing Date.

(b) The terms of repayment of the Loan shall be as set forth in the Note and the Company shall make all payments required to be made under the Note as and when due.

(c) In addition to all other payments required under the Note, upon maturity of the Loan (whether at scheduled maturity, by acceleration or otherwise), the Company shall pay to the Director a loan participation fee equal to 10% of the dollar amount of the Loan actually funded; provided, however, if the Loan is prepaid in full prior to the end of the term of the Loan, the loan participation fee shall be paid to the Director at the time of such prepayment. The anticipated amount of the participation fee is \$75,000.

(d) Proceeds of the Loan shall be disbursed into the Escrow Account on each Escrow Funding Date pursuant to the terms hereof and the Escrow Disbursing Agreement upon the satisfaction of the conditions set forth in Section 3.6(a) hereof and held in accordance with the terms of this Agreement and the Escrow Disbursing Agreement. The Loan shall be disbursed only from, and only to the extent that on each Escrow Funding Date funds not heretofore committed are available to make the Loan from moneys in, the "Innovation Ohio Loan Fund" created by the Act and as defined in the Act.

(e) The Escrow Funds shall be available for disbursement until the Escrow Disbursement Termination Date, and thereafter, the Director shall have no obligation to make or approve any further disbursements from the Escrow Account. Any Escrow Funds disbursed to the Director from the Escrow Account shall reduce the principal amount of the Note.

(f) The Escrow Funds shall be disbursed from the Escrow Account on each Escrow Disbursement Date pursuant to the terms of this Agreement and the Escrow Disbursing Agreement. The Company shall be entitled to submit Disbursement Requests pursuant to the Escrow Disbursing Agreement not more frequently than once in any thirty (30) day period and for amounts not less than Fifty Thousand Dollars (\$50,000) minimum, excepting the final disbursement.

(g) Each payment of Allowable Innovation Costs of the Project shall be funded 75% with Escrow Funds and 25% with the Required Equity Contribution.

Section 3.2. Provision of Project. The Company (a) has commenced or shall promptly hereafter commence the Provision of the Project; (b) shall pay all expenses incurred in such Provision from funds made available therefor in accordance with this Agreement, the Required Equity Contribution or otherwise; and (c) shall demand, sue for, levy and recover all sums of money and debts which may be due and payable under the terms of any contract, order, receipt, guaranty, warranty, writing or instruction in connection with the Provision of the Project and will enforce the terms of any contract, agreement, obligation, bond or other performance security with respect thereto. The Company confirms its agreement in the Commitment that, to the extent applicable, all wages paid to laborers and mechanics employed on the Provision of the Project shall be paid at not less than the prevailing rates of wages for laborers and mechanics for the class of work called for by the Project, which wages shall be determined in accordance with the requirements of Chapter 4115, Ohio Revised Code, for determination of prevailing wage rates; *provided* that if the Company undertakes, as part of the Project, work to be performed by its regular bargaining unit employees who are covered under a collective bargaining agreement which was in existence prior to the date of the Commitment, the rate of pay provided under the applicable collective bargaining agreement may be paid to such employees.

Section 3.3. Plans and Specifications: Inspections. At the Director's option, the Director may designate an employee or officer of the State or may retain, at the Company's expense, an architect, engineer, appraiser or other consultant for the purpose of approving the Plans and Specifications, verifying costs and performing inspections of the Project as Provision of the Project progresses. Such inspections, reviews or approvals shall not impose any responsibility or liability of any nature upon the Director, the State or officers, employees, agents, representatives or designees of the Director or the State, or, without limitation, make or cause to be made any warranty or representation as to the adequacy or safety of the structures or any of their component parts or any other physical condition or feature pertaining to the Project and the Project Site. The Company shall, at the request of the Director, make periodic reports (including, if required, submission of updated Cost Certifications) to the Director concerning the status of completion and the expenditures for costs in respect thereof.

The Company may revise the Plans and Specifications from time to time; *provided* that no revision shall be made (a) which would change the Project Purposes to purposes other than those permitted by the Act; (b) without obtaining, to the extent required by law, the approval of any applicable Governmental Authority; and (c) without the prior written approval of the Director if such revision would change the amounts set forth in the most recently furnished Cost Certification. In any event, all revisions to the Plans and Specifications shall be promptly filed with the Director.

Section 3.4. Company Required to Pay Costs in Event Proceeds Insufficient. In the event that the proceeds of the Loan and the Required Equity Contribution are not sufficient to pay all costs of the Project, the Company shall, nonetheless and irrespective of the cause of such deficiency, complete the Project in accordance with the Plans and Specifications and pay all costs of such completion in full from its own funds.

Section 3.5. Completion Date. The Completion Date shall occur not later than September 30, 2011, and shall be evidenced to the Director by a certificate of the Company stating (a) the Completion Date, (b) that all licenses, permits and approvals for the Project required by any Governmental Authority have been procured and/or obtained, (c) that all improvements and additions reflected in the Plans and Specifications have been made, all Project Equipment, if any, is installed and operational, and the Provision of the Project has been completed, (d) that all costs of providing the Project have been paid, and (e) the date as of which operation of the Project shall commence.

Section 3.6. Conditions to Disbursement.

(a) Disbursement of Loan Proceeds to Escrow Account. Prior to the Director authorizing disbursement of any proceeds of the Loan to the Escrow Account pursuant to the terms of this Agreement and the Escrow Disbursing Agreement, the Director shall have received the following:

- (i) the executed Note;

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- (ii) evidence of the liability and property insurance required by the Security Documents (on ACORD form 27);
 - (iii) determination of prevailing wage by the Wage and Hour Bureau of the Department of Commerce of the State, if applicable;
 - (iv) the duly executed Security Documents, Escrow Disbursing Agreement and all other Loan Documents;
 - (v) the Company's Certificate of Corporate Good Standing issued by the Secretary of State of the State, dated within 10 days of the date of this Agreement;
 - (vi) certified copy of the resolutions of the governing board/body of the Company authorizing execution, delivery and performance of all Loan Documents;
 - (vii) the UCC Financing Statement to evidence and perfect the security interests created by the Security Documents;
 - (viii) certificate of incumbency as to the Company;
 - (ix) copies, certified by the Company to be true, correct and complete, of the Governing Instruments of the Company;
 - (x) an opinion of the Company's legal counsel which sets forth substantially the following:
 - (A) that the Company is a corporation duly incorporated, organized and validly existing under the laws of, and in good standing with, the State;
 - (B) that the Company has full power and authority to own its properties and conduct its business and to execute and deliver the Loan Documents;
 - (C) that the execution, delivery and performance of the Loan Documents by the Company have been duly authorized by all necessary corporate action by the Company;
 - (D) that the execution and delivery of the Loan Documents by the Company, and the performance of its obligations thereunder, do not conflict with the Governing Instruments of the Company, or, to the knowledge of such counsel, constitute a default under, conflict with or violate any judgment, decree, indenture, mortgage, deed of trust,

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- lease, guaranty, agreement or other instrument to which the Company is a party or by which the Company is bound, or, to the knowledge of such counsel, conflict with or violate any provisions of law, administrative regulation, or court order or consent decree;
- (E) that the Loan Documents have been duly executed and delivered by the Company and are valid and binding instruments, enforceable against the Company in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditor's rights generally;
 - (F) that the execution and delivery by the Company of the Loan Documents and the performance of its obligations thereunder neither is prohibited by, nor subjects the Company to a fine, penalty or other similar sanction under, any statute or regulation of any Governmental Authority and the Company has obtained any and all requisite governmental consents, permits, licenses and approvals necessary for the Company to enter into, execute and deliver the Loan Documents and to perform the Company's obligations thereunder;
 - (G) that there are no actions, suits or proceedings, at law or in equity, or before or by any court, public board or body, pending or, to the knowledge of counsel, threatened affecting the Company or the Project which, if adversely determined, would individually or in the aggregate materially impair the ability of the Company to perform any of its obligations under the Loan Documents or would materially adversely affect the financial condition of the Company; and
 - (H) The Security Agreement creates in favor of the Director as security for the Company's obligations under the Loan Documents, a valid, good and enforceable security interest in the Company's rights in the Collateral to which Article 9 of the Ohio Commercial Code is applicable; and
 - (I) The UCC Financing Statement is in proper form under the applicable laws of the State of Ohio to be accepted for filing by the Secretary of State of the State of Ohio. Upon due recordation with the Secretary of State of Ohio, the UCC Financing Statement will perfect in favor of the Director a valid, good, and enforceable lien of record in that portion of the Collateral in which a security interest may be perfected by filing an initial financing statement with the Secretary of State of Ohio under the Ohio Commercial Code, as security for the payment and performance of the Company's obligations under the Loan Documents.

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- (xi) copies of all licenses and permits required by any Governmental Authority in connection with the Project and the operation thereof;
 - (xii) Notice of Commencement as required by Chapter 1311, Ohio Revised Code, if applicable;
 - (xiii) evidence satisfactory to the Director that the Project Site is not located in a an area identified by the Federal Emergency Management Agency as an area having special flood hazards, or if the Project Site is located in such an area, that appropriate flood insurance or other satisfactory measures have been taken to protect the Project Site and the Project from flood damage;
 - (xiv) a copy of the Plans and Specifications, if requested by the Director;
 - (xv) UCC security interest, judgment and tax lien searches regarding the Company from all appropriate jurisdictions;
 - (xvi) landlord waivers; and
 - (xvii) such other certifications, documents or opinions as the Director may reasonably request.

(b) Disbursement of Funds from the Escrow Account. Subject to the terms hereof and the Escrow Disbursing Agreement, the disbursement of Escrow Funds shall be made on each Escrow Disbursement Date, provided the affirmations set forth in subsection (d) below are true, accurate and complete and the Director shall have received the following on or before each such Escrow Disbursement Date:

- (i) a Disbursement Request, duly completed and executed by the Company, indicating the nature of each Allowable Innovation Cost incurred, the amount thereof, that the Required Equity Contribution has been paid from retained earnings and/or working capital of the Company and setting forth a date (which must be a Business Day) not less than 10 days nor more than 25 days from the date of the submission of the Disbursement Request, upon which the disbursement is to be made;
- (ii) a Cost Certification;
- (iii) a written certification from the Company that certain technical milestones set forth in Schedule 1.2 attached hereto have been met with respect to the Project and that the Allowable Innovation Costs are capitalizable expenses under generally accepted accounting principles, consistently applied;

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- (iv) such other certifications, documents or opinions as the Director may reasonably request; and
 - (v) in connection with the final Escrow Disbursement Date, the following additional items:
 - (1) the items required by Section 3.5 hereof;
 - (2) if applicable, certificate of compliance issued by the Wage and Hour Bureau of the Department of Commerce of the State, certifying as to full compliance with Chapter 4115, Ohio Revised Code;
 - (3) Final Cost Certificate;
 - (4) certificate of occupancy, if applicable; and
 - (5) list of all contractors and subcontractors (names and addresses) who worked on the Project, if applicable.

(c) If the items described in subsection 3.6(b) received by the Director are deemed by it to be satisfactory in form, substance and execution and if the Director shall have approved the disbursement of Escrow Funds as set forth in the Disbursement Request, the Director shall instruct the Escrow Agent to disburse the appropriate portion of the Escrow Funds to the Company and in the amounts shown on the Disbursement Request.

(d) Each Disbursement Request shall be deemed an affirmation by the Company that (i) the undisbursed portion of the Escrow Funds, after the requested disbursement, together with the undisbursed portion of the Required Equity Contribution, will be sufficient to complete the Project, (ii) the Project Equipment which is described in the Disbursement Request has been delivered and accepted by the Company, (iii) the representations and warranties of Company set forth in the Loan Documents and the Loan Approval Documents remain true and correct as of the date of the disbursement of Escrow Funds in accordance with such Disbursement Request, (iv) no Event of Default shall have occurred as of the date of the disbursement of Escrow Funds in accordance with such Disbursement Request, (v) each item for which payment is requested hereunder is an Allowable Innovation Cost, properly payable out of the Escrow Funds in accordance with the terms and conditions of this Agreement and the other Loan Documents; (vi) none of the items for which payment is requested had formed the basis for any payment heretofore made from the Escrow Funds; and (vii) each item for which payment is requested is necessary in connection with the Project.

(e) Upon the giving of written notice by the Director to the Escrow Agent that no further disbursements of the Escrow Funds and/or interest accrued on the Escrow Funds shall be made (whether due to the occurrence of an Event of Default under the Loan Documents or upon the occurrence of such other event permitting the Director to terminate disbursement as provided for herein), the Escrow Agent shall not make any further disbursements of the Escrow Funds and/or such

accrued interest until the Escrow Agent is notified in writing by the Director that either (i) such disbursements may resume, or (ii) the Escrow Agent shall disburse all remaining Escrow Funds, together with all accrued interest thereon, to the Director.

Section 3.7. Postponement of Escrow Disbursement Termination Date. At the written request of the Company setting forth the reasons therefor and received at least 20 days prior to the Escrow Disbursement Termination Date, the Director may, but shall be under no obligation to, postpone the Escrow Disbursement Termination Date to a later date. No such postponement shall be deemed to have been granted unless stated in a writing signed by the Director specifying the length of the extension given. If for any reason the Loan and the Escrow Funds shall not have been fully disbursed on or before the Escrow Disbursement Termination Date or such subsequent date as the Director shall have specified in writing pursuant to the preceding sentence, the Director shall not have any obligation to approve or permit any further disbursement of proceeds of the Loan to the Escrow Account nor disbursement of Escrow Funds from the Escrow Account to the Company. For purposes of this Section, time is of the essence.

Section 3.8. Payment of Costs; Indemnification

- (a) The Company shall pay all costs incident to the Loan, including, but not limited to, recording fees, insurance fees, escrow fees and all costs and expenses incurred by the Director.
- (b) The Company shall, at its sole cost and expense, defend, indemnify and hold the Director and any officials, employees, agents and representatives of the Director and the State, its and their successors and assigns, harmless from and against, and shall reimburse the Director and any officials, employees, agents and representatives of the Director and the State, its and their successors and assigns for, any and all loss, cost, claim, liability, damage, judgment, penalty, injunctive relief, action or cause of action arising in connection with or as the result of:
 - (i) any past, present or future existence, use, handling, storage, transportation, manufacture, Release, threat of Release, or disposal of any Hazardous Substance in, on or under the Project or the Project Site;
 - (ii) the occurrence of any Environmental Activity in violation of any Environmental Requirement, or any failure of the Company or any operator of the Project or Project Site to comply with all applicable Environmental Requirements relating to the Project or the Project Site or the Use of the Project or the Project Site;
 - (iii) any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Authority in connection with any Environmental Activity occurring or allegedly occurring on or about the Project or the Project Site;

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- (iv) any failure of any representation and/or warranty set forth herein or in any other Loan Document to be correct in all respects;
 - (v) any failure of the Company to perform any covenant set forth herein or in any other Loan Document;
 - (vi) any claim, demand or cause of action, or any action or other proceedings, whether meritorious or not, brought or asserted against the Director and/or any officials, employees, agents and representatives of the Director and the State, its and their successors and assigns, which directly or indirectly relates to, arises from or is based on any of the matters described in clauses (i) through (v) of this Section 3.8(b) or any allegation of any such matters; or
 - (vii) the execution and delivery of this Agreement or any other Loan Documents and the transactions contemplated thereby, and the preparation of documents relating to the disbursement of the Loan, including all aforementioned costs and expenses, regardless of whether or not the disbursement of the Loan shall actually occur; and
 - (viii) the enforcement of this Agreement or the assertion by the Company of any defense to its obligations hereunder. This indemnity and hold harmless provision shall apply to all of clauses (i) through (viii) of this Section 3.8(b) whether such events, acts or omissions are foreseeable or unforeseeable, regardless of the source, the time of occurrence or the time of discovery, and whether any of such matters arise before or after foreclosure of the Security Documents or other taking of title to all or any portion of the Project Site and/or the Project by the Director, its successors and/or assigns (all of this preceding sentence hereinafter collectively referred to as a "Loss"). The foregoing indemnification against Loss includes, without limitation, indemnification against all costs in law or in equity of removal, response, investigation, or remediation of any kind, and disposal of such Hazardous Substances, all costs of determining whether the Project or the Project Site is in compliance with, and of causing the Project or the Project Site to be in compliance with, all applicable Environmental Requirements, all reasonable costs incurred to take precautions to protect against the Release of Hazardous Substances on, in, under or affecting the Project and the Project Site, all reasonable costs associated with any Corrective Work, all reasonable costs associated with claims for damages to persons, property, or natural resources, any reasonable loss to the Director from the diminution in the value of the Project or the Project Site, and the Director's attorneys' and consultants' fees, court costs and expenses incurred in connection with any thereof.
- (c) The provisions of this Section 3.8 shall survive the termination of this Agreement.

ARTICLE IV

Additional Covenants and Agreements

Section 4.1. Employment Statement; Job Creation. The Company shall furnish to the Director upon request, but in any event not less frequently than concurrently with the annual financial statements to be furnished pursuant to Section 4.3(e)(ii) hereof, throughout the term of the Loan a statement certifying (a) the number of employees of the Company employed on the Project as of the date of the Application; (b) the number of employees of the Company currently employed on the Project; (c) the number of any and all employees of the Company laid off or terminated from the Project since the Closing Date; (d) the current number of women and minority employees of the Company employed on the Project; and (e) such other employment, economic and statistical data concerning the Company as may be reasonably requested by the Director.

The Company has represented that the Loan will permit the Company to secure twenty-five (25) not at-risk full-time jobs at the Project Site, and create an estimated fifteen (15) new full-time jobs and employment opportunities at the Project Site during the three-year period after the Completion Date. If the Company fails, for reasons other than Market Conditions, to retain and create an aggregate of at least twenty-five (25) such jobs and employment opportunities, the interest rate on the outstanding balance of the Loan shall, at the option of the Director, increase to ten percent (10%) per annum.

Section 4.2. Public Offering. The Loan and all other amounts payable by the Company under this Agreement and the other Loan Documents shall be due and payable in full if the Company shall undertake and complete an initial public offering of its securities.

Section 4.3. Affirmative Covenants of the Company. Throughout the term of this Agreement, the Company shall:

- (a) **Taxes and Assessments.** Pay and discharge promptly, or cause to be paid and discharged promptly, when due and payable, all taxes, assessments and governmental charges, levies or claims imposed upon it, its income or any of its property, or upon any part thereof, as well as all claims of any kind (including claims for labor, materials and supplies) which, if unpaid, might by law become a lien or charge upon its property.

Notwithstanding the preceding paragraph, the Company may, at the Company's expense and after prior notice to the Director, by appropriate proceedings diligently prosecuted, contest in good faith the validity or amount of any such taxes, assessments, governmental charges, levies and claims and during the period of contest, and after notice to the Director, may permit the items so contested to remain unpaid, provided that adequate reserves or other appropriate provisions, if any, as shall be required by generally accepted accounting principles shall have been made by the Company. However, if at any time the Director shall notify the Company that, in the opinion of legal counsel satisfactory to the Director, by nonpayment of any

such items the lien created by the Security Documents as to any part of the Project, the Project Site and/or the Collateral will be materially affected or the Project, the Project Site and/or the Collateral or any part thereof will be subject to imminent loss or forfeiture, the Company shall promptly pay such taxes, assessments, charges, levies or claims.

- (b) Maintain Existence. Do or cause to be done all things necessary to preserve and keep in full force and effect its existence and its material rights and franchises.
- (c) Maintain Property. Maintain and keep its property in good repair, working order and condition, and from time to time make all repairs, renewals and replacements which, in the opinion of the Company, are necessary and proper so that the business carried on in connection therewith may be properly and advantageously conducted at all times; *provided, however*, subject to the terms of the Security Documents, that nothing in this subsection (c) shall prevent the Company from selling or otherwise disposing of any property whenever, in the good faith judgment of the Company, such property is obsolete, worn out, without economic value or unnecessary for the conduct of the business of the Company.
- (d) Maintain Insurance. Keep all of its insurable property insured against loss or damage by fire and other risks, maintain public liability insurance against claims for personal injury, death, or property damage suffered by others upon, in or about any premises occupied by the Company; and maintain all such worker's compensation or similar insurance as may be required under the laws of any state or jurisdiction in which it may be engaged in business. All insurance for which provision has been made in this subsection (d) shall be maintained against such risks and in at least such amounts as set forth in the Security Documents, and all insurance herein provided for shall be effected and maintained in force under a policy or policies issued by insurers of recognized responsibility, except that it may effect worker's compensation or similar insurance in respect of operations in any state or other jurisdiction either through an insurance fund operated by such state or other jurisdiction or by causing to be maintained a system or systems of self-insurance which is in accordance with applicable law.
- (e) Furnish Information. Furnish to the Director:
 - (i) Quarterly Reports. Within 30 days after the end of each quarterly period of each fiscal year of the Company, a copy of its prepared financial statements, including the balance sheet of the Company as at the end of such quarterly period, together with related statements of income, retained earnings and cash flows for such quarterly period and for the period from the beginning of such fiscal year to the end of such quarter, setting forth in comparative form the corresponding figures as at the end of or for the corresponding quarter of the previous fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a consistent basis, subject to usual year-end audit adjustments.

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- (ii) Annual Reports. Within 120 days after the end of each fiscal year of the Company, a copy of its reviewed financial statements, including the balance sheet of the Company as at the end of such fiscal year, together with related statements of income, retained earnings and cash flows for such fiscal year, setting forth in comparative form the corresponding figures as at the end of or for the previous fiscal year, all in reasonable detail and all examined by and accompanied by a review or opinion of its independent certified public accountants to the effect that such financial statements were prepared in accordance with the generally accepted accounting principles consistently applied, and present fairly the Company's financial position at the close of such periods and the results of its operations for such periods.
 - (iii) Certificate: No Default. With each of the financial reports required to be furnished under this Section, a certificate of the Company's chief executive officer or chief financial officer stating that (a) no Event of Default has occurred and is continuing and no event or circumstance which would constitute an Event of Default, but for the requirement that notice be given, time elapse or otherwise, has occurred and is continuing, or, if such an Event of Default or such event or circumstance has occurred and is continuing, a statement as to the nature thereof and the action which the Company proposes to take with respect thereto, and that (b) no action, suit or proceeding by it or against it at law or in equity, or before any governmental instrumentality or agency, is pending or threatened, which, if adversely determined, would materially impair the right or ability of the Company to carry on the business which is contemplated in connection with the Project or would materially impair the right or ability of the Company to perform the transactions contemplated by this Agreement, the other Loan Documents or would materially and adversely affect its business, operations, properties, assets or condition, all as of the date of such certificate, except as disclosed in such certificate.
 - (iv) Other Information. Such other information respecting the business, properties or the condition or operations, financial or otherwise, of the Company as the Director may reasonably request.
- (f) Deliver Notice. Forthwith upon learning of any of the following, deliver written notice thereof to the Director, describing the same and the steps being taken by the Company with respect thereto:
- (i) the occurrence of an Event of Default or an event or circumstance which would constitute an Event of Default, but for the requirement that notice be given, elapse of time or otherwise; or

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- (ii) any action, suit or proceeding by it or against it at law or in equity, or before any governmental instrumentality or agency, instituted or threatened which, if adversely determined, would materially impair the right or ability of the Company to carry on the business which is contemplated in connection with the Project or would materially impair the right or ability of the Company to perform the transactions contemplated by the Loan Documents, or would materially and adversely affect its business, operations, properties, assets or condition; or
 - (iii) the occurrence of a Reportable Event under, or the institution of steps by the Company to withdraw from, or the institution of any steps to terminate, any Plan as to which the Company may have liability; or
 - (iv) any material communication affecting the Project, the Project Site or the DCB Loan Documents, and the Company will promptly respond fully to any inquiry of the Director made with respect thereto.
- (g) Inspection Rights. Permit the Director, or any agents or representatives thereof, to examine and make copies of and abstract from the records and books of account of, and visit the properties of, the Company and discuss the general business affairs of the Company with any of its officers.
- (h) Purchases. Use its best efforts to purchase goods and services from persons and business entities located in this State.
- (i) Environmental Matters.
- (i) Comply with all Environmental Requirements relating to the Project and the Project Site or to the Use of the Project and the Project Site.
 - (ii) Notify the Director, within 15 days, if it commences to contest the assertion of any Governmental Authority or any third party of any obligation or liability affecting it or the Project, the Project Site or any part thereof regarding an Environmental Activity or an Environmental Requirement, and, if requested by the Director, shall give the Director monthly reports thereafter during the period of such contest. If the Company contests the assertion of any such obligation or liability, such contest shall be diligently prosecuted until a final judgment is obtained. If such contest is unsuccessful, the Company shall promptly commence Corrective Work. If the Company is not contesting the assertion of any such obligation or liability, the Company shall commence Corrective Work promptly after the Company obtains actual knowledge of any Hazardous Substances on, in or affecting the Project or the Project Site.

- (iii) Notify the Director prior to the commencement of any Corrective Work, and shall promptly submit to the Director, for the Director's review, reasonably detailed plans for any such Corrective Work. If the Director, based upon the proper advice and judgment of the Director's experts, reasonably rejects such plans, the Company shall promptly submit revised plans to the Director. The Director shall have no liability to the Company or any third party for accepting or rejecting such plans. After the commencement of Corrective Work, the Company shall, if requested by the Director, give the Director monthly reports during the performance of such Corrective Work.
- (j) Operations: Chief Executive Office. Maintain its primary operations and chief executive office in the State during the term of the Loan; if such operations are not so maintained, the Loan and all other amounts payable by the Company under the Agreement and Loan Documents shall be due and payable in full. Prior to any change in the location of the Company's primary operations and chief executive office, Company shall obtain the written consent of the Director, which consent may be given or withheld in the Director's sole discretion, and shall deliver to the Director a landlord waiver in form and substance substantially similar to the Landlord Waiver delivered on the Closing Date or a mortgage in form and substance satisfactory to the Director, as applicable, and any other documents or agreements as Director requests and deems necessary and advisable in its discretion to preserve and protect its security interests granted under the Loan Documents and to exercise and enforce its rights and remedies thereunder.

Section 4.4. Negative Covenants of the Company. Throughout the term of this Agreement, the Company and its ERISA Affiliates shall not:

- (a) Maintain Existence. Sell, transfer or otherwise dispose of all, or substantially all, of its assets, consolidate with or merge into any other entity, or permit one or more entities to consolidate with or merge into it; *provided, however*, that the Company may, without violating the agreement contained in this subsection (a), consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell, transfer or otherwise dispose of all, or substantially all, of its assets and thereafter dissolve if: (i) the prior written consent of the Director is obtained; (ii) the surviving, resulting or transferee entity, as the case may be, assumes in writing all of the obligations of the Company hereunder (if such surviving, resulting or transferee entity is other than the Company); and (iii) the surviving, resulting or transferee entity, as the case may be, is an entity duly organized and validly existing under the laws of the State or duly qualified to do business therein, and has a net worth of not less than that of the Company immediately prior to such disposition, consolidation or merger, transfer or change of form.
- (b) ERISA. (i) Voluntarily terminate, or file a notice of intent to terminate, any Plan maintained for employees of the Company or any ERISA Affiliate and covered by Title IV of ERISA; (ii) adopt any amendment to a Plan that is treated as a termination

under Section 4041 or 4041A of ERISA; (iii) withdraw from a Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or have a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (iv) enter into any Prohibited Transaction involving any Plan; (v) cause the occurrence of any Reportable Event for which the PBGC has not waived the requirement of notice; (vi) cause a complete or partial withdrawal from a Multiemployer Plan or receive notification that a Multiemployer Plan is in reorganization; (vii) allow or suffer to exist commencement of proceedings by the PBGC to terminate a Plan or Multiemployer Plan; (viii) allow to exist an event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or Multiemployer Plan; (ix) cause the imposition of any liability under Title IV of ERISA on the Company or any ERISA Affiliate, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA; or (x) allow or suffer to exist any other event or condition that results in any material liability of the Company or any ERISA Affiliate to the PBGC.

- (c) Agreements. Enter into any agreement containing any provision which would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered by it hereunder or in connection herewith.
- (d) Assignment or Lease. In whole or in part, assign this Agreement or lease or grant the right to occupy or use the Project to others, without the prior written consent of the Director.
- (e) Encumbered Assets. Pledge, assign, hypothecate or in any manner encumber any of its assets excepting, however, pursuant to the Loan Documents and the DCB Loan Documents.
- (f) Removal of Assets. Remove, transfer or transport any of the Company's assets from the Project Site other than the operation of motor vehicles or the shipment of goods in the ordinary course of business.
- (g) Environmental Matters. Produce, treat, store, generate, dispose of or Release any Hazardous Substance in violation of any Environmental Requirement.
- (h) Suspension of Operation. Suspend or discontinue operation of its business.
- (i) Stock Transfers. Issue, transfer, sell, or cause to be issued, transferred or sold, any shares of its capital stock.
- (j) Leasebacks. Enter into any arrangements, directly or indirectly, with any person whereby the Company shall sell or transfer any property, whether now owned or hereafter acquired, used or useful in the Company's business, in connection with the

rental or lease or the property so sold or transferred or of other property which the Company intends to use for substantially the same purpose or purposes as the property so sold or transferred.

- (k) Change of Business. Enter into any business which is substantially different from that presently conducted by the Company without the written consent of the Director.
- (l) Zoning Changes. Initiate, approve or acquiesce to any change in or modification to the zoning in effect for the Project Site or any portion thereof without the prior written consent of the Director. The Company shall promptly notify the Director of any such proposed change or modification stating in reasonable detail the anticipated or proposed change and the manner in which such change would affect the Company's use and enjoyment of the Project Site, or any part thereof. The Director shall have the right to participate in any and all proceedings, judicial, administrative or otherwise, with respect to or in any way affecting the Project Site, including, without limitation, zoning, environmental and other matters.
- (m) Modification of DCB Loan Documents. Enter into any modification, amendment or alteration of any DCB Loan Document which changes the amount of the DCB Loan or the payment schedule for the DCB Loan or which materially affects the rights and interests of the Director as determined by the Director in its sole discretion without the prior written consent of the Director.
- (n) Shareholder Loans. The Company shall not receive, incur, or have outstanding, any loan from any officer, director or holder of 5% or more of the Company's equity securities (present or future) (a "Shareholder Loan"), unless such Shareholder Loan is subordinated to the Loan and all obligations owing to Director pursuant to the Loan Documents. The Company shall promptly obtain and deliver to Director an executed subordination agreement relating to any such Shareholder Loan in form and content satisfactory to Director (a "Subordination Agreement"). The Company shall not pay, or otherwise make a distribution as satisfaction for, interest on any Shareholder Loan except to the extent as may be permitted under the Subordination Agreement applicable thereto. Payments of principal on Shareholder Loans shall not be made except to the extent as may be permitted under the Subordination Agreement applicable thereto.

ARTICLE V

Events of Default and Remedies: Termination

Section 5.1. Events of Default. Each of the following shall be an "Event of Default":

- (a) the Company shall fail to pay when due any amount payable pursuant to this Agreement or under the Note; or

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- (b) failure by the Company to pay when due any other amounts to be so paid to the Director under this Agreement or any Loan Document; or
 - (c) failure by the Company to observe and perform any term, covenant or agreement contained in Section 4.1 hereof; or
 - (d) the Company shall fail to observe and perform any agreement, covenant, term or condition contained in this Agreement (other than as required pursuant to subsections (a), (b) and (c) above), and such failure continues for a period of 30 days after the Company has knowledge thereof; *provided, however*, that such 30 day cure period shall not apply to (i) any failure which in the good faith opinion of the Director is incapable of cure, (ii) any failure which has previously occurred, or (iii) any failure to maintain and keep in effect any insurance required by the Loan Documents; or
 - (e) any representation or warranty made by the Company (or any of its officers) herein or in any other Loan Documents or Loan Approval Documents or in connection herewith or therewith shall prove to have been incorrect in any material respect when made; or
 - (f) the Company shall fail to pay any indebtedness of the Company, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, by acceleration, on demand or otherwise), including, without limitation, the DCB Loan Documents, and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness; or any other default under any agreement or instrument relating to any such indebtedness, including, without limitation, the DCB Loan Documents, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such indebtedness; or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or
 - (g) the Company commences a voluntary case concerning it under Title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against the Company under the Bankruptcy Code and relief is ordered against the Company, or the petition is controverted but is not dismissed within 60 days after the commencement of the case; or the Company is not generally paying its debts as such debts become due; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Company; or the Company commences any other proceeding under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect; or there is commenced against the Company any such proceeding which remains undismissed

for a period of 60 days; or the Company is adjudicated insolvent or bankrupt; or the Company fails to controvert in a timely manner any such case under the Bankruptcy Code or any such proceeding or any order of relief or other order approving any such case or proceeding or in the appointment of any custodian or the like of or for it or any substantial part of its property or suffers any such appointment to continue undischarged or unstayed for a period of 60 days; or the Company makes a general assignment for the benefit of creditors; or any action is taken by the Company for the purpose of effecting any of the foregoing; or a receiver or trustee or any other officer or representative of the court or of creditors, or any court, governmental officer or agency, shall under color of legal authority, take and hold possession of any substantial part of the property or assets of the Company for a period in excess of 60 days; or

- (h) a judgment or order for the payment of money in excess of One Hundred Thousand Dollars (\$100,000.00) shall be rendered against the Company and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or
- (i) the Company fails to meet its minimum funding requirements under Section 301 *et seq.* of ERISA, with respect to any of its Plans; or
- (j) any default in the observance or performance of any other covenant, condition or provision (other than set forth above) under any other Loan Document or the DCB Loan Documents shall have occurred and be continuing; or
- (k) the Project is not completed by the Completion Date.

Section 5.2. Remedies on Default. Whenever an Event of Default shall have occurred and be continuing, any one or more of the following remedial steps may be taken:

- (a) if none of the proceeds of the Loan has been disbursed into the Escrow Account, the Director may terminate any and all of the Director's obligations under this Agreement and the Commitment;
- (b) if the Loan has not been fully disbursed into the Escrow Account, the Director may terminate any and all of the Director's obligations under this Agreement and the Commitment to make any further advance of proceeds of the Loan into the Escrow Account;
- (c) if the Escrow Funds have not been fully disbursed from the Escrow Account, the Director may terminate any and all of the Director's obligations under this Agreement and the Commitment, to approve or permit any further disbursements from the Escrow Account and at the request of the Director, all amounts then held in the Escrow Account shall be disbursed to the Director;

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- (d) the Director may declare all payments under the Note to be immediately due and payable, whereupon the same shall become immediately due and payable;
 - (e) the Director may exercise any or all or any combination of the remedies specified in any Loan Document;
 - (f) the Director may have access to, inspect, examine and make copies of the books and records, accounts and financial data of the Company; or
 - (g) the Director may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Agreement, the Security Documents, the Note or any other Loan Documents, or to enforce the performance and observance of any other obligation or agreement of the Company under the Loan Documents.

Section 5.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Director by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, each other Loan Document, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Director to exercise any remedy reserved to the Director in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly provided for herein or required by law.

Section 5.4. Agreement to Pay Expenses and Attorneys' Fees. If an Event of Default shall occur and the Director shall incur expenses, including reasonable attorney's fees, in connection with the enforcement of this Agreement or any other Loan Document, or the collection of sums due thereunder, the Company shall reimburse the Director for the expenses so incurred upon demand. If any such expenses are not so reimbursed, the amount thereof, together with interest thereon from the date of demand for payment at the Interest Rate for Advances (as defined in the Security Documents), shall constitute additional indebtedness secured by the Security Documents, and in any action brought to collect such indebtedness or to foreclose or enforce the Security Documents, the Director shall be entitled to seek the recovery of such expenses in such action.

Section 5.5. No Waiver. No failure by the Director to insist upon the strict performance by the Company of any provision hereof shall constitute a waiver of the Director's right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Company to observe or comply with any provision hereof.

ARTICLE VI

Miscellaneous

Section 6.1. Term of Agreement. This Agreement shall be and remain in full force and effect from the date of its delivery until (a) the termination of this Agreement pursuant to Section 5.2(a)-(c) hereof or (b) such time as the Loan shall have been fully repaid and all other sums payable by the Company under this Agreement, the Security Documents, the Note and the other Loan Documents shall have been paid.

Section 6.2. Notices. (a) All notices, certificates, requests or other communications hereunder shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail, postage prepaid, or sent by telecopier. The Company or the Director may, by notice given hereunder, change a Notice Address or designate any further addresses to which subsequent notices, certificates, requests or other communications shall be sent. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 6.2(b), shall be effective as provided in such Section.

(b) Notices and other communications hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Director. The Director or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Director otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

Section 6.3. Extent of Covenants of the Director; No Personal Liability. All covenants, obligations and agreements of the Director contained in this Agreement and all other Loan Documents shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future Director in other than such Director's official capacity acting pursuant to the Act.

Section 6.4. Binding Effect. This Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Director, the Company and their respective successors and assigns; *provided, however,* the Company may not assign this Agreement or any of the Loan Documents without the prior written consent of the Director.

Section 6.5. Amendments and Supplements. This Agreement may not be amended or supplemented except by an instrument in writing executed by the Director and the Company.

Section 6.6. Execution Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 6.7. Severability. If any provision of this Agreement, or any covenant, obligation or agreement contained herein, is determined by a court to be invalid or unenforceable, such determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if such invalid or unenforceable provision were not contained herein. Such invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement, shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 6.8. Captions; Entire Agreement. The captions and headings in this Agreement shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement. All exhibits and schedules to this Agreement shall be annexed hereto and shall be deemed to be part of this Agreement. This Agreement and the exhibits and schedules attached hereto and the Loan Documents embody the entire agreement and understanding between the Director and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 6.9. Interpretation. This Agreement shall be deemed to have been prepared jointly by the parties hereto and any uncertainty or ambiguity existing herein shall not be interpreted against any party but shall be interpreted according to the rules for the interpretation of arm's length agreements.

Section 6.10 WAIVER OF JURY TRIAL. THE COMPANY AND THE DIRECTOR, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS LOAN AGREEMENT, THE NOTE, THE SECURITY DOCUMENTS, OR ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF ANY OF THEM. THIS WAIVER SHALL NOT IN ANY WAY AFFECT THE DIRECTOR'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED IN THE NOTE, IN ANY LOAN DOCUMENT OR ANY RELATED INSTRUMENT OR AGREEMENT. NEITHER THE COMPANY NOR THE DIRECTOR SHALL

SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY THE COMPANY OR THE DIRECTOR EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY BOTH OF THEM.

Section 6.11. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

[Signature Page Follows]

IN WITNESS WHEREOF, this Loan Agreement has been executed and delivered as of the date hereinbefore written.

DIRECTOR OF DEVELOPMENT

of the State of Ohio, acting for and
on behalf of the State of Ohio

By: /s/ Christiane Schmenk
Christiane Schmenk
Chief Legal Counsel

INTELLINETICS, INC.,

an Ohio corporation

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President

EXHIBIT A

(to Loan Agreement between the Director of Development of the State of Ohio
and Intellinetics, Inc., dated June 3, 2011)

Form of Note

COGNOVIT PROMISSORY NOTE

\$ 750,000

June 3, 2011

For value received, Intellinetics, Inc., an Ohio corporation (the "Company"), promises to pay to the order of the Director of Development of the State of Ohio (the "Director"), at Strategic Business Investment Division, 77 South High Street, 28th Floor, P.O. Box 1001, Columbus, Ohio 43216-1001, or at such other address as may be designated in writing by the Director, the principal sum of Seven Hundred and Fifty Thousand Dollars (\$750,000), or such amount thereof as shall be disbursed to the Company, with interest on the amount of principal from time to time outstanding from the first Escrow Funding Date as specified under and defined in the Loan Agreement between the Director and the Company dated as of June 3, 2011 (the "Loan Agreement"), at the rate of one percent (1%) per annum during the twelve months next succeeding the first Escrow Funding Date, and thereafter at the rate of seven percent (7%) per annum until paid, subject to adjustment as set forth in the Loan Agreement or herein. Interest on this Note shall be paid in monthly installments, which shall be due and payable on the first day of each calendar month, commencing with the first day of July, 2011 (the "First Interest Payment Date") and such amount shall include interest accrued thereon from the first Escrow Funding Date to the First Interest Payment Date. The principal of this Note shall be paid in sixty (60) consecutive monthly installments in the amounts set forth on Schedule A attached hereto, each plus interest thereon, which shall be due and payable on the first day of each calendar month commencing on the first day of July 1, 2013 (the "First Installment Date") and ending on June 1, 2018 (the "Last Installment Date") and the amount of the installment payable on the Last Installment Date shall be equal to the balance of the principal sum outstanding, together with interest accrued thereon and yet unpaid. In addition, the Company promises to pay to the order of the Director a monthly service fee equal to one-twelfth (1/12) of one percent (1.0%) of the principal balance outstanding from time to time under this Note (the "Service Fee"), and such Service Fee shall be due and payable on the first day of each calendar month commencing on the first day of the second month after the first Escrow Funding Date and continuing each following month until and including the Last Installment Date.

