Management's Discussion and Analysis of Financial Condition and Results of Operations

Summarized in the table below are our obligations to make future payments under our Credit Facility and lease obligations at December 31, 2016 (in thousands):

	2017	2018	2019	2020	2021	Thereafter	Total
Revolving line of credit	$ —	$ —	$ —	$10,000	$ —	$ —	$10,000
Lease obligations	5,177	4,221	3,556	3,273	2,059	601	18,887
Total future payment obligations	$5,177	$4,221	$3,556	$13,273	$2,059	$601	$28,887

As of December 31, 2016, we do not have any off-balance sheet arrangements, guarantees to third-parties or material purchase commitments, except for the operating lease commitments listed above.

Capitalization

At December 31, 2016, our capitalization consisted of $10.0 million of outstanding borrowings and $915.5 million of shareholders' equity.

Quantitative And Qualitative Disclosures About Market Risk.

Market risk represents the risk of loss that may affect us due to adverse changes in financial market prices and interest rates.

As of December 31, 2016, we had $10.0 million in outstanding borrowings under the Credit Facility. Loans under the Credit Facility bear interest, at Tyler's option, at a per annum rate of either (1) the Wells Fargo Bank prime rate (subject to certain higher rate determinations) plus a margin of 0.25% to 1.00% or (2) the 30, 60, 90 or 180-day LIBOR rate plus a margin of 1.25% to 2.00%.

In 2016, our effective average interest rate for borrowings was 1.79%. As of December 31, 2016 our interest rate was 1.96%. The Credit Facility is secured by substantially all of our assets.

Assuming borrowings of $10.0 million, a hypothetical 10% increase in our interest rate at December 31, 2016 for a one-year period would result in approximately $19,600 of additional interest rate expense.

Controls and Procedures

Controls And Procedures

Evaluation of Disclosure Controls and Procedures – We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act) designed to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. These include controls and procedures designed to ensure that this information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosures. Management, with the participation of the chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2016. Based on this evaluation, the chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2016.

Management's Report on Internal Control Over Financial Reporting – Tyler's management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Securities Exchange Act Rule 13a-15(f). Tyler's internal control over financial reporting is designed to provide reasonable assurance to Tyler's management and board of directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of Tyler's internal control over financial reporting as of December 31, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Based on our assessment, we concluded that, as of December 31, 2016, Tyler's internal control over financial reporting was effective based on those criteria.

Tyler's internal control over financial reporting as of December 31, 2016 has been audited by Ernst & Young LLP, the independent registered public accounting firm who also audited Tyler's financial statements. Ernst & Young's attestation report on Tyler's internal control over financial reporting appears on page 60 hereof.

Changes in Internal Control Over Financial Reporting – During the quarter ended December 31, 2016, there were no changes in our internal control over financial reporting, as defined in Securities Exchange Act Rule 13a-15(f), that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Tyler Technologies, Inc.

We have audited Tyler Technologies, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Tyler Technologies, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Report on Internal Control Over Financial Reporting." Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Tyler Technologies, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Tyler Technologies, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2016 and our report dated February 22, 2017 expressed an unqualified opinion thereon.

Ernst & Young LLP

Dallas, Texas
February 22, 2017

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Tyler Technologies, Inc.

We have audited the accompanying consolidated balance sheets of Tyler Technologies, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Tyler Technologies, Inc. at December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company has adopted ASU 2016-09 Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Tyler Technologies, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 22, 2017 expressed an unqualified opinion thereon.