In addition to all other payments required hereunder, upon maturity of the Loan (as defined in the Loan Agreement) whether at scheduled maturity, by acceleration or otherwise, the Company shall pay to the Director a loan participation fee equal to 10% of the dollar amount of the Loan actually funded; provided, however, if the Loan is prepaid in full prior to Last Installment Date, the loan participation fee shall be paid to the Director at the time of such prepayment.

This Note does not of itself constitute a commitment by the Director to make any disbursement of the Loan (as defined in the Loan Agreement) to the Company. The conditions for making such a disbursement are set forth in the Loan Agreement. The disbursements made by the Director to the Company shall not exceed the face amount of this Note and the total amount of such disbursement is limited by and subject to the conditions for making disbursement of the Loan as set forth in the Loan Agreement.

The annual rate of interest stated herein shall apply to a 360-day period, and amounts of interest due hereunder shall be computed upon the basis of 30-day months. Installments of principal, interest and monthly service fee shall be applied first to monthly service fee, then interest as provided herein and the balance to principal due hereunder.

The Company may prepay all or any portion of the principal sum hereof at any time without penalty. All such prepayments shall be applied to the payment of the principal installments due hereon in the inverse order of their maturity, and shall be accompanied by the payment of accrued interest and monthly service fee on the amount of the prepayment to the date thereof.

The payment of this Note and all interest and monthly service fees hereon is secured by a Security Agreement, Intercreditor Agreement, and UCC Financing Statements (collectively, the "Security Documents"). The covenants, conditions and agreements contained in the Security Documents and the Loan Agreement are hereby made a part of this Note.

The Company, each endorser and any other party liable on this Note severally waives demand, presentment, notice of dishonor and protest.

If default be made in the payment of any installment of principal, interest and/or monthly service fee under this Note when any such payment shall have become due and payable, or if an "Event of Default," as defined in the Loan Agreement or the Security Documents, shall have occurred and be subsisting, then, at the option of the Director, the entire principal sum payable hereunder and all interest and monthly service fees accrued thereon shall become due and payable at once, without demand or notice.

To the extent permitted by law, upon the occurrence of an Event of Default and until such time such Event of Default shall have been cured or waived, the rate of interest under this Note and on any obligation of the Company under the Loan Documents shall be increased to ten percent (10%) per annum.

THE COMPANY AND THE DIRECTOR, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS NOTE, THE LOAN AGREEMENT, THE SECURITY DOCUMENTS, OR ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF EITHER OF THEM. THIS WAIVER SHALL NOT IN ANY WAY AFFECT THE DIRECTOR'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED HEREIN, IN THE LOAN AGREEMENT, THE SECURITY DOCUMENTS OR ANY RELATED INSTRUMENT OR AGREEMENT. NEITHER THE COMPANY NOR THE DIRECTOR SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE

DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY THE COMPANY OR THE DIRECTOR EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY BOTH OF THEM.

The Company hereby irrevocably authorizes any attorney-at-law, including any attorney-at-law employed or retained by the Director, to appear for it in any action on this Note at any time after the same becomes due as herein provided, in any court of record situated in Franklin County, Ohio (which the Company acknowledges to be the place where this Note was signed), or in the county where the Company then resides or can be found, to waive the issuing and service of process, and confess a judgment in favor of the Director or other holder of this Note against the Company for the amount that may then be due, with interest at the rate provided for herein, together with the costs of suit, and to waive and release all errors in said proceedings and the right to appeal from the judgment rendered. The Company consents to the jurisdiction and venue of such court. The Company waives any conflict of interest that any attorney-at-law employed or retained by the Director may have in confessing judgment hereunder and consents to the payment of a legal fee to any attorney-at-law confessing judgment hereunder.

This Note was executed in Columbus, Ohio, and shall be construed in accordance with the laws of Ohio.

WARNING—BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

INTELLINETICS, INC.,

an Ohio corporation

By: _____
Matthew L. Chretien, President

This Note is subject to the terms and conditions of a certain Intercreditor Agreement of even date herewith between the Director and The Delaware County Bank and Trust Company.

EXHIBIT B

(to Loan Agreement between the Director of Development of the State of Ohio
and Intellinetics, Inc., dated June 3, 2011)

Project Equipment

NONE

EXHIBIT C

(to Loan Agreement between the Director of Development of the State of Ohio
and Intellinetics, Inc., dated June 3, 2011)

Project Intangible Facilities

- Redactivue v2.0 Platform
 - Redactivue End User Client Module
 - Redactivue Administrative Tools
 - Host Site Manager
 - Analyst's Tool/Template Builder
 - Redactivue Import Services Module
 - Inbound image processing
 - Inbound image capture
 - Redactivue Export Services
 - Configurable data export
 - Product Specific Connectors
 - Web Services
 - ICM expansion to support Redactivue v2.0 features

SCHEDULE 1.2

Schedule of Development

- Redactivue v2.0 Platform
 - Redactivue End User Client Module 9/1/2011—1/1/2012
 - Redactivue Administrative Tools 6/1/2011—4/1/2011
 - Host Site Manager
 - Analyst's Tool /Template Builder
 - Redactivue Import Services Module 6/1/2011—4/1/2012
 - Inbound image processing
 - Inbound image capture
 - Redactivue Export Services 9/1/2011—4/1/2012
 - Configurable data export
 - Product Specific Connectors
 - Web Services 6/1/2011—4/1/2012
 - ICM expansion to support Redactivue v2.0 features

COGNOVIT PROMISSORY NOTE

\$ 750,000

June 3, 2011

For value received, Intellinetics, Inc., an Ohio corporation (the "Company"), promises to pay to the order of the Director of Development of the State of Ohio (the "Director"), at Strategic Business Investment Division, 77 South High Street, 28th Floor, P.O. Box 1001, Columbus, Ohio 43216-1001, or at such other address as may be designated in writing by the Director, the principal sum of Seven Hundred and Fifty Thousand Dollars (\$750,000), or such amount thereof as shall be disbursed to the Company, with interest on the amount of principal from time to time outstanding from the first Escrow Funding Date as specified under and defined in the Loan Agreement between the Director and the Company dated as of June 3, 2011 (the "Loan Agreement"), at the rate of one percent (1%) per annum during the twelve months next succeeding the first Escrow Funding Date, and thereafter at the rate of seven percent (7%) per annum until paid, subject to adjustment as set forth in the Loan Agreement or herein. Interest on this Note shall be paid in monthly installments, which shall be due and payable on the first day of each calendar month, commencing with the first day of July, 2011 (the "First Interest Payment Date") and such amount shall include interest accrued thereon from the first Escrow Funding Date to the First Interest Payment Date. The principal of this Note shall be paid in sixty (60) consecutive monthly installments in the amounts set forth on Schedule A attached hereto, each plus interest thereon, which shall be due and payable on the first day of each calendar month commencing on the first day of July 1, 2013 (the "First Installment Date") and ending on June 1, 2018 (the "Last Installment Date") and the amount of the installment payable on the Last Installment Date shall be equal to the balance of the principal sum outstanding, together with interest accrued thereon and yet unpaid. In addition, the Company promises to pay to the order of the Director a monthly service fee equal to one-twelfth (1/12) of one percent (1.0%) of the principal balance outstanding from time to time under this Note (the "Service Fee"), and such Service Fee shall be due and payable on the first day of each calendar month commencing on the first day of the second month after the first Escrow Funding Date and continuing each following month until and including the Last Installment Date.

In addition to all other payments required hereunder, upon maturity of the Loan (as defined in the Loan Agreement) whether at scheduled maturity, by acceleration or otherwise, the Company shall pay to the Director a loan participation fee equal to 10% of the dollar amount of the Loan actually funded; provided, however, if the Loan is prepaid in full prior to Last Installment Date, the loan participation fee shall be paid to the Director at the time of such prepayment.

This Note does not of itself constitute a commitment by the Director to make any disbursement of the Loan (as defined in the Loan Agreement) to the Company. The conditions for making such a disbursement are set forth in the Loan Agreement. The disbursements made by the Director to the Company shall not exceed the face amount of this Note and the total amount of such disbursement is limited by and subject to the conditions for making disbursement of the Loan as set forth in the Loan Agreement.

The annual rate of interest stated herein shall apply to a 360-day period, and amounts of interest due hereunder shall be computed upon the basis of 30-day months. Installments of principal, interest and monthly service fee shall be applied first to monthly service fee, then interest as provided herein and the balance to principal due hereunder.

The Company may prepay all or any portion of the principal sum hereof at any time without penalty. All such prepayments shall be applied to the payment of the principal installments due hereon in the inverse order of their maturity, and shall be accompanied by the payment of accrued interest and monthly service fee on the amount of the prepayment to the date thereof.

The payment of this Note and all interest and monthly service fees hereon is secured by a Security Agreement, Intercreditor Agreement, and UCC Financing Statements (collectively, the "Security Documents"). The covenants, conditions and agreements contained in the Security Documents and the Loan Agreement are hereby made a part of this Note.

The Company, each endorser and any other party liable on this Note severally waives demand, presentment, notice of dishonor and protest.

If default be made in the payment of any installment of principal, interest and/or monthly service fee under this Note when any such payment shall have become due and payable, or if an "Event of Default," as defined in the Loan Agreement or the Security Documents, shall have occurred and be subsisting, then, at the option of the Director, the entire principal sum payable hereunder and all interest and monthly service fees accrued thereon shall become due and payable at once, without demand or notice.

To the extent permitted by law, upon the occurrence of an Event of Default and until such time such Event of Default shall have been cured or waived, the rate of interest under this Note and on any obligation of the Company under the Loan Documents shall be increased to ten percent (10%) per annum.

THE COMPANY AND THE DIRECTOR, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS NOTE, THE LOAN AGREEMENT, THE SECURITY DOCUMENTS, OR ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF EITHER OF THEM. THIS WAIVER SHALL NOT IN ANY WAY AFFECT THE DIRECTOR'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED HEREIN, IN THE LOAN AGREEMENT, THE SECURITY DOCUMENTS OR ANY RELATED INSTRUMENT OR AGREEMENT. NEITHER THE COMPANY NOR THE DIRECTOR SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER

ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY THE COMPANY OR THE DIRECTOR EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY BOTH OF THEM.

The Company hereby irrevocably authorizes any attorney-at-law, including any attorney-at-law employed or retained by the Director, to appear for it in any action on this Note at any time after the same becomes due as herein provided, in any court of record situated in Franklin County, Ohio (which the Company acknowledges to be the place where this Note was signed), or in the county where the Company then resides or can be found, to waive the issuing and service of process, and confess a judgment in favor of the Director or other holder of this Note against the Company for the amount that may then be due, with interest at the rate provided for herein, together with the costs of suit, and to waive and release all errors in said proceedings and the right to appeal from the judgment rendered. The Company consents to the jurisdiction and venue of such court. The Company waives any conflict of interest that any attorney-at-law employed or retained by the Director may have in confessing judgment hereunder and consents to the payment of a legal fee to any attorney-at-law confessing judgment hereunder.

This Note was executed in Columbus, Ohio, and shall be construed in accordance with the laws of Ohio.

WARNING—BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

INTELLINETICS, INC.,

an Ohio corporation

By: /s/ Matthew L. Chretien

Matthew L. Chretien, President

This Note is subject to the terms and conditions of a certain Intercreditor Agreement of even date herewith between the Director and The Delaware County Bank and Trust Company.

BUSINESS LOAN AGREEMENT

Borrower: Intellinetics Inc.
2190 Dividend Drive
Columbus, OH 43228

Lender: The Delaware County Bank and Trust Company
Commercial Lending
110 Riverbend Ave.
P. O. Box 1001
Lewis Center, OH 43035

THIS BUSINESS LOAN AGREEMENT dated March 24, 2004, is made and executed between Intellinetics Inc. ("Borrower") and The Delaware County Bank and Trust Company ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement ("Loan"). Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of March 24, 2004, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until April 1, 2005.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Ohio. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 2190 Dividend Drive, Columbus, OH 43228. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of Borrower's articles of incorporation or organization, or bylaws, code of regulations, or any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of Borrower's Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about of from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws.

BUSINESS LOAN AGREEMENT
(Continued)

Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, prepared by Borrower in form satisfactory to Lender.

Tax Returns. As soon as available after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by a tax professional satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

BUSINESS LOAN AGREEMENT
(Continued)

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Compliance Certificates. Unless waived in writing by Lender, provide Lender at least annually, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) pay any dividends on Borrower's stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only so long as no Event of Default has occurred and is continuing or would result from the payment of dividends, if Borrower is a "Subchapter S Corporation" (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of Borrower's stock, or purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

**BUSINESS LOAN AGREEMENT
(Continued)**

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Borrower or Grantor, as the case may be, after receiving written notice from Lender demanding cure of such default: (1) cure the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the State of Ohio. This Agreement has been accepted by Lender in the State of Ohio.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's

BUSINESS LOAN AGREEMENT
(Continued)

obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means Intellinetics Inc. and includes all co-signers and co-makers signing the Note.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

**BUSINESS LOAN AGREEMENT
(Continued)**

Lender. The word "Lender" means The Delaware County Bank and Trust Company, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note executed by Intellinetics Inc. and any cosigners in the principal amount of \$201,024.00 dated March 24, 2004, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED MARCH 24, 2004.

BORROWER:

INTELLINETICS INC.

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President of Intellinetics Inc.

LENDER:

THE DELAWARE COUNTY BANK AND TRUST COMPANY

By: /s/ A. Michael Chretien
Authorized Signer

PROMISSORY NOTE

Borrower: Intellinetics Inc.
2190 Dividend Drive
Columbus, OH 43228

Lender: The Delaware County Bank and Trust Company
Commercial Lending
110 Riverbend Ave.
P. O. Box 1001
Lewis Center, OH 43035

Cosigner: Matthew L. Chretein, Robert J. D’Orazio and A.
Michael Chretein
432 E. Rich Street Unit 3E
Columbus, OH 43215

Principal Amount: \$201,024.00

Initial Rate: 4.000%

Date of Note: March 24, 2004

PROMISE TO PAY. Intellinetics Inc. and all cosigners signing this Note (“Borrower”) jointly and severally promise to pay to The Delaware County Bank and Trust Company (“Lender”), or order, in lawful money of the United States of America, the principal amount of Two Hundred One Thousand Twenty-four & 00/100 Dollars (\$201,024.00), together with interest on the unpaid principal balance from March 24, 2004, until paid in full.

PAYMENT. Borrower will pay this loan in one principal payment of \$201,024.00 plus interest on April 1, 2005. This payment due on April 1, 2005, will be for all principal and all accrued interest not yet paid. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning April 24, 2004, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender’s address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Money Rate section of the Wall Street Journal (the “Index”). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower’s request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 4.000% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate equal to the Index, resulting in an initial rate of 4.000% per annum.** NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower’s obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked “paid in full”, “without recourse”, or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender’s rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes “payment in full” of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: The Delaware County Bank and Trust Company, Commercial Lending, 110 Riverbend Ave., P. O. Box 1001, Lewis Center, OH 43035.

LATE CHARGE. If a payment is 11 days or more late, Borrower will be charged **5.000% of the unpaid portion of the regularly scheduled payment or \$20.00, whichever is greater.**

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, at Lender’s option, and if permitted by applicable law, Lender may add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note (including any increased rate). Upon default, Lender, at its option, may, if permitted under applicable law, increase the variable interest rate on this Note to 3.000 percentage points over the Index. The interest rate will not exceed the maximum rate permitted by applicable law.

DEFAULT. Each of the following shall constitute an event of default (“Event of Default”) under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower’s behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower’s existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower’s property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower’s accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor’s estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower’s financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

PROMISSORY NOTE
(Continued)

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by, construed and enforced in accordance with federal law and the laws of the State of Ohio. This Note has been accepted by Lender in the State of Ohio.

CONFESSION OF JUDGMENT. Borrower hereby irrevocably authorizes and empowers any attorney-at-law, including an attorney hired by Lender, to appear in any court of record and to confess judgment against Borrower for the unpaid amount of this Note as evidenced by an affidavit signed by an officer of Lender setting forth the amount then due, attorneys' fees plus costs of suit, and to release all errors, and waive all rights of appeal. If a copy of this Note, verified by an affidavit, shall have been filed in the proceeding, it will not be necessary to file the original as a warrant of attorney. Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. No single exercise of the foregoing warrant and power to confess judgment will be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void; but the power will continue undiminished and may be exercised from time to time as Lender may elect until all amounts owing on this Note have been paid in full. Borrower waives any conflict of interest that an attorney hired by Lender may have in acting on behalf of Borrower in confessing judgment against Borrower while such attorney is retained by Lender. Borrower expressly consents to such attorney acting for Borrower in confessing judgment.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$28.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instruments listed herein, all the terms and conditions of which are hereby incorporated and made a part of this Note:

(A) inventory, chattel paper, accounts, equipment and general intangibles described in a Commercial Security Agreement dated March 24, 2004.

(B) TRUST AGENCY ACCOUNT OF ROBERT J. D'ORAZIO ACCOUNT #6016 IN THE AMOUNT OF \$200,000.00. described in a Commercial Pledge Agreement dated March 24, 2004.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: The Delaware County Bank and Trust Company 110 Riverbend Ave., P.O. Box 1001 Lewis Center, OH 43035

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for this loan, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted to charge or collect by federal law or the law of the State of Ohio (as applicable). Any such excess interest or unauthorized fee shall, instead of anything stated to the contrary, be applied first to reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to Borrower. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PROMISSORY NOTE
(Continued)

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS AND THE NOTICE TO COSIGNER SET FORTH BELOW. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

NOTICE: FOR THIS NOTICE "YOU" MEANS THE BORROWER AND "CREDITOR" AND "HIS" MEANS LENDER.

WARNING—BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

BORROWER:

INTELLINETICS INC.

By: /s/ Matthew L. Chretein
Matthew L. Chretein, President of Intellinetics Inc.

COSIGNER:

× /s/ Matthew L. Chretein × /s/ Robert J. D'Orazio
Matthew L. Chretein, Individually Robert J. D'Orazio, individually

× /s/ A. Michael Chretein
A. Michael Chretein, Individually

Attorney In Fact for A. Michael Chretein

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The Lender can collect this debt from you without first trying to collect from the borrower. The Lender can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of YOUR credit record.

This notice is not the contract that makes you liable for the debt.



LOAN EXTENSION AGREEMENT

Account Number 10202200978

This Loan Extension Agreement (hereinafter referred to as "Agreement") made and entered into this 1st day of April, 2005, by and between Intellinetics Inc. (collectively referred to as "Borrower"), and The Delaware County Bank and Trust Company, 110 Riverbend Avenue, Lewis Center, Ohio 43035 (hereinafter referred to as "Lender").

WHEREAS, the Borrower executed and delivered to the Lender a certain Promissory Note dated March 24, 2004, for the principal sum of \$201,024.00; that Matured on April 1, 2005, and

WHEREAS, the parties hereto desire to modify the original Note to extend the maturity date on said Note:

NOW THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged the parties hereto agree as follows:

1. The maturity date on said Note shall be April 15, 2006.

All other terms and conditions in the original Note shall remain in full force and effect and the parties hereto agree that the only purpose of this Extension Agreement is to change the maturity date.

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement this 1st day of April, 2005

LENDER:

THE DELAWARE COUNTY BANK
AND TRUST COMPANY

By: /s/ James L. Bandeen
James L. Bandeen
Assistant Vice President

BORROWER:

INTELLINETICS INC.

By: /s/ Matthew L. Chretein
Matthew L. Chretein
President

COSIGNER:

BY: /s/ Matthew L. Chretein
Matthew L. Chretein
Individually

BY: /s/ Robert J. D'Orazio
Robert J. D'Orazio
Individually

BY: /s/ A. Michael Chretein
A. Michael Chretein
Individually

\$258.26 Interest due as of April 1, 2005

110 Riverbend Avenue, P.O. Box 1001, Lewis Center, Ohio 43035
(740) 657-7000 • webdcb.com

NOTE EXTENSION AGREEMENT

Account #10202200978

This Loan Extension Agreement (hereinafter referred to as "Agreement") made and entered into this 26th day of May, 2006, by and between Intellinetics, Inc. and cosigners A. Michael Chretein, Matthew L. Chretein, and Robert J. D'Orazio (hereinafter referred to as "Borrowers"), and The Delaware County Bank and Trust Company, 110 Riverbend Avenue, Lewis Center, Ohio (hereinafter referred to as "Lender").

WHEREAS, the Borrowers executed and delivered to the Lender a certain Promissory Note dated March 24, 2004 for the principal sum of \$201,024.00; that matured on April 15, 2006, and has a current balance of \$201,024.00, and

WHEREAS, the parties hereto desire to modify the original Note to extend the maturity date on said Note;

NOW THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged the parties hereto agree as follows:

1. The maturity date on said Note shall be extended until April 15, 2007.

All other terms and conditions in the original Note shall remain in full force and effect and the parties hereto agree that the only purpose of this Extension Agreement is to change the maturity date.

IN WITNESS WHEREOF, Borrowers and Lender have executed this Agreement this 26th day of May, 2006.

LENDER:

THE DELAWARE COUNTY BANK
AND TRUST COMPANY

BY: /s/ JAMES L. BANDEEN
JAMES L. BANDEEN

BORROWER:

INTELLINETICS, INC.

BY: /s/ A. MICHAEL CHRETEIN
A. MICHAEL CHRETEIN, Vice President

COSIGNERS:

BY: /s/ A. MICHAEL CHRETEIN
A. MICHAEL CHRETEIN

BY: /s/ MATTHEW L. CHRETEIN
MATTHEW L. CHRETEIN

BY: /s/ ROBERT J. D'ORAZIO
ROBERT J. D'ORAZIO



MODIFICATION AGREEMENT

PURPOSE OF MODIFICATION

(check one) Renewal Extension Modification

This Modification Agreement, hereinafter referred to as "Modification", entered into this 23th day of April 2007, by and among INTELLINETICS, INC., by Matthew L. Chretein, President, (referred to as "Borrower"), Matthew L. Chretein, A. Michael Chretein, and Robert J. D'Orazio, (collectively referred to as "cosigner"), and The Delaware County Bank and Trust Company, 110 Riverbend Avenue, Lewis Center, Ohio, 43035, (hereinafter referred to as "Lender").

RECITALS

Lender has made a loan to Borrower dated March 24, 2004, for the principal sum of \$201,024.00 loan number 10202200978, the note and any modifications or amendments thereto shall hereinafter be referred to as "Note". Said Note is secured by the following collateral: All Inventory, Chattel Paper, Accounts, Equipment and General Intangibles; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and accounts proceeds) of INTELLINETICS, INC., and Trust Agency Account of Robert J. D'Orazio, account # 6016 in the amount of \$200,000.00. As part of the loan transaction, Borrower executed certain security agreements, financing statements and other documents, hereinafter referred to as "Loan Documents". Said note and loan documents were previously modified on the following dates: April 1, 2005, May 25, 2006.

Borrower and Cosigners, desires to enter into this modification agreement in order to:

1. Renew a line of credit note for business working capital
2. Extend the maturity date of note by restructuring payments
3. Grant the Lender additional collateral for this loan
4. Establish a new plan for the repayment of this loan
5. Change the rate of interest or other terms of the loan documents
6. Other

110 Riverbend Avenue, P.O. Box 1001, Lewis Center, Ohio 43035-1001
(740) 657-7000 • webdcb.com

AGREEMENT

NOW, THEREFORE, in consideration of the Lender agreeing to the above modifications, the parties agree as follows:

1. Liability of Borrower. Borrower hereby ratifies and reconfirms Borrower's obligations and all liability to Lender under the terms and conditions of the Note and Loan Documents, and acknowledges that Borrower has no defenses to or rights of setoff against Borrower's obligations and all liability to Lender thereunder. Borrower hereby further acknowledges that Lender has performed all of Lender's obligations under the Loan Documents arising as of or before the date hereof. Borrower hereby further acknowledges and agrees that the current principal amount outstanding under the Note as of the date hereof is \$200,093.10, with an interest rate of 8.25% equal to a per diem of \$45.85466.

2. Renewal of Term: The Note and Loan Documents are hereby modified to revise the maturity date to April 30, 2008. All other terms and conditions are to remain the same.

3. Modification Fee. In consideration for Lender granting the modifications set forth above, Borrower shall pay Lender a non-refundable loan modification fee in the amount of \$250.00 upon the execution hereof. In addition to the loan extension fee, Borrower shall pay all costs and expenses incurred by Lender in connection with this Modification, including, without limitation, all title insurance costs, recording fees and attorney's fees, and other applicable out of pocket expenses.

4. Ratification of Loan Documents. The Loan Documents are in all respects ratified and confirmed by the parties hereto, including the warrants of attorney authorizing any attorney at law to appear in any court and to confess a judgment against Borrower and incorporated by reference herein, and the Loan Documents and this Modification shall be read, taken and construed as one and the same instrument. Borrower and Grantor further acknowledges and agrees that all security agreements, financing statements, documents, instruments, certificates, affidavits and other security documents taken as collateral for the Note are intended to and shall continue to secure the Loan and shall remain in full force and effect.

5. Continuation of Mortgage Lien and Security Interests. This Modification does not constitute the creation of a new debt or the extinguishment of the debt evidenced by the Note, nor does it in any manner affect or impair the Mortgage or any security agreement executed in connection with the Note or applicable to the Note. Borrower and Grantor agree the Mortgage and all other security interests granted by Borrower and Grantor to Lender continue to be valid and existing liens on the property described in the Mortgage and the Loan Documents.

6. **Jury Waiver.** LENDER, BORROWER AND GUARANTORS HEREBY VOLUNTARILY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LENDER, BORROWER AND/OR ANY ONE OR MORE GUARANTORS, ARISING OUT OF, OR IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN BORROWER, GUARANTORS AND LENDER IN CONNECTION WITH THE LOAN DOCUMENTS, THE GUARANTY, THIS MODIFICATION, OR ANY OTHER AGREEMENT OR DOCUMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO ENTER INTO THIS MODIFICATION AND SHALL NOT IN ANY WAY AFFECT, LIMIT, AMEND OR MODIFY LENDER'S ABILITY TO PURSUE ITS REMEDIES INCLUDING, BUT NOT LIMITED TO, ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED IN THE LOAN DOCUMENTS, THE GUARANTY, THIS MODIFICATION, THE NOTE OR ANY OTHER DOCUMENT OR AGREEMENT RELATED HERETO.

7. **No Course of Dealing, Waiver.** Borrower expressly acknowledges and agrees that the execution of this Modification shall not constitute a waiver of and shall not preclude the exercise of any right, power or remedy granted to Lender in any of the Loan Documents, or as provided by law, except to the extent expressly provided herein. No previous modification, extension or compromise entered into with respect to any indebtedness of Borrower to Lender shall constitute a course of dealing or be inferred or construed as constituting an express or implied understanding to enter into any future modification, extension or compromise. No delay on the part of Lender in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice Lender's rights, powers or remedies.

8. **Counterpart Signatures.** This Modification may be signed by the parties in multiple, separate counterparts which, when taken together shall constitute one and the same document.

9. **Governing Law.** This Modification shall be interpreted and construed in accordance with and governed by the laws of the State of Ohio. Both parties agree that in the event of a dispute relating to this modification, the parties hereto consent to the jurisdiction of the Courts of Delaware County, Ohio.

10. **Severability.** The parties agree that all the provisions of this Modification are severable. In the event any provision of this Modification is determined to be unenforceable, the parties hereto agree that only that provision shall be deleted, and all the remaining provisions shall continue to be enforceable. Each party has reviewed this Modification and has had the opportunity to review it with counsel of its choice.

NOTICE: FOR PURPOSE OF THE FOLLOWING NOTICE, "YOU" means Borrower and "HIS" means Lender.

WARNING—BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

IN WITNESS WHEREOF the parties hereto have set their hands this 23rd day of April, 2007

LENDER:

The Delaware County Bank and Trust Company

By: /s/ James L. Bandeen
James L. Bandeen, Vice President

BORROWER:
INTELLINETICS, INC.

By: /s/ Matthew L. Chretein
Matthew L. Chretein, President

COSIGNER:

By: /s/ Matthew L. Chretein
Matthew L. Chretein, Individually

By: /s/ Robert J. D'Orazio
Robert J. D'Orazio, Individually

By: /s/ A. Michael Chretein
A. Michael Chretein, Individually

Renewal Fee:	\$250.00
Interest Due 4/15/07:	\$2,292.75
Total Due:	\$2,542.75



MODIFICATION AGREEMENT

PURPOSE OF MODIFICATION

(check one) Renewal Extension Modification

This Modification Agreement, hereinafter referred to as "Modification", entered into this 19th day of May, 2008, by and among INTELLINETICS, INC., by Matthew L. Chretien (aka Matthew L. Chretien), President, (referred to as "Borrower"), Matthew L. Chretien (aka Matthew L. Chretien), A. Michael Chretien (aka A. Michael Chretien) and Robert J. D'Orazio, (collectively referred to as "Cosigner"), and The Delaware County Bank and Trust Company, 110 Riverbend Avenue, Lewis Center, Ohio, 43035, (hereinafter referred to as "Lender").

RECITALS

Lender has made a loan to Borrower dated March 24, 2004 for the principal sum of \$201,024.00 (loan number 10202200978). The note and any modifications or amendments thereto shall hereinafter be referred to as "Note". Said Note is secured by the following collateral: all inventory, Chattel Paper Accounts, Equipment and general Intangibles; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the business assets for INTELLINETICS, INC., and Trust Agency Account of Robert J. D'Orazio, account #6016 in the amount of \$200,000.00. As part of the loan transaction, Borrower and Cosigner executed certain security agreements, financing statements and other documents, hereinafter referred to as "Loan Documents". Said note and loan documents were previously modified on the following date, April 1, 2005, May 25, 2006 and April 23, 2007.

Borrower and Cosigner, desire to enter into this modification agreement in order to:
(Check applicable reason for modification)

1. Renew a line of credit note for business working capital
2. Extend the maturity date of note
3. Grant the Lender additional collateral for this loan
4. Establish a new plan for the repayment of this loan
5. Change the rate of interest or other terms of the loan documents
6. Other

110 Riverbend Avenue, P.O. Box 1001, Lewis Center, Ohio 43035-1001
(740) 657-7000 • webdcb.com

AGREEMENT

NOW, THEREFORE, in consideration of the Lender agreeing to the above modifications, the parties agree as follows:

1. Liability of Borrower. Borrower hereby ratifies and reconfirms Borrower's obligations and all liability to Lender under the terms and conditions of the Note and Loan Documents, and acknowledges that Borrower has no defenses to or rights of setoff against Borrower's obligations and all liability to Lender thereunder. Borrower hereby further acknowledges that Lender has performed all of Lender's obligations under the Loan Documents arising as of or before the date hereof. Borrower hereby further acknowledges and agrees that the current principal amount outstanding under the Note as of the date hereof is \$198,275.25, with an interest rate of 5.00% equal to a per diem of \$27.53822.

2. Extension of Term. The Note and Loan Documents are hereby modified to revise the maturity date to April 30, 2009, all other terms and conditions shall be due and payable as follows:

3. Modification Fee. In consideration for Lender granting the modifications set forth above, Borrower shall pay Lender a non-refundable loan modification fee in the amount of \$250.00 upon the execution hereof. In addition to the loan extension fee, Borrower shall pay all costs and expenses incurred by Lender in connection with this Modification, including, without limitation, all title insurance costs, recording fees and attorney's fees, and other applicable out of pocket expenses.

4. Ratification of Loan Documents. The Loan Documents are in all respects ratified and confirmed by the parties hereto, including the warrants of attorney authorizing any attorney at law to appear in any court and to confess a judgment against Borrower and incorporated by reference herein, and the Loan Documents and this Modification shall be read, taken and construed as one and the same instrument. Borrower further acknowledges and agrees that all security agreements, financing statements, documents, instruments, certificates, affidavits and other security documents taken as collateral for the Note are intended to and shall continue to secure the Loan and shall remain in full force and effect.

5. Continuation of Mortgage Lien and Security Interests. This Modification does not constitute the creation of a new debt or the extinguishment of the debt evidenced by the Note, nor does it in any manner affect or impair the Mortgage or any security agreement executed in connection with the Note or applicable to the Note. Borrower agrees the Mortgage and all other security interests granted by Borrower to Lender continue to be valid and existing liens on the property described in the Mortgage and the Loan Documents.

6. Jury Waiver. LENDER, BORROWER AND GUARANTORS HEREBY VOLUNTARILY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LENDER, BORROWER AND/OR ANY ONE OR MORE GUARANTORS, ARISING OUT OF, OR IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN BORROWER, GUARANTORS AND LENDER IN CONNECTION WITH THE LOAN DOCUMENTS, THE GUARANTY, THIS MODIFICATION, OR ANY OTHER AGREEMENT OR DOCUMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO ENTER INTO THIS MODIFICATION AND SHALL NOT IN ANY WAY AFFECT, LIMIT, AMEND OR MODIFY LENDER'S ABILITY TO PURSUE ITS REMEDIES INCLUDING, BUT NOT LIMITED TO, ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED IN THE LOAN DOCUMENTS, THE GUARANTY, THIS MODIFICATION, THE NOTE OR ANY OTHER DOCUMENT OR AGREEMENT RELATED HERETO.

7. No Course of Dealing, Waiver. Borrower expressly acknowledges and agrees that the execution of this Modification shall not constitute a waiver of and shall not preclude the exercise of any right, power or remedy granted to Lender in any of the Loan Documents, or as provided by law, except to the extent expressly provided herein. No previous modification, extension or compromise entered into with respect to any indebtedness of Borrower to Lender shall constitute a course of dealing or be inferred or construed as constituting an express or implied understanding to enter into any future modification, extension or compromise. No delay on the part of Lender in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice Lender's rights, powers or remedies.

8. Counterpart Signatures. This Modification may be signed by the parties in multiple, separate counterparts which, when taken together shall constitute one and the same document.

9. Governing Law. This Modification shall be interpreted and construed in accordance with and governed by the laws of the State of Ohio. Both parties agree that in the event of a dispute relating to this modification, the parties hereto consent to the jurisdiction of the Courts of Delaware County, Ohio.

10. Severability. The parties agree that all the provisions of this Modification are severable. In the event any provision of this Modification is determined to be unenforceable, the parties hereto agree that only that provision shall be deleted, and all the remaining provisions shall continue to be enforceable. Each party has reviewed this Modification and has had the opportunity to review it with counsel of its choice.

NOTICE: FOR PURPOSE OF THE FOLLOWING NOTICE, "YOU" means Borrower and "HIS" means Lender.

WARNING—BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

IN WITNESS WHEREOF the parties hereto have set their hands this 29 day of May, 2008.

LENDER:

The Delaware County Bank and Trust Company

By: /s/ James L. Banded
James L. Banded, Vice President

BORROWER:
INTELLINETICS, INC.,

By: /s/ Matthew L. Chretein
Matthew L. Chretein, President
(aka Matthew L. Chretein)

COSIGNER:

By: /s/ Matthew L. Chretein
Matthew L. Chretein, Individually
(aka Matthew L. Chretein)

By: /s/ Robert J. D'Orazio
Robert J. D'Orazio, Individually

By: /s/ A. Michael Chretein
A. Michael Chretein, Individually
(aka A. Michael Chretein)

Modification Fee: \$250.00

Interest Due: \$1,049.04

Total Due: \$1,299.04



MODIFICATION AGREEMENT

PURPOSE OF MODIFICATION

(check one) Renewal Extension Modification

This Modification Agreement, hereinafter referred to as "Modification", entered into this 20th day of April, 2009, by and among INTELLINETICS, INC., by Matthew L. Chretien (aka Matthew L. Chretein), President, (referred to as "Borrower"), Matthew L. Chretien (aka Matthew L. Chretein), A. Michael Chretien (aka A. Michael Chretein) and Robert J. D'Orazio, (collectively referred to as "Cosigner"), and The Delaware County Bank and Trust Company, 110 Riverbend Avenue, Lewis Center, Ohio, 43035, (hereinafter referred to as "Lender").

RECITALS

Lender has made a loan to Borrower dated March 24, 2004 for the principal sum of \$201,024.00 loan number 10202200978. The note and any modifications or amendments thereto shall hereinafter be referred to as "Note". Said Note is secured by the following collateral: all Inventory, Chattel Paper Accounts, Equipment and general Intangibles; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the business assets for INTELLINETICS, INC., and Trust Agency Account of Robert J. D'Orazio, account #6016 in the amount of \$200,000.00. As part of the loan transaction, Borrower and Cosigner executed certain security agreements, financing statements and other documents, hereinafter referred to as "Loan Documents". Said Note and loan documents were previously modified on the following dates, April 1, 2005, May 25, 2006, April 23, 2007, and May 29, 2008.

Borrower and Cosigner, desire to enter into this modification agreement in order to: (Check applicable reason for modification)

1. Renew a line of credit note for business working capital
2. Extend the maturity date of note
3. Grant the Lender additional collateral for this loan
4. Establish a new plan for the repayment of this loan
5. Change the rate of interest or other terms of the loan documents
6. Special Provision

AGREEMENT

NOW, THEREFORE, in consideration of the Lender agreeing to the above modifications, the parties agree as follows:

110 Riverbend Avenue, P.O. Box 1001, Lewis Center, Ohio 43035-1001 (740) 657-7000 • webdcb.com

1. Liability of Borrower. Borrower hereby ratifies and reconfirms Borrower's obligations and all liability to Lender under the terms and conditions of the Note and Loan Documents, and acknowledges that Borrower has no defenses to or rights of setoff against Borrower's obligations and all liability to Lender thereunder. Borrower hereby further acknowledges that Lender has performed all of Lender's obligations under the Loan Documents arising as of or before the date hereof. Borrower hereby further acknowledges and agrees that the current principal amount outstanding under the Note as of April 16, 2009 is \$196,261.47, with an interest rate of 3.25% equal to a per diem of \$17.71804.

2. Extension of Term. The Note and Loan Documents are hereby modified to revise the maturity date to April 30, 2014, all other terms and conditions shall be due and payable as follows:

Special Provision. All other debt is to be fully subordinated to DCB with no repayment prior to DCB receiving full payment.

New Payment Schedule. Effective April 30, 2009, borrower shall pay Lender monthly principal and interest payments on the outstanding principal balance of said Note at the interest rate of 6.25%, which is a fixed rate. Beginning May 30, 2009, borrower shall pay Lender monthly principal and interest payments in the amount of \$3,825.56 no later than the thirtieth day of the month and continuing until the final maturity date of April 30, 2014. Any unpaid principal, interest, late fees, or other amounts due under the note are due and payable at maturity.

3. Modification Fee. In consideration for Lender granting the modifications set forth above, Borrower shall pay Lender a non-refundable loan modification fee in the amount of \$500.00 upon the execution hereof. In addition to the loan extension fee, Borrower shall pay all costs and expenses incurred by Lender in connection with this Modification, including, without limitation, all title insurance costs, recording fees and attorney's fees, and other applicable out of pocket expenses.

4. Ratification of Loan Documents. The Loan Documents are in all respects ratified and confirmed by the parties hereto, including the warrants of attorney authorizing any attorney at law to appear in any court and to confess a judgment against Borrower and incorporated by reference herein, and the Loan Documents and this Modification shall be read, taken and construed as one and the same instrument. Borrower further acknowledges and agrees that all security agreements, financing statements, documents, instruments, certificates, affidavits and other security documents taken as collateral for the Note are intended to and shall continue to secure the Loan and shall remain in full force and effect.

5. Continuation of Mortgage Lien and Security Interests. This Modification does not constitute the creation of a new debt or the extinguishment of the debt evidenced by the Note, nor does it in any manner affect or impair the Mortgage or any security agreement executed in connection with the Note or applicable to the Note. Borrower agrees the Mortgage and all other security interests granted by Borrower to Lender continue to be valid and existing liens on the property described in the Mortgage and the Loan Documents.

6. Jury Waiver. LENDER, BORROWER AND GUARANTORS HEREBY VOLUNTARILY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LENDER, BORROWER AND/OR ANY ONE OR MORE GUARANTORS, ARISING OUT OF, OR IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN BORROWER, GUARANTORS AND LENDER IN CONNECTION WITH THE LOAN DOCUMENTS, THE GUARANTY, THIS MODIFICATION, OR ANY OTHER AGREEMENT OR DOCUMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO ENTER INTO THIS MODIFICATION AND SHALL NOT IN ANY WAY AFFECT, LIMIT, AMEND OR MODIFY LENDER'S ABILITY TO PURSUE ITS REMEDIES INCLUDING, BUT NOT LIMITED TO, ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED IN THE LOAN DOCUMENTS, THE GUARANTY, THIS MODIFICATION, THE NOTE OR ANY OTHER DOCUMENT OR AGREEMENT RELATED HERETO.

7. No Course of Dealing. Waiver. Borrower expressly acknowledges and agrees that the execution of this Modification shall not constitute a waiver of and shall not preclude the exercise of any right, power or remedy granted to Lender in any of the Loan Documents, or as provided by law, except to the extent expressly provided herein. No previous modification, extension or compromise entered into with respect to any indebtedness of Borrower to Lender shall constitute a course of dealing or be inferred or construed as constituting an express or implied understanding to enter into any future modification, extension or compromise. No delay on the part of Lender in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice Lender's rights, powers or remedies.

8. Counterpart Signatures. This Modification may be signed by the parties in multiple, separate counterparts which, when taken together shall constitute one and the same document.

9. Governing Law. This Modification shall be interpreted and construed in accordance with and governed by the laws of the State of Ohio. Both parties agree that in the event of a dispute relating to this modification, the parties hereto consent to the jurisdiction of the Courts of Delaware County, Ohio.

10. Severability. The parties agree that all the provisions of this Modification are severable. In the event any provision of this Modification is determined to be unenforceable, the parties hereto agree that only that provision shall be deleted, and all the remaining provisions shall continue to be enforceable. Each party has reviewed this Modification and has had the opportunity to review it with counsel of its choice.

NOTICE: FOR PURPOSE OF THE FOLLOWING NOTICE, "YOU" means Borrower and "HIS" means Lender.

WARNING—BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

IN WITNESS WHEREOF the parties hereto have set their hands this _____ day of _____, 2009.

LENDER:

The Delaware County Bank and Trust Company

By: /s/ Adam Hansberry
Adam Hansberry, Vice President

BORROWER:

INTELLINETICS, INC.,

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President
(aka Matthew L. Chretien)

COSIGNER:

By: /s/ A. Michael Chretien
A. Michael Chretien, Individually
(aka A. Michael Chretien)

By: /s/ Robert J. D'Orazio
Robert J. D'Orazio, Individually

By: /s/ Matthew L. Chretien
Matthew L. Chretien, Individually
(aka Matthew L. Chretien)

Interest Due Through April 30, 2009: \$425.24

Modification Fee: \$500.00

Total Due: \$925.24

PROMISSORY NOTE {PRIVATE}

\$ _____
Amount

Dated

FOR VALUE RECEIVED, on the dates and in the amounts so herein stipulated, <INSERT NAME> hereinafter called "Maker", hereby promises to pay to the order of <INSERT PAYEE NAME>, at <INSERT PAYEE ADDRESS> hereinafter called "Lender", or at such other address as Lender may hereafter designate to Maker in writing, the sum of <INSERT SPELLED OUT DOLLAR AMOUNT> (\$<INSERT DOLLAR AMOUNT>), in lawful money of the United States of America, which shall be legal tender, in payment of all debts and dues, public and private, at the time of payment, and to pay interest on the whole of the principal amount hereof, together with all accrued interest, from time to time outstanding prior to the maturity of this Note at a rate per annum equal to three and one-quarter percent (3.25%).

This Note shall be due and payable in a single balloon payment One Hundred Eighty (180) days after the date first written above, and shall be paid by the Maker to Lender in immediately available funds by check or wire transfer to Lender's bank account.

The principal balance and accrued interest of this Note may be prepaid, in whole or in part, at any time without any prepayment penalty. All payments, including prepayments, shall be applied first to accrued interest to the date of payment and then to principal. All past-due principal and all accrued and past-due interest on this Note shall bear interest until paid at the rate set forth above.

It is agreed that if default shall be made in any payment due hereon and such default is not cured within ten (10) days after written notice of such default is given by Lender to Maker, or if there is a material default in any of the terms, covenants, agreements, conditions or provisions set forth in any instrument or document given to secure this Note and such default is not cured within thirty (30) days after written notice of such default is given by the Lender to the Maker or as soon thereafter as is reasonably practicable in the event such default cannot be cured within thirty (30) days, or should Maker, become insolvent or commit an act of bankruptcy or make an assignment for the benefit of creditors or authorize the filing of a voluntary petition in bankruptcy, or should a receiver of any of their property be appointed, or should involuntary bankruptcy proceedings be filed or threatened against Maker, then in any such event, at the option of the holder hereof at any time thereafter, without demand or notice, the unpaid principal balance of this Note, and all accrued interest shall immediately become due and payable.

If this Note is placed in the hands of an attorney for collection or if collected by suit or through bankruptcy, probate, receivership or other legal or judicial proceedings, the Maker hereof agrees to pay as the reasonable costs of collection and reasonable attorney's fees incurred related thereto.

The Maker (i) waives demand, presentment for payment, notice of intention to accelerate the maturity of this Note and to declare the entire balance of the indebtedness evidenced hereby due and payable, notice that the entire balance of the indebtedness evidenced hereby has been declared due and payable, notice of nonpayment, protest, notice of protest and all other notices, filing of suit and diligence in collecting this Note or enforcing any of the security herefor, (ii) agrees to any substitution, exchange or release of any such security or the release of any party primarily or secondarily liable hereon, (iii) agrees that Lender or other holder hereof shall not be required first to institute suit or exhaust its remedies hereon against the Maker or others liable or to become liable hereon or enforce its rights against any security herefor in order to enforce payment of this Note by it, and (iv) consents to any extensions or postponement of time of payment of this Note and to any other indulgence with respect hereto without notice thereof to any of them.

Any check, draft, money order or other instrument given in payment of all or any portion of this Note may be accepted by the Lender of any other holder hereof and handled for collection in the customary manner, but the same shall not constitute payment hereunder or diminish any right of the Lender or any other holder hereof, except to the extent that actual cash proceeds of such instrument are unconditionally received by the Lender or any other holder hereof and applied to this indebtedness as herein provided.

This Note shall be paid and performed in the State of Ohio, and the laws of the State of Ohio shall govern the construction, validity, enforcement, and interpretation hereof, except to the extent federal laws otherwise govern the validity, construction, enforcement, and interpretation hereof. If any additional rights or remedies are hereafter granted to creditors under the laws of the State of Ohio or under the laws of the United States of America, the Lender shall also have and may exercise any such additional rights or remedies. Venue for any action brought on this Note shall be proper in any state or federal court sitting in Columbus, Ohio, and having jurisdiction of such action.

IN WITNESS WHEREOF, the undersigned Maker has duly executed this Note as of the day and year above first written.

<INSERT NAME>

By: _____

PROMISSORY NOTE

Amount: \$ 10,000
Maturity Date: 1/1/2014

Date: 6/17/2011

For value received, the undersigned Intellinetics, Inc. (the 'Borrower') at 2190 Dividend Drive, Columbus, OH 43228, promises to pay to the order of Mike Chretien (the 'lender'), at 15 Marion Street, Cambridge, MA 02141..

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lender (s);
3. the filing of bankruptcy proceedings involving the Borrower as the Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

A \$500 processing fee will be due once principal is paid in full.

This Note shall be construed in accordance with the laws of the State of Ohio.

Borrower:
Intellinetics, Inc.

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President

PROMISSORY NOTE

Amount: \$ 55,167
Maturity: 1/1/2014

Date: 12/29/2001

For value received, the undersigned intellinetics, Inc. (the "Borrower") at 2190 Dividend Drive, Columbus, OH 43220, promises to pay to the order of A. Michael Chretien (the "Lender"), at 6455 Rosewood Drive, Tucson, AZ 85739 (or at such other place as the lender may designate in writing) the sum of \$55,167.

The accrued interest shall be 5% per annum.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrowers death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 29th day of December, 2001.

Borrower:
intellinetics, Inc.

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President

Lender:

By: /s/ A. Michael Chretien
A. Michael Chretien

PROMISSORY NOTE

Amount: \$7,500.00
Maturity Date: 1/1/2014

Date: 3/8/2007

For value received, the undersigned Intellinetics (the "Borrower") at 2190 Dividend Drive, promises to pay to the order of A. Michael Chretien, (the Lender"), at 9926 Kingston Circle, Powell, Ohio 43065 (or at such other place as the lender may designate in writing) the sum of \$7,500.00 with interest from 3/8/2007, on the unpaid principal at the rate of 5% per annum.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrower's death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 8th day of March, 2007, at 2190 Dividend Drive, Columbus (Franklin County) OH, 43228

Borrower:

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President, Intellinetics

Lender:

By: /s/ A. Michael Chretien
A. Michael Chretien

PROMISSORY NOTE

Amount: \$22,842.00
Maturity: 1/14/2014

Date: 04/19/2007

For value received, the undersigned Intellinetics (the "Borrower") at 2190 Dividend Drive, promises to pay to the order of A. Michael Chretien (the "Lender") at 2296 Kingston Circle, Powell, Ohio 43065 (or at such other place as the lender may designate in writing) the sum of \$22,842.00 with interest from 04/19/2007, on the unpaid principal at the rate of 4.39% per annum.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrower's death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 19th day of April, 2010, at 2190 Dividend Drive, Columbus (Franklin County) OH, 43228

Borrower:

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President, Intellinetics

Lender:

By: /s/ A. Michael Chretien
A. Michael Chretien

PROMISSORY NOTE

Amount: \$21,948
Maturity Date: 1/1/2014

Date: 12/31/2008

For value received, the undersigned Intellinetics (the "Borrower") at 2190 Dividend Drive, promises to pay to the order of A. Michael Chretien (the "Lender") at 2296 Kingston Circle, Powell, Ohio 43065 (or at such other place as the lender may designate in writing) the sum of \$21,948 with interest from 12/31/2008, on the unpaid principal at the rate of 5% per annum.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrower's death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 31st day of December, 2008, at 2190 Dividend Drive, Columbus (Franklin County) OH, 43228

Borrower:

By: /s/ Matthew L. Chretein
Matthew L. Chretein, President, Intellinetics

Lende:

By: /s/ A. Michael Chretein
A. Michael Chretein

PROMISSORY NOTE

Amount: \$12,000.00
Maturity Date: 1/1/2014

Date: 1/18/11

For value received, the undersigned Intellinetics (the "Borrower") at 2190 Dividend Drive, promises to pay to the order of A. Michael Chretien. (the "Lender"), at 9926 Kingston Circle, Powell, Ohio 43065, (or at such other place as the lender may designate in writing) the sum of \$12,000 with interest on the unpaid principal at the rate of 4.39% per annum.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrower's death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 18th day of January, 2011, at 2190 Dividend Drive, Columbus (Franklin County) OH, 43228

Borrower:

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President

Lender:

By: /s/ A. Michael Chretien
A. Michael Chretien

PROMISSORY NOTE

Amount: \$12,442.00

Date: 04/19/2007

For value received, the undersigned Intellinetics (the "Borrower") at 2190 Dividend Drive, promises to pay to the order of Matt Chretien. (the "Lender"), at 215 Olentangy Ridge Place, Powell, Ohio 43065 (or at such other place as the lender may designate in writing) the sum of \$12,442.00 with interest from 04/19/2007, on the unpaid principal at the rate of 4.39% per annum.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrower's death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 19th day of April, 2010, at 2190 Dividend Drive, Columbus (Franklin County) OH, 43228

Borrower:

By: /s/ A. Michael Chretien
A. Michael Chretien, Vice President

Lender:

By: /s/ Matthew L. Chretien
Matthew L. Chretien

PROMISSORY NOTE

Amount: \$14,000.00

Date: 06/12/2009

For value received, the undersigned Intellinetics (the "Borrower") at 2190 Dividend Drive, promises to pay to the order of Matt Chretien. (the "Lender"), at 215 Olentangy Ridge Place, Powell, Ohio 43065 (or at such other place as the lender may designate in writing) the sum of \$14,000.00 with interest from 06/12/2009, on the unpaid principal at the rate of 4.39% per annum.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrower's death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 12th day of June, 2010, at 2190 Dividend Drive, Columbus (Franklin County) OH, 43228

Borrower:

By: /s/ A. Michael Chretien
A. Michael Chretien, Vice President

Lender:

By: /s/ Matthew L. Chretien
Matthew L. Chretien

PROMISSORY NOTE

Amount: \$23,000.00

Date:12/30/2010

For value received, the undersigned Intellinetics (the "Borrower") at 2190 Dividend Drive, promises to pay to the order of Matt Chretien. (the "Lender"), at 215 Olentangy Ridge Place, Powell, Ohio 43065 (or at such other place as the lender may designate in writing) the sum of \$23,000.00 with interest from 12/30/2010, on the unpaid principal at the rate of 4.39% per annum.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrower's death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 30th day of December, 2010, at 2190 Dividend Drive, Columbus (Franklin County) OH, 43228

Borrower:

By: /s/ A. Michael Chretien
A. Michael Chretien, Vice President

Lender:

By: /s/ Matthew L. Chretien
Matthew L. Chretien

PROMISSORY NOTE

Amount: \$2,500.00

Date: 2/04/2011

For value received, the undersigned Intellinetics (the "Borrower") at 2190 Dividend Drive, promises to pay to the order of Matt Chretien, (the "Lender"), at 215 Olentangy Ridge Place, Powell, Ohio 43065 (or at such other place as the lender may designate in writing) the sum of \$2,500.00 with interest from 2/04/2011, on the unpaid principal at the rate of 5% per annum.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrower's death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 4th day of February, 2011, at 2190 Dividend Drive, Columbus (Franklin County) OH, 43228

Borrower:

By: /s/ A. Michael Chretien,
A. Michael Chretien, Vice President

Lender:

By: /s/ Matthew L. Chretien
Matthew L. Chretien

PROMISSORY NOTE

Amount: \$ 8,000

Date: 6/30/2011

For value received, the undersigned Intellinetics, Inc. (the 'Borrower') at 2190 Dividend Drive, Columbus, OH 43228, promises to pay to the order of Matt Chretien (the 'lender'), at 215 Olentangy Ridge Place, Powell, Ohio 43065

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lender (s);
3. the filing of bankruptcy proceedings involving the Borrower as the Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

A 5% annual interest will be due once principal is paid in full (\$400).

This Note shall be construed in accordance with the laws of the State of Ohio.

Borrower:
Intellinetics, Inc.

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President

PROMISSORY NOTE

Amount: \$ 199,537.00
Maturity Date: 1/1/2014

Date: 2/22/01

For value received, the undersigned intellinetics, Inc. (the "Borrower") at 2190 Dividend Drive, Columbus, OH 43220, promises to pay to the order of Robert A. Love III (the "Lender"), at 7 Lisa Drive, Hamilton OH 45013, (or at such other place as the lender may designate in writing) the sum of \$199,537.00 with interest from 2/22/01, on the unpaid principal at the rate of 8.65% per annum.

All payments on this Note shall be applied first in payment of accrued interest and any remainder in payment of the principal.

If any installment is not paid when due, the remaining unpaid balance and accrued interest shall become immediately due at the option of the Lender.

The Borrower reserves the right to repay this Note (in whole or in part) prior to the due date with no repayment penalty.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;

7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrower's death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's Option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 22nd day of February, 2001, at 2190 Dividend Drive. Columbus Ohio.

Borrower:
intellineties, Inc.

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President

By: /s/ Dr. Robert A. Love III
Dr. Robert A. Love III

PROMISSORY NOTE

Amount: \$ 65,000

Date: 6/10/2011

For value received, the undersigned intellinetics, Inc. (the "Borrower") at 2190 Dividend Drive, Columbus, OH 43220, promises to pay to the order of Jackie M. Chretien (the "Lender"), at 390 Oakhill Drive, Westerville, Ohio (or at such other place as the lender may designate in writing) the sum of \$65,000. This note replaces all other agreements between Lender and Borrower.

The accrued interest shall be \$5,800 if paid before 1/1/2013 with a flat rate of \$250 / month in interest fees thereafter until principal and interest is paid in full.

If any payment obligation under this Note is not paid when due, the Borrower promises to pay all costs of collection, including reasonable attorney fees, whether or not a lawsuit is commenced as part of the collection process.

If any of the following events occur, this Note and any other obligations of the Borrower to the Lender, shall become due immediately, without demand or notice:

1. the failure of the Borrower to pay the principal and any accrued interest in full on or before the Due Date;
2. the death of the Borrower (s) or Lenders (s);
3. the filing of bankruptcy proceedings involving the Borrower as a Debtor;
4. the application for appointment of a receiver for the Borrower;
5. the making of a general assignment for the benefit of the borrowers creditors;
6. the insolvency of the Borrower;
7. the misrepresentation by the Borrower to the Lender for the purpose of obtaining or extending credit.

In addition, the Borrower shall be in default if there is a sale, transfer, assignment, or any other disposition of any assets pledged as security for the payment of this Note, or if there is a default in any security agreement which secures this Note.

Borrower is required to maintain term life insurance payable to the Lender in an amount sufficient to pay the principal and accrued interest in full in the event of Borrower's death.

If any or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States. Borrower waives presentment for payment, protest, and notice of protest and nonpayment of this Note.

No renewal or extension of this Note, delay in enforcing any right of the Lender under this Note, or assignment by Lender of this Note shall affect the liability of the Borrower. All rights of the Lender under this Note are cumulative and may be exercised concurrently or consecutively at the Lender's option.

This Note shall be construed in accordance with the laws of the State of Ohio.

Signed this 6th day of June, 2011, at 2190 Dividend Drive, Columbus Ohio.

Borrower:
intellinetics, Inc.

By: /s/ Matthew L. Chretien
Matthew L. Chretien, President

Lender:

By: /s/ Jackie. M. Chretien
Jackie. M. Chretien

COGNOVIT PROMISSORY NOTE

\$200,000.00

Columbus, Ohio
February 10, 2011

FOR VALUE RECEIVED, the adequacy of which is hereby acknowledged, INTELLINETICS, INC. an Ohio corporation, with an address of 2190 Dividend Drive, Columbus, Ohio 43228 (the "Maker") hereby promises to pay to the order of RAY SHEALY (together with his successors and assigns, the "Payee"), at such place as the Payee may designate, the principal sum of TWO HUNDRED THOUSAND and 00/100 DOLLARS (\$200,000.00) (the "Principal Sum"), plus Interest as described below, payable at the time and in the manner hereinafter provided.

This Cognovit Promissory Note supersedes and replaces in its entirety the cognovit promissory note dated November 23, 2010 made by the Maker in favor of the Payee in the original principal amount of \$50,000.00, and reflects additional advances made to the Maker by the Payee on the date set forth above.

The obligations of the Maker under this Cognovit Promissory Note (as may be extended, modified, or otherwise amended or restated from time to time, this "Note"), are guaranteed pursuant to a certain Guaranty of even date herewith (the "Guaranty") by Matt Chretien and Mike Chretien (together with their heirs, legal representatives and successors and permitted assigns, the "Guarantors").

1. Payment; Interest; Late Charge; Default Rate

(a) The Maker shall repay the Principal Sum plus Interest as provided in Section 1(b), on the earlier of (i) May __, 2011 or (ii) the date the Maker receives the currently-anticipated loan proceeds from the State of Ohio Innovation Ohio Loan Fund, together with a structuring fee of Five Thousand Dollars (\$5,000.00) (the "Structuring Fee").

(b) Interest shall accrue on the Principal Sum at such rate as shall result in an accrued interest amount of \$50,000.00, or such lesser amount as may be required by law ("Interest").

(c) Any payment not made on or before the date such payment is due shall be subject to a late charge equal to five percent (5%) of the amount of payment.

(d) During any period when any Event of Default (as defined below) shall have occurred and be continuing, or upon maturity of this Note (by acceleration or otherwise), the entire unpaid Principal Sum and the Structuring Fee shall bear interest from the date of such Event of Default or maturity until paid in full (after as well as before judgment) at a rate per annum equal to five percent (5%) per annum.

(e) If the date of any payment due hereunder shall not be a business day, the payment otherwise due thereon shall be due and payable on the next succeeding business day.

The Principal Sum, Interest and the Structuring Fee may be prepaid without penalty or premium in whole or in part at any time or from time to time.

2. Representations and Warranties of Maker. The Maker hereby represents and warrants to the Payee as follows:

(a) The Maker is duly organized, validly existing and in good standing under the laws of the State of Ohio. The Maker is duly qualified or licensed to transact business in each jurisdiction where such qualification or licensure is necessary. The Maker has no subsidiaries and is not a party to any partnership agreement or joint venture.

(b) The execution, delivery, and performance of this Note: (i) are within the Maker's legal powers (ii) have been duly authorized and (ii) are not in contravention of applicable law, the Maker's Articles of Incorporation or Code of Regulations, or any agreement, document or instrument to which the Maker or the Guarantors is a party or by which the Maker or the Guarantors or the their respective property is bound.

(c) This Note constitutes the legal, valid and binding obligation of the Maker, enforceable against the Maker in accordance with the terms hereof, subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(d) There are no actions, suits, investigations or proceedings, and no orders, writs, injunctions, judgments or decrees, now pending or, to the knowledge of the Maker, threatened, against the Maker, affecting any property of the Maker or with respect to this Note.

(e) No action, consent or approval of, registration or filing with or any other action by any governmental authority or other person or entity is or will be required in connection with the transactions contemplated by this Note, except such as have been made or obtained and are in full force and effect.

(f) The Maker and its operations are in full compliance with all applicable laws.

(g) The Guarantors are direct owners of ninety percent (90%) of the outstanding capital stock of the Maker.

(h) The Maker has applied for a loan from the Innovation Ohio Loan Fund and anticipates receiving a loan from such program on or around May 2011. The proceeds of such loan are permitted to be used to, among other things, repay the Principal Sum, Interest and Structuring Fee.

3. Financial and Other Information. Upon request of the Payee from time to time, the Maker shall deliver to the Payee, financial statements (including balance sheet, and income and expense statements) of the Maker and such other information concerning the affairs, financial condition and business of the Maker as the Payee shall reasonably request.

4. Events of Default. The occurrence of any one or more of the following events shall constitute an event of default (individually, an “Event of Default” and collectively, the “Events of Default”) under the terms of this Note:

(a) The failure of the Maker to pay to Payee when due any and all amounts payable hereunder by the Maker to Payee; or

(b) The failure of the Maker to perform or observe any covenant contained in this Note; or

(c) The occurrence of a default under the Guaranty; or

(d) Any indebtedness of the Maker becomes or is declared to be due and payable before its stated maturity or before its regularly scheduled dates of payment, or the Maker becomes obligated to repay any such indebtedness before its regular maturity or before its regularly scheduled dates of payment; or

(e) Any warranty, representation or other statement by or on behalf of the Maker is false or misleading in any material respect; or

(f) The Maker or any Guarantor shall: (i) apply for or consent to the appointment of a receiver, trustee or liquidator for the Maker or such Guarantor or any of their respective property, (ii) admit in writing the inability to pay their respective debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent, (v) file a voluntary petition in bankruptcy or a petition or an answer seeking or consenting to reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against the Maker or such Guarantor in any proceeding under any such law, or take corporate action for the purposes of effecting any of the foregoing, or (vi) by any act indicate consent to, approval of or acquiescence in any such proceeding or the appointment of any receiver or trustee for any of their respective property, or suffer any such receivership, trusteeship or proceeding to continue undischarged for a period of thirty (30) days, or (vii) by any act indicate consent to, approval of or acquiescence in any order, judgment or decree by any court of competent jurisdiction or any governmental authority enjoining or otherwise prohibiting the operation of a material portion of the Maker’s business or the use or disposition in the ordinary course of business of a material portion of the Maker’s or such Guarantor assets; or

(g) The failure of the Guarantors to own directly ninety percent (90%) of the outstanding capital stock of the Maker; or

(h) The Maker shall dissolve, merge, consolidate, reorganize or transfer substantially all of its assets, or suspend or terminate a substantial portion of Maker’s business operations; or

(i) This Note for any reason shall cease to be a legal, valid and binding agreement of the Maker or the Maker shall revoke, terminate or in any other manner disavow this Note.

5. Remedies. Upon the occurrence of an Event of Default all amounts payable by the Maker to the Payee shall immediately become due and payable by the Maker without presentment, demand, protest, notice of protest or of dishonor or other notice of any kind to the Maker or any other person, all of which the Maker hereby waives, and the Payee shall have all of the rights, powers, and remedies available under the terms of this Note, the Guaranty and all applicable laws, including without limitation, the right to purchase ten percent (10%) of the then outstanding capital stock of the Maker from the Guarantors at an aggregate price of \$10.00, in accordance with the Guaranty. The Maker and all endorsers, guarantors, and other parties who may now or in the future be primarily or secondarily liable for the payment of the indebtedness evidenced by this Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Note and expressly agree that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Maker, guarantors and endorsers.

6. Expenses. The Maker promises to pay to the Payee on demand by the Payee all costs and expenses incurred by the Payee in connection with the collection and enforcement of this Note and the Guaranty, including, without limitation, reasonable attorneys' fees and expenses and all court costs.

7. Miscellaneous. Each right, power, and remedy of the Payee as provided for in this Note, or now or hereafter existing under any applicable law or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Note or now or hereafter existing under any applicable law, and the exercise or beginning of the exercise by the Payee of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Payee of any or all such other rights, powers, or remedies. No failure or delay by the Payee to insist upon the strict performance of any term, condition, covenant, or agreement of this Note, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude Payee from exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Note, the Payee shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under the terms of this Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Note.

8. Partial Invalidity. In the event any provision of this Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note; but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had not been contained in this Note, but only to the extent it is invalid, illegal, or unenforceable.

9. Captions. The captions herein set forth are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Note.

10. Applicable Law. The Maker acknowledges and agrees that this Note shall be governed by the laws of the State of Ohio.

11. Consent to Jurisdiction. The Maker irrevocably submits to the jurisdiction of any state or federal court sitting in the State of Ohio over any suit, action, or proceeding arising out of or relating to this Note. The Maker irrevocably waives, to the fullest extent permitted by law, any objection that the Maker may now or hereafter have to the laying of venue of any such suit, action, or proceeding brought in any such court and any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum.

12. Warrant of Attorney. The Maker hereby authorizes any attorney-at-law to appear in any court of record in the State of Ohio, or in any other state or federal district of the United States, at any time or times after the above sum becomes due, and waive the issuance and service of process and confess judgment against the Maker in favor of any holder of this Note, for the amount then appearing due, together with the costs of suit, and thereupon to release all errors and waive all rights of appeal and stay of execution. The foregoing warrant of attorney shall survive any judgment, and should any judgment be vacated for any reason the Maker may nevertheless utilize the foregoing warrant of attorney in thereafter obtaining an additional judgment or judgments against the Maker.

Executed in Franklin County, Ohio as of the day and year first above written.

WARNING-BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

MAKER:

INTELLINETICS, INC., an Ohio corporation

By: /s/ Matthew L. Chretien

Name: Matthew L. Chretien

Title: President

This amendment dated 6/21/2011 is incorporated by reference Cognovit Promissory Note to Ray Shealy dated 2/10/2011, signed by Intellinetics. Specifically, the Principal Sum is now \$235,000. All other terms and conditions remain in full effect. All terms and conditions in the corresponding Guaranty dated 2/10/2011 remain in effect.

INTELLINETICS, INC., an Ohio Corporation

Approved: /S/ RAY SHEALY
Ray Shealy

By: /S/ MATTHEW L. CHRETIEN
Matthew L. Chretien, President

GUARANTY

February 10, 2011

FOR VALUE RECEIVED, the receipt and sufficiency of which are hereby acknowledged, the undersigned, MATT CHRETIEN and MIKE CHRETIEN, each individuals (together with their respective heirs, legal representatives and successors and permitted assigns, each a "Guarantor" and together, the "Guarantors"), hereby jointly and severally and unconditionally guarantee the prompt payment in full when due of all obligations and other sums, including Interest and the Structuring Fee (as defined in the Note) now or hereafter owing by INTELLINETICS, INC., an Ohio corporation (the "Maker") to RAY SHEALY (together with his heirs, legal representatives and successors and assigns, the "Payee") under that certain \$200,000 Cognovit Promissory Note, of even date herewith (the "Note"), executed and delivered by Maker to the Payee (the "Guaranteed Obligations"), which Note superseded and replaced that certain \$50,000 cognovit promissory note payable to the Payee dated November 23, 2010, whether at maturity, by acceleration or otherwise. The Guarantors shall pay all costs and expenses, including attorney's fees, incurred in the collection of the Guaranteed Obligations and the enforcement of this Guaranty.

The Guarantors jointly and severally guarantee that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Note. The liability of the Guarantors under this Guaranty shall be absolute and unconditional irrespective of: (a) any lack of validity or enforceability of Note; (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from the Note, (c) the Payee's election in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. §101 et seq.) (the "Bankruptcy Code"), or the application of Section 1111 (b)(2) of the Bankruptcy Code; (d) any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code; or (e) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Maker or any guarantor. This Guaranty shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Payee upon the insolvency, bankruptcy or reorganization of the Maker or otherwise, all as though such payment had not been made.

No renewals, extensions or other changes in the terms of the Guaranteed Obligations, no release of any person, primarily or secondarily liable on the Guaranteed Obligations, no delay in the enforcement of the payment of the Guaranteed Obligations, and no delay or omission in exercising any right or power under the Guaranteed Obligations shall affect the liability of the Guarantor hereunder. The liability of the Guarantors under this Guaranty shall be direct and not conditional or contingent on the pursuit of any remedies against the party obligated on the Guaranteed Obligations. Each Guarantor waives any right it may otherwise have to require the Payee to proceed against the Maker or pursue any other remedy available to the Payee whatsoever. Each Guarantor waives any defense arising by reason of any defense of the Maker to liability or by reason of cessation from any cause whatsoever of the liability of the Maker.

Each Guarantor expressly waives presentment, protest, demand, notice of dishonor or default, notice of acceptance of this Guaranty and notice of any kind with respect to the Guaranteed Obligations or performance of the Guaranteed Obligations. This Guaranty shall be governed by the laws of the State of Ohio without taking into effect the conflict of laws provisions thereof.

Solely in the event it is necessary for the enforceability of this Guaranty, the maximum liability of each Guarantor under this Guaranty shall be the greatest amount which, after taking into consideration all other valid and enforceable debts and liabilities of such Guarantor, an applicable court has determined (after any appeals) would not render such Guarantor insolvent, unable to pay its debts as they become due, inadequately capitalized for the business which it intends to conduct (in all such cases, within the meaning of Section 548 of the Bankruptcy Code, 11 U.S.C. §101, *et. seq.*, or any other similar applicable state law), or unable to pay a judgment rendered upon a claim that is the subject of an action or proceeding pending at the time when the obligations of such Guarantor are incurred or increased.

The obligations evidenced hereby are joint and several in nature and a separate action or actions may be brought and prosecuted against any Guarantor regardless of whether any action brought against the Maker or any other Guarantor or whether the Maker or other Guarantors are joined in any such action(s). The Guarantors may be sued together or any of them may be sued separately without first, contemporaneously or subsequently, suing the others. The Payee may compromise with any of the Guarantors for less than all of the amounts owing under the Note and hereunder and release any of the Guarantors from all or further liability to the Payee from the amounts owing under the Note or hereunder all without impairing the rights of the Payee to demand and collect the balance of the amounts owing under the Note and hereunder from the other Guarantors not so sued or released. There shall be no duty or obligation of the Payee to exhaust any remedy in law or in equity against the Maker or any Guarantor before bringing suit or instituting proceedings of any kind against the other Guarantors.

Upon an Event of Default (as defined in the Note) under the Note, and in addition to all rights and remedies available to the Payee under the Note, this Guaranty or applicable laws, the Payee shall have the right to purchase from the Guarantors and the Guarantors shall sell to the Payee, at the aggregate price of \$10.00 (the "Purchase Price"), shares of the common stock of the Maker owned by the Guarantors, in an aggregate number such that Payee shall own ten percent (10%) of the then outstanding capital stock of the Maker (the "Shares") following such purchase and sale. Upon the exercise of such right to purchase and delivery of the Purchase Price to the Guarantors, the Guarantors shall cause the Maker to issue to Payee share certificate(s) representing the Shares.

Each of the Guarantors represents, warrants and agrees that (a) he has the power to execute this Guaranty and to carry out all of the terms, covenants and provisions contained herein; (b) no person or entity has any rights to purchase or acquire the Shares; (c) the Shares are duly issued, fully paid and nonassessable and, the Guarantors own the Shares free and clear of any and all liens, charges or encumbrances thereon or affecting the title thereto; (d) the execution, delivery and performance by the Guarantors under this Guaranty, do not violate, contravene or result in default under any agreement to which either Guarantor or the Maker is

party or by which the Shares are subject; (e) the Guarantors have good right and lawful authority to enter into this Agreement and to assign, transfer and deliver the Shares to the Payee, as hereinabove provided, and shall warrant and defend the title thereto against the claims of all persons whomsoever and wheresoever situated; and (f) the Guarantors shall not sell, assign or transfer and shall not pledge, hypothecate, mortgage or otherwise encumber any right or rights with respect to the Shares or any rights or interests thereunder without the prior express written consent of the Payee.

EACH GUARANTOR HEREBY IRREVOCABLY AUTHORIZES ANY ATTORNEY AT LAW, INCLUDING ANY ATTORNEY AT LAW EMPLOYED BY THE PAYEE, TO APPEAR FOR SUCH GUARANTOR IN ANY ACTION ON THIS AGREEMENT AT ANY TIME AFTER THE SAME BECOMES DUE AS HEREIN PROVIDED IN ANY COURT OF RECORD SITUATED IN THE COUNTY WHERE THIS WARRANT WAS SIGNED, OR THE COUNTY IN WHICH SUCH GUARANTOR THEN RESIDES OR CAN BE FOUND, TO WAIVE THE ISSUING AND SERVICE OF PROCESS, AND TO CONFESS A JUDGMENT IN FAVOR OF THE HOLDER OF THIS AGREEMENT AGAINST SUCH GUARANTOR, FOR THE AMOUNT THAT MAY THEN BE DUE, WITH INTEREST AT THE RATE(S) PROVIDED FOR HEREIN AND IN THE NOTE, TOGETHER WITH THE COSTS OF SUIT, AND TO WAIVE AND RELEASE ALL ERRORS IN SAID PROCEEDINGS AND THE RIGHT TO APPEAL FROM THE JUDGMENT RENDERED. EACH GUARANTOR CONSENTS TO THE JURISDICTION AND VENUE OF SUCH COURT. EACH GUARANTOR WAIVES ANY CONFLICT OF INTEREST THAT ANY ATTORNEY AT LAW EMPLOYED OR RETAINED BY THE PAYEE MAY HAVE IN CONFESSING JUDGMENT HEREUNDER AND CONSENTS TO THE PAYMENT OF A LEGAL FEE TO ANY ATTORNEY AT LAW CONFESSING JUDGMENT HEREUNDER.

IN WITNESS WHEREOF, the Guarantors have executed this Guaranty in Franklin County, Ohio, as of the day and year first above written.

WARNING-BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR, RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART, TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

/s/ MATT CHRETIEN
MATT CHRETIEN

/s/ MIKE CHRETIEN
MIKE CHRETIEN

LEASE

SFERS Real Estate Corp. T,
a Delaware corporation

Landlord,

and

The Avatar Group Inc.,
a Ohio corporation

Tenant

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**MULTI-TENANT INDUSTRIAL NET LEASE
REFERENCE PAGE**

BUILDING:	Plaza II 2170-2200 Dividend Drive Columbus, Ohio 43228
LANDLORD:	SFERS Real Estate Corp. T, a Delaware Corporation
LANDLORD'S ADDRESS:	2218 Dividend Drive Columbus, Ohio 43228
LEASE REFERENCE DATE:	June 21, 1999
TENANT:	The Avatar Group Inc., an Ohio corporation
TENANT'S ADDRESS:	
(a) As of beginning of Term :	(a) 2190 Dividend Drive Columbus, Ohio
(b) Prior to beginning of Term (if different):	(b) 434 E. Rich Street Columbus, Ohio 43215
PREMISES IDENTIFICATION:	Suite Number 2190 (for outline of Premises see Exhibit A)
PREMISES RENTABLE AREA:	approximately 12,302 sq. ft.
USE:	general office and warehouse
SCHEDULED COMMENCEMENT DATE:	June 22, 1999
TERMINATION DATE:	November 30, 2004
TERM OF LEASE:	5 years, five (5) months and nine (9) days beginning on the Commencement Date and ending on the Termination Date (unless sooner terminated pursuant to the lease)
INITIAL ANNUAL RENT (Article 3):	\$ See Rent Schedule in Article 3
INITIAL MONTHLY INSTALLMENT OF ANNUAL RENT (Article 3):	\$ See Rent Schedule in Article 3
INITIAL ESTIMATED MONTHLY INSTALLMENT OF RENT ADJUSTMENTS (Article 4):	\$2,050.33 (\$2.00 psf/yr)
TENANT'S PROPORTIONATE SHARE:	27.97% (12,302 sf/43,976 sf)
SECURITY DEPOSIT:	\$7,000.00
ASSIGNMENT/SUBLETTING FEE	\$1,000.00
REAL ESTATE BROKER DUE COMMISSION:	Rj Boll Realty

The Reference Page information is incorporated into and made a part of the Lease. In the event of any conflict between any Reference Page information and the Lease, the Lease shall control. This Lease includes Exhibits A through C and Rider, all of which are made a part of this Lease.

LANDLORD:

SFERS Real Estate Corp. T, a Delaware corporation

By: RREEF Management Company, a Delaware corporation

By: /s/ Philip Schneider
Philip Schneider
Title: District Manager

Dated: June 21, 1999

TENANT:

The Avatar Group Inc., an Ohio corporation

By: /s/ A. Michael Chretien
A. Michael Chretien
Title: President

Dated: 6/21/1999

LEASE

By this Lease Landlord leases to Tenant and Tenant leases from Landlord the Premises in the Building as set forth and described on the Reference Page. The Reference Page, including all terms defined thereon, is incorporated as part of this Lease.

1. USE AND RESTRICTIONS ON USE.

1.1 The Premises are to be used solely for the purposes stated on the Reference Page. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure, annoy, or disturb them or allow the Premises to be used for any improper, immoral, unlawful, or objectionable purpose. Tenant shall not do, permit or suffer in, on, or about the Premises the sale of any alcoholic liquor without the written consent of Landlord first obtained, or the commission of any waste. Tenant shall comply with all governmental laws, ordinances and regulations applicable to the use of the Premises and its occupancy and shall promptly comply with all governmental orders and directions for the correction, prevention and abatement of any violations in or upon, or in connection with, the Premises, all at Tenant's sole expense. Tenant shall not do or permit anything to be done on or about the Premises or bring or keep anything into the Premises which will in any way increase the rate of, invalidate or prevent the procuring of any insurance protecting against loss or damage to the Building or any of its contents by fire or other casualty or against liability for damage to property or injury to persons in or about the Building or any part thereof.

1.2 Tenant shall not, and shall not direct, suffer or permit any of its agents, contractors, employees, licensees or invitees to at any time handle, use, manufacture, store or dispose of in or about the Premises or the Building any (collectively "Hazardous Materials") flammables, explosives, radioactive materials, hazardous wastes or materials, toxic wastes or materials, or other similar substances, petroleum products or derivatives or any substance subject to regulation by or under any federal, state and local laws and ordinances relating to the protection of the environment or the keeping, use or disposition of environmentally hazardous materials, substances, or wastes, presently in effect or hereafter adopted, all amendments to any of them, and all rules and regulations issued pursuant to any of such laws or ordinances (collectively "Environmental Laws"), nor shall Tenant suffer or permit any Hazardous Materials to be used in any manner not fully in compliance with all Environmental Laws, in the Premises or the Building and appurtenant land or allow the environment to become contaminated with any Hazardous Materials. Notwithstanding the foregoing, and subject to Landlord's prior consent, Tenant may handle, store, use or dispose of products containing small quantities of Hazardous Materials (such as aerosol cans containing insecticides, toner for copiers, paints, paint remover and the like) to the extent customary and necessary for the use of the Premises for general office purposes; provided that Tenant shall always handle, store, use, and dispose of any such Hazardous Materials in a safe and lawful manner and never allow such Hazardous Materials to contaminate the Premises, Building and appurtenant land or the environment. Tenant shall protect, defend, indemnify and hold each and all of the Landlord Entities (as defined in Article 30) harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of any actual or asserted failure of Tenant to fully comply with all applicable Environmental Laws, or the presence, handling, use or disposition in or from the Premises of any Hazardous Materials (even though permissible under all applicable Environmental Laws or the provisions of this Lease), or by reason of any actual or asserted failure of Tenant to keep, observe, or perform any provision of this Section 1.2.

2. TERM.

2.1 The Term of this Lease shall begin on the date ("Commencement Date") which shall be the later of the Scheduled Commencement Date as shown on the Reference Page and the date that Landlord shall tender possession of the Premises to Tenant. Landlord shall tender possession of the Premises with all the work, if any, to be performed by Landlord pursuant to Exhibit B to this Lease substantially completed. Tenant shall deliver a punch list of items not completed within 30 days after Landlord tenders possession of the Premises and Landlord agrees to proceed with due diligence to perform its obligations regarding such items. Landlord and Tenant shall execute a memorandum setting forth the actual Commencement Date and Termination Date.