Ernst + Young LLP

Dallas, Texas
February 22, 2017

Consolidated Statements of Comprehensive Income

For the years ended December 31,	2016	2015	2014
(In thousands, except per share amounts)			
Revenues:			
Software licenses and royalties	$ 74,306	$ 59,008	$ 49,065
Subscriptions	142,704	111,933	87,848
Software services	174,804	139,852	113,821
Maintenance	322,969	245,537	212,696
Appraisal services	26,287	25,065	21,802
Hardware and other	14,973	9,627	7,869
Total revenues	756,043	591,022	493,101
Cost of revenues:			
Software licenses and royalties	2,964	1,632	1,900
Acquired software	22,235	4,440	1,858
Software services, maintenance and subscriptions	348,939	285,340	236,363
Appraisal services	16,411	15,922	14,284
Hardware and other	10,143	6,501	5,325
Total cost of revenues	400,692	313,835	259,730
Gross profit	355,351	277,187	233,371
Selling, general and administrative expenses	167,161	133,317	108,260
Research and development expense	43,154	29,922	25,743
Amortization of customer and trade name intangibles	13,731	5,905	4,546
Operating income	131,305	108,043	94,822
Other (expense) income, net	(1,998)	381	(355)
Income before income taxes	129,307	108,424	94,467
Income tax provision	19,450	43,555	35,527
Net income	$ 109,857	$ 64,869	$ 58,940
Earnings per common share:			
Basic	$ 3.01	$ 1.90	$ 1.79
Diluted	$ 2.82	$ 1.77	$ 1.66

See accompanying notes.

Consolidated Balance Sheets

December 31,	2016	2015
(In thousands, except par value and share amounts)		
ASSETS		
Current assets:		
Cash and cash equivalents	$ 36,151	$ 33,087
Accounts receivable (less allowance for losses of $3,396 in 2016 and $1,640 in 2015)	200,334	176,360
Short-term investments	20,273	13,423
Prepaid expenses	21,039	22,334
Income tax receivable	2,895	21,080
Other current assets	2,268	1,931
Total current assets	282,960	268,215
Accounts receivable, long-term	2,480	2,777
Property and equipment, net	124,268	101,112
Other assets:		
Goodwill	650,237	653,666
Other intangibles, net	267,259	295,378
Cost method investment	15,000	15,000
Non-current investments and other assets	15,741	20,422
	$1,357,945	$1,356,570
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,295	$ 6,789
Accrued liabilities	55,989	49,156
Deferred revenue	298,217	281,627
Total current liabilities	361,501	337,572
Revolving line of credit	10,000	66,000
Deferred revenue, long-term	2,140	3,115
Deferred income taxes	68,779	91,026
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $10.00 par value; 1,000,000 shares authorized; none issued	—	—
Common stock, $0.01 par value; 100,000,000 shares authorized; 48,147,969 shares issued in 2016 and 2015	481	481
Additional paid-in capital	556,663	607,755
Accumulated other comprehensive loss, net of tax	(46)	(46)
Retained earnings	435,876	326,019
Treasury stock, at cost; 11,381,733 and 11,373,666 shares in 2016 and 2015, respectively	(77,449)	(75,352)
Total shareholders' equity	915,525	858,857
	$1,357,945	$1,356,570

See accompanying notes.

Consolidated Statements of Shareholders' Equity

For the years ended December 31, 2016, 2015 and 2014

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock		Total Shareholders' Equity
	Shares	Amount				Shares	Amount	
(In thousands)								
Balance at December 31, 2013	48,148	$481	$182,176	$(46)	$202,210	(15,310)	$(138,502)	$ 246,319
Net income	—	—	—	—	58,940	—	—	58,940
Issuance of shares pursuant to stock compensation plan	—	—	(17,449)	—	—	855	32,129	14,680
Stock compensation	—	—	14,819	—	—	—	—	14,819
Issuance of shares pursuant to employee stock purchase plan	—	—	2,235	—	—	53	1,909	4,144
Federal income tax benefit related to exercise of stock options	—	—	19,415	—	—	—	—	19,415
Treasury stock purchases	—	—	—	—	—	(294)	(22,817)	(22,817)
Issuance of shares for acquisition	—	—	193	—	—	17	1,280	1,473
Balance at December 31, 2014	48,148	481	201,389	(46)	261,150	(14,679)	(126,001)	336,973
Net income	—	—	—	—	64,869	—	—	64,869
Issuance of shares pursuant to stock compensation plan	—	—	4,332	—	—	1,118	18,828	23,160
Stock compensation	—	—	20,182	—	—	—	—	20,182
Issuance of shares pursuant to employee stock purchase plan	—	—	3,879	—	—	43	792	4,671
Federal income tax benefit related to exercise of stock options	—	—	45,314	—	—	—	—	45,314
Treasury stock purchases	—	—	—	—	—	(5)	(645)	(645)
Issuance of shares for acquisition	—	—	332,659	—	—	2,149	31,674	364,333
Balance at December 31, 2015	48,148	481	607,755	(46)	326,019	(11,374)	(75,352)	858,857
Net income	—	—	—	—	109,857	—	—	109,857
Issuance of shares pursuant to stock compensation plan	—	—	(82,273)	—	—	827	105,800	23,527
Stock compensation	—	—	29,747	—	—	—	—	29,747
Issuance of shares pursuant to employee stock purchase plan	—	—	1,434	—	—	47	4,802	6,236
Treasury stock purchases	—	—	—	—	—	(882)	(112,699)	(112,699)
Balance at December 31, 2016	48,148	$481	$556,663	$(46)	$435,876	(11,382)	$ (77,449)	$ 915,525