2.2 Tenant agrees that in the event of the inability of Landlord to deliver possession of the Premises on the Scheduled Commencement Date, Landlord shall not be liable for any damage resulting from such inability, but Tenant shall not be liable for any rent until the time when Landlord can, after notice to Tenant, deliver possession of the Premises to Tenant. No such failure to give possession on the Scheduled Commencement Date shall affect the other obligations of Tenant under this Lease, except that if Landlord is unable to deliver possession of the Premises within one hundred twenty (120) days of the Scheduled Commencement Date (other than as a result of strikes, shortages of materials or similar matters beyond the reasonable control of Landlord and Tenant is notified by Landlord in writing as to such delay), Tenant shall have the option to terminate this Lease unless said delay is as a result of: (a) Tenant's failure to agree to plans and specifications; (b) Tenant's request for materials, finishes [ILLEGIBLE] installations other than Landlord's standard except those, if any, that Landlord shall have expressly agreed to furnish without extension of time agreed by Landlord; (c) Tenant's change in any plans or specifications; or, (d) performance or completion by a party employed by Tenant. If any delay is the result of any of the foregoing, the Commencement Date and the payment of rent under this Lease shall be accelerated by the number of days of such delay.

2.3 In the event Landlord shall permit Tenant to occupy the Premises prior to the Commencement Date, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the Termination Date.

3. RENT.

3.1 Tenant agrees to pay to Landlord the Annual Rent in effect from time to time by paying the Monthly Installment of Rent then in effect on or before the first day of each full calendar month during the Term, except that the first month's rent shall be paid upon the execution of this Lease. The Monthly Installment of Rent in effect at any time shall be one-twelfth of the Annual Rent in effect at such time. Rent for any period during the Term which is less than a full month shall be a prorated portion of the Monthly Installment of Rent based upon a thirty (30) day month. Said rent shall be paid to Landlord, without deduction or offset and without notice or demand, at the Landlord's address, as set forth on the Reference Page, or to such other person or at such other place as Landlord may from time to time designate in writing.

Rent Schedule.

Period	Annual Rent (psf/yr.)	Monthly Installment	Monthly Amortization (psf/yr.)	Total Base Rent
6/22/1999-08/31/1999	Free Rent & Operating Expenses			
09/1/1999-08/31/2000	\$57,696.38 (\$4.69)	\$4,808.03	\$584.35 (\$.57)	\$5,392.38
09/1/2000-08/31/2001	\$76,887.50 (\$6.25)	\$6,407.29	\$584.35 (\$.57)	\$6,991.64
09/1/2001-08/31/2002	\$79,963.00 (\$6.50)	\$6,663.58	\$584.35 (\$.57)	\$7,247.93
09/1/2002-11/30/2004	\$83,038.50 (\$6.75)	\$6,919.88	\$584.35 (\$.57)	\$7,504.23

3.2 Tenant recognizes that late payment of any rent or other sum due under this Lease will result in administrative expense to Landlord, the extent of which additional expense is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if rent or any other sum is not paid when due and payable pursuant to this Lease, a late charge shall be imposed in an amount equal to the greater of: (a) Fifty Dollars (\$50.00), or (b) a sum equal to five percent (5%) per month of the unpaid rent or other payment. The amount of the late charge to be paid by Tenant shall be reassessed and added to Tenant's obligation for each successive monthly period until paid. The provisions of this Section 3.2 in no way relieve Tenant of the obligation to pay rent or other payments on or before the date on which they are due, nor do the terms of this Section 3.2 in any way affect Landlord's remedies pursuant to Article 19 in the event said rent or other payment is unpaid after date due.

4. RENT ADJUSTMENTS.

4.1 For the purpose of this Article 4, the following terms are defined as follows:

4.1.1 **Lease Year:** Each calendar year falling partly or wholly within the Term.

4.1.2 **Direct Expenses:** All direct costs of operation, maintenance, repair and management of the Building (including the amount of any credits which Landlord may grant to particular tenants of the Building in lieu of providing any standard services or paying any standard costs described in this Section 4.1.2 for similar tenants), as determined in accordance with generally accepted accounting principles, including the following costs by way of illustration, but not limitation: water and sewer charges; insurance charges of or relating to all insurance policies and endorsements deemed by Landlord to be reasonably necessary or desirable and relating in any manner to the protection, preservation, or operation of the Building or any part thereof; utility costs, including, but not limited to, the cost of heat, light, power, steam, gas, and waste disposal; the cost of security and alarm services (including any central station signaling system); window cleaning costs; labor costs; costs and expenses of managing the Building including management fees; air conditioning maintenance costs; material costs; equipment costs including the cost of maintenance, repair and service agreements and rental and leasing costs; purchase costs of equipment other than capital items; current rental and leasing costs of items which would be amortizable capital items if purchased; tool costs; licenses, permits and inspection fees; wages and salaries; employee benefits and payroll taxes; accounting and legal fees; any sales, use or service taxes incurred in connection therewith. Direct Expenses shall not include depreciation or amortization of the Building or equipment in the Building except as provided herein, loan principal payments, costs of alterations of tenants' premises, leasing commissions, interest expenses on long-term borrowings, advertising costs or management salaries for executive personnel other than personnel located at the Building. In addition, Landlord shall be entitled to amortize and include as an additional rental adjustment: (i) an allocable portion of the cost of capital improvement items which are reasonably calculated to reduce operating expenses; (ii) fire sprinklers and suppression systems and other life safety systems; and (iii) other capital expenses which are required under any governmental laws, regulations or ordinances which were not

applicable to the Building at the time it was constructed. All such costs shall be amortized over the reasonable life of such improvements in accordance with such reasonable life and amortization schedules as shall be determined by Landlord in accordance with generally accepted accounting principles, with interest on the unamortized amount at one percent (1%) in excess of the prime lending rate announced from time to time as such by The Northern Trust Company of Chicago, Illinois.

4.1.3 Taxes: Real estate taxes and any other taxes, charges and assessments which are levied with respect to the Building or the land appurtenant to the Building, or with respect to any improvements, fixtures and equipment or other property of Landlord, real or personal, located in the Building and used in connection with the operation of the Building and said land, any payments to any ground lessor in reimbursement of tax payments made by such lessor; and all fees, expenses and costs incurred by Landlord in investigating, protesting, contesting or in any way seeking to reduce or avoid increase in any assessments, levies or the tax rate pertaining to any Taxes to be paid by Landlord in any Lease Year. Taxes shall not include any corporate franchise, or estate, inheritance or net income tax, or tax imposed upon any transfer by Landlord of its interest in this Lease or the Building.

4.2 Tenant shall pay as additional rent for each Lease Year Tenant's Proportionate Share of Direct Expenses and Taxes incurred for such Lease Year.

4.3 The annual determination of Direct Expenses shall be made by Landlord and, if certified by a nationally recognized firm of public accountants selected by Landlord, shall be binding upon Landlord and Tenant. Tenant may review the books and records supporting such determination in the office of Landlord, or Landlord's agent, during normal business hours, upon giving Landlord five (5) days advance written notice within sixty (60) days after receipt of such determination, but in no event more often than once in any one year period. In the event that during all or any portion of any Lease Year, the Building is not fully rented and occupied Landlord may make any appropriate adjustment in occupancy-related Direct Expenses for such year for the purpose of avoiding distortion of the amount of such Direct Expenses to be attributed to Tenant by reason of variation in total occupancy of the Building, by employing sound accounting and management principles to determine Direct Expenses that would have been paid or incurred by Landlord had the Building been fully rented and occupied, and the amount so determined shall be deemed to have been Direct Expenses for such Lease Year.

4.4 Prior to the actual determination thereof for a Lease Year, Landlord may from time to time estimate Tenant's liability for Direct Expenses and/or Taxes under Section 4.2, Article 6 and Article 28 for the Lease Year or portion thereof. Landlord will give Tenant written notification of the amount of such estimate and Tenant agrees that it will pay, by increase of its Monthly Installments of Rent due in such Lease Year, additional rent in the amount of such estimate. Any such increased rate of Monthly Installments of Rent pursuant to this Section 4.4 shall remain in effect until further written notification to Tenant pursuant hereto.

4.5 When the above mentioned actual determination of Tenant's liability for Direct Expenses and/or Taxes is made for any Lease Year and when Tenant is so notified in writing, then:

4.5.1 If the total additional rent Tenant actually paid pursuant to Section 4.3 on account of Direct Expenses and/or Taxes for the Lease Year is less than Tenant's liability for Direct Expenses and/or Taxes, then Tenant shall pay such deficiency to Landlord as additional rent in one lump sum within thirty (30) days of receipt of Landlord's bill therefor; and

4.5.2 If the total additional rent Tenant actually paid pursuant to Section 4.3 on account of Direct Expenses and/or Taxes for the Lease Year is more than Tenant's liability for Direct Expenses and/or Taxes, then Landlord shall credit the difference against the then next due payments to be made by Tenant under this Article 4.

4.6 If the Commencement Date is other than January 1 or if the Termination Date is other than December 31, Tenant's liability for Direct Expenses and Taxes for the Lease Year in which said Date occurs shall be prorated based upon a three hundred sixty-five (365) day year.

4.7 Notwithstanding the language in Article 4.-Rent Adjustments, in no event shall Direct Expenses (excluding real estate taxes, insurance, and snow removal) for any calendar year exceed the product of .05 multiplied by the number of lease year elapsed, times \$.77 psf/yr., plus \$.77 psf/yr. (\$.77 is the budget number for 1999 Direct Expenses, excluding real estate taxes, insurance and snow removal).

5. SECURITY DEPOSIT.

5.1 Tenant shall deposit the Security Deposit with Landlord upon the execution of this Lease. Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants and conditions of this Lease to be kept and performed by Tenant and not as an advance rental deposit or as a measure of Landlord's damage in case of Tenant's default. If Tenant defaults with respect to any provision of this Lease, Landlord may use any part of the Security Deposit for the payment of any rent or any other sum in default, or at the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default

or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion is so used, Tenant shall within five (5) days after written demand therefor, deposit with Landlord an amount sufficient to restore the Security Deposit to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Except to such extent, if any, as shall be required by law, Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant within forty-five (45) days after termination of this Lease.

5.2 In addition to the Security Deposit and to further secure Tenant's performance under the Lease, Tenant shall deposit with Landlord upon execution of this Lease the sum of \$53,000 (as such sum may be adjusted from time to time, the "Additional Deposit") which, except as set forth herein, shall be subject to all the terms and conditions set forth in Section 5.1. Landlord shall hold the Additional Deposit in an interest-bearing account and the interest earned thereon shall be considered part of the Additional Deposit, provided that Landlord shall receive one-half of one percent (0.5%) of the Additional Deposit annually to offset Landlord's administrative costs. Tenant shall also pledge to Landlord receivables with a fair value of at least \$90,000, subject to no other liens or encumbrances (the "Receivables Pledge"), on a form reasonably acceptable to Landlord. No later than February 29, 2000, Tenant shall increase the Additional Deposit to \$143,000 and Landlord shall thereupon release the Receivables Pledge. So long as there is then (at the time of payment) no uncured Event of Default or default which with the passage of time, the giving of notice or both, would become an Event of Default, and so long as there has never been a monetary Event of Default prior to such time, Landlord shall return (i) \$50,000 of the Additional Deposit to Tenant on August 31, 2001, (ii) \$50,000 of the Additional Deposit to Tenant on August 31, 2002, and (iii) the remainder of the Additional Deposit on August 31, 2003.

6. ALTERATIONS.

6.1 Except for those, if any, specifically provided for in Exhibit B to this Lease, Tenant shall not make or suffer to be made any alterations, additions, or improvements, including, but not limited to, the attachment of any fixtures or equipment in, on, or to the Premises or any part thereof or the making of any improvements as required by Article 7, without the prior written consent of Landlord. When applying for such consent, Tenant shall, if requested by Landlord, furnish complete plans and specifications for such alterations, additions and improvements. At Tenant's specific request, at the time Landlord consents it shall also advise Tenant as to whether or not Landlord will require removal of such alteration, additions and improvements at the end of the Term pursuant to paragraph 6.4.

6.2 In the event Landlord consents to the making of any such alteration, addition or improvement by Tenant, the same shall be made using Landlord's contractor (unless Landlord agrees otherwise) at Tenant's sole cost and expense. If Tenant shall employ any Contractor other than Landlord's Contractor and such other Contractor or any Subcontractor of such other Contractor shall employ any non-union labor or supplier, Tenant shall be responsible for any and all delays, damages and extra costs suffered by Landlord as a result of any dispute with any labor unions concerning the wage, hours, terms or conditions of the employment of any such labor. In any event Landlord may charge Tenant a reasonable charge to cover its overhead as it relates to such proposed work.

6.3 All alterations, additions or improvements proposed by Tenant shall be constructed in accordance with all government laws, ordinances, rules and regulations and Tenant shall, prior to construction, provide the additional insurance required under Article 11 in such case, and also all such assurances to Landlord, including but not limited to, waivers of lien, surety company performance bonds and personal guaranties of individuals of substance as Landlord shall require to assure payment of the costs thereof and to protect Landlord and the Building and appurtenant land against any loss from any mechanic's, materialmen's or other liens. Tenant shall pay in addition to any sums due pursuant to Article 4, any increase in real estate taxes attributable to any such alteration, addition or improvement for so long, during the Term, as such increase is ascertainable; at Landlord's election said sums shall be paid in the same way as sums due under Article 4.

6.4 All alterations, additions, and improvements in, on, or to the Premises made or installed by Tenant, including carpeting, shall be and remain the property of Tenant during the Term but, excepting furniture, furnishings, movable partitions of less than full height from floor to ceiling and other trade fixtures, shall become a part of the realty and belong to Landlord without compensation to Tenant upon the expiration or sooner termination of the Term, at which time title shall pass to Landlord under this Lease as by a bill of sale, unless Landlord elects otherwise. Upon such election by Landlord, Tenant shall upon demand by Landlord, at Tenant's sole cost and expense, forthwith and with all due diligence remove any such alterations, additions or improvements which are designated by Landlord to be removed, and Tenant shall forthwith and with all due diligence, at its sole cost and expense, repair and restore the Premises to their original condition, reasonable wear and tear and damage by fire or other casualty excepted; provided, however, that, except to the extent otherwise specified by Landlord in writing prior to the commencement of construction, Tenant shall not be obligated to remove any of the improvements constructed pursuant to Exhibit B.

7. REPAIR.

7.1 Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises, except as specified in Exhibit B if attached to this Lease and except that Landlord shall repair and maintain the structural portions of the roof, walls and foundation of the Building. In addition, during the first year of the Term, Landlord shall repair and maintain the heating and air conditioning units serving the Premises. By taking possession of the Premises, Tenant accepts them as being in good order, condition and repair and in the condition in which Landlord is obligated to deliver them. It is hereby understood and agreed that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant, except as specifically set forth in this Lease. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant.

7.2 Tenant shall at its own cost and expense keep and maintain all parts of the Premises and such portion of the Building and improvements as are within the exclusive control of Tenant in good condition, promptly making all necessary repairs and replacements, whether ordinary or extraordinary, with materials and workmanship of the same character, kind and quality as the original (including, but not limited to, repair and replacement of all fixtures installed by Tenant, water heaters serving the Premises, windows, glass and plate glass, doors, exterior stairs, skylights, any special office entries, interior walls and finish work, floors and floor coverings, heating and air conditioning systems serving the Premises, electrical systems and fixtures, sprinkler systems, dock boards, truck doors, dock bumpers, plumbing work and fixtures, and performance of regular removal of trash and debris). Tenant as part of its obligations hereunder shall keep the Premises in a clean and sanitary condition. Tenant will, as far as possible keep all such parts of the Premises from deterioration due to ordinary wear and from falling temporarily out of repair, and upon termination of this Lease in any way Tenant will yield up the Premises to Landlord in good condition and repair, loss by fire or other casualty excepted (but not excepting any damage to glass). Tenant shall, at its own cost and expense, repair any damage to the Premises or the Building resulting from and/or caused in whole or in part by the negligence or misconduct of Tenant, its agents, employees, invitees, or any other person entering upon the Premises as a result of Tenant's business activities or caused by Tenant's default hereunder. In the event that Tenant replaces the HVAC units during the Term, Landlord shall, upon termination of the Lease (unless such termination is due to Tenant's default), pay Tenant the unamortized cost of such units, based upon the remaining useful life as of the termination.

7.3 Except as provided in Article 22, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises or to fixtures, appurtenances and equipment in the Building. Except to the extent, if any, prohibited by law, Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect.

7.4 Tenant shall, at its own cost and expense, enter into a regularly scheduled preventive maintenance/service contract with a licensed maintenance contractor for servicing all heating and air conditioning systems and equipment serving the Premises (and a copy thereof shall be furnished to Landlord). The service contract must include all services suggested by the equipment manufacturer in the operation/maintenance manual and must become effective within thirty (30) days of the date Tenant takes possession of the Premises. Landlord may, upon notice to Tenant, enter into such a maintenance/ service contract on behalf of Tenant or perform the work and in either case, charge Tenant the cost thereof along with a reasonable amount for Landlord's overhead.

8. LIENS. Tenant shall keep the Premises, the Building and appurtenant land and Tenant's leasehold interest in the Premises free from any liens arising out of any services, work or materials performed, furnished, or contracted for by Tenant, or obligations incurred by Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, either cause the same to be released of record or provide Landlord with insurance against the same issued by a major title insurance company or such other protection against the same as Landlord shall accept, Landlord shall have the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be considered additional rent and shall be payable to it by Tenant on demand.

9. ASSIGNMENT AND SUBLETTING.

9.1 Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant, and shall not make, suffer or permit such assignment, subleasing or occupancy, without the prior written consent of Landlord, which shall not be unreasonably withheld, and said restrictions shall be binding upon any and all assignees of the Lease and subtenants of the Premises. In the event Tenant desires to sublet, or permit such occupancy of, the Premises, or any portion thereof, or assign this Lease, Tenant shall give written notice thereof to Landlord at least ninety (90) days but no more than one hundred eighty (180) days prior to the proposed

commencement date of such subletting or assignment, which notice shall set forth the name of the proposed subtenant or assignee, the relevant terms of any sublease or assignment and copies of financial reports and other relevant financial reports and other relevant financial information of the proposed subtenant or assignee.

9.2 Notwithstanding any assignment or subletting, permitted or otherwise, Tenant shall at all times remain directly, primarily and fully responsible and liable for the payment of the rent specified in this Lease and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Upon the occurrence of an Event of Default, if the Premises or any part of them are then assigned or sublet, Landlord, in addition to any other remedies provided in this Lease or provided by law, may, at its option, collect directly from such assignee or subtenant all rents due and becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to Landlord from Tenant under this Lease, and no such collection shall be construed to constitute a novation or release of Tenant from the further performance of Tenant's obligations under this Lease.

9.3 In addition to Landlord's right to approve of any subtenant or assignee, Landlord shall have the option, in its sole discretion, in the event of any proposed subletting or assignment, to terminate this Lease, or in the case of a proposed subletting of less than the entire Premises, to recapture the portion of the Premises to be sublet, as of the date the subletting or assignment is to be effective. The option shall be exercised, if at all, by Landlord giving Tenant written notice given by Landlord to Tenant within sixty (60) days following Landlord's receipt of Tenant's written notice as required above; provided, however, that if Landlord exercises such option, Tenant may void such election by withdrawing its request to sublease or assign within ten (10) days of Landlord's notice. If this Lease shall be terminated with respect to the entire Premises pursuant to this Section, the Term of this Lease shall end on the date slated in Tenant's notice as the effective date of the sublease or assignment as if that date had been originally fixed in this Lease for the expiration of the Term. If Landlord recaptures under this Section only a portion of the Premises, the rent to be paid from time to time during the unexpired Term shall abate proportionately based on the proportion by which the approximate square footage of the remaining portion of the Premises shall be less than that of the Premises as of the date immediately prior to such recapture. Tenant shall, at Tenant's own cost and expense, discharge in full any outstanding commission obligation on the part of Landlord with respect to this Lease, and any commissions which may be due and owing as a result of any proposed assignment or subletting, whether or not the Premises are recaptured pursuant to this Section 9.3 and rented by Landlord to the proposed tenant or any other tenant.

9.4 In the event that Tenant sells, sublets, assigns or transfers this Lease, Tenant shall pay to Landlord as additional rent an amount equal to fifty percent (50%) of any Increased Rent (as defined below) when and as such Increased Rent is received by Tenant. As used in this Section, "Increased Rent" shall mean the excess of (i) all rent and other consideration which Tenant is entitled to receive by reason of any sale, sublease, assignment or other transfer of this Lease, over (ii) the rent otherwise payable by Tenant under this Lease at such time. For purposes of the foregoing, any consideration received by Tenant in form other than cash shall be valued at its fair market value as determined by Landlord in good faith.

9.5 Notwithstanding any other provision hereof, Tenant shall have no right to make (and Landlord shall have the absolute right to refuse consent to) any assignment of this Lease or sublease of any portion of the Premises if at the time of either Tenant's notice of the proposed assignment or sublease or the proposed commencement date thereof, there shall exist any uncured default of Tenant or matter which will become a default of Tenant with passage of time unless cured, or if the proposed assignee or sublessee is an entity: (a) with which Landlord is already in negotiation as evidenced by the issuance of a written proposal; (b) is already an occupant of the Building unless Landlord is unable to provide the amount of space required by such occupant; (c) is a governmental agency; (d) is incompatible with the character of occupancy of the Building; or (e) would subject the Premises to a use which would: (i) involve increased personnel or wear upon the Building; (ii) violate any exclusive right granted to another tenant of the Building; (iii) require any addition to or modification of the Premises or the Building in order to comply with building code or other governmental requirements; or, (iv) involve a violation of Section 1.2. Tenant expressly agrees that Landlord shall have the absolute right to refuse consent to any such assignment or sublease and that for the purposes of any statutory or other requirement of reasonableness on the part of Landlord such refusal shall be reasonable.

9.6 Upon any request to assign or sublet, Tenant will pay to Landlord the Assignment/Subletting Fee plus, on demand, a sum equal to all of Landlord's costs, including reasonable attorney's fees, incurred in investigating and considering any proposed or purported assignment or pledge of this Lease or sublease of any of the Premises, regardless of whether Landlord shall consent to, refuse consent, or determine that Landlord's consent is not required for, such assignment, pledge or sublease. Any purported sale, assignment, mortgage, transfer of this Lease or subletting which does not comply with the provisions of this Article 9 shall be void.

9.7 If Tenant is a corporation, partnership or trust, any transfer or transfers of or change or changes within any twelve month period in the number of the outstanding voting shares of the corporation, the general partnership interests in the partnership or the identity of the persons or entities controlling the activities of such partnership or trust resulting in the persons or entities owning or controlling a majority of such shares, partnership interests or activities of such partnership or trust at the beginning of such period no longer having such ownership or control shall be regarded as equivalent to an assignment of this Lease to the persons or entities acquiring such ownership or control and shall be subject to all the provisions of this Article 9 to the same extent and for all intents and purposes as though such an assignment.

10. INDEMNIFICATION. None of the Landlord Entities shall be liable and Tenant hereby waives all claims against them for any damage to any property or any injury to any person in or about the Premises or the Building by or from any cause whatsoever (including without limiting the foregoing, rain or water leakage of any character from the roof, windows, walls, basement, pipes, plumbing works or appliances, the Building not being in good condition or repair, gas, fire, oil, electricity or theft), except to the extent caused by or arising from the gross negligence or willful misconduct of Landlord or its agents, employees or contractors. Tenant shall protect, indemnify and hold the Landlord Entities harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of (a) any damage to any property (including but not limited to property of any Landlord Entity) or any injury (including but not limited to death) to any person occurring in, on or about the Premises or the Building to the extent that such injury or damage shall be caused by or arise from any actual or alleged act, neglect, fault, or omission by or of Tenant, its agents, servants, employees, invitees, or visitors to meet any standards imposed by any duty with respect to the injury or damage; (b) the conduct or management of any work or thing whatsoever done by the Tenant in or about the Premises or from transactions of the Tenant concerning the Premises; (c) Tenant's failure to comply with any and all governmental laws, ordinances and regulations applicable to the condition or use of the Premises or its occupancy; or (d) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to this Lease. The provisions of this Article shall survive the termination of this Lease with respect to any claims or liability accruing prior to such termination.

11. INSURANCE.

11.1 Tenant shall keep in force throughout the Term: (a) a Commercial General Liability insurance policy or policies to protect the Landlord Entities against any liability to the public or to any invitee of Tenant or a Landlord Entity incidental to the use of or resulting from any accident occurring in or upon the Premises with a limit of not less than \$1,000,000.00 per occurrence and not less than \$2,000,000.00 in the annual aggregate, or such larger amount as Landlord may prudently require from time to time, covering bodily injury and property damage liability and \$1,000,000 products/completed operations aggregate; (b) Business Auto Liability covering owned, non-owned and hired vehicles with a limit of not less than \$ 1,000,000 per accident; (c) insurance protecting against liability under Worker's Compensation Laws with limits at least as required by statute; (d) Employers Liability with limits of \$500,000 each accident, \$500,000 disease policy limit, \$500,000 disease—each employee; (e) All Risk or Special Form coverage protecting Tenant against loss of or damage to Tenant's alterations, additions, improvements, carpeting, floor coverings, panelings, decorations, fixtures, inventory and other business personal property situated in or about the Premises to the full replacement value of the property so insured; and, (f) Business Interruption Insurance with limit of liability representing loss of at least approximately six months of income.

11.2 Each of the aforesaid policies shall (a) be provided at Tenant's expense; (b) name the Landlord and building management company, if any, as additional insureds; (c) be issued by an insurance company with a minimum Best's rating of "A:VII" during the Term; and (d) provide that said insurance shall not be canceled unless thirty (30) days prior written notice (ten days for non-payment of premium) shall have been given to Landlord; and said policy or policies or certificates thereof shall be delivered to Landlord by Tenant upon the Commencement Date and at least thirty (30) days prior to each renewal of said insurance.

11.3 Whenever Tenant shall undertake any alterations, additions or improvements in, to or about the Premises ("Work") the aforesaid insurance protection must extend to and include injuries to persons and damage to property arising in connection with such Work, without limitation including liability under any applicable structural work act, and such other insurance as Landlord shall require; and the policies of or certificates evidencing such insurance must be delivered to Landlord prior to the commencement of any such Work.

12. WAIVER OF SUBROGATION. So long as their respective insurers so permit, Tenant and Landlord hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage, All Risks or other insurance now or hereafter existing for the benefit of the respective party but only to the extent of the net insurance proceeds payable under such policies. Each party shall obtain any special endorsements required by their insurer to evidence compliance with the aforementioned waiver.

13. SERVICES AND UTILITIES. Tenant shall pay for all water, gas, heat, light, power, telephone, sewer, sprinkler system charges and other utilities and services used on or from the Premises, together with any taxes, penalties, and surcharges or the like pertaining thereto and any maintenance charges for utilities. Tenant shall furnish all electric light bulbs, tubes and ballasts, battery packs for emergency lighting and fire extinguishers. If any such services are not separately metered to Tenant, Tenant shall pay such proportion of all charges jointly metered with other premises as determined by Landlord, in its sole discretion, to be reasonable. Any such charges paid by Landlord and assessed against Tenant shall be immediately payable to Landlord on demand and shall be additional rent hereunder. Landlord shall in no event be liable for any interruption or failure of utility services on or to the Premises.

14. HOLDING OVER. Tenant shall pay Landlord for each day Tenant retains possession of the Premises or part of them after termination of this Lease by lapse of time or otherwise at the rate ("Holdover Rate") which shall be 150% of the greater of: (a) the amount of the Annual Rent for the last period prior to the date of such termination plus all Rent Adjustments under Article 4; and, (b) the then market rental value of the Premises as determined by Landlord assuming a new lease of the Premises of the then usual duration and other terms, in either case prorated on a daily basis, and also pay all damages sustained by Landlord by reason of such retention. If Landlord gives notice to Tenant of Landlord's election to that effect, such holding over shall constitute renewal of this Lease for a period from month to month or one year, whichever shall be specified in such notice, in either case at the Holdover Rate, but if the Landlord does not so elect, no such renewal shall result notwithstanding acceptance by Landlord of any sums due hereunder after such termination; and instead, a tenancy at sufferance at the Holdover Rate shall be deemed to have been created. In any event, no provision of this Article 14 shall be deemed to waive Landlord's right of reentry or any other right under this Lease or at law.

15. SUBORDINATION. Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to ground or underlying leases and to the lien of any mortgages or deeds of trust now or hereafter placed on, against or affecting the Building, Landlord's interest or estate in the Building, or any ground or underlying lease; provided, however, that if the lessor, mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have Tenant's interest in this Lease be superior to any such instrument, then, by notice to Tenant, this Lease shall be deemed superior, whether this Lease was executed before or after said instrument. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver upon demand such further instruments evidencing such subordination or superiority of this Lease as may be required by Landlord.

16. RULES AND REGULATIONS. Tenant shall faithfully observe and comply with all the rules and regulations as set forth in Exhibit C to this Lease and all reasonable modifications of and additions to them from time to time put into effect by Landlord. Landlord shall not be responsible to Tenant for the non-performance by any other tenant or occupant of the Building of any such rules and regulations.

17. REENTRY BY LANDLORD.

17.1 Landlord reserves and shall at all times have the right to re-enter the Premises to inspect the same, to show said Premises to prospective purchasers, mortgagees or tenants, and to alter, improve or repair the Premises and any portion of the Building, without abatement of rent, and may for that purpose erect, use and maintain scaffolding, pipes, conduits and other necessary structures and open any wall, ceiling or floor in and through the Building and Premises where reasonably required by the character of the work to be performed, provided entrance to the Premises shall not be blocked thereby, and further provided that the business of Tenant shall not be interfered with unreasonably.

17.2 Landlord shall have the right at any time to change the name, number or designation by which the Building is commonly known. In the event that Landlord damages any portion of any wall or wall covering, ceiling, or floor or floor covering within the Premises, Landlord shall repair or replace the damaged portion to match the original as nearly as commercially reasonable but shall not be required to repair or replace more than the portion actually damaged.

17.3 Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by any action of Landlord authorized by this Article 17.

17.4 For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in the Premises, excluding Tenant's vaults and safes or special security areas (designated in advance), and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency to obtain entry to any portion of the Premises. As to any portion to which access cannot be had by means of a key or keys in Landlord's possession, Landlord is authorized to gain access by such means as Landlord shall elect and the cost of repairing any damage occurring in doing so shall be borne by Tenant and paid to Landlord as additional rent upon demand.

18. DEFAULT.

18.1 Except as otherwise provided in Article 20, the following events shall be deemed to be Events of Default under this Lease:

18.1.1 Tenant shall fail to pay when due any sum of money becoming due to be paid to Landlord under this Lease, whether such sum be any installment of the rent reserved by this Lease, any other amount treated as additional rent under this Lease, or any other payment or reimbursement to Landlord required by this Lease, whether or not treated as additional rent under this Lease, and such failure shall continue for a period of five days after written notice that such payment was not made when due, but if any such notice shall be given, for the twelve month period commencing with the date of such notice, the failure to pay within five days after due any additional sum of money becoming due to be paid to Landlord under this Lease during such period shall be an Event of Default, without notice.

18.1.2 Tenant shall fail to comply with any term, provision or covenant of this Lease which is not provided for in another Section of this Article and shall not cure such failure within twenty (20) days (forthwith, if the failure involves a hazardous condition) after written notice of such failure to Tenant.

18.1.3 Tenant shall fail to vacate the Premises immediately upon termination of this Lease, by lapse of time or otherwise, or upon termination of Tenant's right to possession only.

18.1.4 Tenant shall become insolvent, admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency statute, make an assignment for the benefit of creditors, make a transfer in fraud of creditors, apply for or consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable law or statute of the United States or any state thereof.

18.1.5 A court of competent jurisdiction shall enter an order, judgment or decree adjudicating Tenant bankrupt, or appointing a receiver of Tenant, or of the whole or any substantial part of its property, without the consent of Tenant, or approving a petition filed against Tenant seeking reorganization or arrangement of Tenant under the bankruptcy laws of the United States, as now in effect or hereafter amended, or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within thirty (30) days from the date of entry thereof.

19. REMEDIES.

19.1 Except as otherwise provided in Article 20, upon the occurrence of any of the Events of Default described or referred to in Article 18, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever, concurrently or consecutively and not alternatively:

19.1.1 Landlord may, at its election, terminate this Lease or terminate Tenant's right to possession only, without terminating the Lease.

19.1.2 Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of the Lease, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Premises in such event and to repossess Landlord of the Premises as of Landlord's former estate and to expel or remove Tenant and any others who may be occupying or be within the Premises and to remove Tenant's signs and other evidence of tenancy and all other property of Tenant therefrom without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Tenant waiving any right to claim damages for such re-entry and expulsion, and without relinquishing Landlord's right to rent or any other right given to Landlord under this Lease or by operation of law.

19.1.3 Upon any termination of this Lease, whether by lapse of time or otherwise, Landlord shall be entitled to recover as damages, all rent, including any amounts treated as additional rent under this Lease, and other sums due and payable by Tenant on the date of termination, plus as liquidated damages and not as a penalty, an amount equal to the sum of: (a) an amount equal to the then present value of the rent reserved in this Lease for the residue of the stated Term of this Lease including any amounts treated as additional rent under this Lease and all other sums provided in this Lease to be paid by Tenant, minus the fair rental value of the Premises for such residue; (b) the value of the time and expense necessary to obtain a replacement tenant or tenants, and the estimated expenses described in Section 19.1.4 relating to recovery of the Premises, preparation for reletting and for reletting itself; and (c) the cost of performing any other covenants which would have otherwise been performed by Tenant.

19.1.4 Upon any termination of Tenant's right to possession without termination of the Lease:

19.1.4.1 Neither such termination of Tenant's right to possession nor Landlord's taking and holding possession thereof as provided in Section 19.1.2 shall terminate the Lease or release Tenant, in whole or in part, from any obligation, including Tenant's obligation to pay the rent, including any amounts treated as additional rent, under this Lease for the full Term, and if Landlord so elects Tenant shall pay forthwith to Landlord the sum equal to the entire amount of the rent, including any amounts treated as additional rent under this Lease, for the remainder of the Term plus any other sums provided in this Lease to be paid by Tenant for the remainder of the Term.

19.1.4.2 Landlord shall use commercially reasonable efforts to relet the Premises but Landlord and Tenant agree that nevertheless Landlord shall not be required to give any preference or priority to the showing or leasing of the Premises over any other space that Landlord may be leasing or have available and may place a suitable prospective tenant in any such other space regardless of when such other space becomes available. In connection with or in preparation for any reletting, Landlord may, but shall not be required to, make repairs, alterations and additions in or to the Premises and redecorate the same to the extent Landlord deems necessary or desirable, and Tenant shall, upon demand, pay the cost thereof, together with Landlord's expenses of reletting, including, without limitation, any commission incurred by Landlord. Landlord shall not be required to observe any instruction given by Tenant about any reletting or accept any tenant offered by Tenant unless such offered tenant has a creditworthiness acceptable to Landlord and leases the entire Premises upon terms and conditions including a rate of rent (after giving effect to all expenditures by Landlord for tenant improvements, broker's commissions and other leasing costs) all no less favorable to Landlord than as called for in this Lease, nor shall Landlord be required to make or permit any assignment or sublease for more than the current term or which Landlord would not be required to permit under the provisions of Article 9.

19.1.4.3 Until such time as Landlord shall elect to terminate the Lease and shall thereupon be entitled to recover the amounts specified in such case in Section 19.1.3, Tenant shall pay to Landlord upon demand the full amount of all rent, including any amounts treated as additional rent under this Lease and other sums reserved in this Lease for the remaining Term, together with the costs of repairs, alterations, additions, redecorating and Landlord's expenses of reletting and the collection of the rent accruing therefrom (including attorney's fees and broker's commissions), as the same shall then be due or become due from time to time, less only such consideration as Landlord may have received from any reletting of the Premises; and Tenant agrees that Landlord may file suits from time to time to recover any sums falling due under this Article 19 as they become due. Any proceeds of reletting by Landlord in excess of the amount then owed by Tenant to Landlord from time to time shall be credited against Tenant's future obligations under this Lease but shall not otherwise be refunded to Tenant or inure to Tenant's benefit.

19.2 Landlord may, at Landlord's option, enter into and upon the Premises if Landlord determines in its sole discretion that Tenant is not acting within a commercially reasonable time to maintain, repair or replace anything for which Tenant is responsible under this Lease and correct the same, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage or interruption of Tenant's business resulting therefrom. If Tenant shall have vacated the Premises, Landlord may at Landlord's option re-enter the Premises at any time during the last six months of the then current Term of this Lease and make any and all such changes, alterations, revisions, additions and tenant and other improvements in or about the Premises as Landlord shall elect, all without any abatement of any of the rent otherwise to be paid by Tenant under this Lease.

19.3 If, on account of any breach or default by a party in its obligations under the terms and conditions of this Lease, it shall become necessary or appropriate for the other party to employ or consult with an attorney concerning or to enforce or defend any of its rights or remedies arising under this Lease, the defaulting party agrees to pay all the non-defaulting party's attorney's fees so incurred. Tenant expressly waives any right to: (a) trial by jury; and (b) service of any notice required by any present or future law or ordinance applicable to landlords or tenants but not required by the terms of this Lease.

19.4 Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies provided in this Lease or any other remedies provided by law (all such remedies being cumulative), nor shall pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any rent due to Landlord under this Lease or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions and covenants contained in this Lease.

19.5 No act or thing done by Landlord or its agents during the Term shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or accept a surrender of said Premises shall be valid, unless in writing signed by Landlord. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants contained in this Lease shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of the payment of rental or other payments after the occurrence of an Event of Default shall not be construed as a waiver of such Default, unless Landlord so notifies Tenant in writing. Forbearance by Landlord in enforcing one or more of the remedies provided in this Lease upon an Event of Default shall not be deemed or construed to constitute a waiver of such Default or of Landlord's right to enforce any such remedies with respect to such Default or any subsequent Default.

19.6 To secure the payment of all rentals and other sums of money becoming due from Tenant under this Lease, Landlord shall have and Tenant grants to Landlord a first lien upon the leasehold interest of Tenant under this Lease, which lien may be enforced in equity, and a continuing security interest upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract rights, chattel paper and other personal property of Tenant situated on the Premises, and such property shall not be removed therefrom without the consent of Landlord until all arrearages in rent as well as any and all other sums of money then due to Landlord under this Lease shall

first have been paid and discharged. Landlord agrees to subordinate its interest hereunder to Tenant's primary institutional lender, other than for the Receivables Pledge. In the event of a Default under this Lease, Landlord shall have, in addition to any other remedies provided in this Lease or by law, all rights and remedies under the Uniform Commercial Code, including without limitation the right to sell the property described in this Section 19.6 at public or private sale upon five (5) days' notice to Tenant. Tenant shall execute all such financing statements and other instruments as shall be deemed necessary or desirable in Landlord's discretion to perfect the security interest hereby created.

19.7 Any and all property which may be removed from the Premises by Landlord pursuant to the authority of this Lease or of law, to which Tenant is or may be entitled, may be handled, removed and/or stored, as the case may be, by or at the direction of Landlord but at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken by Tenant from storage within thirty (30) days after removal from the Premises shall, at Landlord's option, be deemed conveyed by Tenant to Landlord under this Lease as by a bill of sale without further payment or credit by Landlord to Tenant.

20. TENANT'S BANKRUPTCY OR INSOLVENCY.

20.1 If at any time and for so long as Tenant shall be subjected to the provisions of the United States Bankruptcy Code or other law of the United States or any state thereof for the protection of debtors as in effect at such time (each a "Debtor's Law"):

20.1.1 Tenant, Tenant as debtor-in-possession, and any trustee or receiver of Tenant's assets (each a "Tenant's Representative") shall have no greater right to assume or assign this Lease or any interest in this Lease, or to sublease any of the Premises than accorded to Tenant in Article 9, except to the extent Landlord shall be required to permit such assumption, assignment or sublease by the provisions of such Debtor's Law. Without limitation of the generality of the foregoing, any right of any Tenant's Representative to assume or assign this Lease or to sublease any of the Premises shall be subject to the conditions that:

20.1.1.1 Such Debtor's Law shall provide to Tenant's Representative a right of assumption of this Lease which Tenant's Representative shall have timely exercised and Tenant's Representative shall have fully cured any default of Tenant under this Lease.

20.1.1.2 Tenant's Representative or the proposed assignee, as the case shall be, shall have deposited with Landlord as security for the timely payment of rent an amount equal to the larger of: (a) three months' rent and other monetary charges accruing under this Lease; and (b) any sum specified in Article 5; and shall have provided Landlord with adequate other assurance of the future performance of the obligations of the Tenant under this Lease. Without limitation, such assurances shall include, at least, in the case of assumption of this Lease, demonstration to the satisfaction of the Landlord that Tenant's Representative has and with continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that Tenant's Representative will have sufficient funds to fulfill the obligations of Tenant under this Lease; and, in the case of assignment, submission of current financial statements of the proposed assignee, audited by an independent certified public accountant reasonably acceptable to Landlord and showing a net worth and working capital in amounts determined by Landlord to be sufficient to assure the future performance by such assignee of all of the Tenant's obligations under this Lease.

20.1.1.3 The assumption or any contemplated assignment of this Lease or subleasing any part of the Premises, as shall be the case, will not breach any provision in any other lease, mortgage, financing agreement or other agreement by which Landlord is bound.

20.1.1.4 Landlord shall have, or would have had absent the Debtor's Law, no right under Article 9 to refuse consent to the proposed assignment or sublease by reason of the identity or nature of the proposed assignee or sublessee or the proposed use of the Premises concerned.

21. QUIET ENJOYMENT. Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, while paying the rental and performing its other covenants and agreements contained in this Lease, shall peaceably and quietly have, hold and enjoy the Premises for the Term without hindrance or molestation from Landlord subject to the terms and provisions of this Lease. Landlord shall not be liable for any interference or disturbance by other tenants or third persons, nor shall Tenant be released from any of the obligations of this Lease because of such interference or disturbance.

22. DAMAGE BY FIRE, ETC.

22.1 In the event the Premises or the Building are damaged by fire or other cause and in Landlord's reasonable estimation such damage can be materially restored within one hundred fifty (150) days, Landlord shall

forthwith repair the same and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate abatement in rent from the date of such damage. Such abatement of rent shall be made pro rata in accordance with the extent to which the damage and the making of such repairs shall interfere with the use and occupancy by Tenant of the Premises from time to time. Within twenty (20) days from the date of such damage, Landlord shall notify Tenant, in writing, of Landlord's reasonable estimation of the length of time within which material restoration can be made, and Landlord's determination shall be binding on Tenant. For purposes of this Lease, the Building or Premises shall be deemed "materially restored" if they are in such condition as would not prevent or materially interfere with Tenant's use of the Premises for the purpose for which it was being used immediately before such damage.

22.2 If such repairs cannot, in Landlord's reasonable estimation, be made within one hundred fifty (150) days, Landlord and Tenant shall each have the option of giving the other, at any time within sixty (60) days after such damage, notice terminating this Lease as of the date of such damage. In the event of the giving of such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate as of the date of such damage as if such date had been originally fixed in this Lease for the expiration of the Term. In the event that neither Landlord nor Tenant exercises its option to terminate this Lease, then Landlord shall repair or restore such damage, this Lease continuing in full force and effect, and the rent hereunder shall be proportionately abated as provided in Section 22.1.

22.3 Landlord shall not be required to repair or replace any damage or loss by or from fire or other cause to any panelings, decorations, partitions, additions, railings, ceilings, floor coverings, office fixtures or any other property or improvements installed on the Premises or belonging to Tenant. Any insurance which may be carried by Landlord or Tenant against loss or damage to the Building or Premises shall be for the sole benefit of the party carrying such insurance and under its sole control.

22.4 In the event that Landlord should fail to complete such repairs and material restoration within thirty (30) days after the date estimated by Landlord therefor as extended by this Section 22.4, Tenant may at its option and as its sole remedy terminate this Lease by delivering written notice to Landlord, within fifteen (15) days after the expiration of said period of time, whereupon the Lease shall end on the date of such notice or such later date fixed in such notice as if the date of such notice was the date originally fixed in this Lease for the expiration of the Term; provided, however, that if construction is delayed because of changes, deletions or additions in construction requested by Tenant, strikes, lockouts, casualties, Acts of God, war, material or labor shortages, government regulation or control or other causes beyond the reasonable control of Landlord, the period for restoration, repair or rebuilding shall be extended for the amount of time Landlord is so delayed.

22.5 Notwithstanding anything to the contrary contained in this Article: (a) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises when the damages resulting from any casualty covered by the provisions of this Article 22 occur during the last twelve (12) months of the Term or any extension thereof, but if Landlord determines not to repair such damages Landlord shall notify Tenant and if such damages shall render any material portion of the Premises untenable Tenant shall have the right to terminate this Lease by notice to Landlord within fifteen (15) days after receipt of Landlord's notice; and (b) in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or Building requires that any insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon this Lease shall end on the date of such damage as if the date of such damage were the date originally fixed in this Lease for the expiration of the Term.

22.6 In the event of any damage or destruction to the Building or Premises by any peril covered by the provisions of this Article 22, it shall be Tenant's responsibility to properly secure the Premises and upon notice from Landlord to remove forthwith, at its sole cost and expense, such portion of all of the property belonging to Tenant or its licensees from such portion or all of the Building or Premises as Landlord shall request.

23. EMINENT DOMAIN. If all or any substantial part of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or conveyance in lieu of such appropriation, either party to this Lease shall have the right, at its option, of giving the other, at any time within thirty (30) days after such taking, notice terminating this Lease, except that Tenant may only terminate this Lease by reason of taking or appropriation, if such taking or appropriation shall be so substantial as to materially interfere with Tenant's use and occupancy of the Premises. If neither party to this Lease shall so elect to terminate this Lease, the rental thereafter to be paid shall be adjusted on a fair and equitable basis under the circumstances. In addition to the rights of Landlord above, if any substantial part of the Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, and regardless of whether the Premises or any part thereof are so taken or appropriated, Landlord shall have the right, at its sole option, to terminate this Lease. Landlord shall be entitled to any and all income, rent, award, or any interest whatsoever in or upon any such sum, which may be paid or made in connection with any such public or quasi-public use or purpose, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums, other than any separate award which may be made with respect to Tenant's trade fixtures and moving expenses; Tenant shall make no claim against Landlord for the value of any unexpired Term.

24. SALE BY LANDLORD. In event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease. Except as set forth in this Article 24, this Lease shall not be affected by any such sale and Tenant agrees to atorn to the purchaser or assignee. If any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease, Landlord may transfer or deliver said security, as such, to Landlord's successor in interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

25. ESTOPPEL CERTIFICATES. Within ten (10) days following any written request which Landlord may make from time to time, Tenant shall execute and deliver to Landlord or mortgagee or prospective mortgagee a sworn statement certifying: (a) the date of commencement of this Lease; (b) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications to this Lease, that this lease is in full force and effect, as modified, and stating the date and nature of such modifications); (c) the date to which the rent and other sums payable under this Lease have been paid; (d) the fact that there are no current defaults under this Lease by either Landlord or Tenant except as specified in Tenant's statement; and (e) such other matters as may be requested by Landlord. Landlord and Tenant intend that any statement delivered pursuant to this Article 25 may be relied upon by any mortgagee, beneficiary or purchaser and Tenant shall be liable for all loss, cost or expense resulting from the failure of any sale or funding of any loan caused by any material misstatement contained in such estoppel certificate. Tenant irrevocably agrees that if Tenant fails to execute and deliver such certificate within such ten (10) day period Landlord or Landlord's beneficiary or agent may execute and deliver such certificate on Tenant's behalf, and that such certificate shall be fully binding on Tenant.

26. SURRENDER OF PREMISES.

26.1 Tenant shall, at least ten (10) days before the last day of the Term, arrange to meet Landlord for a joint inspection of the Premises. In the event of Tenant's failure to arrange such joint inspection to be held prior to vacating the Premises, Landlord's inspection at or after Tenant's vacating the Premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

26.2 At the end of the Term or any renewal of the Term or other sooner termination of this Lease, Tenant will peaceably deliver up to Landlord possession of the Premises, together with all improvements or additions upon or belonging to the same, by whomsoever made, in the same conditions received or first installed, broom clean and free of all debris, excepting only ordinary wear and tear and damage by fire or other casualty. Tenant may, and at Landlord's request shall, at Tenant's sole cost, remove upon termination of this Lease, any and all furniture, furnishings, movable partitions of less than full height from floor to ceiling, trade fixtures and other property installed by Tenant, title to which shall not be in or pass automatically to Landlord upon such termination, repairing all damage caused by such removal. Property not so removed shall, unless requested to be removed, be deemed abandoned by the Tenant and title to the same shall thereupon pass to Landlord under this Lease as by a bill of sale. All other alterations, additions and improvements in, on or to the Premises shall be dealt with and disposed of as provided in Article 6.

26.3 All obligations of Tenant under this Lease not fully performed as of the expiration or earlier termination of the Term shall survive the expiration or earlier termination of the Term. In the event that Tenant's failure to perform prevents Landlord from releasing the Premises, Tenant shall continue to pay rent pursuant to the provisions of Article 14 until such performance is complete. Upon the expiration or earlier termination of the Term, Tenant shall pay to Landlord the amount, as estimated by Landlord, necessary to repair and restore the Premises as provided in this Lease and/or to discharge Tenant's obligation for unpaid amounts due or to become due to Landlord. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant, with Tenant being liable for any additional costs upon demand by Landlord, or with any excess to be returned to Tenant after all such obligations have been determined and satisfied. Any otherwise unused Security Deposit shall be credited against the amount payable by Tenant under this Lease.

27. NOTICES. Any notice or document required or permitted to be delivered under this Lease shall be addressed to the intended recipient, shall be transmitted personally, by fully prepaid registered or certified United States Mail return receipt requested, or by reputable independent contract delivery service furnishing a written record of attempted or actual delivery, and shall be deemed to be delivered when tendered for delivery to the addressee at its address set forth on the Reference Page, or at such other address as it has then last specified by written notice delivered in accordance with this Article 27, or if to Tenant at either its aforesaid address or its last known registered office or home of a general partner or individual owner, whether or not actually accepted or received by the addressee.

28. TAXES PAYABLE BY TENANT. In addition to rent and other charges to be paid by Tenant under this Lease, Tenant shall reimburse to Landlord, upon demand, any and all taxes payable by Landlord (other than net income taxes) whether or not now customary or within the contemplation of the parties to this Lease: (a) upon, allocable to, or measured by or on the gross or net rent payable under this Lease, including without limitation an gross income tax or excise tax levied by the State, any political subdivision thereof, or the Federal Government with

respect to the receipt of such rent; (b) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Premises or any portion thereof, including any sales, use or service tax imposed as a result thereof; (c) upon or measured by the Tenant's gross receipts or payroll or the value of Tenant's equipment, furniture, fixtures and other personal property of Tenant or leasehold improvements, alterations or additions located in the Premises; or (d) upon this transaction or any document to which Tenant is a party creating or transferring any interest of Tenant in this Lease or the Premises. In addition to the foregoing, Tenant agrees to pay, before delinquency, any and all taxes levied or assessed against Tenant and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property of Tenant located in the Premises.

29. Intentionally Deleted

30. DEFINED TERMS AND HEADINGS. The Article headings shown in this Lease are for convenience of reference and shall in no way define, increase, limit or describe the scope or intent of any provision of this Lease. Any indemnification or insurance of Landlord shall apply to and inure to the benefit of all the following "Landlord Entities", being Landlord, Landlord's investment manager, and the trustees, boards of directors, officers, general partners, beneficiaries, stockholders, employees and agents of each of them. Any option granted to Landlord shall also include or be exercisable by Landlord's trustee, beneficiary, agents and employees, as the case may be. In any case where this Lease is signed by more than one person, the obligations under this Lease shall be joint and several. The terms "Tenant" and "Landlord" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and each of their respective successors, executors, administrators and permitted assigns, according to the context hereof. The term "rentable area" shall mean the rentable area of the Premises or the Building as calculated by the Landlord on the basis of the plans and specifications of the Building including a proportionate share of any common areas. Tenant hereby accepts and agrees to be bound by the figures for the rentable space footage of the Premises and Tenant's Proportionate Share shown on the Reference Page.

31. TENANT'S AUTHORITY. If Tenant signs as a corporation each of the persons executing this Lease on behalf of Tenant represents and warrants that Tenant has been and is qualified to do business in the state in which the Building is located, that the corporation has full right and authority to enter into this Lease, and that all persons signing on behalf of the corporation were authorized to do so by appropriate corporate actions. If Tenant signs as a partnership, trust or other legal entity, each of the persons executing this Lease on behalf of Tenant represents and warrants that Tenant has complied with all applicable laws, rules and governmental regulations relative to its right to do business in the state and that such entity on behalf of the Tenant was authorized to do so by any and all appropriate partnership, trust or other actions. Tenant agrees to furnish promptly upon request a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the due authorization of Tenant to enter into this Lease.

32. COMMISSIONS. Each of the parties represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease, except as described on the Reference Page.

33. TIME AND APPLICABLE LAW. Time is of the essence of this Lease and all of its provisions. This Lease shall in all respects be governed by the laws of the state in which the Building is located.

34. SUCCESSORS AND ASSIGNS. Subject to the provisions of Article 9, the terms, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties to this Lease.

35. ENTIRE AGREEMENT. This Lease, together with its exhibits, contains all agreements of the parties to this Lease and supersedes any previous negotiations. There have been no representations made by the Landlord or understandings made between the parties other than those set forth in this Lease and its exhibits. This Lease may not be modified except by a written instrument duly executed by the parties to this Lease.

36. EXAMINATION NOT OPTION. Submission of this Lease shall not be deemed to be a reservation of the Premises. Landlord shall not be bound by this Lease until it has received a copy of this Lease duly executed by Tenant and has delivered to Tenant a copy of this Lease duly executed by Landlord, and until such delivery Landlord reserves the right to exhibit and lease the Premises to other prospective tenants. Notwithstanding anything contained in this Lease to the contrary, Landlord may withhold delivery of possession of the Premises from Tenant until such time as Tenant has paid to Landlord any security deposit required by Article 5, the first month's rent as set forth in Article 3 and any sum owed pursuant to this Lease.

37. RECORDATION. Tenant shall not record or register this Lease or a short form memorandum hereof without the prior written consent of Landlord, and then shall pay all charges and taxes incident such recording or registration.

38. LIMITATION OF LANDLORD'S LIABILITY. Redress for any claim against Landlord under this Lease shall be limited to and enforceable only against and to the extent of Landlord's interest in the Building. The obligations of Landlord under this Lease are not intended to and shall not be personally binding on, nor shall any resort be had to the private properties of, any of its trustees or board of directors and officers, as the case may be, its investment manager, the general partners thereof, or any beneficiaries, stockholders, employees, or agents of Landlord or the investment manager.

LANDLORD:

SFERS Real Estate Corp. T,
a Delaware corporation

By: RREEF Management Company,
a Delaware corporation

By: /s/ Philip Schneider
Philip Schneider
Title: District Manager
Dated: June 21, 1999

WITNESSES FOR LANDLORD:

/s/ [ILLEGIBLE]
/s/ Dawn A. Salisbury

STATE OF OHIO)
)SS.
COUNTY OF FRANKLIN)

I, a Notary Public in and for said County in the State aforesaid, do hereby certify that Phil Schneider, District Manager of RREEF Management Company, a Delaware corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such District Manager, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 21st day of June 1999.

TENANT:

The Avatar Group Inc.,
an Ohio corporation

By: /s/ A. Michael Chretien
Title: President
Dated: 6/21/1999

WITNESSES FOR TENANT:

/s/ [ILLEGIBLE]
/s/ Dawn A. Salisbury

By: /s/ Dawn A. Salisbury
Notary Public

Dawn A. Salisbury
Notary Public, State of Ohio
Commission Expires March 6, 2002

My Commission expires:

STATE OF OHIO)
)SS.
COUNTY OF FRANKLIN)

I, a Notary Public in and for, said County in the State aforesaid, do hereby certify that A. Michael Chretien, President of The Avatar Group, a Ohio corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that _____ he signed and delivered said instrument as _____ own free and voluntary act and as the free and voluntary act of said company for the uses and purposes therein set forth.

GIVEN under my hand and Notarial seal this 21st day of June, 1999.

By: /s/ Dawn A. Salisbury
Notary Public

Dawn A. Salisbury
Notary Public, State of Ohio
Commission Expires March 6, 2002

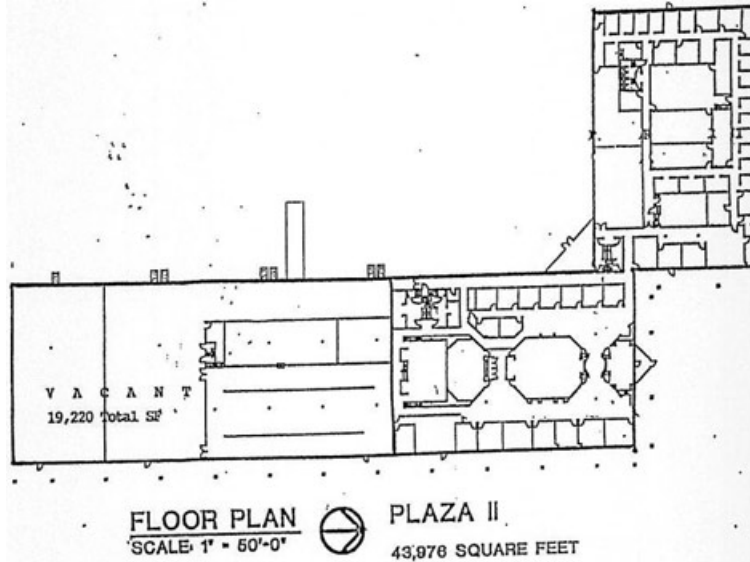
My Commission expires:

EXHIBIT A

attached to and made a part of Lease bearing
the Lease Reference Date of June 21, 1999 between
SFERS Real Estate Corp. T, as Landlord and
The Avatar Croup, Inc., as Tenant

PREMISES

Exhibit A is intended only to show the general layout of the Premises as of the beginning of the Term of this Lease. It does not in any way supersede any of Landlord's rights set forth in Section 17.2 with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.



LEASED PREMISES APPROXIMATELY 12,302 Square Feet

EXHIBIT B

**attached to and made a part of Lease bearing
the Lease Reference Date of June 21, 1999 between
SFERS Real Estate Corp. T, as Landlord and
The Avatar Group, as Tenant**

INITIAL ALTERATIONS

WORK LETTER #3

1. Delivery of Premises. Landlord shall deliver the Premises to Tenant on or before the Scheduled Commencement Date. The Premises shall be delivered "as is" with no additional improvements, repairs or alterations. Tenant acknowledges that it has inspected the Premises and agrees to accept the Premises in its existing condition and that Landlord shall have no obligation to construct any improvements therein.
2. Plans and Specifications.
 - 2.1 Tenant shall employ Glavan & Associates ("Consultants") for preparation of the necessary architectural, mechanical and electrical plans, drawings and specifications pertaining to the construction work which Tenant intends to perform in the Premises in connection with Tenant's initial occupancy (the "Work"). Tenant, at its expense, shall furnish Landlord with architectural and design plans and specifications (the "Tenant's Plans") prepared first in preliminary form ("Preliminary Plans"), and thereafter in working form ("Working Drawings"), and covering the Work. Tenant shall pay all costs and expenses relating to Tenant's Plans. All Tenant's Plans shall meet the requirements set forth in Schedule I.
 - 2.2 Upon submittal of any portion of Tenant's Plans, Landlord shall review Tenant's Plans and shall either approve Tenant's Plans or advise Tenant in writing of any aspect of the design, engineering, construction or installation which is not acceptable to Landlord. Landlord shall advise Tenant of its approval or comments on the Tenant's Plans within five (5) business days after Landlord's receipt of the Tenant's Plans. In the event that Landlord shall disapprove of any portion of Tenant's Plans, Tenant shall have ___fifteen (15) business days after Landlord's notification of its disapproval to revise Tenant's Plans and resubmit them to Landlord. In the event Landlord fails to approve or disapprove Tenant's Plans or any changes thereto within the time period set forth above, and if such failure continues thereafter for five (5) business days after Landlord's receipt of notice from Tenant requesting action on Tenant's Plans, Tenant's Plans or the changes shall be deemed to be approved.
 - 2.3 After approval of Tenant's Plans or any portion thereof, Tenant shall not in any way materially modify, revise or change such Plans without the prior written consent of Landlord. If Landlord approves such request, the entire cost of such change, including the cost of revising Tenant's Plans or preparing new plans, shall be borne by Tenant and any delay occasioned thereby shall not delay the Commencement Date.
 - 2.4 Except for such matters, if any, as shall have been required by Landlord and not requested by Tenant, it shall be Tenant's responsibility that the Plans comply with all applicable governmental and municipal codes and regulations and to procure and deliver to Landlord upon request all such licenses, permits and approvals from all governmental authorities as are necessary to permit the Work to be commenced and continued to completion and the so constructed Premises to be occupied.

3. Cost Estimates. Prior to commencing any of the Work, Tenant shall submit to Landlord a written estimate of the cost of the Work, based upon competitive bids or a fixed-price contract.

4. Contracts and Contractors for the Work. Tenant shall make all such contracts and arrangements as shall be necessary or desirable for the construction and installation of the Work. Tenant agrees to retain contractors, subcontractors and materialmen who are of good reputation and experienced in and favorably known for the construction of space comparable to the Premises in the metropolitan area where the Building is located and that are properly licensed for the work they are to perform. Tenant shall provide Landlord with a list of all contractors, subcontractors and materialmen to be utilized by or for Tenant with respect to the Work and provide true, correct and complete copies of all contracts relating to the Work. Such contractors, subcontractors, materialmen and contracts must be satisfactory to Landlord in Landlord's reasonable discretion, and shall not be employed or executed, as the case may be, without Landlord's written approval first obtained. Tenant and Tenant's contractors shall use qualified craftsmen and laborers who are compatible with the trade unions operating in the Building (if any) and Tenant shall take promptly upon Landlord's demand all measures necessary to avoid labor unrest in the Premises and in the Building which is caused by Tenant or Tenant's contractors. Tenant shall cause all contractors to procure performance bonds and shall provide Landlord with evidence thereof.

5. Construction. Promptly upon Landlord's approval of the Plans, Tenant shall apply for, and supply to Landlord upon issuance, a building permit and any other required governmental permits, licenses or approvals. Upon issuance of such approvals, Tenant shall commence the Work and shall diligently prosecute the Work to completion. Tenant agrees to complete the Work on or before September 30, 1999. Tenant agrees to cause the Work to be constructed in a good and workmanlike manner using first-class quality materials, at its sole cost and expense in accordance with the provisions of the Lease. Any costs incurred by Landlord in providing utilities, the use of the freight elevator, supervision or other services needed for the accomplishment of the Work shall be reimbursed by Tenant to Landlord. Upon completion of the Work, Tenant shall provide to Landlord: (i) an architect's certificate of final completion; (ii) copies of all necessary governmental permits, including, but not limited to, a certificate of occupancy; (iii) the sworn statement of the general contractor; (iv) final lien waivers from all contractors, subcontractors and materialmen; and (v) any other information or documentation reasonably requested by Landlord to evidence lien-free completion of construction and payment of all of the cost thereof. Landlord shall have the right to observe the performance of the Work and Tenant shall take all such actions with respect thereto as Landlord may, in its good faith determination, deem advisable from time to time to assure that the Work and the manner of performance thereof shall not be injurious to the engineering and construction of the Building or the electrical, plumbing, heating, mechanical, ventilating or air-conditioning systems of the Building and shall be in accordance with the Plans and the provisions of this Lease.

6. Tenant's Default. If Tenant shall fail to comply with any term, provision or agreement hereunder, and if any such matter is not remedied or resolved within fifteen (15) days following written notice to Tenant, then, in addition to any other remedies granted Landlord under the Lease in the case of default by Tenant and any other remedies available at law or equity, Landlord may elect, upon notice to Tenant, to:

- a. require Tenant to discontinue all work hereunder, and Tenant's obligation to pay rent shall commence as of the Scheduled Commencement Date, without any abatement on account of any delay in connection with any work relating to the Premises; or
- b. complete the construction of the Work pursuant to the Plans, tendering possession to Tenant upon substantial completion thereof, and Tenant shall immediately upon demand reimburse Landlord, as additional rent, for Landlord's costs of completing the Work; or

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- c. cancel the Lease, effective immediately after Tenant receives notice thereof, without incurring any liability on account thereof and the term granted under the Lease is expressly limited accordingly. If Landlord cancels the Lease pursuant to the terms hereof or as a result of Tenant's default under the Lease, such cancellation shall not affect Tenant's liability for any sums payable under the Lease.

7. Miscellaneous

- 7.1 All rights and remedies of Landlord herein created or otherwise existing at law or equity are cumulative, and the exercise of one or more such rights or remedies shall not be deemed to exclude or waive the right to the exercise of any other rights or remedies. All such rights and remedies may be exercised and enforced concurrently and whenever and as often as deemed desirable.
- 7.2 This Exhibit B shall not be deemed applicable to any additional space added to the original Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions thereto in the event of a renewal or extension of the original term of the Lease, whether by any options under the Lease or otherwise.
- 7.3 Tenant shall, before commencing any of the Work, and for so long as any Work shall continue, comply with the insurance requirements in Schedule II. In the event Tenant fails to so comply, Landlord shall have the option, but not the obligation to procure the required insurance and charge Tenant the cost of such compliance as additional rent.
- 7.4 Landlord hereby agrees to provide an improvement allowance for the benefit of Tenant toward the cost of the Work an amount equal to the lesser of: (1) the actual cost of the Work; or (2) One Hundred Fifty Thousand Dollars (\$150,000) (the "Allowance"). At Tenant's request, Landlord shall pay the Allowance directly to Tenant's contractor in monthly draws, contingent upon the satisfaction of each of the following conditions as of the time of such disbursement:
- a. Landlord's reasonable satisfaction that the Work completed as of the date of such disbursement has an aggregate value at least equal to 167% of the aggregate amount of proceeds then to be disbursed by Landlord plus the total amount thereof previously disbursed;
 - b. Receipt by Landlord and the title insurer of sworn statements, waivers of lien and other documents and assurances pertaining to the Work sufficient to protect Landlord against mechanics' and other liens; and
 - c. Tenant is then in full compliance with all the terms and provisions of the Lease and has not committed or suffered any act or omission which constitutes, or will constitute with the passage of time, an event of default of Tenant under the Lease or a breach by Tenant of any term or provision of this Agreement.

Notwithstanding the foregoing, Landlord shall be entitled to withhold up to 10% of any draw request to be disbursed upon completion of the Work as assurance that the Work will be properly completed. Any final disbursement from the escrow will also be conditioned upon Tenant's satisfaction of its obligations under Paragraph 5.

SCHEDULE I

STANDARDS FOR PLANS

1. The space plan shall contain the following information:
 - (a) A layout of the Premises showing demising, corridor and exterior walls in relationship to the Building core. The locations of exterior window mullions, columns, stairways and other building features shall also be shown on the Space Plans.
 - (b) The location and composition of all walls. Non-standard improvements, such as walls requiring insulation, half walls, vinyl wall coverings or walls requiring special construction must be clearly noted on the Space Plans. Sectional details must be provided to adequately describe the construction of any non-standard wall.
 - (c) The location, size and swing of all doors. All doors shall conform with Landlord's standard door specifications, unless otherwise noted on the Space Plans.
 - (d) A description of flooring materials.
 - (e) A reflected ceiling plan showing the layout of lighting fixtures, switches, and any other non-standard improvements which are to be located within the ceiling system.
 - (f) The location of all telephone and electrical outlets. Non-standard improvements, such as outlets to be located more than twelve (12) inches above the floor, dedicated circuit outlets or high amperage/voltage outlets must be clearly noted on the Space Plans.
2. The working drawings shall be prepared at a scale of not less than 1/8"=1 foot and in accordance with Landlord's design/build specification.
3. All working drawings shall be prepared based upon the use of Landlord's Building Standard Improvements as set forth in Schedule 1 attached hereto. All Improvements must conform to Landlord's design/build specifications.
4. The Plans shall contain sufficient notations, specifications and details to describe all Improvements, including but not limited to:
 - (a) Insulated walls, special wall coverings, graphics, special painting or special wall materials such as plate glass or glass block.
 - (b) Door dimensions, thickness, hardware or locks.
 - (c) Flooring materials.
 - (d) Electrical outlets requiring a dedicated circuit, more than 120 volts or more than 15 amperes.
 - (e) Telephone outlets requiring more than 3/4 inch diameter conduit.
 - (f) Light fixtures, exhaust fans, ceiling heights, or ceiling designs using non-standard materials.
 - (g) Any special conduits, receptacles or electrical devices necessary to serve communications equipment, computers or other facilities to be installed by Tenant.
 - (h) Any special requirements to accommodate handicapped employees of Tenant within the Premises.
 - (i) Any requirements for fire protection of computers, other equipment or materials installed by Tenant

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- (j) Any requirements for special fire detection or life safety equipment not required by applicable building codes in effect at the time of construction.
 - (k) Any special reinforcing of the floor system which will be necessary to support computers, filing systems, equipment or furnishings having a load exceeding fifty pounds per square foot of floor area.
 - (l) Any special requirements for humidity control, temperature control, extra air-conditioning capacity, ventilation or heating which would not be provided by Landlord's standard building systems. Such special requirements may arise as a result of Tenant's desire to install a computer or other equipment which generates heat, food preparation facilities, bathrooms, laboratories, microfilm storage or other special facilities, equipment or products.
 - (m) Any private bathrooms, wet-bars, kitchens, vending machines or other installations requiring plumbing work or ventilation.
 - (n) Any cabinetry, wood paneling, reception desks, built-in shelving or furniture.
 - (o) Any improvement which will require modification of the Building's structural, mechanical or electrical components.
 - (p) Sufficient details, specifications and other information as may be necessary for accurate pricing of any other non-standard Improvements

SCHEDULE II

INSURANCE REQUIREMENTS

1. Tenant shall cause to be maintained for Landlord's benefit insurance in an insurance company or companies which are "A" rated, Class VII or better in Best's Key Rating Guide or such lesser standard as shall be acceptable to Landlord and authorized to transact business in the state in which the Building is located, protecting Landlord against liabilities arising out of the operations of subcontractors and sub-subcontractors as well as Tenant's contractor ("Contractor") with respect to all the Work, including at least and in amounts not less than:

(a) Worker's Compensation & Employers Liability: Statutory limits required by applicable Worker's Compensation Law and \$500,000 per occurrence for Employers Liability, without limitation including all liability arising under any applicable structural work act and any other statute for the protection of employees.

(b) Commercial or Comprehensive Liability including Landlord's and Contractor's Protective, products, and completed operations coverage, contractual liability including Contractor's indemnity agreements contained in the Contract Documents, personal injury (employees' exclusion deleted) \$5,000,000 per occurrence Bodily Injury and Property Damage, \$5,000,000 combined single limit. Landlord may require deletion of the "x, c, u" exclusion, if applicable.

(c) Comprehensive Auto Liability including owned, non-owned, or hired vehicles coverage: \$1,000,000 per occurrence Bodily Injury and Property Damage Liability (Combined Single Limit).

(d) Builder's Risk in an "all risk" form covering the Tenant Work against loss by fire and other casualty in an amount equal to the full insurable value of the Tenant Work.

Notwithstanding the foregoing, upon Tenant's request Landlord shall provide the coverages set forth in subparagraph (d) above and Tenant shall reimburse Landlord for the actual cost thereof.

2. Contractor shall either have the Landlord added as an additional named insured to the preceding Commercial or Comprehensive General Liability insurance policy or shall supply a separate Landlord's Protective policy, with limits as specified, naming the Landlord as named insured, and said General Liability or Landlord's Protective policy shall be maintained in force until the completion of the Work.

3. Each insurance policy shall be written to cover all claims arising out of occurrences taking place within the period of coverage; insurance written to cover only claims made within the policy period is not acceptable without the express advance written consent of Landlord. To the extent the policy is not a Landlord's Protective policy, it shall be endorsed to indicate that it is primary as respects Landlord, not contributory with any other insurance available to the Landlord and not subject to reduction of coverage as to Landlord by reason of any claim asserted against Contractor other than in connection with the Work or by reason of any misstatement, act or omission of any party other than Landlord applying for or insured by such insurance.

4. Each insurance policy and any certificate furnished in lieu of a policy shall state that it will not be cancelled, reduced or materially changed without twenty (20) days' prior written notice to Landlord. In the event Tenant fails to provide replacement coverage at least fifteen (15) days prior to the expiration of any policy of insurance, Landlord may at its option secure such insurance and Tenant shall reimburse Landlord for the cost thereof as additional rent; but Landlord shall not have any obligation to secure any such insurance.

5. If and so long as any monies shall be or be about to be owed to any lender upon the security of an interest in the Premises or the Building, at Landlord's request any insurance required hereunder for Landlord's protection shall also protect Landlord's mortgagee and whenever Landlord is to be an additional insured, Landlord's mortgagee shall also be so insured.

6. Each of the aforesaid insurance coverages shall be placed into effect before any of the Work is commenced and shall be maintained in force at all times while and for at least so long as any of the Work is carried on, including without limitation, any and all activities performed in fulfillment of any obligation of Contractor or any Subcontractor to correct defects in the Work or under any other warranty. Before commencing any of the Work, and as often thereafter as reasonably requested by Landlord, Tenant shall supply Landlord with either the policies themselves or certificates of insurance satisfactory to Landlord, evidencing compliance with all the foregoing requirements.

7. No insurance policy purporting to insure Landlord or Landlord's lender, as the case may be, shall without the prior written consent of said party be so written as to limit or condition any of the insurer's obligations to said party with respect to any insured loss or liability by any condition or requirement that said party bear, assume or pay any portion of such loss or liability before the insurer's obligation to said party shall come into effect.

EXHIBIT C

**attached to and made a part of Lease bearing the
Lease Reference Date of June 21, 1999
SFERS Real Estate Corp. T, as Landlord and
The Avatar Group, as Tenant**

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building without the prior written consent of the Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person or vendor chosen by Landlord. In addition, Landlord reserves the right to change from time to time the format of the signs or lettering and to require previously approved signs or lettering to be appropriately altered.
2. If Landlord objects in writing to any curtains, blinds, shades or screens attached to or hung in or used in connection with any window or door of the Premises, Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Premises. Tenant shall not place anything or allow anything to be placed against or near any glass partitions or doors or windows which may appear unsightly, in the opinion of Landlord, from outside the Premises.
3. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Building. The halls, passages, exits, entrances, shopping malls, elevators, escalators and stairways are not for the general public, and Landlord shall in all cases retain the right to control and prevent access to the Building of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Building and its tenants provided that nothing contained in this rule shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any tenant shall go upon the roof of the Building.
4. The directory of the Building will be provided exclusively for the display of the name and location of tenants only and Landlord reserves the right to exclude any other names therefrom.
6. If Tenant requires telegraphic, telephonic, burglar alarm or similar services, it shall first obtain, and comply with, Landlord's instructions in their installation.
7. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may be designated by Landlord.
8. Tenant shall not place a load upon any floor which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position to all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space in the Building to such a degree as to be objectionable to Landlord or to any tenants shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.
9. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord. Tenant shall not waste electricity, water or air conditioning. Tenant shall keep corridor doors closed.

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10. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus and electricity, gas or air outlets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.
 11. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be thrown into any of them, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it. except for exterior audible alarm for Tenant's security system,
 12. Tenant shall not install any radio or television antenna, satellite dish, loudspeaker or other device on the roof or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.
 13. Except as approved by Landlord, Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises. Tenant shall not cut or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.
 15. Tenant shall store all its trash and garbage in appropriate containers. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord.
 16. No cooking shall be done or permitted by any Tenant on the Premises, except by the Tenant of Underwriters', Laboratory approved microwave oven or equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted provided that such equipment and use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations.
 17. Tenant shall not use in any space or in the public halls of the Building any hand trucks except those equipped with the rubber tires and side guards or such other material-handling equipment as Landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building.
 18. Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.
 19. The requirements of Tenant will be attended to only upon appropriate application to the office of the Building by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instruction from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.
 20. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.
 21. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of premises in the Building.
 22. Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order in and about the Building. Tenant agrees to abide by all such rules and regulations in this Exhibit C stated and any additional rules and regulations which are adopted.
 23. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

ORIGINAL**LEASE RENEWAL AGREEMENT**

Effective Date: January 1, 2010
Leased Premises: 2190 Dividend Drive, Columbus, Ohio
Landlord: Dividend Drive LLC
Tenant: Intellenetics, Inc.

Landlord and Tenant are parties to a Lease dated June 21, 1999, originally made by SFERS Real Estate Corp. T, Landlord and The Avatar Group, Inc., Tenant, under which Tenant leased 12,302 square feet located at 1290 Dividend Drive, Columbus, Ohio 43228 from Landlord. The Lease as been amended by a First, Second, Third and Fourth Amendment, and by a License to Use Space for Satellite Dish.

The Lease, as amended, terminates on January 31, 2010.

The parties desire to renew said Lease for an additional three (3) year term, reducing the Premises Rentable Area in Suite 2190 from the present 12,302 square feet to 6,000 square feet, all upon the terms hereinafter set forth.

Accordingly, Landlord and Tenant hereby agree to renew and further amend the Lease dated June 21, 1999 (the "Lease"), which is attached hereto and made a part hereof as Exhibit "A", as follows:

1. Leased Premises:

The Premises Rentable Area during the Renewal Term shall be reduced from 12,302 square feet to 6,000 square feet, as shown on Exhibit B. Nevertheless, Landlord will not build a demising wall to separate the 6,000 square feet of Rentable Area from the balance of the area until Landlord procures a tenant to lease part or all of the residual 6,302 square feet (approximate).

When the Landlord finds a tenant for the 6,302 square feet of residual space Lessor will construct, at its cost, a demising wall to divide and separate the Tenant's 6,000 square feet of Rentable Area from the remaining 6,302 square feet. Landlord will also re-balance the HVAC systems and lighting. At that time, Intellenetics' obligation to pay for water and sewer usage shall be reduced proportionately for the remainder of the Lease Renewal Term.

Accordingly, Tenant shall not be required to relocate its operations into the 6,000 square foot Rentable Area shown on Exhibit "B" until the Landlord finds a Tenant for part or all of the residual 6,302 square feet. Tenant agrees that when Landlord finds a Tenant for

part or all of the 6,302 square feet of residual space, Tenant will relocate into the approximately 6,000 square feet of Rentable Area. In addition, the exact square footage of the Rentable Area shall be determined by measurement after construction of the demising wall, and Rent and Rent Adjustments for Common Area Expenses and Taxes shall be adjusted accordingly for the balance of the Lease Renewal Term.

2. Lease Renewal Term:

The Lease Renewal Term shall be thirty-six (36) months, commencing on January 1, 2010 and terminating on December 31, 2013.

3. Rent:

Tenant shall pay Landlord a total of \$121,500.00 (One Hundred Twenty-One Thousand Five Hundred and 00/100 Dollars) in thirty-six (36) equal monthly installments of \$3,375.00 (Three Thousand, Three Hundred Seventy-Five and 00/100 Dollars) based upon 6,000 square feet of Rentable Area.

When Landlord finds a tenant for the 6,302 square feet of residual space and the square footage occupied by Intellenetics, Inc. is adjusted up or down as stated in Section 1, above from the 6,000 square feet of Rentable Area described herein, then Rent and Rent Adjustment for Common Area Expenses and Taxes shall be adjusted based upon the actual Rentable Area used by Intellenetics, Inc. as determined by such measurement.

4. Rent Adjustments for Expenses and Taxes:

Until the measurement is made as stated in Section 1 above, the Tenant's proportionate share of said expenses and taxes as defined in the Lease shall be reduced to 13.6% (6,000 SF / 43,976 SF) during the Lease Renewal Term, calculated in accordance with Section 4 of the Lease.

Estimated Expenses and Taxes for Calendar year 2010 are \$1,625.00 per month or \$3.25 per square foot.

5. Tenant Direct Expenses within the Leased Premises:

- A. 50% of gas and electric utility usage within the original 12,302 square feet.
- B. 100% of water/sewer usage within the original 12,302 square feet until Landlord procures a tenant for the approximately 6,302 square feet of residual space. Upon such occupancy, Tenant's share of water/sewer costs shall be reduced to 49% (6,000/12,302) for the remainder of the Lease Renewal Term.
- C. Janitorial services and supplies within the leased premises.
- D. Light bulb replacement within the leased premises.
- E. Pest control within the leased premises.
- F. Lessee's Contents and Liability Insurance.

6. Landlord Expenses Not Subject to Reimbursement by Tenant Under Section 4 of the Lease

- A. 50% of gas and electric utility usage within the original 12,302 square feet.
- B. Capital replacements related to building structure, roof, HVAC system and parking lot.
- C. Leasing commissions.
- D. Legal expenses related to lease negotiations

7. Leasehold Improvement Allowance from Lessor: None. Tenant agrees to continue occupancy of the Premises Rentable Area in "As Is" condition.

ALL OTHER TERMS AND CONDITIONS OF THE LEASE, AS AMENDED, SHALL REMAIN UNCHANGED AND SHALL BE BINDING ON THE LANDLORD AND TENANT AS STATED THEREIN.

Acknowledged and Agreed:

LANDLORD: Dividend Drive LLC

TENANT: Intellenetics, Inc.