See accompanying notes.

Consolidated Statements of Cash Flows

For the years ended December 31,	2016	2015	2014
(In thousands)			
Cash flows from operating activities:			
Net income	$ 109,857	$ 64,869	$ 58,940
Adjustments to reconcile net income to cash provided by operations:			
Depreciation and amortization	50,301	19,574	14,605
Share-based compensation expense	29,747	20,182	14,819
Provision for losses – accounts receivable	4,484	1,756	1,897
Deferred income tax benefit	(28,939)	(7,956)	(3,804)
Changes in operating assets and liabilities, exclusive of effects of acquired companies:			
Accounts receivable	(30,227)	(28,172)	(8,912)
Income tax receivable	18,185	24,255	29,117
Prepaid expenses and other current assets	2,229	(3,054)	(3,696)
Accounts payable	387	652	1,586
Accrued liabilities	10,717	490	6,326
Deferred revenue	25,118	41,731	31,961
Net cash provided by operating activities	191,859	134,327	142,839
Cash flows from investing activities:			
Cost of acquisitions, net of cash acquired	(9,394)	(339,961)	(3,242)
Purchase of cost method investment	—	(15,000)	—
Purchase of marketable security investments	(20,316)	(31,907)	—
Proceeds from marketable security investments	16,837	900	808
Additions to property and equipment	(37,726)	(12,501)	(9,343)
(Increase) decrease in other	(121)	10	222
Net cash used by investing activities	(50,720)	(398,459)	(11,555)
Cash flows from financing activities:			
(Decrease) increase in net borrowings on revolving line of credit	(56,000)	66,000	—
Purchase of treasury shares	(111,838)	(645)	(22,817)
Contributions from employee stock purchase plan	6,236	4,671	4,144
Proceeds from exercise of stock options	23,527	23,160	14,680
Debt issuance costs	—	(2,134)	—
Net cash (used) provided by financing activities	(138,075)	91,052	(3,993)
Net increase (decrease) in cash and cash equivalents	3,064	(173,080)	127,291
Cash and cash equivalents at beginning of period	33,087	206,167	78,876
Cash and cash equivalents at end of period	$ 36,151	$ 33,087	$206,167

See accompanying notes.

Notes to Consolidated Financial Statements

(Tables in thousands, except per share data)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description Of Business

We provide integrated software systems and related services for the public sector, with a focus on local governments. We develop and market a broad line of software solutions and services to address the information technology ("IT") needs of cities, counties, schools and other local government entities. In addition, we provide professional IT services, including software and hardware installation, data conversion, training, and for certain customers, product modifications, along with continuing maintenance and support for customers using our systems. We also provide subscription-based services such as software as a service ("SaaS") arrangements, which utilize the Tyler private cloud, and electronic document filing solutions ("e-filing"). In addition, we provide property appraisal outsourcing services for taxing jurisdictions.