By: /s/ [ILLEGIBLE]
Its: Manager

By: /s/ A. Michael Chretien
Its: Vice President

STATE OF OHIO :
COUNTY OF FRANKLIN : ss.

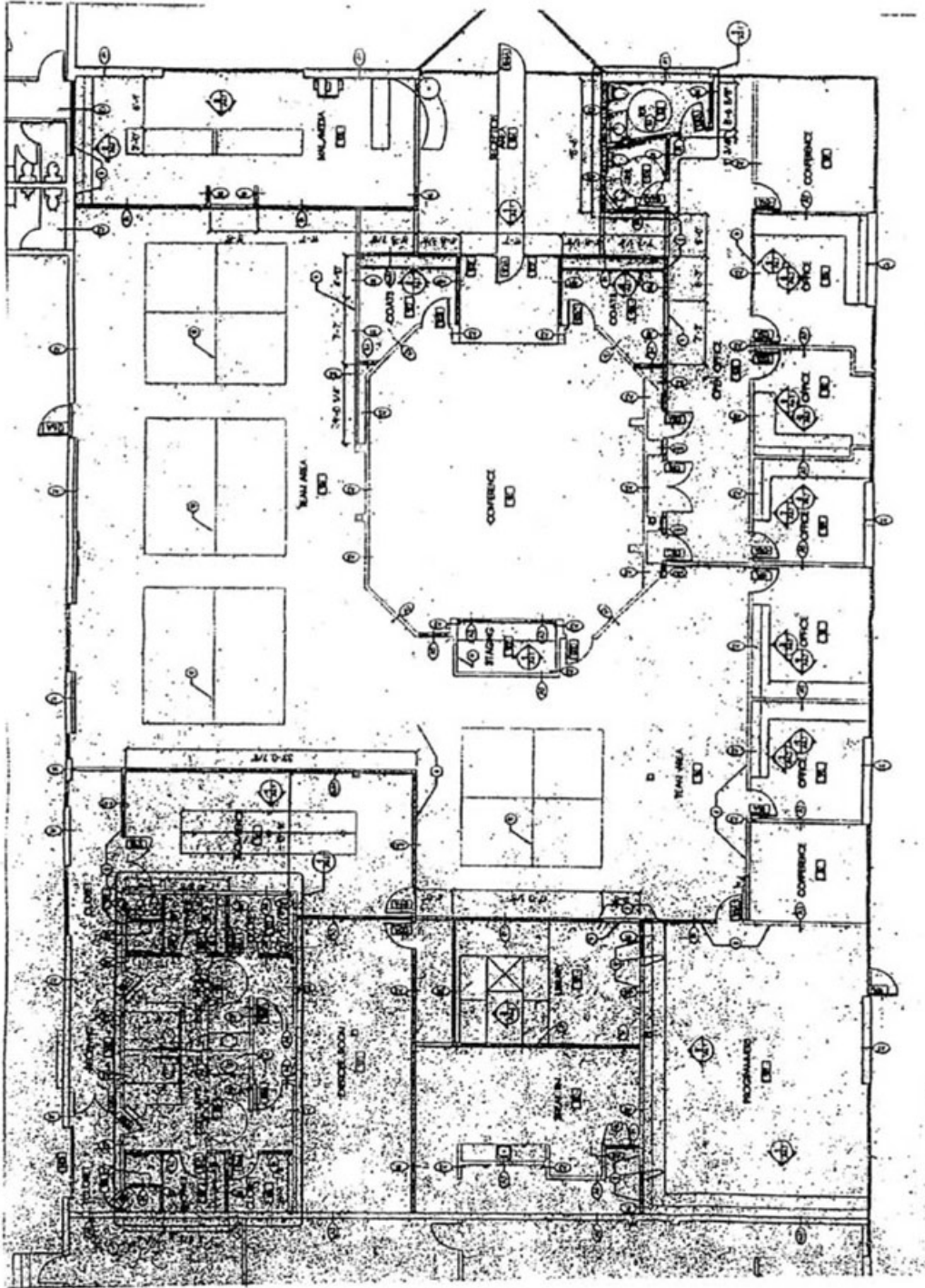
The foregoing instrument was acknowledged before me this, 2nd day of September 2009 by [ILLEGIBLE], Manager of Dividend Drive, LLC, an Ohio limited liability company, on behalf of the Company.

/s/ PAMELA L. SMITH
PAMELA L. SMITH
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES JANUARY 1, 2010

STATE OF OHIO :
COUNTY OF FRANKLIN : ss.

The foregoing instrument was acknowledged before me this 1st day of September, 2009 by A. Michael Chretien, President of Intellenetics, Inc. an Ohio corporation, on behalf of the Corporation.

/s/ PAMELA L. SMITH
PAMELA L. SMITH
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES JANUARY 1, 2010





AGENCY DISCLOSURE STATEMENT



The real estate agent who is providing you with this form is required to do so by Ohio law. You will not be bound to pay the agent or the agent's brokerage by merely signing this form. Instead, the purpose of this form is to confirm that you have been advised of the role of the agent(s) in the transaction proposed below. (For purposes of this form, the term "seller" includes a landlord and the term "buyer" includes a tenant.)

Property Address: 2190 Dividend Drive—Columbus, Ohio 43228

Buyer(s) Tenant: Intellinetics

Seller(s): DIVIDEND DRIVE LLC.

I. TRANSACTION INVOLVING TWO AGENTS IN TWO DIFFERENT BROKERAGES

The buyer (Tenant) will be represented by Chris Nickles and Carol Evans, and CB Richard Ellis.

The seller will be represented by [ILLEGIBLE] AGENTS(S) BROKERAGE [ILLEGIBLE], and [ILLEGIBLE] AGENTS(S) BROKERAGE

II. TRANSACTION INVOLVING TWO AGENTS IN THE SAME BROKERAGE

If two agents in the real estate brokerage represent both the buyer and the seller, check the following relationship that will apply:

- Agent(s) work(s) for the buyer and Agent(s) work(s) for the seller. Unless personally involved in the transaction, the broker and managers will be "dual agents", which is further explained on the back of this form. As dual agents they will maintain a neutral position in the transaction and they will protect all parties' confidential information.
Every agent in the brokerage represents every "client" of the brokerage. Therefore, agents and will be working for both the buyer and seller as "dual agents". Dual agency is explained on the back of this form. As dual agents they will maintain a neutral position in the transaction and they will protect all parties' confidential information. Unless indicated below, neither the agent(s) nor the brokerage acting as a dual agent in this transaction has a personal, family or business relationship with either the buyer or seller. If such a relationship does exist, explain:

III. TRANSACTION INVOLVING ONLY ONE REAL ESTATE AGENT

Agent(s) and real brokerage will

- "dual agent" representing both parties in this transaction in a neutral capacity. Dual agency is further explained on the back of this form. As dual agents they will maintain a neutral position in the transaction and they will protect all parties' confidential information Unless indicated below, neither the agent(s) nor the brokerage acting as a dual agent in this transaction has a personal, family or business relationship with either the buyer or seller. If such a relationship does exist, explain:
represent only the (check one) seller or buyer in this transaction as a client. The other party is not represented and agrees to represent his/her own best interest. Any information provided the agent may be disclosed to the agent's client.

CONSENT

I (we) consent to the above relationships as we enter into this real estate transaction. If there is a dual agency in this transaction, I(we) acknowledge reading the information regarding dual agency explained on the back of this form.

/s/ A. Michael Chretien, VP Intellinetics 8/17/09
XX BUYER/TENANT DATE

/s/ [ILLEGIBLE]
[ILLEGIBLE] DATE

BUYER/TENANT DATE

[ILLEGIBLE] DATE

**INTELLINETICS, INC.
STOCK AWARD AGREEMENT**

Date of Grant: _____
 Grantee: _____
 No. of Shares of Common Stock: _____

This Agreement will certify that the grantee named above (“**Grantee**”) is awarded the total number of shares of common stock, no par value per share (the “**Common Stock**”), of Intellinetics, Inc. (the “**Corporation**”) designated above (the “**Stock**”), as of the date indicated above (the “**Grant Date**”) and subject to the terms, conditions and restrictions set forth below. [Grantee is an employee of the Corporation, and the Board has approved the issuance of the Stock to Grantee as a bonus for Grantee’s service to the Corporation during calendar year 2011.] [The Board has approved the issuance of the Stock to Grantee as bonus compensation for Grantee’s service to the Corporation through serving on the Corporation’s Advisory Board during calendar year 2011.] The Board has determined that the Stock has a current value of \$18.25 per share.

INTELLINETICS, INC.:

GRANTEE:

By: _____
 Matthew L. Chretien, Executive Vice President

Terms and Conditions

1. Terms of Stock Award. Pursuant to action of the Corporation’s Board of Directors (the “**Board**”), the Corporation awards to the Grantee the number of shares of Stock set forth above.

2. Grantee Representations. Grantee represents that he or she will hold the Stock for his own account and not on behalf of others. Grantee understands and acknowledges that federal and state securities laws govern and restrict Grantees’ right to offer, sell or otherwise dispose of any shares of Stock unless such offer, sale or other disposition thereof is registered under the Securities Act and state securities laws, or in the opinion of the Corporation’s counsel, such offer, sale or other disposition is exempt from registration or qualification thereunder. Notwithstanding anything to the contrary in this Agreement, Grantee agrees that he shall not offer, sell or otherwise dispose of any shares of Stock in any manner which would (i) require the Corporation to file any registration statement with the Securities and Exchange Commission (or any similar filing under state laws) or to amend or supplement any such filing, or (ii) violate or cause the Corporation to

violate the Securities Act of 1933, as amended (the “**Securities Act**”), the rules and regulations promulgated thereunder or any other state or federal law.

3. Restrictive Legend. Any certificates representing the Stock shall bear legends as the Corporation deems necessary or desirable in connection with the Securities Act or other rules, regulations or laws.

4. Rights as Shareholder. The Grantee shall be entitled to all of the rights of a shareholder, including the right to vote such shares and to receive dividends and other distributions payable with respect to such shares.

5. Government Regulations. Notwithstanding anything contained herein to the contrary, the Corporation’s obligation to issue or deliver certificates evidencing the Stock shall be subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

6. Withholding Taxes. The Corporation shall have the right to require the Grantee to remit to the Corporation, or to withhold from other amounts payable to the Grantee, as compensation or otherwise, an amount sufficient to satisfy all federal, state and local withholding tax requirements.

7. No Right to Continued Service. Nothing in this Agreement shall be deemed to create any limitation or restriction on such rights as the Corporation otherwise would have to terminate the service of the Grantee as an employee or otherwise.

8. Board Administration. This award has been made pursuant to a determination made by the Board, and the Board, or any substitute committee authorized by the Board of Directors, subject to the express terms of this Agreement, shall have plenary

authority to interpret any provision of this Agreement and to make any determinations necessary or advisable for the administration of this Agreement and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to the Grantee by the express terms hereof.

9. Amendment. Any provision of this Agreement may be amended or waived only with the prior written consent of the Corporation and Grantee.

10. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same Agreement.

11. Governing Law. This Agreement shall be construed under the laws of the State of Ohio.

AMENDED EMPLOYMENT AGREEMENT OF A. MICHAEL CHRETIEN

This Amended Employment Agreement of A. Michael Chretien (this "Agreement") is made September 16, 2011, (the "Effective Date") between Intellinetics, Inc. (hereinafter, "Employer") at 2190 Dividend Drive, in the City of Columbus, County of Franklin, State of Ohio 43228, and A. Michael Chretien, 7893 Devonwood Court, Dublin, Ohio 43017 (hereinafter, "Employee").

Recitals

A. Employer is engaged in the development, marketing, sales and support of software applications, automation services and business solutions.

B. Employee is willing to be employed by Employer, and Employer is willing to employ Employee, on the terms, covenants, and conditions set forth in this Agreement and Employer's Offer of Employment of Employee dated September 16, 2011 (the "Offer") which is hereby incorporated by reference into this Agreement.

In consideration of the mutual covenants and promises of the parties, Employer and Employee covenant and agree as follows:

Section I Nature and Place of Employment

Employer does hire and employ Employee as Chairman of the Board, Vice President of Compliance, and Secretary, with responsibilities set forth in the above mentioned Offer of Employment. Additionally, Employee will perform ancillary and incidental duties that are normally performed by a Chairman of the Board, Vice President of Compliance, and Secretary. Employee does accept and agree to such hiring and employment. Employee is subject to the supervision, orders, advice, and directions of Employer.

Section II Manner of Performance of Employee's Duties

Employee agrees to perform, at all times faithfully, industriously, and to the best of Employee's ability, experience, and talent, all of the duties that may be required of and from Employee pursuant to the express and implicit terms of this Agreement, to the reasonable satisfaction of Employer. Such duties shall be rendered at the corporate office, 2190 Dividend Drive, Columbus, OH 43228 and at such other place or places as Employer shall in good faith require or as the interests, needs, business, and opportunities of Employer shall require or make advisable. A performance review will be conducted annually. Employee can invite a performance review at any time.

Section III Duration of Employment

The term of this Agreement shall be for an indeterminate period and will commence on September 16, 2011. Either party may terminate this Agreement at any time with or without cause. The parties stipulate and agree that the Employee is an "At Will" employee under Ohio law and does not have a contract of employment for a definite period. The parties further agree that the Employee's status shall not change except as set forth in a writing signed by both parties to this Agreement.

Section IV Payment and Reimbursement

Employer shall pay Employee, and Employee agrees to accept from Employer, in full payment for Employee's services under this Agreement, compensation at the rate of Ninety Seven Thousand and Five Hundred Dollars (\$97,500.00) per year, payable biweekly each month during which this Agreement shall be in force.

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Benefits are set forth in the Employee's aforementioned Offer of Employment. In the event that either party terminates this Agreement at any time and for any reason (or without assigning a reason) the Employee shall be paid for all work performed and for accrued unused annual vacation days at the date of termination. If Employee's remuneration includes commission, Employee will be paid for such commission for any amounts received by Employer on or before date of termination.

Employer further agrees employee profit sharing and/or bonuses may become part of Employee's compensation at the sole discretion of the Employer. Employer has complete discretion to institute or discontinue employee profit sharing and to pay or not to pay a bonus to Employee.

If Employee remains employed on January 1, 2012, Employer will pay Employee a deferred compensation benefit in the form of a lump sum payment of \$ 114,184.00 on March 31, 2015. Such lump sum payment shall be subject to all applicable federal, state and local income and payroll withholding tax rules. Employee's right to receive such deferred compensation payment shall be no greater than an unsecured, general creditor of the Employer.

It is the intent of the Company that any payment under this Agreement that constitutes deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (hereinafter referred to as "Code") will be made in accordance with the requirements of Code Section 409A. If any provision of this Agreement does not accurately reflect its intended establishment of an exemption from (or compliance with) Code Section 409A, as demonstrated by consistent interpretation or other evidence of intent, such provision shall be considered ambiguous as to its exemption from (or compliance with) Code Section 409A and shall be interpreted by the Company in a manner consistent with such intent, as determined in the discretion of the Company. Whenever a payment under this Agreement specifies a payment period with reference to a specific date, the actual date of payment will be within the sole discretion of the Company, and Employee, directly or indirectly, may not designate the calendar year of any payment.

Section V Professional Employee Development-Continuing Education

Employer recognizes the mutual benefit for Employer and Employee of professional employee development. Professional education and/or training therefore may be offered and supported at the discretion of Employer.

Section VI Option to Terminate Agreement for Permanent Disability of Employee

Notwithstanding anything in this Agreement to the contrary, Employer has the option to terminate this Agreement in the event that during its term Employee shall become permanently disabled as the term permanently disabled is defined below. Such option shall be exercised by Employer giving notice to Employee by registered mail, addressed to Employee at Employee's home address, or at such other address as Employee shall designate in writing, of its intention to terminate this Agreement on the last day of the month during which such notice is mailed, and on the giving of such notice this Agreement and the term of this Agreement comes to an end on the last day of the month in which the notice is mailed, with the same force and effect as if that day were originally set forth as the termination date.

For the purposes of this Agreement, Employee shall be deemed to have become permanently disabled if, during any year of the term of this Agreement, because of ill health, physical or mental disability, or for other causes beyond Employee's control, Employee shall have been continuously unable or unwilling or have failed to perform his duties under this Agreement for fifteen (15) consecutive days, or if, during any year of the term of this Agreement, he shall have been unable

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or unwilling or have failed to perform his duties for a total period of thirty (30) days, either consecutive or not. For the purposes of this Agreement, the term “any year of the term of this Agreement” is defined to mean any period of twelve (12) calendar months commencing on the date of employment.

Section VII Discontinuance of Business as Termination of Employment

Notwithstanding anything in this Agreement to the contrary, in the event that Employer shall discontinue operating its business, then this Agreement will terminate as of the last day of the month in which Employer ceases operations with the same force and effect as if that day were originally set forth as the termination date of this Agreement.

Section VIII Devotion by Employee of Full Time to Business

Employee shall devote all Employee’s time, attention, knowledge, and skill solely and exclusively to the business and interest of Employer and Employer shall be entitled to all of the benefits, emoluments, profits, intellectual property, business process improvements, software, trade secrets, or other benefits or thing of value arising from or incident to any and all work, services, and advice of Employee, and Employee expressly agrees that during the term of this Agreement Employee shall have no interest, directly or indirectly, in any form, fashion or manner, as an owner, partner, officer, director, stockholder, advisor, employee, consultant or in any other form or capacity, in any other business similar to employer’s business or any allied trade; provided, however, that nothing shall be deemed to prevent or limit the right of Employee to invest any of Employee’s funds in the capital stock or other securities of any corporation whose stock or securities are publicly owned or are regularly traded on any public exchange, nor shall anything be deemed to prevent Employee from investing or limit Employee’s right to invest his funds in real estate. Employee shall not be required to work a normal 40 hour work week, but shall be available at all reasonable times for consultation and management duties.

Section IX Nondisclosure of Trade Secrets and Proprietary/Legal Information.

Employee understands that in the performance of his job duties with the Employer, he will be exposed to the Employer’s Trade Secrets and Proprietary/Legal Information. “Trade Secrets and Proprietary/Legal Information” means information or material that is commercially valuable to Employer and not generally known in the industry or to the public. This includes but is not limited to:

- (a) any and all versions of the Employer’s proprietary computer software (including source code and object code), hardware, firmware and documentation;
- (b) any and all information concerning the Employer’s products and services, including technical information, product data and specifications, diagrams, flow charts, drawings, test results, know-how, processes, inventions, research projects and product development;
- (c) sales information, accounting and unpublished financial information, business plans, markets and marketing methods, customer lists and customer information, purchasing techniques, supplier lists and supplier information and advertising strategies;
- (d) information concerning the Employer’s employees, including their compensation, strengths, weaknesses and skills;
- (e) information submitted by or about Employer’s projects, teaming partners, customers, suppliers, employees, consultants or co-venturers;
- (f) confidential legal information, opinions, documents, advice and opinions; and
- (g) any other information not generally known to the public which, if misused or disclosed, could reasonably be expected to adversely affect the Employer’s business.

Employee will keep the employer’s Trade Secrets and Proprietary/Legal Information, whether or not prepared or developed by employee, in the strictest confidence. Employee will exercise due care to protect and maintain the confidentiality of Employer’s Trade Secrets and Proprietary/Legal

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Information during the term of this Agreement after the termination of this Agreement. Employee will not use or disclose such Trade Secrets and/or Proprietary/Legal Information to others without the Employer's written consent, except when necessary to perform employee's duties. Any breach of the terms of this paragraph is a material breach of this Agreement. However, Employee shall have no obligation to treat as confidential information which:

- (a) was in Employee's possession or known to Employee, without an obligation to keep it confidential, before such information was disclosed to Employee by the Employer;
- (b) is or becomes public knowledge through a source other than Employee and through no fault of Employee; or
- (c) is or becomes lawfully available to Employee from a source other than the Employer provided such source is not under any obligation of confidentiality to Employer.

Section X Return of Materials

When Employee's employment with the Employer ends, for whatever reason, Employee will promptly (within five calendar days) deliver to the Employer all originals and copies of all documents, records, electronically stored information, software programs, media and other materials received through his employment with Employer. Employee will also return to Employer all equipment, files, software programs and other property belonging to Employer.

Section XI Confidentiality Obligation Survives Employment

Employee understands that Employee's obligation to maintain the confidentiality and security of Employer's Trade Secrets and Proprietary/Legal Information remains with Employee even after Employment with Employer ends.

Section XII Nonsolicitation of Customers/Clients/Employees

Employee covenants and agrees that all times while employed by Employer and for a further period of two (2) years after the termination of this Agreement, irrespective of when and in what manner said Agreement may be terminated, Employee will not for himself or any other person or entity, directly or indirectly, by stock or other ownership, investment, management, consultation, employment or otherwise, or in any relation whatsoever in any manner solicit, interfere or endanger relationships between Employer and its customers/clients/employees. Employee acknowledges that failure to comply with provisions of the preceding will cause irreparable damage therefore Employer entitled to an injunction prohibiting such activities on the part of Employee and all persons acting in concert with Employee.

Section XIII Noncompetition

Employee shall not engage in any employment or business activity in the State of Ohio that directly competes with that of Employer for a period of Six (6) months after termination of his / her employment with Employer.

Section XIV Commitments Binding on Employer Only on Written Consent

Anything contained in this Agreement to the contrary notwithstanding, it is understood and agreed that Employee shall not have the right to make any contracts or commitments for or on behalf of Employer without the written consent of Employer.

Section XVI Terms to Be Exclusive

This written Agreement and the Offer incorporated herein contain the sole and entire Agreement between the parties and shall supersede any and all other agreements between the parties. The parties acknowledge and agree that neither of them has made any representation with respect to the subject matter of this Agreement or any representations inducing its execution and delivery except such

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representations as are specifically set forth in this writing and the parties acknowledge that they have relied on their own judgment in entering into the same. The parties further acknowledge that any statements or representations that may have been made by either of them to the other are void and of no effect and that neither of them has relied on such statements or representation in connection with its dealings with the other.

Section XVII Waiver or Modification Ineffective Unless in Writing

It is agreed that no waiver or modification of this Agreement or of any covenant, condition, or limitation contained in it shall be valid unless it is in writing and duly executed by the party to be charged with it, and that no evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party under it, unless such waiver or modification is in writing, duly executed as above. The parties agree that the provisions of this paragraph may not be waived except by a duly executed writing.

Section XVIII Agreement Governed by Law of State of Ohio

The parties agree that it is their intention and covenant that this Agreement and performance under it and all suits and proceedings relating to it be construed in accordance with and under and pursuant to the laws of the State of Ohio and that in any action, special proceeding, or other proceeding that may be brought arising out of, in connection with, or by reason of this Agreement, the laws of the State of Ohio, exclusive of the choice of laws rules, shall be applicable and shall govern to the exclusion of the law of any other forum, without regard to the jurisdiction in which any action or proceeding may be instituted.

Section XIX Survivorship of Benefits

This Agreement shall be binding on and inure to the benefit of the respective parties and their executors, administrators, heirs, personal representatives, successors and assigns.

Section XX Execution of Documents

Both while employed by the Employer and afterwards, Employee agrees to execute and aid in the preparation of any papers that Employer may consider necessary or helpful to obtain or maintain any patents, copyrights, trademarks or other proprietary rights at no charge to Employee, but at Employer's expense. Employee agrees that any intellectual property, business process, technique or improvement that employee develops, creates or contributes toward creating during the time that Employee is employed shall be and remain the property of the Employer. Employee shall execute such assignments or other documents that are helpful or necessary to vest ownership of any and all such property in the Employer.

Employee acknowledges that failure to comply with provisions of the preceding will cause irreparable damage therefore Employer is entitled to an injunction prohibiting such activities on the part of Employee and all persons acting in concert with him.

Section XXI Enforcement

Employee agrees that in the event of a breach or threatened breach of this Agreement, money damages would be an inadequate remedy and extremely difficult to measure. Employee agrees, therefore, that the Employer shall be entitled to an injunction to restrain Employee from such breach or threatened breach. Nothing in this Agreement shall be construed as preventing the Employer from pursuing any remedy at law or in equity for any breach or threatened breach.

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Section XXIII Severability

If any provision of this Agreement is determined to be invalid or unenforceable, the remainder shall be unaffected and shall be enforceable against both the Employer and Employee.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

INTELLINETICS INC., INC.:

Employee: A. Michael Chretien

/s/ William J Santiago

/s/ A. Michael Chretien

William J Santiago, President & CEO

A. Michael Chretien, Chairman of the Board, Vice President of Compliance, and Secretary

Date: 9/16/2011

Date: 9/16/11

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AMENDED OFFER OF EMPLOYMENT OF A. MICHAEL CHRETIEN

This Amended Offer of Employment of A. Michael Chretien is made September 16, 2011 at the City of Columbus, County of Franklin, State of Ohio, by Intellinetics, Inc., 2190 Dividend Drive, Columbus, Ohio 43228 to A. Michael Chretien, 7893 Devonwood Court, Dublin, Ohio 40317

We are pleased to offer you employment as Chairman of the Board, Vice President of Compliance, and Secretary effective September 16, 2011. We know that your experience, competence, values and enthusiasm will be a positive factor in the future growth and success of Intellinetics, Inc.

1. Reporting directly to the President & CEO, as Chairman of the Board, Vice President of Compliance, and Secretary your responsibilities will include the following:
 - 1.1 Participate as a member of the senior management team regarding strategic corporate decisions and direction
 - 1.2 Provide senior management with guidance regarding their respective legal rights and duties associated with the administration and operation of Intellinetics.
 - 1.3 Prepare and review all internal and external corporate agreements.
 - 1.4 Oversee corporate intellectual property.
 - 1.5 Perform other duties as properly assigned.
2. Remuneration will consist of: Salary, Equity, and Benefits. Additional Remuneration may include Profit Sharing and Bonuses at the sole discretion of Intellinetics.
 - 2.1 Salary: The position will start at the rate of Ninety Seven Thousand Five Hundred Dollars (\$97,500.00) per year, payable biweekly during each month that this agreement shall be in force.
 - 2.2 Equity: Employee currently has a 42 Percent equity in Intellinetics common stock.
 - 2.3 Benefits:
 - 2.3.1 Opportunity to participate in a 401(k) profit sharing plan subject to plan eligibility requirements.
 - 2.3.2 Discretionary Employer contribution to selected Company health care plan. Amount of Employer contribution reviewed and announced annually by Employer.
 - 2.3.3 Twenty (20) business days paid vacation. Vacation days to be scheduled at mutually agreed upon times. Vacation is earned and accrued on a monthly basis with a maximum annual carryover of five (5) unused vacation days.
 - 2.3.4 Cell phone provided at Employer's expense.
 - 2.3.5 Company installed Intellinetics phone-line at residence
 - 2.3.6 Reimbursement of all reasonable and documented business expenses. Mileage for business travel will be reimbursed at the published rate.
 - 2.3.7 Five (5) personal days per annum. Personal days accrue monthly calculated on an annual proportional basis; accrued unused personal days shall not be carried over into the succeeding year.
 - 2.3.8 Your use of on-premise Exercise Facility upon execution of Liability and Waiver Form.
 - 2.3.9 Paid Company Holidays; schedule announced by Employer annually.
 - 2.3.10 Discretionary Employer contribution for Employee professional development and/or continuing education.

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3. Profit sharing and bonuses may become a component of your compensation at the sole discretion of Employer.

You or Intellinetics may terminate this employment relationship at any time for cause or without cause by giving written notice. The parties stipulate and agree that Employee is an "At Will" employee under Ohio law and does not have a contract of employment for a definite period. Employee's status shall not change except as set forth in writing signed by both parties to this Offer.

This Amended Offer of Employment and the Amended Employment Agreement dated September 16, 2011 constitute all of our agreements and understandings regarding your employment. There are no other oral or written agreements regarding your employment and no one else is authorized to make any other agreements. Ohio law shall govern this agreement and any employment relationship that may be formed between the undersigned parties at any time.

Intellinetics, Inc.:

Employee: A. Michael Chretien

/s/ William J. Santiago

William J, Santiago, President & CEO

/s/ A. Michael Chretien

A. Michael Chretien, Chairman of the Board, Vice President of Compliance, and Secretary

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AMENDED EMPLOYMENT AGREEMENT OF MATTHEW L. CHRETIEN

This Amended Employment Agreement of Matthew L. Chretien (this "Agreement") is made September 16, 2011, (the "Effective Date") between Intellinetics, Inc. (hereinafter, "Employer") at 2190 Dividend Drive, in the City of Columbus, County of Franklin, State of Ohio 43228, and Matthew L. Chretien, 215 Olentangy Ride Road, Powell, Ohio 43065 (hereinafter, "Employee").

Recitals

A. Employer is engaged in the development, marketing, sales and support of software applications, automation services and business solutions.

B. Employee is willing to be employed by Employer, and Employer is willing to employ Employee, on the terms, covenants, and conditions set forth in this Agreement and Employer's Offer of Employment of Employee dated, September 16, 2011 (the "Offer") which is hereby incorporated by reference into this Agreement.

In consideration of the mutual covenants and promises of the parties, Employer and Employee covenant and agree as follows:

Section I Nature and Place of Employment

Employer does hire and employ Employee as Executive Vice President, Chief Technology Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Treasurer, with responsibilities set forth in the above mentioned Offer of Employment. Additionally, Employee will perform ancillary and incidental duties that are normally performed by an Executive Vice President, Chief Technology Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Treasurer. Employee does accept and agree to such hiring and employment. Employee is subject to the supervision, orders, advice, and directions of Employer.

Section II Manner of Performance of Employee's Duties

Employee agrees to perform, at all times faithfully, industriously, and to the best of Employee's ability, experience, and talent, all of the duties that may be required of and from Employee pursuant to the express and implicit terms of this Agreement, to the reasonable satisfaction of Employer. Such duties shall be rendered at the corporate office, 2190 Dividend Drive, Columbus, OH 43228 and at such other place or places as Employer shall in good faith require or as the interests, needs, business, and opportunities of Employer shall require or make advisable. A performance review will be conducted annually. Employee can invite a performance review at any time.

Section III Duration of Employment

The term of this Agreement shall be for an indeterminate period and will commence on September 16, 2011. Either party may terminate this Agreement at any time with or without cause. The parties stipulate and agree that the Employee is an "At Will" employee under Ohio law and does not have a contract of employment for a definite period. The parties further agree that the Employee's status shall not change except as set forth in a writing signed by both parties to this Agreement.

Section IV Payment and Reimbursement

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Employer shall pay Employee, and Employee agrees to accept from Employer, in full payment for Employee's services under this Agreement, compensation at the rate of One Hundred Ninety Five Thousand Dollars (\$195,000.00) per year, payable biweekly each month during which this Agreement shall be in force.

Benefits are set forth in the Employee's aforementioned Offer of Employment. In the event that either party terminates this Agreement at any time and for any reason (or without assigning a reason) the Employee shall be paid for all work performed and for accrued unused annual vacation days at the date of termination. If Employee's remuneration includes commission, Employee will be paid for such commission for any amounts received by Employer on or before date of termination.

Employer further agrees employee profit sharing and/or bonuses may become part of Employee's compensation at the sole discretion of the Employer. Employer has complete discretion to institute or discontinue employee profit sharing and to pay or not to pay a bonus to Employee.

If Employee remains employed on January 1, 2012, Employer will pay Employee a deferred compensation benefit in the form of a lump sum payment of \$ 100,828.00 on March 31, 2015. Such lump sum payment shall be subject to all applicable federal, state and local income and payroll withholding tax rules. Employee's right to receive such deferred compensation payment shall be no greater than an unsecured, general creditor of the Employer.

It is the intent of the Company that any payment under this Agreement that constitutes deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (hereinafter referred to as "Code") will be made in accordance with the requirements of Code Section 409A. If any provision of this Agreement does not accurately reflect its intended establishment of an exemption from (or compliance with) Code Section 409A, as demonstrated by consistent interpretation or other evidence of intent, such provision shall be considered ambiguous as to its exemption from (or compliance with) Code Section 409A and shall be interpreted by the Company in a manner consistent with such intent, as determined in the discretion of the Company. Whenever a payment under this Agreement specifies a payment period with reference to a specific date, the actual date of payment will be within the sole discretion of the Company, and Employee, directly or indirectly, may not designate the calendar year of any payment.

Section V Professional Employee Development-Continuing Education

Employer recognizes the mutual benefit for Employer and Employee of professional employee development. Professional education and/or training therefore may be offered and supported at the discretion of Employer.

Section VI Option to Terminate Agreement for Permanent Disability of Employee

Notwithstanding anything in this Agreement to the contrary, Employer has the option to terminate this Agreement in the event that during its term Employee shall become permanently disabled as the term permanently disabled is defined below. Such option shall be exercised by Employer giving notice to Employee by registered mail, addressed to Employee at Employee's home address, or at such other address as Employee shall designate in writing, of its intention to terminate this Agreement on the last day of the month during which such notice is mailed, and on the giving of such notice this Agreement and the term of this Agreement comes to an end on the last day of the month in which the notice is mailed, with the same force and effect as if that day were originally set forth as the termination date.

For the purposes of this Agreement, Employee shall be deemed to have become permanently disabled if, during any year of the term of this Agreement, because of ill health, physical or mental disability, or for other causes beyond Employee's control, Employee shall have been continuously

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unable or unwilling or have failed to perform his duties under this Agreement for fifteen (15) consecutive days, or if, during any year of the term of this Agreement, he shall have been unable or unwilling or have failed to perform his duties for a total period of thirty (30) days, either consecutive or not. For the purposes of this Agreement, the term "any year of the term of this Agreement" is defined to mean any period of twelve (12) calendar months commencing on the date of employment.

Section VII Discontinuance of Business as Termination of Employment

Notwithstanding anything in this Agreement to the contrary, in the event that Employer shall discontinue operating its business, then this Agreement will terminate as of the last day of the month in which Employer ceases operations with the same force and effect as if that day were originally set forth as the termination date of this Agreement.

Section VIII Devotion by Employee of Full Time to Business

Employee shall devote all Employee's time, attention, knowledge, and skill solely and exclusively to the business and interest of Employer and Employer shall be entitled to all of the benefits, emoluments, profits, intellectual property, business process improvements, software, trade secrets or other benefits or thing of value arising from or incident to any and all work, services, and advice of Employee, and Employee expressly agrees that during the term of this Agreement Employee shall have no interest, directly or indirectly, in any form, fashion or manner, as an owner, partner, officer, director, stockholder, advisor, employee, consultant, or in any other form or capacity, in any other business similar to employer's business or any allied trade; provided, however, that nothing shall be deemed to prevent or limit the right of Employee to invest any of Employee's funds in the capital stock or other securities of any corporation whose stock or securities are publicly owned or are regularly traded on any public exchange, nor shall anything be deemed to prevent Employee from investing or limit Employee's right to invest his funds in real estate.

Section IX Nondisclosure of Trade Secrets and Proprietary Information.

Employee understands that in the performance of his job duties with the Employer, he will be exposed to the Employer's Trade Secrets and Proprietary Information. "Trade Secrets and Proprietary Information" means information or material that is commercially valuable to Employer and not generally known in the industry or to the public. This includes but is not limited to:

- (a) any and all versions of the Employer's proprietary computer software(including source code and object code and object code), hardware, firmware and documentation;
- (b) any and all information concerning the Employer's products and services, including technical information, product data and specifications, diagrams, flow charts, drawings, test results, know-how, processes, inventions, research projects and product development;
- (c) sales information, accounting and unpublished financial information, business plans, markets and marketing methods, customer lists and customer information, purchasing techniques, supplier lists and supplier information and advertising strategies;
- (d) information concerning the Employer's employees, including their compensation, strengths, weaknesses and skills;
- (e) information submitted by or about Employer's projects, teaming partners, customers, suppliers, employees, consultants or co-venturers; and
- (f) any other information not generally known to the public which, if misused or disclosed, could reasonably be expected to adversely affect the Employer's business.

Employee will keep the employer's Trade Secrets and Proprietary Information, whether or not prepared or developed by employee, in the strictest confidence. Employee will exercise due care to protect and maintain the confidentiality of Employer's Trade Secrets and Proprietary Information during the term of this Agreement and after the termination of this Agreement.

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Employee will not use or disclose such Trade Secrets and/or Proprietary Information to others without the Employer's written consent, except when necessary to perform employee's duties. Any breach of the terms of this paragraph is a material breach of this Agreement. However, Employee shall have no obligation to treat as confidential information which:

- (a) was in Employee's possession or known to Employee, without an obligation to keep it confidential, before such information was disclosed to Employee by the Employer;
- (b) is or becomes public knowledge through a source other than Employee and through no fault of Employee; or
- (c) is or becomes lawfully available to Employee from a source other than the Employer provided such source is not under any obligation of confidentiality to Employer.

Section X Return of Materials

When Employee's employment with the Employer ends, for whatever reason, Employee will promptly (within five calendar days) deliver to the Employer all originals and copies of all documents, records, electronically stored information, software programs, media and other materials received through his employment with Employer. Employee will also return to Employer all equipment, files, software programs and other property belonging to Employer.

Section XI Confidentiality Obligation Survives Employment

Employee understands that Employee's obligation to maintain the confidentiality and security of Employer's Trade Secrets and Proprietary Information remains with Employee even after Employment with Employer ends.

Section XII Nonsolicitation of Customers/Clients/Employees

Employee covenants and agrees that all times while employed by Employer and for a further period of two (2) years after the termination of this Agreement, irrespective of when and in what manner said Agreement may be terminated, Employee will not for himself or any other person or entity, directly or indirectly, by stock or other ownership, investment, management, consultation, employment or otherwise, or in any relation whatsoever in any manner solicit, interfere or endanger relationships between Employer and its customers/clients/employees. Employee acknowledges that failure to comply with provisions of the preceding will cause irreparable damage therefore Employer entitled to an injunction prohibiting such activities on the part of Employee and all persons acting in concert with Employee.

Section XIII Noncompetition

Employee shall not engage in any employment or business activity anywhere in the State of Ohio that directly competes with that of Employer for a period of Six (6) months after termination of his / her employment with Employer.

Section XIV Commitments Binding on Employer Only on Written Consent

Anything contained in this Agreement to the contrary notwithstanding, it is understood and agreed that Employee shall not have the right to make any contracts or commitments for or on behalf of Employer without the written consent of Employer.

Section XVI Terms to Be Exclusive

This written Agreement and the Offer incorporated herein contain the sole and entire Agreement between the parties and shall supersede any and all other agreements between the parties. The parties acknowledge and agree that neither of them has made any representation with respect to

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the subject matter of this Agreement or any representations inducing its execution and delivery except such representations as are specifically set forth in this writing and the parties acknowledge that they have relied on their own judgment in entering into the same. The parties further acknowledge that any statements or representations that may have been made by either of them to the other are void and of no effect and that neither of them has relied on such statements or representation in connection with its dealings with the other.

Section XVII Waiver or Modification Ineffective Unless in Writing

It is agreed that no waiver or modification of this Agreement or of any covenant, condition, or limitation contained in it shall be valid unless it is in writing and duly executed by the party to be charged with it, and that no evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party under it, unless such waiver or modification is in writing, duly executed as above. The parties agree that the provisions of this paragraph may not be waived except by a duly executed writing.

Section XVIII Agreement Governed by Law of State of Ohio

The parties agree that it is their intention and covenant that this Agreement and performance under it and all suits and proceedings relating to it be construed in accordance with and under and pursuant to the laws of the State of Ohio and that in any action, special proceeding, or other proceeding that may be brought arising out of, in connection with, or by reason of this Agreement, the laws of the State of Ohio, exclusive of the choice of laws rules, shall be applicable and shall govern to the exclusion of the law of any other forum, without regard to the jurisdiction in which any action or proceeding may be instituted.

Section XIX Survivorship of Benefits

This Agreement shall be binding on and inure to the benefit of the respective parties and their executors, administrators, heirs, personal representatives, successors and assigns.

Section XX Execution of Documents

Both while employed by the Employer and afterwards, Employee agrees to execute and aid in the preparation of any papers that Employer may consider necessary or helpful to obtain or maintain any patents, copyrights, trademarks or other proprietary rights at no charge to Employee, but at Employer's expense. Employee agrees that any intellectual property, business process, technique or improvement that employee develops, creates or contributes toward creating during the time that Employee is employed shall be and remain the property of the Employer. Employee shall execute such assignments or other documents that are helpful or necessary to vest ownership of any and all such property in the Employer.

Employee acknowledges that failure to comply with provisions of the preceding will cause irreparable damage therefore Employer is entitled to an injunction prohibiting such activities on the part of Employee and all persons acting in concert with him.

Section XXI Enforcement

Employee agrees that in the event of a breach or threatened breach of this Agreement, money damages would be an inadequate remedy and extremely difficult to measure. Employee agrees, therefore, that the Employer shall be entitled to an injunction to restrain Employee from such breach or threatened breach. Nothing in this Agreement shall be construed as preventing the Employer from pursuing any remedy at law or in equity for any breach or threatened breach.