Principles Of Consolidation

The consolidated financial statements include our parent company and a subsidiary, which is wholly-owned. All significant intercompany balances and transactions have been eliminated in consolidation. Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions, and other events and circumstances from non-owner sources and includes all components of net income (loss) and other comprehensive income (loss). We had no items of other comprehensive income (loss) during the years ended December 31, 2016, 2015 and 2014.

Cash And Cash Equivalents

Cash in excess of that necessary for operating requirements is invested in short-term, highly liquid, income-producing investments. Investments with original maturities of three months or less are classified as cash and cash equivalents, which primarily consist of cash on deposit with several banks and money market funds. Cash and cash equivalents are stated at cost, which approximates market value.

Revenue Recognition

We earn revenue from software licenses, royalties, subscription-based services, software services, post-contract customer support ("PCS" or "maintenance"), hardware, and appraisal services.

Software Arrangements:

For the majority of our software arrangements, we provide services that range from installation, training, and basic consulting to software modification and customization to meet specific customer needs. If the arrangement does not require significant production, modification or customization or where the software services are not considered essential to the functionality of the software, revenue is recognized when all of the following conditions are met

- persuasive evidence of an arrangement exists
- delivery has occurred
- our fee is fixed or determinable
- collectability is probable

Notes to Consolidated Financial Statements

For multiple element arrangements, each element of the arrangement is analyzed and we allocate a portion of the total arrangement fee to the elements based on the relative fair value of the element using vendor-specific objective evidence of fair value ("VSOE"), regardless of any separate prices stated within the contract for each element. Fair value is considered the price a customer would be required to pay if the element was sold separately based on our historical experience of stand-alone sales of these elements to third-parties. For PCS, we use renewal rates for continued support arrangements to determine fair value. For software services, we use the fair value we charge our customers when those services are sold separately. We monitor our transactions to determine that we maintain and periodically revise VSOE to reflect fair value. In software arrangements in which we have the fair value of all undelivered elements but not of a delivered element, we apply the "residual method," in compliance with Accounting Standards Codification ("ASC") 985-605, Software Revenue Recognition. Under the residual method, if the fair value of all undelivered elements is determinable, the fair value of the undelivered elements is deferred and the remaining portion of the arrangement fee is allocated to the delivered element(s) and is recognized as revenue assuming the other revenue recognition criteria are met. In software arrangements in which we do not have VSOE for all undelivered elements, revenue is deferred until fair value is determined or all elements for which we do not have VSOE have been delivered. Alternatively, if sufficient VSOE does not exist and the only undelivered element is services that do not involve significant modification or customization of the software, the entire fee is recognized over the period during which the services are expected to be performed.

Software Licenses and Royalties

We recognize the revenue allocable to software licenses and specified upgrades upon delivery of the software product or upgrade to the customer, unless the fee is not fixed or determinable or collectability is not probable. If the fee is not fixed or determinable, software license revenue is generally recognized as payments become due from the customer. If collectability is not considered probable, revenue is recognized when the fee is collected. Arrangements that include software services, such as training or installation, are evaluated to determine whether those services are essential to the product's functionality.

A majority of our software arrangements involve "off-the-shelf" software. We consider software to be off-the-shelf software if it can be added to an arrangement with minor changes in the underlying code and it can be used by the customer for the customer's purpose upon installation. For off-the-shelf software arrangements, we recognize the software license fee as revenue after delivery has occurred, customer acceptance is reasonably assured, that portion of the fee represents a non-refundable enforceable claim and is probable of collection, and the remaining services such as training are not considered essential to the product's functionality.