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Section XXIII Severability

If any provision of this Agreement is determined to be invalid or unenforceable, the remainder shall be unaffected and shall be enforceable against both the Employer and Employee.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

INTELLINETICS, INC., INC.:

Employee: Matthew L. Chretien

/s/ William J Santiago

/s/ Matthew L. Chretien

William J Santiago, President & CEO

Matthew L. Chretien, Executive Vice President, Chief Technology Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Treasurer

Date: 9/16/2011

Date: 9/16/2011

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AMENDED OFFER OF EMPLOYMENT OF MATTHEW L. CHRETIEN

This Amended Offer of Employment of Matthew L. Chretien is made September 16, 2011 at the City of Columbus, County of Franklin, State of Ohio, by Intellinetics, Inc., 2190 Dividend Drive, Columbus, Ohio 43228 to Matthew L. Chretien, 215 Olentangy Ride Road, Powell, Ohio 43065.

We are pleased to offer you employment as Executive Vice President, Chief Technology Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Treasurer effective September 16, 2011. We know that your experience, competence, values and enthusiasm will be a positive factor in the future growth and success of Intellinetics.

I. Reporting directly to the President & CEO, as Executive Vice President, Chief Technology Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Treasurer, your responsibilities will include the following:

1.1 Strategy & Planning:

- a) Participate as a member of the senior management team in governance processed of the organization's architecture, telecommunications, networks, programming, media, and desktops.
- b) Act as an advocate to our customers and business units in one or more strategic technology growth areas
- c) Lead strategic technological planning to achieve business goals by prioritizing technology initiatives and coordinating the evaluations, deployment, and management of current and future technologies.
- d) Collaborate with the appropriate departments to develop and maintain a technology plan that supports organizational needs.
- e) Develop and communicate business/technology alignment plans to executive team, staff, partners, customers, and stakeholders.
- f) Direct development and execution of an enterprise-wide disaster recovery and business continuity plan.

1.2 Acquisition & Deployment:

- a) Assess and communicate risks associated with technology-related investments and purchases.
- b) Define requirements for new technology implementations and communicate them to key business stakeholders.
- c) Define and communicate corporate procedures, policies, and standards for the organization for acquiring, implementing, and operating new network systems, equipment, software, and other technologies.

1.3 Operational Management:

- a) Conduct research to remain up-to-date and knowledgeable in regards to industry trends and emerging technologies in anticipation of new business processes and system alterations.
- b) Analyze and improve upon technology standards across the organization to maintain a technological and competitive edge within the market.
- c) Act as primary liaison for the company's technology vision via regular written and in-person communications with the organization's executives, department heads, and end users.
- d) Develop, track, and control the technical services annual operating and capital budgets for purchasing, staffing, and operations.

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- e) Supervise recruitment, development, retention, and organization of all technical staff in accordance with corporate budgetary objectives and personnel policies.
 - f) Ensure continuous delivery of technical services through oversight of service level agreements with end users and monitoring of systems, programs, and equipment performance.
 - g) Where necessary, oversee and develop patenting of intellectual property, inventions, and business processes.
 - h) And other duties as assigned.
2. Remuneration will consist of: Salary and Benefits. Additional Remuneration may include Profit Sharing and Commissions and Bonuses at the sole discretion of Intellinetics.
- 2.1 Salary: The position will start at the rate of One Hundred and Ninety Five Thousand, Dollars (\$195,000.00) per year, payable biweekly during each month that this agreement shall be in force.
- 2.3 Benefits:
- 2.3.1 Opportunity to participate in a 401(k) profit sharing plan subject to plan eligibility requirements.
 - 2.3.2 Discretionary Employer contribution to selected Company health care plan. Amount of Employer contribution reviewed and announced annually by Employer.
 - 2.3.3 Twenty (20) business days paid vacation per annum. Vacation days to be scheduled at mutually agreed upon times. Vacation is earned and accrued on a monthly basis with a maximum annual carryover of five (5) unused vacation days.
 - 2.3.4 Cell phone to be provided at Employer's expense.
 - 2.3.5 Employer installed phone-line at residence if deemed necessary.
 - 2.3.6 Reimbursement of all reasonable and documented business expenses. Mileage for business travel will be reimbursed at the published rate.
 - 2.3.7 Five (5) personal days per annum. Personal days accrue monthly calculated on an annual proportional basis; accrued unused personal days shall not be carried over into the succeeding year.
 - 2.3.8 Your use of on-premise Exercise Facility upon execution of Liability and Waiver Form.
 - 2.3.9 Paid Company Holidays; schedule announced by Employer annually.
 - 2.3.10 Discretionary Employer contribution for Employee professional development and/or continuing education.
3. Profit sharing, commissions and bonuses may become a component of your compensation at the sole discretion of Employer.

You or Intellinetics may terminate this employment relationship at any time for cause or without cause by giving written notice. The parties stipulate and agree that Employee is an "At Will" employee under Ohio Law. The parties further agree that the Employee's status shall not change except as set forth in writing signed by both parties to this Offer.

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This Amended Offer of Employment and the Amended Employment Agreement, dated September 16, 2011 constitute all of our agreements and understandings regarding your employment. There are no other oral or written agreements regarding your employment and no one else is authorized to make any other agreements. Ohio law shall govern this agreement and any employment relationship that may be formed between the undersigned parties at any time.

Intellinetics, Inc.;

Employee: Matthew L Chretien

/s/ William J. Santiago

William J. Santiago, President & CEO

/s/ Matthew L. Chretien

Matthew L. Chretien, Executive Vice President, Chief Technology Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Treasurer

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AMENDED EMPLOYMENT AGREEMENT OF WILLIAM J. SANTIAGO

This Amended Employment Agreement of William J. Santiago (this "Agreement") is made September 16, 2011, (the "Effective Date") between Intellinetics, Inc. (hereinafter, "Employer") at 2190 Dividend Drive, in the City of Columbus, County of Franklin, State of Ohio 43228, and William J. Santiago, 4260 Hobbs Landing Drive W, Dublin, Ohio 43017 (hereinafter, "Employee").

Recitals

A. Employer is engaged in the development, marketing, sales and support of software applications, automation services and business solutions.

B. Employee is willing to be employed by Employer, and Employer is willing to employ Employee, on the terms, covenants, and conditions set forth in this Agreement and Employer's Offer of Employment of Employee dated, September 16, 2011 (the "Offer"), which is hereby incorporated by reference into this Agreement.

In consideration of the mutual covenants and promises of the parties, Employer and Employee covenant and agree as follows:

Section I Nature and Place of Employment

Employer does hire and employ Employee as the President and Chief Executive Officer, with responsibilities set forth in the above mentioned Offer of Employment. Additionally, Employee will perform ancillary and incidental duties that are normally performed by a President and Chief Executive Officer. Employee does accept and agree to such hiring and employment. Employee is subject to the supervision, orders, advice, and directions of Employer's Board of Directors.

Section II Manner of Performance of Employee's Duties

Employee agrees to perform, at all times faithfully, industriously, and to the best of Employee's ability, experience, and talent, all of the duties that may be required of and from Employee pursuant to the express and implicit terms of this Agreement, to the reasonable satisfaction of Employer. Such duties shall be rendered at the corporate office, 2190 Dividend Drive, Columbus, OH 43228 and at such other place or places as Employer shall in good faith require or as the interests, needs, business, and opportunities of Employer shall require or make advisable. A performance review will be conducted annually. Employee can invite a performance review at any time.

Section III Duration of Employment

The term of this Agreement shall be for an indeterminate period and will commence on September 16, 2011. Either party may terminate this Agreement at any time with or without cause. The parties stipulate and agree that the Employee is an "At Will" employee under Ohio law and does not have a contract of employment for a definite period. The parties further agree that the Employee's status shall not change except as set forth in a writing signed by both parties to this Agreement.

Section IV Payment and Reimbursement

Employer shall pay Employee, and Employee agrees to accept from Employer, in full payment for Employee's services under this Agreement, compensation at the rate of Two Hundred and Four Thousand Dollars (\$204,000.00) per year, payable biweekly each month during which this Agreement shall be in force.

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Benefits are set forth in the Employee's aforementioned Offer of Employment. In the event that either party terminates this Agreement at any time and for any reason (or without assigning a reason) the Employee shall be paid for all work performed and for accrued unused annual vacation days at the date of termination. If Employee's remuneration includes commission, Employee will be paid for such commission for any amounts received by Employer on or before date of termination.

Employer further agrees employee profit sharing and/or bonuses may become part of Employee's compensation at the sole discretion of the Employer. Employer has complete discretion to institute or discontinue employee profit sharing and to pay or not to pay a bonus to Employee.

Section V Professional Employee Development-Continuing Education

Employer recognizes the mutual benefit for Employer and Employee of professional employee development. Professional education and/or training therefore may be offered and supported at the discretion of Employer.

Section VI Option to Terminate Agreement for Permanent Disability of Employee

Notwithstanding anything in this Agreement to the contrary, Employer has the option to terminate this Agreement in the event that during its term Employee shall become permanently disabled as the term permanently disabled is defined below. Such option shall be exercised by Employer giving notice to Employee by registered mail, addressed to Employee at Employee's home address, or at such other address as Employee shall designate in writing, of its intention to terminate this Agreement on the last day of the month during which such notice is mailed, and on the giving of such notice this Agreement and the term of this Agreement comes to an end on the last day of the month in which the notice is mailed, with the same force and effect as if that day were originally set forth as the termination date.

For the purposes of this Agreement, Employee shall be deemed to have become permanently disabled if, during any year of the term of this Agreement, because of ill health, physical or mental disability, or for other causes beyond Employee's control, Employee shall have been continuously unable or unwilling or have failed to perform his duties under this Agreement for fifteen (15) consecutive days, or if, during any year of the term of this Agreement, he shall have been unable or unwilling or have failed to perform his duties for a total period of thirty (30) days, either consecutive or not. For the purposes of this Agreement, the term "any year of the term of this Agreement" is defined to mean any period of twelve (12) calendar months commencing on the date of employment.

Section VII Discontinuance of Business as Termination of Employment

Notwithstanding anything in this Agreement to the contrary, in the event that Employer shall discontinue operating its business, then this Agreement will terminate as of the last day of the month in which Employer ceases operations with the same force and effect as if that day were originally set forth as the termination date of this Agreement.

Section VIII Devotion by Employee of Full Time to Business

Employee shall devote all Employee's time, attention, knowledge, and skill solely and exclusively to the business and interest of Employer and Employer shall be entitled to all of the benefits, emoluments, profits, intellectual property, business process improvements, software, trade secrets or other benefits or thing of value arising from or incident to any and all work, services, and advice of Employee, and Employee expressly agrees that during the term of this Agreement Employee shall have no interest, directly or indirectly, in any form, fashion or manner, as an owner, partner, officer, director, stockholder, advisor, employee, consultant, or in any other form or capacity, in any other business similar to employer's business or any allied trade; provided,

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however, that nothing shall be deemed to prevent or limit the right of Employee to invest any of Employee's funds in the capital stock or other securities of any corporation whose stock or securities are publicly owned or are regularly traded on any public exchange, nor shall anything be deemed to prevent Employee from investing or limit Employee's right to invest his funds in real estate.

Section IX Nondisclosure of Trade Secrets and Proprietary Information.

Employee understands that in the performance of his job duties with the Employer, he will be exposed to the Employer's Trade Secrets and Proprietary Information. "Trade Secrets and Proprietary Information" means information or material that is commercially valuable to Employer and not generally known in the industry or to the public. This includes but is not limited to:

- (a) any and all versions of the Employer's proprietary computer software(including source code and object code and object code), hardware, firmware and documentation;
- (b) any and all information concerning the Employer's products and services, including technical information, product data and specifications, diagrams, flow charts, drawings, test results, know-how, processes, inventions, research projects and product development;
- (c) sales information, accounting and unpublished financial information, business plans, markets and marketing methods, customer lists and customer information, purchasing techniques, supplier lists and supplier information and advertising strategies;
- (d) information concerning the Employer's employees, including their compensation, strengths, weaknesses and skills;
- (e) information submitted by or about Employer's projects, teaming partners, customers, suppliers, employees, consultants or co-venturers; and
- (f) any other information not generally known to the public which, if misused or disclosed, could reasonably be expected to adversely affect the Employer's business.

Employee will keep the employer's Trade Secrets and Proprietary Information, whether or not prepared or developed by employee, in the strictest confidence. Employee will exercise due care to protect and maintain the confidentiality of Employer's Trade Secrets and Proprietary Information during the term of this Agreement and after the termination of this Agreement. Employee will not use or disclose such Trade Secrets and/or Proprietary Information to others without the Employer's written consent, except when necessary to perform employee's duties. Any breach of the terms of this paragraph is a material breach of this Agreement. However, Employee shall have no obligation to treat as confidential information which:

- (a) was in Employee's possession or known to Employee, without an obligation to keep it confidential, before such information was disclosed to Employee by the Employer;
- (b) is or becomes public knowledge through a source other than Employee and through no fault of Employee; or
- (c) is or becomes lawfully available to Employee from a source other than the Employer provided such source is not under any obligation of confidentiality to Employer.

Section X Return of Materials

When Employee's employment with the Employer ends, for whatever reason, Employee will promptly (within five calendar days) deliver to the Employer all originals and copies of all documents, records, electronically stored information, software programs, media and other materials received through his employment with Employer. Employee will also return to Employer all equipment, files, software programs and other property belonging to Employer.

Section XI Confidentiality Obligation Survives Employment

Confidential and Proprietary

Employee understands that Employee's obligation to maintain the confidentiality and security of Employer's Trade Secrets and Proprietary Information remains with Employee even after Employment with Employer ends.

Section XII Nonsolicitation of Customers/Clients/Employees

Employee covenants and agrees that all times while employed by Employer and for a further period of two (2) years after the termination of this Agreement, irrespective of when and in what manner said Agreement may be terminated, Employee will not for himself or any other person or entity, directly or indirectly, by stock or other ownership, investment, management, consultation, employment or otherwise, or in any relation whatsoever in any manner solicit, interfere or endanger relationships between Employer and its customers/clients/employees. Employee acknowledges that failure to comply with provisions of the preceding will cause irreparable damage therefore Employer entitled to an injunction prohibiting such activities on the part of Employee and all persons acting in concert with Employee.

Section XIII Noncompetition

Employee shall not engage in any employment or business activity anywhere in the State of Ohio that directly competes with that of Employer for a period of Six (6) Months after termination of his / her employment with Employer.

Section XIV Commitments Binding on Employer Only on Written Consent

Anything contained in this Agreement to the contrary notwithstanding, it is understood and agreed that Employee shall not have the right to make any contracts or commitments for or on behalf of Employer without the written consent of Employer.

Section XVI Terms to Be Exclusive

This written Agreement and the Offer incorporated herein contain the sole and entire Agreement between the parties and shall supersede any and all other agreements between the parties. The parties acknowledge and agree that neither of them has made any representation with respect to the subject matter of this Agreement or any representations inducing its execution and delivery except such representations as are specifically set forth in this writing and the parties acknowledge that they have relied on their own judgment in entering into the same. The parties further acknowledge that any statements or representations that may have been made by either of them to the other are void and of no effect and that neither of them has relied on such statements or representation in connection with its dealings with the other.

Section XVII Waiver or Modification Ineffective Unless in Writing

It is agreed that no waiver or modification of this Agreement or of any covenant, condition, or limitation contained in it shall be valid unless it is in writing and duly executed by the party to be charged with it, and that no evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party under it, unless such waiver or modification is in writing, duly executed as above. The parties agree that the provisions of this paragraph may not be waived except by a duly executed writing.

Section XVIII Agreement Governed by Law of State of Ohio

The parties agree that it is their intention and covenant that this Agreement and performance under it and all suits and proceedings relating to it be construed in accordance with and under and pursuant to the laws of the State of Ohio and that in any action, special proceeding, or other

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proceeding that may be brought arising out of, in connection with, or by reason of this Agreement, the laws of the State of Ohio, exclusive of the choice of laws rules, shall be applicable and shall govern to the exclusion of the law of any other forum, without regard to the jurisdiction in which any action or proceeding may be instituted.

Section XIX Survivorship of Benefits

This Agreement shall be binding on and inure to the benefit of the respective parties and their executors, administrators, heirs, personal representatives, successors and assigns.

Section XX Execution of Documents

Both while employed by the Employer and afterwards, Employee agrees to execute and aid in the preparation of any papers that Employer may consider necessary or helpful to obtain or maintain any patents, copyrights, trademarks or other proprietary rights at no charge to Employee, but at Employer's expense. Employee agrees that any intellectual property, business process, technique or improvement that employee develops, creates or contributes toward creating during the time that Employee is employed shall be and remain the property of the Employer. Employee shall execute such assignments or other documents that are helpful or necessary to vest ownership of any and all such property in the Employer.

Employee acknowledges that failure to comply with provisions of the preceding will cause irreparable damage therefore Employer is entitled to an injunction prohibiting such activities on the part of Employee and all persons acting in concert with him.

Section XXI Enforcement

Employee agrees that in the event of a breach or threatened breach of this Agreement, money damages would be an inadequate remedy and extremely difficult to measure. Employee agrees, therefore, that the Employer shall be entitled to an injunction to restrain Employee from such breach or threatened breach. Nothing in this Agreement shall be construed as preventing the Employer from pursuing any remedy at law or in equity for any breach or threatened breach.

Section XXIII Severability

If any provision of this Agreement is determined to be invalid or unenforceable, the remainder shall be unaffected and shall be enforceable against both the Employer and Employee.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

INTELLINETICS, INC., INC.:

William J. Santiago,

/s/ Matthew L. Chretien
Matthew L. Chretien, EVP

/s/ William J. Santiago
President and CEO

Date: 9/16/11

Date: 9/16/11

/s/ A. Michael Chretien
A. Michael Chretien, Chairman of the Board

Date: 9/16/11

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AMENDED OFFER OF EMPLOYMENT OF WILLIAM J. SANTIAGO

This Amended Offer of Employment of William J. Santiago is made September 16, 2011 at the City of Columbus, County of Franklin, State of Ohio, by Intellinetics, Inc., 2190 Dividend Drive, Columbus, Ohio 43228 to William J. Santiago, 4260 Hobbs Landing Drive W, Dublin, Ohio, 43017.

We are pleased to offer you employment as President and Chief Executive Officer, effective September 16, 2011. We know that your experience, competence, values and enthusiasm will be a positive factor in the future growth and success of Intellinetics™.

1. Position Overview and Primary Responsibilities:

As President and Chief Executive Officer your responsibilities will include the following:

- 1.1 Develop a strategic plan to advance the company's mission and objectives and to promote revenue, profitability, and growth as an organization.
- 1.2 Oversee company operations to insure production efficiency, quality, service, and cost-effective management of resources.
- 1.3 Plan, develop, and implement strategies for generating resources and/or revenues for the company.
- 1.4 Identify acquisition and merger opportunities and direct implementation activities.
- 1.5 Approve company operational procedures, policies, and standards
- 1.6 Review activity reports and financial statements to determine progress and status in attaining objectives and revise objectives and plans in accordance with current conditions.
- 1.7 Evaluate performance of executives for compliance with established policies and objectives of the company and contributions in attaining objectives.
- 1.8 Promote the company through written articles and personal appearances at conferences and on radio and TV.
- 1.9 Represent the company at legislative sessions, committee meetings, and at formal functions.
- 1.10 Promote the company to local, regional, national, and international constituencies.
- 1.11 Build a fundraising network using personal contacts, direct mail, special events, and foundation support.
- 1.12 Present company report at Annual Stockholder and Board of Director meetings.
- 1.13 Direct company planning and policy-making committees.
- 1.14 Oversee foreign operations to include evaluating operating and financial performance.
- 1.15 And other duties as assigned.

2. Remuneration will consist of: Salary and Benefits. Additional Remuneration may include Profit Sharing, Commissions and Bonuses at the sole discretion of Intellinetics.

- 2.1 Salary: The position will start at the rate of Two Hundred and Four Thousand Dollars (\$204,000.00) per year, payable biweekly during each month that this agreement shall be in force.
- 2.3 Benefits:
 - 2.3.1 Opportunity to participate in a 401 (k) profit sharing plan subject to plan eligibility requirements.

- 2.3.2 Discretionary Employer contribution to selected Company health care plan. Amount of Employer contribution reviewed and announced annually by Employer.
- 2.3.3 Twenty (20) business days paid vacation per annum. Vacation days to be scheduled at mutually agreed upon times. Vacation is earned and accrued on a monthly basis with a maximum annual carryover of five (5) unused vacation days.
- 2.3.4 Cell phone to be paid for by Employer.
- 2.3.5 Company Installed Intellinetics phone-line at residence if deemed necessary.
- 2.3.6 Reimbursement of all reasonable, and documented business expenses. Mileage for business travel will be reimbursed at the published rate.
- 2.3.7 Five (5) personal days per annum. Personal days accrue monthly calculated on an annual proportional basis; accrued unused personal days shall not be carried over into the succeeding year.
- 2.3.8 Your use of on-premise Exercise Facility upon execution of Liability and Waiver Form.
- 2.3.9 Paid Company Holidays; schedule announced by Employer annually.
- 2.3.10 Discretionary Employer contribution for Employee professional development and/or continuing education.

3. Profit sharing and bonuses may become a component of your compensation at the sole discretion of Employer.

You or Intellinetics may terminate this employment relationship at any time for cause or without cause by giving written notice. The parties stipulate and agree that Employee is an "At Will" employee under Ohio law. The parties further agree that the Employee's status shall not change except as set forth in writing signed by both parties to this Offer.

This Amended Offer of Employment and the Amended Employment Agreement dated September 16, 2011 constitute all of our agreements and understandings regarding your employment. There are no other oral or written agreements regarding your employment and no one else is authorized to make any other agreements. Ohio law shall govern this agreement and any employment relationship that may be formed between the undersigned parties at any time.

Intellinetics, Inc.:

/s/ Matthew L. Chretien
Matthew L. Chretien, EVP

Date: 9/16/11

Employee: William J. Santiago

/s/ William J. Santiago
William J. Santiago, President & CEO

Date: 9/16/11

/s/ A. Michael Chretien
A. Michael Chretien, Chairman of the Board

Date: 9/16/11

MORRILL & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
1448 NORTH 2000 WEST, SUITE 3
CLINTON, UTAH 84015
801-546-9068 PHONE; 801-546-8211 FAX

February 10, 2012,

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-7561

Ladies and Gentlemen:

We have read the statements made by Globalwise Investments, Inc. in *Changes In and Disagreements with Accountants on Accounting and Financial Disclosure* of the Current Report on Form 8-K dated February 10, 2012, regarding the event that occurred on February 10, 2012, and are in agreement with the statements contained therein insofar as they relate to our firm.

Very truly yours,

/s/ Morrill & Associates

Morrill & Associates, LLC

INTELLINETICS, INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING

To the Directors and Stockholders of Intellinetics, Inc.

We have audited the accompanying balance sheets of Intellinetics, Inc. (the "Company") as of December 31, 2010 and 2009 and the related statements of operations, stockholders' deficit and cash flows for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Intellinetics, Inc. as of December 31, 2010 and 2009 and the results of its operations and its cash flows for the years ended December 31, 2009 and 2010 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company's significant operating losses and constraints on capital resources raise substantial doubt about its ability to continue as a growing concern. Management's plans regarding these matters also are discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Marcum LLP
New York, New York

February 13, 2012

INTELLINETICS, INC.
Balance Sheets

	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>	<u>September 30,</u> <u>2011</u> <i>(Unaudited)</i>
ASSETS			
Current assets:			
Cash	\$ 34,014	\$ 116,825	\$ 145,905
Accounts receivable, net	205,016	120,697	264,261
Prepaid expenses and other current assets	19,754	46,359	41,964
Total current assets	<u>258,784</u>	<u>283,881</u>	<u>452,130</u>
Property and equipment, net	49,788	83,476	35,616
Other assets	39,948	41,816	48,907
Total assets	<u>\$ 348,520</u>	<u>\$ 409,173</u>	<u>\$ 536,653</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Current liabilities:			
Accounts payable and accrued expenses	\$ 233,616	\$ 173,109	\$ 252,908
Deferred revenues	626,012	378,246	593,212
Notes payable - current	193,920	35,940	310,708
Total current liabilities	<u>1,053,548</u>	<u>587,295</u>	<u>1,156,828</u>
Long-term liabilities:			
Deferred compensation	154,229	142,418	215,011
Notes payable - net of current portion	1,008,555	882,310	1,580,315
Notes payable - related party	282,356	320,729	268,613
Deferred interest expense	—	—	8,311
Other long-term liabilities - related parties	139,644	119,459	153,278
Total long-term liabilities	<u>1,584,784</u>	<u>1,464,916</u>	<u>2,225,528</u>
Total liabilities other than shares	<u>2,638,332</u>	<u>2,052,211</u>	<u>3,382,356</u>
Shares subject to mandatory redemption	459,899	459,899	459,899
Total liabilities	<u>3,098,231</u>	<u>2,512,110</u>	<u>3,842,255</u>
Commitments and contingencies			
Excess of liabilities over assets (deficit)	<u>(2,749,711)</u>	<u>(2,102,937)</u>	<u>(3,305,602)</u>
Total liabilities and excess of liabilities over assets (deficit)	<u>\$ 348,520</u>	<u>\$ 409,173</u>	<u>\$ 536,653</u>

See notes to these financial statements.

INTELLINETICS, INC.
Statements of Operations

	Year Ended December 31, 2010	Year Ended December 31, 2009	Nine Months Ended September 30, 2011 <i>(Unaudited)</i>	Nine Months Ended September 30, 2010 <i>(Unaudited)</i>
Revenues:				
Sale of software licenses without modification	\$ 51,549	\$ 22,500	\$ 97,644	\$ 43,966
Sale of software licenses with substantive modification	388,489	79,157	551,211	232,638
Software as a service	96,745	85,395	110,902	71,994
Software maintenance services	640,296	641,339	462,479	481,010
Consulting services	185,423	404,476	215,966	140,982
Total revenues	<u>1,362,502</u>	<u>1,232,867</u>	<u>1,438,202</u>	<u>970,590</u>
Cost of revenues:				
Sale of software licenses without consulting	19,436	13,449	13,261	9,739
Sale of software and consulting	280,002	47,195	354,383	145,068
Software as a service	36,239	37,806	20,573	26,716
Software maintenance services	119,607	142,237	81,929	96,291
Consulting services	190,006	424,756	173,307	115,068
Total cost of revenues	<u>645,290</u>	<u>665,443</u>	<u>643,453</u>	<u>392,882</u>
Gross profit	<u>717,212</u>	<u>567,424</u>	<u>794,749</u>	<u>577,708</u>
Operating expenses:				
General and administrative	771,329	759,661	756,120	589,551
Sales and marketing	422,365	322,738	442,127	281,372
Depreciation	44,602	45,737	30,281	33,762
Total operating expenses	<u>1,238,296</u>	<u>1,128,136</u>	<u>1,228,528</u>	<u>904,685</u>
Loss from operations	<u>(521,084)</u>	<u>(560,712)</u>	<u>(433,779)</u>	<u>(326,977)</u>
Interest expense, net	(125,690)	(71,992)	(122,112)	(93,273)
Net loss	<u>\$ (646,774)</u>	<u>\$ (632,704)</u>	<u>\$ (555,891)</u>	<u>\$ (420,250)</u>

See notes to these financial statements.

INTELLINETICS, INC.
Statements of Cash Flows

	<u>Year Ended December 31, 2010</u>	<u>Year Ended December 31, 2009</u>	<u>Nine Months Ended September 30, 2011 <i>(Unaudited)</i></u>	<u>Nine Months Ended September 30, 2010 <i>(Unaudited)</i></u>
Cash flows from operating activities:				
Net loss	\$ (646,774)	\$ (632,704)	\$ (555,891)	\$ (420,250)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	44,602	45,737	30,281	33,762
Provision for doubtful accounts	490	—	—	(490)
Changes in operating assets and liabilities:				
Accounts receivable	(84,809)	61,422	(59,245)	(61,838)
Prepaid expenses and other current assets	26,605	2,487	(22,210)	20,176
Other assets	1,868	(31,530)	(8,959)	(1)
Accounts payable and accrued expenses	60,507	77,312	27,603	(1,608)
Other long-term liabilities - related parties	20,185	21,183	13,634	15,308
Deferred revenues	247,766	(127,323)	(32,800)	210,679
Deferred Compensation	11,811	25,933	60,782	(26,906)
Total adjustments	<u>329,025</u>	<u>75,221</u>	<u>9,086</u>	<u>189,082</u>
Net cash used in operating activities	<u>(317,749)</u>	<u>(557,483)</u>	<u>(546,805)</u>	<u>(231,168)</u>
Cash flows from investing activities:				
Purchases of property and equipment	<u>(10,914)</u>	<u>(9,861)</u>	<u>(16,109)</u>	<u>(10,913)</u>
Net cash used in investing activities	<u>(10,914)</u>	<u>(9,861)</u>	<u>(16,109)</u>	<u>(10,913)</u>

See notes to these financial statements.

INTELLINETICS, INC.
Statements of Cash Flows, continued

	Year Ended December 31, 2010	Year Ended December 31, 2009	Nine Months Ended September 30, 2011 <i>(Unaudited)</i>	Nine Months Ended September 30, 2010 <i>(Unaudited)</i>
Cash flows from financing activities:				
Proceeds from notes payable	\$ 320,021	\$ 792,479	\$ 1,002,500	\$ 270,021
Proceeds from notes payable - related parties	23,000	115,948	77,500	—
Repayment of notes payable	(35,796)	(251,532)	(313,952)	(26,973)
Repayment of notes payable - related parties	(61,373)	(56,778)	(91,243)	(38,811)
Net cash provided by used in financing activities	<u>245,852</u>	<u>600,117</u>	<u>674,805</u>	<u>204,237</u>
Net increase (decrease) in cash and cash equivalents	(82,811)	32,773	111,891	(37,844)
Cash - beginning of year	116,825	84,052	34,014	116,825
Cash - end of year	<u>\$ 34,014</u>	<u>\$ 116,825</u>	<u>\$ 145,905</u>	<u>\$ 78,981</u>
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	<u>\$ 8,704</u>	<u>\$ 16,776</u>	<u>\$ 85,087</u>	<u>\$ 74,628</u>

See notes to these financial statements.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

1. Business Organization and Nature of Operations

Intellinetics, Inc. ("Intellinetics" and the "Company") was formed in December 1996 as a corporation in the state of Ohio. The Company is an enterprise content management (ECM) software development, sales and marketing company serving both public and private sectors. The Company's products, services and process models serve, principally, the mission critical needs of law enforcement and compliance agencies within the state and local government sector.

The Company provides its software solutions principally through (i) the direct licensing of its software installed on customer computer platforms and (ii) providing the applications as a service, accessible through the internet. The Company's comprehensive solutions include services that range from pre-installation assessment, project scoping, implementation consulting and ongoing software maintenance and customer support.

2. Liquidity and Management's Plans

Through September 30, 2011 and December 31, 2010, the Company has incurred cumulative net losses since inception of \$3,258,903 and \$2,703,012 respectively. At December 31, 2010, the Company had a cash balance of \$34,014 and at September 30, 2011, the Company had a cash balance of \$145,905.

The Company was formed in 1996 as a software development and sales company. From its inception, the Company has generated revenues from the sales and implementation of its internally generated software applications.

The Company's plan is to increase its sales and market share by developing an expanded network of resellers through which the Company will sell its expanded software product portfolio. The Company expects that this marketing initiative will require that it hire and develop an expanded sales force and enhance its product marketing efforts, all of which will require additional capital.

It is the Company's plan to become a public company as a vehicle to raise capital to finance its growth plan. If the Company is successful in its efforts to become a public company, it intends to deploy any additional capital it may need to raise to expand its sales and marketing capabilities, develop ancillary software products, enhance its internal infrastructure and support the accounting, auditing and legal costs of operating as a public company and to provide working capital.

The Company expects that through the next 12 to 18 months, the capital requirements to fund the Company's growth and to cover the operating costs of a public company will consume substantially all of the cash flows that it intends to generate from its operations, as well as from the proceeds of planned issuances of debt and equity securities. The Company further believes that during this period, while the Company is focusing on the growth and expansion of its business, the gross profit that it expects to generate from operations will not generate sufficient funds to cover these anticipated operating costs. Accordingly, the Company requires external funding to sustain operations and to follow-through on the execution of its business plan. However, there can be no assurance that the Company's plans as discussed above will materialize and/or that the Company will be successful in funding estimated cash shortfalls through additional debt or equity capital and through the cash generated by the Company's operations. Given these conditions, the Company's ability to continue as a going concern is contingent upon it being able to secure an adequate amount of debt or equity capital to enable it to meet its cash requirements. In addition, the Company's ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets, the competitive environment in which the Company operates and the current capital raising environment. These factors, among others, raise substantial doubt that the Company will be able to continue as a going concern.

Since inception, the Company's operations have primarily been funded through a combination of operating margins, state business development loans, bank loans and loans from friends and family. Although management believes that the Company has access to capital resources; there are currently no commitments in place for new financing at this time and there is no assurance that the Company will be able to obtain funds on commercially acceptable terms.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

2. Liquidity and Management's Plans, continued

During the nine months ended September 30, 2011, the Company raised \$1,002,500 through the issuance of notes, with \$750,000 of which was obtained from the State of Ohio. After September 30, 2011 and through February 10, 2012, the Company raised an additional \$768,556 in net new funds through the issuance of both conventional and contingently convertible notes (See Note 14 – Subsequent Events – Notes Payable and Share Exchange Transaction). The proceeds from these notes were used to fund the Company's working capital needs and share exchange transaction costs.

The Company plans to raise a minimum of \$2,000,000 during the years 2012 and 2013 through a private placement of its common stock. The funds raised through this private placement will be used to fund the Company's operations, including the costs that it expects to incur as a public company, and most importantly, to fund the Company's plans to increase staff and operations to complete the build-out of its expanded reseller network to expand into additional markets and deepen its penetration of existing markets. The current level of cash and operating margins is not enough to cover the existing fixed and variable obligations of the Company, so increased revenue performance and the addition of capital are critical to the Company's success. Should the Company not be able to raise these additional funds through the private placement or some other financing source, the Company would take one or more of the following actions to help it conserve cash, including (i) limiting the hiring of additional personnel, (ii) reducing existing staffing, (iii) deferring the payment of compensation to its key employees, (iv) negotiating extended payment terms to vendors, advisors and consultants and (v) offering incentives to customers which would reward the early remittance of payments to the Company.

Assuming that the Company is successful in its growth plans and development efforts, the Company believes that it will be able to raise additional funds through sales of its stock. There is no guarantee that the Company will be able to raise these additional funds or to do so on acceptable terms.

The Company's financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements for the years ended December 31, 2010 and 2009 have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The accompanying unaudited condensed financial statements for the nine months ended September 30, 2011 and 2010 have been prepared in accordance with U.S. GAAP for interim financial information and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal accruals) considered for a fair presentation have been included. Operating results for the nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ended December 31, 2011.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Such estimates and assumptions 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. Actual results could differ from estimated amounts. Significant estimates and assumptions include reserves related to receivables, the recoverability of long-term assets, depreciable lives of property and equipment, deferred taxes and related valuation allowances. Certain other economic risks could affect the Company's estimates. The Company's management monitors these risks and assesses its business and financial risks on a quarterly basis.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

3. Summary of Significant Accounting Policies, continued

Concentrations of Credit Risk

Cash: The Company maintains its cash with high credit quality financial institutions. At times, the Company's cash and cash equivalents may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation insurance limit.

Accounts Receivable: The number of clients that comprise the Company's client base, along with the different industries, governmental entities and geographic regions in which the Company's clients operate, limits concentrations of credit risk with respect to accounts receivable. The Company does not generally require collateral or other security to support client receivables; however, the Company may require its customers to provide retainers, up-front deposits or irrevocable letters-of-credit when considered necessary to mitigate credit risk. The Company has established an allowance for doubtful accounts based upon facts surrounding the credit risk of specific clients and past collections history. Credit losses have been within management's expectations. At December 31, 2010 and 2009 and September 30, 2011, the Company had allowances for doubtful accounts of \$16,175, \$15,685 and \$16,175, respectively.

Property and Equipment

Property and equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is computed over the estimated useful lives of the related assets on a straight-line basis. Equipment is depreciated over 3 to 7 years. Leasehold improvements are amortized over the life of the lease or the asset, whichever is shorter, generally 7 to 10 years. Upon retirement or other disposition of these assets, the cost and related accumulated depreciation and amortization of these assets are removed from the accounts and the resulting gains and losses are reflected in the results of operations.

Impairment of long-lived assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with Accounting Standards Codification ("ASC") Topic 360, "Property, Plant, and Equipment." The Company tests long-lived assets or asset groups, such as property and equipment, for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant adverse changes in the business climate or legal factors; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and a current expectation that the asset will more likely than not be sold or disposed of before the end of its estimated useful life.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

3. Summary of Significant Accounting Policies, continued

Impairment of long-lived assets, continued

Recoverability is assessed based on comparing the carrying amount of the asset to the aggregate pre-tax undiscounted cash flows expected to result from the use and eventual disposal of the asset or asset group. Impairment is recognized when the carrying amount is not recoverable and exceeds the fair value of the asset or asset group. The impairment loss, if any, is measured as the amount by which the carrying amount exceeds fair value, which for this purpose is based upon the discounted projected future cash flows of the asset or asset group.

The Company has not recorded any impairment charges for long-lived assets during the years ended December 31, 2010 and 2009 or during the nine months ended September 30, 2011.

Revenue Recognition

a) Sale of software licenses without modification

The Company recognizes revenues in accordance with ASC Topic 985-605, "Software Revenue Recognition."

The Company records revenues from the sale of software licenses when persuasive evidence of an arrangement exists, the software product has been shipped, there are no significant uncertainties surrounding product acceptance by the customer, the fees are fixed and determinable, and collection is considered probable. Revenues included in this classification typically include sales of additional software licenses and applications to existing customers.

The Company assesses whether payment terms are customary or extended in accordance with normal practice relative to the market in which the sale is occurring. The Company's sales arrangements generally include standard payment terms. These terms effectively relate to all customers, products, and arrangements regardless of customer type, product mix or arrangement size.

b) Sale of software licenses with substantive modification

The Company has historically provided its software to customers through customized solutions. After assessing the customers' needs, the Company would start with its core software applications and then develop substantive custom modifications and enhancements that would meet the specific needs of the customer. Upon completion of software development work, the Company would deliver the software to the customer only after the customized software had passed the company's internal testing.

The Company records the revenues for these sales when persuasive evidence of an arrangement exists, the software has been installed on the customer's site, there are no significant uncertainties surrounding acceptance by the customer, the fees are fixed and determinable, and collection is considered probable.

c) Sale of software as a service

Sale of software as a service consists of revenues from arrangements that provide customers the use of the Company's software applications, as a service, typically billed on a monthly or annual basis.

d) Sale of software maintenance services

Software maintenance support revenues consist of revenues derived from arrangements that provide post contract customer support ("PCS") to the Company's software license holders. These revenues are recognized ratably over the term of the contract. Advance billings of PCS are not recorded to the extent that the term of the PCS has not commenced and payment has not been received.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

3. Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

e) Sales of consulting services

Consulting services consists principally of revenues from consulting, advisory services, training and client assistance with management and uploading of data into the Company's applications. These services are typically separately contracted for. However, where these items are included contractually with other items, these services are set forth separately in the contractual arrangements such that the total price of the customer arrangement is expected to vary as a result of the inclusion or exclusion of these services. For those contracts where the services are not essential to the functionality of any other element of the transaction, the Company determines VSOE of fair value for these services based upon normal pricing and discounting practices for these services when sold separately. These agreements typically are of a duration of six months or less. When these services are provided on a time and material basis, the Company records the revenue as the services are rendered, since the revenues from services rendered through any point in time during the performance period are not contingent upon the completion of any further services. Where the services are provided under a fixed priced arrangement, the Company records the revenue on a proportional performance method, since the revenues from services rendered through any point in time during the performance period are not contingent upon the completion of any further services.

f) Deferred revenues

The Company records deferred revenue primarily related to software maintenance support agreements, when the customer pays in advance for services which have been paid for by customers prior to the performance of those services. Generally, the services will be provided within twelve months after the signing of the agreement.

g) Rights of return and other incentives

The Company does not generally offer rights of return or any other incentives such as concessions, product rotation, or price protection and, therefore, does not provide for or make estimates of rights of return and similar incentives.

Advertising

The Company expenses the cost of advertising as incurred. Advertising expense for the years ended December 31, 2010 and 2009 and for the nine-month periods ended September 30, 2011 and 2010 amounted to approximately \$1,080, \$619, \$19, and \$30 respectively.

Income Taxes

The Company accounts for income taxes under ASC 740 "Income Taxes" ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized. ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company has determined that its principal tax jurisdiction is Ohio. Based on the Company's evaluation, it concluded that there were no significant uncertain tax positions requiring recognition in the Company's financial statements for either the 2010 or 2009 tax years. The Company believes that the income tax positions and deductions that it has taken on its returns would be sustained on audit and does not anticipate any adjustments that would result in a material changes to its financial position.