For arrangements that involve significant production, modification or customization of the software, or where software services are otherwise considered essential, we recognize revenue using contract accounting and apply the provisions of the Construction type and Production type Contracts as discussed in ASC 605-35. We generally use the percentage-of-completion method to recognize revenue from these arrangements. We measure progress-to-completion primarily using labor hours incurred, or value added. The percentage-of-completion method generally results in the recognition of reasonably consistent profit margins over the life of a contract because we have the ability to produce reasonably dependable estimates of contract billings and contract costs. We use the level of profit margin that is most likely to occur on a contract. If the most likely profit margin cannot be precisely determined, the lowest probable level of profit margin in the range of estimates is used until the results can be estimated more precisely. These arrangements are often implemented over an extended time period and occasionally require us to revise total cost estimates. Amounts recognized in revenue are calculated using the progress-to-completion measurement after giving effect to any changes in our cost estimates. Changes to total estimated contract costs, if any, are recorded in the period they are determined. Estimated losses on uncompleted contracts are recorded in the period in which we first determine that a loss is apparent. For arrangements that include new product releases for which it is difficult to estimate final profitability except to assume that no loss will ultimately be incurred, we recognize revenue under the completed contract method. Under the completed contract method, revenue is recognized only when a contract is completed or substantially complete. Historically these amounts have been immaterial.

Notes to Consolidated Financial Statements

We recognize royalty revenue when earned under the terms of our third party royalty arrangements, provided the fees are considered fixed or determinable and realization of payment is probable. Currently, our third party royalties are variable in nature and such amounts are not considered fixed or determinable until we receive notice of amounts earned. Typically, we receive notice of royalty revenues earned on a quarterly basis in the immediate quarter following the royalty reporting period.

Software Services

Some of our software arrangements include services considered essential for the customer to use the software for the customer's purposes. For these software arrangements, both the software license revenue and the services revenue are recognized as the services are performed using the percentage-of-completion contract accounting method. When software services are not considered essential, the fee allocable to the service element is recognized as revenue as we perform the services.

Computer Hardware Equipment

Revenue allocable to computer hardware equipment is recognized when we deliver the equipment and collection is probable.

Post-Contract Customer Support

Our customers generally enter into PCS agreements when they purchase our software licenses. PCS includes telephone support, bug fixes, and rights to upgrades on a when-and-if available basis. Our PCS agreements are typically renewable annually. Revenue allocated to PCS is recognized on a straight-line basis over the period the PCS is provided. All significant costs and expenses associated with PCS are expensed as incurred.

Subscription-Based Services:

Subscription-based services consist of revenues derived from SaaS arrangements, which utilize the Tyler private cloud, and electronic filing transactions.

For SaaS arrangements, we evaluate whether the customer has the contractual right to take possession of our software at any time during the hosting period without significant penalty and whether the customer can feasibly maintain the software on the customer's hardware or enter into another arrangement with a third-party to host the software. In cases where the customer has the contractual right to take possession of our software at any time during the hosting period without significant penalty and the customer can feasibly maintain the software on the customer's hardware or enter into another arrangement with a third-party to host the software, we recognize the license, professional services and hosting services revenues pursuant to ASC 985-605, Software Revenue Recognition.

For SaaS arrangements that do not meet the criteria for recognition under ASC 985-605, we account for the elements under ASC 605-25, Multiple Element Arrangements, using all applicable facts and circumstances, including whether (i) the element has stand-alone value, (ii) there is a general right of return and (iii) the revenue is contingent on delivery of other elements. We allocate contract value to each element of the arrangement that qualifies for treatment as a separate element based on VSOE, and if VSOE is not available, third-party evidence, and if third-party evidence is unavailable, estimated selling price. We recognize hosting services ratably over the term of the arrangement, which range from one to 10 years but are typically for a period of five to seven years. For professional services associated with SaaS arrangements that we determine do not have stand-alone value to the customer or are contingent on delivery of other elements, we recognize the services revenue ratably over the remaining contractual period once we have provided the customer access to the software and we may begin billing for hosting services. We record amounts that have been invoiced in accounts receivable and in deferred revenue or revenues, depending on whether the revenue recognition criteria have been met.

Notes to Consolidated Financial Statements

Electronic filing transaction fees primarily pertain to documents filed with the courts by attorneys and other third-parties via our e-filing services and retrieval of filed documents via our access services. The elements for these arrangements are accounted for under ASC 605-25. For each document filed with a court, the filer generally pays a transaction fee and a court filing fee to us and we remit a portion of the transaction fee and the filing fee to the court. We record as revenue the transaction fee, while the portion of the transaction fee remitted to the courts is recorded as cost of sales as we are acting as a principal in the arrangement. Court filing fees collected on behalf of the courts and remitted to the courts are recorded on a net basis and thus do not affect the statement of comprehensive income. In some cases, we are paid on a fixed fee basis and recognize the revenue ratably over the contractual period.