The Company's policy for recording interest and penalties associated with audits is to record such items as a component of income tax expense. There were no amounts accrued for penalties or interest as of or for the years ended December 31, 2010 and 2009. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

3. Summary of Significant Accounting Policies, continued

Fair value of financial instruments

Carrying amounts of certain financial instruments, including cash accounts receivable and accounts payable (trade and accrued liabilities), approximate their fair value due to the relatively short period of time between origination of the instruments and their expected realization.

The fair value of the Company's total long-term debt approximates its carrying value.

4. Property and Equipment

Property and equipment are comprised of the following:

	December 31, 2010	December 31, 2009	September 30, 2011
Computer hardware and purchased software	\$ 217,734	\$ 206,820	\$ 233,843
Leasehold improvements	215,680	215,680	215,680
Furniture and fixtures	<u>79,722</u>	<u>79,722</u>	<u>79,722</u>
	513,136	502,222	529,245
Less: accumulated depreciation and amortization	<u>(463,348)</u>	<u>(418,746)</u>	<u>(493,629)</u>
Property and equipment, net	<u>\$ 49,788</u>	<u>\$ 83,476</u>	<u>\$ 35,616</u>

Total depreciation and amortization expense on the Company's property and equipment for the years ended December 31, 2010 and 2009 and the nine month periods ended September 30, 2011 and 2010 amounted to \$44,602, \$45,737, \$30,281 and \$33,762, respectively.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

5. Notes Payable

On March 24, 2004, the Company issued a note payable to a bank for \$201,024, bearing a current interest rate of 6.25% per annum ("Bank Loan"). Monthly principal and interest payments are \$3,826 each with the final payment due on April 30, 2014. The note is secured by the personal guarantees of the Company's founders, as well as by a third party. The guarantee by the third party is secured by the pledge of the third party's certificate of deposit in the amount of \$200,000. In addition, the note is secured by a senior secured interest on all business assets of the Company. The obligation is subject to certain covenants, including certain provisions which require the Company to obtain the bank's consent before issuing additional equity securities. In addition, the bank is a party to an intercreditor agreement involving Authority Loan No. 1 and Authority Loan No. 2 (together, the "Authority Loans"), as discussed and defined below, which provides for cross notifications between the lenders.

On July 17, 2009, the Company issued a note payable to the Ohio state development authority in the amount of \$1,012,500, bearing interest at a rate of 6.00% per annum ("Authority Loan No. 1"). This loan was funded to the Company in tranches, with \$742,479 received during 2009 and \$270,021 received during 2010. Pursuant to the terms of the loan, the Company was required to pay only interest through September 30, 2010 and then monthly principal and interest payments of \$23,779 each through September 30, 2015. The note is secured by a senior secured interest on all business assets financed with loan proceeds, as well as a second secured interest in all business assets. Upon maturity, by acceleration or otherwise, the Company shall pay a loan participation fee of \$101,250, which is accounted for as a loan premium, accreted monthly over the term of the loan.

On November 23, 2010, the Company issued a note payable to an advisor of the company in the amount of \$50,000 bearing interest at 5.00% per annum. The principal and unpaid interest were initially due on February 21, 2011. On February 10, 2011 the due date was extended and on July 18, 2011, the loan was repaid in full. The Company's founders provided a full personal guarantee of this obligation. This note was not secured.

On June 3, 2011, the Company issued a note payable to the Ohio state development authority in the amount of \$750,000, bearing interest at a rate of 1% per annum for the first 12 months, then interest at rate of 7% per annum for the second 12 months ("Authority Loan No. 2"). The Company is not obligated to remit payments of principal until the beginning of the third year of the loan. The monthly principal and interest payments, beginning on the third anniversary of the loan origination, are \$14,860 and are payable on a monthly basis through July 13, 2017. The note is secured by a senior secured interest on all business assets financed with loan proceeds, as well as a second secured interest in all business assets. Upon maturity, by acceleration or otherwise, the Company shall pay a loan participation fee of \$75,000, which is accounted for as a loan premium, accreted monthly over the term of the loan. The interest rate of 1% during the first 12 months of this loan was considered to be below market for that period. The Company further determined that over the life of the loan, the effective interest rate was 5.6% per annum. Accordingly, during the first 12 months of the loan, the Company shall record interest expense at the 5.6% rate per annum. The difference between the interest expense accrual at 5.6% and the stated rate of 1% over the first twelve months shall be credited to deferred interest. The deferred interest amount to be accumulated over the first 12 months of the loan term will be amortized as a reduction to interest expense over the remaining term of the loan. At September 30, 2011, deferred interest of \$8,311 was reflected on the balance sheet.

On September 8, 2011, the Company issued a note payable to an advisor in the amount of \$17,500 bearing interest at 3.25% per annum. The principal and interest are due March 6, 2012. This loan is unsecured.

The Authority Loans

Authority Loan No. 1 and Authority Loan No. 2 were granted to the Company in connection with the State of Ohio's economic development programs. The proceeds from these loans were used by the Company to support its efforts in developing software solutions for its customers.

These Authority Loans are subject to certain covenants and reporting requirements. The Company is required to provide quarterly financial information and certain management certifications. The Company is further required to maintain its principal office in the State of Ohio and within three years of the respective loan origination dates of each of the Authority Loans, to have created and/or retained an aggregate of 25 full time jobs in the State of Ohio. Should the Company not have attained these employment levels by the respective dates, then the interest rates on the Authority Loans shall increase to 10% per annum. The Authority Loans are the subject of an intercreditor agreement involving the Bank Loan, which provides for cross notifications between the lenders.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

5. Notes Payable, continued

Notes payable consist of the following:

	December 31, 2010	December 31, 2009	September 30, 2011
Bank Loan, dated March 24, 2004	\$ 139,975	\$ 175,771	\$ 111,023
Authority Loan No. 1, dated July 17, 2009	1,012,500	742,479	1,012,500
Note payable to advisor, dated November 23, 2010	50,000	—	—
Authority Loan No. 2, dated June 3, 2011	—	—	750,000
Note payable to advisor, dated September 8, 2011	—	—	17,500
Total notes payable	<u>1,202,475</u>	<u>918,250</u>	<u>1,891,023</u>
Less current portion	<u>193,920</u>	<u>35,940</u>	<u>310,708</u>
Long-term portion of notes payable	<u>\$1,008,555</u>	<u>\$ 882,310</u>	<u>\$1,580,315</u>

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

5. Notes Payable, continued

Future minimum principal payments of these notes payable are as follows:

<u>For the Twelve Months Ended September 30,</u>	<u>Amount</u>
2012	\$ 310,708
2013	306,262
2014	411,985
2015	393,145
2016	150,143
thereafter	318,780
Total	<u>\$ 1,891,023</u>

As of December 31, 2010, 2009 and the nine-month periods ended September 31, 2011, accrued interest for these notes payable was \$83,597, \$19,434 and \$48,645, respectively, and was reflected within accounts payable and accrued expenses on the balance sheet. As of December 31, 2010 and 2009 and September 31, 2011, accrued loan participation fees were \$32,088, \$6,641, and \$56,220 respectively, and reflected within accounts payable and accrued expenses on the balance sheet. As of December 31, 2010, 2009 and September 31, 2011, deferred financing costs were \$29,633, \$31,531 and \$38,621, respectively and were reflected within other assets on the balance sheet. Included within interest expense for the years ended December 31, 2010 and 2009 and the nine months ended September 31, 2011 and 2010 was \$25,447, \$6,641, \$24,132 and \$18,644, respectively, of accreted loan participation fees and \$3,372, \$1,405, \$7,755 and \$2,529, respectively, of amortized deferred financing costs. These costs are amortized over the lives of the respective loans.

For the years ended December 2010 and 2009 and the nine-month periods ended September 31, 2011 and 2010, interest expense, including the amortization of deferred finance cost, accreted loan participation fees and deferred interest and related fees, in connection with notes payable was \$105,497, \$50,808, \$106,386 and \$77,966, respectively.

See Note 14 – Subsequent Events – Note Payable and Share Exchange Transaction, for additional notes issued.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

6. Notes Payable - Related Parties

Notes payable due to related parties consist of the following:

	December 31, 2010	December 31, 2009	September 30, 2011
Note payable, bearing interest at 8.65% per annum. Principal and unpaid interest are due on January 1, 2014.	\$ 157,292	\$ 157,292	\$ 157,292
Notes payable, bearing interest at 5.00% per annum. Principal and unpaid interest are due on January 1, 2014.	97,667	128,710	105,415
Note payable, bearing interest at 4.39% per annum. Principal and unpaid interest are due on January 14, 2014. This note and all accrued interest was repaid in full on August 11, 2011.	20,810	22,842	—
Note payable, bearing interest at 4.39% per annum. Principal and unpaid interest are due on January 1, 2014.	6,587	11,885	5,906
Total notes payable - related party	<u>\$ 282,356</u>	<u>\$ 320,729</u>	<u>\$ 268,613</u>

Future minimum principal payments of these notes payable are as follows:

For the Twelve Months Ended September 30,	Amount
2012	\$ —
2013	—
2014	<u>268,613</u>
Total	<u>\$ 268,613</u>

As of December 31, 2010 and 2009 and the nine-month periods ended September 31, 2011 and 2010, accrued interest for these notes payable-related parties amount to \$139,644, \$119,459, \$153,293 and \$134,766 respectively, and is reflected within other long-term liabilities-related parties, on the balance sheet.

For the year ended December 2010 and 2009 and the nine months ended September 31, 2011 and 2010, interest expense in connection with notes payable – related parties was \$20,193, \$21,184, \$15,726 and \$15,307, respectively.

7. Deferred Compensation

Deferred compensation consists of accumulated compensation earned by the Company's two founders, and not paid as of December 31, 2010 and 2009 and September 30, 2011 and 2010. Pursuant to the Company's employment agreements with these founders, the Company has agreed to pay this deferred compensation in cash to these founders in 2015.

8. Shares Subject to Mandatory Redemption

As described in Note 12, the Company and its stockholders entered into an agreement providing for the mandatory redemption of outstanding shares upon the death of any such stockholder. This agreement was entered into between the Company and all of its stockholders, effective upon each of their respective acquisitions of shares. Accordingly, all of the Company's outstanding shares are subject to repurchase under the terms of this agreement.

As of December 31, 2010 and 2009 and September 31, 2011, there are 4,894 shares outstanding subject to such mandatory redemption, with an aggregate redemption value of \$459,899. The Company has recorded this mandatory redemption obligation as a liability on the balance sheet.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

9. Income Taxes

Significant components of the Company's net deferred tax assets and liability are as follows:

	December 31,	
	2010	2009
Deferred tax assets:		
Net operating loss carryforwards	\$ 775,006	\$ 573,560
Allowance for doubtful accounts	5,500	5,333
Property and equipment	719	—
Charitable contributions	1,019	968
Loan performance fee	10,910	2,258
Deferred compensation	52,438	48,422
Total deferred tax assets	845,592	630,541
Deferred tax liabilities:		
Property and equipment	—	(1,041)
Total deferred tax liabilities	—	(1,041)
Total net deferred tax assets before valuation allowance	845,592	629,500
Less: valuation allowance	(845,592)	(629,500)
Deferred tax assets, net	<u>\$ —</u>	<u>\$ —</u>

As of December 31, 2010 and December 31, 2009, the Company had approximately \$2,279,429 and \$1,686,943, respectively, of federal net operating losses ("NOL") available for income tax purposes that may be carried forward to offset future taxable income if any. These federal NOL carryforwards expire in the years 2023 through 2030. The NOL carryovers may be subject to limitation under Internal Revenue Code Section 382, should there be a greater than 50% ownership change as determined under the regulations.

The Company's income tax provision (benefit) consists of the following:

	For the Years Ended	
	December 31, 2010	December 31, 2009
Current:		
Federal	\$ —	\$ —
State	—	—
Deferred:		
Federal	(216,092)	(212,211)
State	—	—
Less: valuation reserve	216,092	212,211
Income tax provision (benefit)	<u>\$ —</u>	<u>\$ —</u>

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

9. Income Taxes, continued

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows:

	For the Years Ended December 31,	
	2010	2009
Tax benefit at federal statutory rate	(34.0%)	(34.0%)
Permanent differences:		
Meals and entertainment	0.6	0.5
Increase in valuation allowance	33.4	33.5
Effective income tax rate	<u>0.0%</u>	<u>0.0%</u>

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the Company's projected future taxable income and taxing strategies in making this assessment. Based on this assessment, management has established a full valuation allowance against all of the deferred tax assets for every period, since it is more likely than not that all of the deferred tax assets will not be realized. The change in valuation allowance for the years ended December 31, 2010 and December 31, 2009 was \$216,092 and \$212,211, respectively.

10. Commitments and Contingencies

Employment Agreements

The Company has entered into employment agreements with three of its key executives. Under their respective agreements, the executives serve at will, and are bound by typical confidentiality, non-solicitation and non-competition provisions.

Operating Leases

On January 1, 2010, the Company entered into an agreement to lease 6,000 rentable square feet of office space in Columbus, Ohio at a monthly rent of \$3,375. The lease commenced on January 1, 2010 and expires on December 31, 2012.

Future minimum lease payments under these operating leases are as follows:

For the Twelve Months Ended September 30,	Amount
2012	\$40,500
2013	10,125
Total	<u>\$50,625</u>

Rent expense charged to operations amounted to \$40,500 and \$80,181 for the years ended December 31, 2010 and 2009, respectively, and \$30,375 and \$30,375 for the nine months ended September 30, 2011 and 2010, respectively.

11. Stockholders' Equity

Description of Authorized Capital

The Company is authorized to issue up to 1,000 shares of preferred stock with \$0.01 par value. No preferred shares have been issued.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

12. Excess of Liabilities Over Assets (Deficit)

The Company is authorized to issue 10,000 shares of common stock, with no par value per share. The holders of the Company's common stock are entitled to one vote per share. The holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of legally available funds. However, the current policy of the Board of Directors is to retain earnings, if any, for the operation and expansion of the business. Upon liquidation, dissolution or winding-up of the Company, the holders of common stock are entitled to share ratably in all assets of the Company that are legally available for distribution.

The holders of common stock are bound by the terms of a shareholder agreement which principally restricts sales of the Company's common stock to outside third parties, unless otherwise approved by the controlling stockholders. Pursuant to the stockholder agreement, upon the death, disability or retirement of a shareholder, the shareholder shall have the right to require the Corporation to purchase all of his or her shares in the Corporation, and the Corporation shall have the right to purchase all or any portion of the Employee-Owner shares at approximately \$94 common per share. On November 30, 2011, the Company and its stockholders executed an amended shareholder agreement by which the price for the re-purchase of shares for repurchases after November 30, 2011, were reduced to \$18.45 per common share. The Company has presented the redemption amounts due upon death or disability of any such stockholder as Shares Subject to Mandatory Redemption in the liabilities section of the accompanying balance sheet. The aforementioned shareholder agreement will be terminated upon the closing of the proposed share exchange transaction, if completed (See Note 14 – Subsequent Events – Share Exchange Transaction).

A reconciliation of the excess of liabilities over assets (deficit) is as follows:

	Common Stock, no par value		Additional Paid-In Capital	Due From Stockholders	Treasury Stock		Accumulated Deficit	Total
	Shares	Amount			Shares	Amount		
Balance, January 1, 2009	5,458	\$ —	\$ 11,901	\$ (5,600)	564	\$(53,000)	\$(1,423,534)	\$(1,470,233)
Net loss	—	—	—	—	—	—	(632,704)	(632,704)
Balance, December 31, 2009	5,458	\$ —	\$ 11,901	\$ (5,600)	564	\$(53,000)	\$(2,056,238)	\$(2,102,937)
Net loss	—	—	—	—	—	—	(646,774)	(646,774)
Balance, December 31, 2010	5,458	\$ —	\$ 11,901	\$ (5,600)	564	\$(53,000)	\$(2,703,012)	\$(2,749,711)
Net loss	—	—	—	—	—	—	(555,891)	(555,891)
Balance, September 30, 2011	<u>5,458</u>	<u>\$ —</u>	<u>\$ 11,901</u>	<u>\$ (5,600)</u>	<u>564</u>	<u>\$(53,000)</u>	<u>\$(3,258,903)</u>	<u>\$(3,305,602)</u>

Stock Split

On November 28, 2011, the Company's Board of Directors authorized a 5.32048-for-1 stock split, effective on such same date. All shares presented herein have been restated for the effect of this stock split.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

13. Concentrations

Revenues from the Company's services to a limited number of clients have accounted for a substantial percentage of the Company's total revenues. The Company's two largest clients, Tiburon, Inc. and Lexmark International, Inc., accounted for approximately 16% and 15%, respectively, of the Company's revenues for the year ended December 31, 2010. For the year ended December 31, 2009, the Company's two largest clients, Tiburon, Inc. and Ohio Department of Commerce, accounted for approximately 14% and 12%, respectively, of the Company's revenues. For the nine months ended September 30, 2011, revenues from the Company's three largest clients, Washington State Patrol, Careworks, and the Ohio State Office of Budget and Management, accounted for approximately 12%, 11% and 10%, respectively. For the nine months ended September 30, 2010, the Company's two largest clients accounted for approximately 19% and 14%, respectively, of the Company's revenues.

For the years ended December 31, 2010 and 2009, government contracts represented approximately 46% and 58% of the Company's net revenues, respectively. The most significant of these government contracts, in 2009 (the Ohio State Department of Commerce), represented 12% of the Company's net revenues. For the nine months ended September 30, 2011 and 2010, government contracts represented approximately 54% and 46% of the Company's net revenues, respectively. The most significant of these government contracts, in 2011 (Washington State Patrol, and the Ohio State Office of Budget and Management), represented 12% and 10% of the Company's net revenues, respectively.

As of December 31, 2010, accounts receivable from the Company's three largest customers were \$72,000, \$45,478 and \$24,339 respectively, and as of December 31, 2009, accounts receivable from the Company's two largest customers were \$72,000 and \$18,350 respectively. As of September 30, 2011, accounts receivable from the Company's three largest customers were \$100,644, \$30,751 and \$30,498 respectively, and as of September 30, 2010, accounts receivable from the Company's three largest customers were \$64,125, \$62,500 and \$30,498, respectively.

14. Subsequent Events

Notes Payable

During the period October 7, 2011 through February 10, 2012, the Company issued notes payable aggregating \$648,556, due 180 days from the respective issue dates, bearing interest at a rate of 3.25% per annum.

On November 30, 2011, the Company awarded 1,135 shares of common stock to certain employees and advisors as compensation with an aggregate fair value on the date of grant of \$20,715. The Company estimated the grant date fair value of these shares by preparing a valuation of the Company using the income approach. Management determined that the results of its valuation are reasonable. Of the total shares issued, 764 shares were issued to officers of the Company.

From January 17, 2012 to February 3, 2012, Intellinetics issued a total of \$120,000 in convertible notes to certain of its employees and friends and family of its officers and directors. Of the \$120,000 aggregate value of convertible notes issued, \$30,000 of these notes were issued to relatives of Intellinetics' founders and officers. Interest is charged on the convertible notes at a rate of 10% per annum. Each of the convertible notes shall be due and payable on June 1, 2012. In connection with the Share Exchange Transaction, as defined below, Globalwise assumed these convertible notes. If the Company, post Share Exchange Transaction, has been publicly traded for ten days prior to the due date, the convertible notes may be converted into newly issued shares of Globalwise common stock at the holder's discretion (subject to a 12-month holding period pursuant to Rule 144 under the Securities Act of 1933, as amended) at a price equal to a 50% discount to the average closing price of the common stock as published on the Over-the-Counter Bulletin Board during the 90 trading days immediately preceding the due date, or such shorter number of trading days as the common stock has been publicly traded, as applicable. Otherwise, the convertible notes shall be paid in immediately available funds on the due date.

Share Exchange Transaction

On February 10, 2012, the "Closing Date," the Company was acquired by Globalwise Investments, Inc., a public company ("Globalwise"), pursuant to a share exchange transaction of the same date (the "Share Exchange Transaction"), with Intellinetics remaining as a wholly owned subsidiary of Globalwise.

In connection with the consummation of the Share Exchange Transaction, (i) the stockholders of Intellinetics surrendered all of the issued and outstanding shares of Intellinetics' capital stock and received, in exchange for such shares, an aggregate of 28,034,850 shares of common stock of Globalwise on a 4,650-for-one basis; and (ii) Intellinetics paid \$220,000 in advance of the closing and \$80,000 upon the closing of the Share Exchange Transaction to the stockholders of Globalwise to provide both a reimbursement of professional fees incurred by Globalwise and for the split off of the net liabilities of Globalwise at closing.

Intellinetics, Inc.
Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009 and the Nine Months Ended September 30, 2011 and 2010 (Information Relating to the Nine Months Ended September 30, 2011 and 2010 is Unaudited)

14. Subsequent Events, continued

Share Exchange Transaction, continued

The Share Exchange Transaction was accounted for as a “reverse merger” and Intellinetics was deemed to be the acquirer in the Share Exchange Transaction for accounting purposes. Consequently, the assets and liabilities and the historical operations of the Company that will be reflected in the financial statements prior to the Share Exchange Transaction will be those of Intellinetics, and the consolidated financial statements of the Company after completion of the Share Exchange Transaction will include the assets and liabilities of Intellinetics, historical operations of Intellinetics and operations of Intellinetics from the Closing Date of the Share Exchange Transaction.

GLOBALWISE INVESTMENTS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Introduction to the Unaudited Pro Forma Condensed Combined Financial Statements

On February 10, 2012, Globalwise Investments, Inc. ("Globalwise") consummated a share exchange transaction with Intellinetics, Inc. ("Intellinetics"), acquiring all of its outstanding shares ("Share Exchange Transaction"). Intellinetics, founded in 1996, is an enterprise content management software development, sales and marketing company serving both public and private sector clients. In anticipation of the Share Exchange Transaction, after September 30, 2011, Intellinetics issued short term notes for an aggregate of \$648,556 and contingently convertible notes for an aggregate of \$120,000.

The following unaudited pro forma condensed combined financial statements are derived from our historical combined financial statements and give effect to the Share Exchange Transaction.

Share Exchange Transaction with Globalwise

Globalwise and Intellinetics entered into a securities and exchange agreement on February 10, 2012, and consummated the Share Exchange Transaction on the same day. As a result of the Share Exchange Transaction, Globalwise became the legal acquirer of the business of Intellinetics, and Globalwise will continue the existing business operations of Intellinetics as a wholly owned subsidiary of Globalwise. Intellinetics will remain as the surviving business. The term, "the Company" refers to Globalwise and its subsidiary after the effect of the Share Exchange Transaction. Intellinetics is considered the acquirer for accounting purposes because the management of Intellinetics was in control of the Company after the Share Exchange Transaction. As a result of the Share Exchange Transaction, the stockholders of Intellinetics received 4,650 shares of Globalwise common stock in exchange for each one share of Intellinetics stock owned prior to the Share Exchange Transaction.

Upon the closing of the Share Exchange Transaction:

- (i) the stockholders of Intellinetics surrendered all of the issued and outstanding shares of Intellinetics' capital stock, and received, in exchange for such shares, an aggregate of 28,034,850 shares of common stock of Globalwise on a 4,650-for-one basis;
- (ii) the Globalwise pre-transaction stockholders retained 4,556,000 shares of the common stock of Globalwise;
- (iii) Intellinetics paid \$220,000 in advance of the closing and \$80,000 upon the closing of the Share Exchange Transaction to the stockholders of Globalwise in connection with the Share Exchange Transaction to provide both a reimbursement of professional fees incurred by Globalwise and for the split off of the net liabilities of Globalwise at closing.

The Share Exchange Transaction is intended to be a tax free reorganization within the meaning of Section 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended, with the result that shareholders of Intellinetics will not incur any income tax liability as a result of the Share Exchange Transaction.

The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2011 and the year ended December 31, 2010 were prepared under the assumption that the Share Exchange Transaction was consummated on January 1, 2011 and January 1, 2010, respectively.

The unaudited pro forma condensed combined balance sheet as of September 30, 2011, was prepared under the assumption that the Share Exchange Transaction was consummated on September 30, 2011.

The unaudited pro forma condensed combined financial statements are based upon information and assumptions available at the time of release of this document. The pro forma condensed combined financial statements do not purport to represent, and are not necessarily indicative of, what our actual financial position and results of operations would have been had the various events occurred on the dates indicated.

These unaudited pro forma condensed combined financial statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with, the (i) the Globalwise audited historical financial statements and the notes thereto for the year ended December 31, 2010 and 2009 (audited) and the Globalwise unaudited historical condensed financial statements and the notes thereto for the nine months ended September 30, 2011 and 2010, previously filed with the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended, and incorporated herein by reference; and (ii) the Intellinetics financial statements and the notes thereto for the years ended December 31, 2010 and 2009 (audited) and the nine months ended September 30, 2011 and 2010 (unaudited), included as Exhibit 99.1 to this Current Report.

GLOBALWISE INVESTMENTS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
SEPTEMBER 30, 2011

	Globalwise Investments, Inc. Note 1	Intellinetics, Inc. Note 2	Pro Forma Adjustments				Pro forma As Adjusted
			Debit	Note	Credit	Note	
ASSETS							
Current assets:			\$ —		\$ 225,000	14	
			120,000	12	1,321	8	
			648,556	9	80,000	7	
Cash and cash equivalents	\$ 1,321	\$ 145,905	5,600	4	220,000	6	\$ 395,061
Accounts receivable, net	—	264,261					264,261
Prepaid expenses and other current assets	—	41,964					41,964
Total current assets	1,321	452,130	774,156		526,321		701,286
Capital assets, net	—	35,616					35,616
Other assets	—	48,907					48,907
Total assets	<u>\$ 1,321</u>	<u>\$ 536,653</u>	<u>\$ 774,156</u>		<u>\$ 526,321</u>		<u>\$ 785,809</u>
LIABILITIES, EXCESS OF LIABILITIES OVER ASSETS AND STOCKHOLDERS' DEFICIT							
Current liabilities:							
Accounts payable and accrued expenses	\$ 4,325	\$ 252,908	\$ 4,325	8	\$ —		\$ 252,908
Deferred revenues	—	593,212					593,212
					120,000	12	
Notes payable, current	71,995	310,708	71,995	8	648,556	9	1,079,264
Total current liabilities	76,320	1,156,828	76,320		768,556		1,925,384
Long-term liabilities:							
Deferred compensation	—	215,011					215,011
Notes payable	—	1,580,315					1,580,315
Notes payable - related party	—	268,613					268,613
Deferred interest	—	8,311					8,311
Other long-term liabilities - related parties	—	153,278					153,278
Total long-term liabilities	—	2,225,528	—		—		2,225,528
Total liabilities other than shares	76,320	3,382,356	76,320		768,556		4,150,912
Shares subject to mandatory redemption	—	459,899	459,899	4			—
Total liabilities	76,320	3,842,255	536,219		768,556		4,150,912
Excess of liabilities over assets (deficit)	—	(3,305,602)			3,305,602	4	—
Stockholders' deficit:							
					28,035	11	
Common stock, \$0.001 par value	1,139	—			3,417	3	32,591
			225,000	14			
			28,035	11			
			111,343	10	3,076,979	13	
			2,840,103	4	74,999	8	
Additional paid-in capital	35,205	—	3,417	3	20,715	5	—
			3,076,979	13			
			80,000	7			
			220,000	6			
Accumulated deficit	(111,343)	—	20,715	5	111,343	10	(3,397,694)
Total stockholders' deficit	(74,999)	—	6,605,592		3,315,488		(3,365,103)
Total liabilities, excess of liabilities over assets and stockholders' deficit	<u>\$ 1,321</u>	<u>\$ 536,653</u>	<u>\$ 7,141,811</u>		<u>\$ 7,389,646</u>		<u>\$ 785,809</u>

See footnotes to unaudited pro forma condensed combined financial statements

GLOBALWISE INVESTMENTS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2011

	Globalwise Investments, Inc. Note A	Intellinetics, Inc. Note B	Pro Forma Adjustments				Pro forma As Adjusted
			Debit	Note	Credit	Note	
Revenues:							
Sale of software licenses without modification	\$ —	\$ 97,644					\$ 97,644
Sale of software licenses with substantive modification	—	551,211					551,211
Software as a service	—	110,902					110,902
Software maintenance service	—	462,479					462,479
Consulting services	—	215,966					215,966
Total revenues	—	1,438,202					1,438,202
Cost of revenues:							
Sale of software licenses without modification	—	13,261					13,261
Sale of software licenses with substantive modification	—	354,383					354,383
Software as a service	—	20,573					20,573
Software maintenance service	—	81,929					81,929
Consulting services	—	173,307					173,307
Total cost of revenues	—	643,453					643,453
Gross Profit	—	794,749					794,749
Operating expenses:							
General and administrative	4,722	756,120					760,842
Sales and marketing	—	442,127					442,127
Depreciation	—	30,281					30,281
Total operating expenses	4,722	1,228,528					1,233,250
Loss from operations	(4,722)	(433,779)					(438,501)
			9,000	D			
Interest expense, net	(4,325)	(122,112)	15,809	C			(151,246)
Net loss	\$ (9,047)	\$ (555,891)					\$ (589,747)
Basic and diluted net loss per share	\$ (0.01)						\$ (0.02)
			1,135	E			
			28,028,821	F			
Weighted average number of common shares outstanding - basic and diluted			3,417,000	G			
	1,139,000	4,894	31,446,956				32,590,850

See footnotes to unaudited pro forma condensed combined financial statements

GLOBALWISE INVESTMENTS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Globalwise Investments, Inc. Note H	Intellinetics, Inc. Note I	Pro Forma Adjustments				Pro forma As Adjusted
			Debit	Note	Credit	Note	
Revenues:							
Sale of software licenses without modification	\$ —	\$ 51,549					\$ 51,549
Sale of software licenses with substantive modification	—	388,489					388,489
Software as a service	—	96,745					96,745
Software maintenance service	—	640,296					640,296
Consulting services only	—	185,423					185,423
Total revenues	—	1,362,502					1,362,502
Cost of revenues:							
Sale of software licenses without modification	—	19,436					19,436
Sale of software licenses with substantive modification	—	280,002					280,002
Software as a service	—	36,239					36,239
Software maintenance service	—	119,607					119,607
Consulting services	—	190,006					190,006
Total cost of revenues	—	645,290					645,290
Gross Profit	—	717,212					717,212
Operating expenses:							
General and administrative	6,262	771,329					777,591
Sales and marketing	—	422,365					422,365
Depreciation	—	44,602					44,602
Total operating expenses	6,262	1,238,296					1,244,558
Loss from operations	(6,262)	(521,084)					(527,346)
			12,000	D			
Interest expense, net	—	(125,690)	21,078	C			(158,768)
Net loss	\$ (6,262)	\$ (646,774)					\$ (686,114)
Basic and diluted net loss per share	\$ (0.01)						\$ (0.02)
			1,135	H			
			28,028,821	I			
Weighted average number of common shares outstanding - basic and diluted			3,417,000	J			
	1,139,000	4,894	31,446,956				32,590,850

See footnotes to unaudited pro forma condensed combined financial statements

GLOBALWISE INVESTMENTS, INC.
Notes to Unaudited Pro Forma Condensed Combined Financial Statements

I. Background

Share Exchange Transaction with Intellinetics

Globalwise consummated the Share Exchange Transaction with Intellinetics on February 10, 2012. After the transaction, Intellinetics became the surviving company for accounting purposes.

II. Pro Forma Adjustments

The following pro forma adjustments give effect to this Share Exchange Transaction:

Pro Forma Condensed Combined Balance Sheet – as of September 30, 2011

Note 1 Derived from the Globalwise unaudited financial statements as of September 30, 2011, as filed with the SEC on November 1, 2011.

Note 2 Derived from the unaudited financial statements of Intellinetics as of September 30, 2011 included as Exhibit 99.1 to the Current Report on Form 8-K.

Pro forma adjustments:

Note 3 To record the forward 4-for-1 stock split of Globalwise common stock.

	<u>Debit</u>	<u>Credit</u>
Additional paid-in capital	\$3,417	
Common stock		\$3,417

Note 4 To reflect the elimination of a liability associated with mandatory shareholder redemption rights and the historical deficit of Intellinetics; to record the receipt of stock subscriptions of \$5,600. The redemption rights were rescinded upon the completion of the Share Exchange Transaction.

	<u>Debit</u>	<u>Credit</u>
Cash and cash equivalents	\$ 5,600	
Shares subject to mandatory redemption	459,899	
Additional paid-in capital	2,840,103	
Excess of liabilities over assets (deficit)		\$3,305,602

Note 5 To record the Intellinetics issuance of 1,135 shares of its common stock, no par value, to officers, employees and advisors as compensation.

	<u>Debit</u>	<u>Credit</u>
Accumulated deficit	\$20,715	
Additional paid-in capital		\$20,715

Note 6 To record the Intellinetics payment to the shareholders of Globalwise in advance of the closing, to provide both a reimbursement of professional fees incurred by Globalwise and for the split off of the net liabilities of Globalwise at closing.

	<u>Debit</u>	<u>Credit</u>
Accumulated deficit	\$220,000	
Cash		\$220,000

GLOBALWISE INVESTMENTS, INC.
Notes to Unaudited Pro Forma Condensed Combined Financial Statements

II. Pro Forma Adjustments, continued

Note 7 To record the Intellinetics payment to the shareholders of Globalwise at the closing, to provide both a reimbursement of professional fees incurred by Globalwise and for the split off of the net liabilities of Globalwise at closing.

	Debit	Credit
Accumulated deficit	\$80,000	
Cash		\$80,000

Note 8 To record the split off of the Globalwise pre-transaction assets and liabilities.

	Debit	Credit
Accounts payable and accrued expenses	\$ 4,325	
Notes payable, current	71,995	
Additional paid-in capital		\$74,999
Cash		1,321

Note 9 To record the issuance of notes payable by Intellinetics to an advisor for cash.

	Debit	Credit
Cash	\$648,556	
Notes payable, current		\$648,556

Note 10 To eliminate the accumulated deficit of Globalwise.

	Debit	Credit
Additional paid-in capital	\$111,343	
Accumulated deficit		\$111,343

Note 11 To record the exchange of 6,029 shares of common stock of Intellinetics (after the effect of an issuance of 1,135 additional Intellinetics shares) into 28,034,850 shares of Globalwise, par value \$0.001 per share, on a 4,650-for-one basis, in connection with the Share Exchange Transaction.

	Debit	Credit
Additional paid-in capital	\$28,035	
Common stock		\$28,035

Note 12 To record the issuance by Intellinetics of 10% contingently convertible notes payable for cash.

	Debit	Credit
Cash	\$120,000	
Notes payable		\$120,000

GLOBALWISE INVESTMENTS, INC.
Notes to Unaudited Pro Forma Condensed Combined Financial Statements

II. Pro Forma Adjustments, continued

Note 13 To record the transfer of the deficit in additional paid in capital to accumulated deficit.

	Debit	Credit
Accumulated deficit	\$3,076,979	
Additional paid-in capital		\$3,076,979

Note 14 To record the professional fees and other costs incurred in connection with the Share Exchange Transaction.

	Debit	Credit
Additional paid-in capital	\$225,000	
Cash		\$225,000

Pro Forma Condensed Combined Statement of Operations - For the Nine Months Ended September 30, 2011

Note A Derived from the Globalwise unaudited financial statements for the nine months ended September 30, 2011 as filed with the SEC on November 1, 2011.

Note B Derived from the unaudited financial statements of Intellinetics for the nine months ended September 30, 2011 included as Exhibit 99.1 to the Current Report on Form 8-K.

Pro forma adjustments:

Note C To record interest expense on the note to the advisor for \$648,556 at 3.25% per annum for nine months.

Note D To record interest expense on the contingently convertible notes for \$120,000 at 10% per annum for nine months.

Note E To record the issuance of 1,135 shares of Intellinetics common stock prior to the Share Exchange Transaction.

Note F To record the exchange of 4,650 shares of Globalwise common stock for each one share of Intellinetics common stock in connection with the Share Exchange Transaction.

	Intellinetics
Shares outstanding September 30, 2011	4,894
Shares issued	1,135
Subtotal	6,029
Adjustment for 4,650 to 1 exchange for Globalwise common stock	28,028,821
As adjusted for exchange	28,034,850

Note G To record the effect of the 4-to-1 forward stock split of Globalwise common stock, resulting in 3,417,000 additional shares of its common stock.

Pro Forma Condensed Combined Statement of Operations - For the Year Ended December 31, 2010

Note H Derived from the Globalwise audited financial statements for the year ended December 31, 2010 as filed with the SEC on March 17, 2011.

Note I Derived from the audited financial statements of Intellinetics for the year ended December 31, 2010 included as Exhibit 99.1 to the Current Report on Form 8-K.

GLOBALWISE INVESTMENTS, INC.
Notes to Unaudited Pro Forma Condensed Combined Financial Statements

II. Pro Forma Adjustments, continued

Pro Forma Condensed Combined Statement of Operations - For the Year Ended December 31, 2010, continued

Pro forma adjustments:

- Note J* To record interest expense on the notes to the advisor for \$648,556 at 3.25% per annum.
- Note K* To record interest expense on the contingently convertible notes for \$120,000 at 10% per annum.
- Note L* To record the issuance of 1,135 shares of Intellinetics common stock.
- Note M* To record the exchange of 4,650 shares of Globalwise common stock for each one share of Intellinetics common stock in connection with the Share Exchange Transaction.

	<u>Intellinetics</u>
Shares outstanding December 31, 2010	4,894
Shares issued	<u>1,135</u>
Subtotal	6,029
Adjustment for 4,650 to 1 exchange for Globalwise common stock	<u>28,028,821</u>
As adjusted for exchange	<u><u>28,034,850</u></u>

- Note N* To record the effect of the 4-to-1 forward stock split of Globalwise common stock, resulting in 3,417,000 additional shares of its common stock.



GlobalWise Investments is a Public Company Trading under the Symbol GWIV

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GlobalWise Completes Acquisition of Intellinetics

Strategic Transaction Positions GlobalWise to become an Industry Leader in Cloud-Based Enterprise Content Management

COLUMBUS, OH, February 13, 2012 – GlobalWise Investments, Inc. (OTCBB: GWIV) (www.globalwiseinvestments.com) today announces the completion of its acquisition of Intellinetics, Inc. (www.intellinetics.com).

Intellinetics, Inc., now a wholly owned subsidiary of GlobalWise Investments, is a leading-edge technology company focused on Enterprise Content Management (ECM) solutions for the digital age. Leveraging its cloud-based computing software, GlobalWise Investments is poised to capture a significant market share of the burgeoning ECM industry.

The Intellinetics platform defines a new industry benchmark and game-changing approach by combining advanced virtualization and automated content management with an open and service-oriented architecture using Web services. The Company provides strategies, tactics, and technologies to manage paper and digital assets from capture to long-term archive, without the need for manual processes conducted by a full-time employee.

The Company's ECM service is delivered to customers via five unique delivery models that cover the full spectrum of business needs: Cloud/SaaS (Software as a Service); Hardware Vendor Integrated Service; Software Vendor Integrated Service; Premise (Client-Server); and Hybrid (Premise & Cloud/SaaS). This diversity provides advanced security and privacy features with an on-demand structure for businesses in the large, underserved Tier 3 and Tier 4 markets.

William J. "BJ" Santiago, President and CEO of GlobalWise Investments, stated, "IBM Market Insights predicts adoption of cloud computing to continue growing at a compound annual growth rate of 26% until 2013. Through its acquisition of Intellinetics, GlobalWise Investments is well positioned to secure a strong foothold in this rapidly growing ECM industry."

About GlobalWise Investments, Inc.

GlobalWise Investments, Inc., via its wholly owned subsidiary Intellinetics, Inc., is a Columbus, Ohio based Enterprise Content Management (ECM) pioneer with industry-leading software that delivers cloud ECM based solutions on-demand. The Company's flagship platform, *Intellivue™*, represents a new industry benchmark and "game-changing" solution by providing clients to access and manage the content of every scanned document, file, spreadsheet, email, photo, audio file or video tape – virtually anything that can be digitized – in their enterprise from any PC, laptop, tablet or smartphone from anywhere in the world.

For additional information, please visit the Company's corporate website: www.globalwiseinvestments.com

This press release may contain "forward-looking statements." Expressions of future goals and similar expressions reflecting something other than historical fact are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. These forward-looking statements may include, without limitation, statements about our market opportunity, strategies, competition, expected activities and expenditures as we pursue our business plan. Although we believe that the expectations reflected in any forward looking statements are reasonable, we cannot predict the effect that market conditions, customer acceptance of products, regulatory issues, competitive factors, or other business circumstances and factors described in our filings with the Securities and Exchange Commission may have on our results. The company undertakes no obligation to revise or update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this press release.

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