Costs of performing services under subscription-based arrangements are expensed as incurred, except for certain direct and incremental contract origination and set-up costs associated with SaaS arrangements. Such direct and incremental costs are capitalized and amortized ratably over the related SaaS hosting term.

Appraisal Services:

For our property appraisal projects, we recognize revenue using the proportional performance method of revenue recognition since many of these projects are implemented over one to three year periods and consist of various unique activities. Under this method of revenue recognition, we identify each activity for the appraisal project, with a typical project generally calling for bonding, office set up, training, routing of map information, data entry, data collection, data verification, informal hearings, appeals and project management. Each activity or act is specifically identified and assigned an estimated cost. Costs which are considered to be associated with indirect activities, such as bonding costs and office set up, are expensed as incurred. These costs are typically billed as incurred and are recognized as revenue equal to cost. Direct contract fulfillment activities and related supervisory costs such as data collection, data entry and verification are expensed as incurred. The direct costs for these activities are determined and the total contract value is then allocated to each activity based on a consistent profit margin. Each activity is assigned a consistent unit of measure to determine progress towards completion and revenue is recognized for each activity based upon the percentage complete as applied to the estimated revenue for that activity. Progress for the fulfillment activities is typically based on labor hours or an output measure such as the number of parcel counts completed for that activity. Estimated losses on uncompleted contracts are recorded in the period in which we first determine that a loss is apparent.

Allocation of Revenue in Statements of Comprehensive Income

In our statements of comprehensive income, we allocate revenue to software licenses, software services, maintenance and hardware and other based on the VSOE of fair value for elements in each revenue arrangement and the application of the residual method for arrangements in which we have established VSOE of fair value for all undelivered elements. In arrangements where we are not able to establish VSOE of fair value for all undelivered elements, revenue is first allocated to any undelivered elements for which VSOE of fair value has been established. We then allocate revenue to any undelivered elements for which VSOE of fair value has not been established based upon management's best estimate of fair value of those undelivered elements and apply a residual method to determine the license fee. Management's best estimate of fair value of undelivered elements for which VSOE of fair value has not been established is based upon the VSOE of similar offerings and other objective criteria.

Other

The majority of deferred revenue consists of unearned maintenance revenue that has been billed based on contractual terms in the underlying arrangement with the remaining balance consisting of payments received in advance of revenue being earned under software licensing, subscription-based services, software and appraisal services and hardware installation. Unbilled revenue is not billable at the balance sheet date but is recoverable over the remaining life of the contract through billings made in accordance with contractual agreements. The termination clauses in our contracts generally provide for the payment for the value of products delivered and services performed in the event of an early termination.

Notes to Consolidated Financial Statements

Prepaid expenses and other current assets include direct and incremental costs such as commissions associated with arrangements for which revenue recognition has been deferred. Such costs are expensed at the time the related revenue is recognized.

Use of Estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the application of the percentage-of-completion and proportional performance methods of revenue recognition, the carrying amount and estimated useful lives of intangible assets, determination of share-based compensation expense and valuation allowance for receivables. Actual results could differ from estimates.

Property and Equipment, Net

Property, equipment and purchased software are recorded at original cost and increased by the cost of any significant improvements after purchase. We expense maintenance and repairs when incurred. Depreciation and amortization is calculated using the straight-line method over the shorter of the asset's estimated useful life or the term of the lease in the case of leasehold improvements. For income tax purposes, we use accelerated depreciation methods as allowed by tax laws.

Research and Development Costs

We expensed research and development costs of $43.2 million during 2016, $29.9 million during 2015, and $25.7 million during 2014.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred taxes arise because of different treatment between financial statement accounting and tax accounting, known as "temporary differences." We record the tax effect of these temporary differences as "deferred tax assets" (generally items that can be used as a tax deduction or credit in the future periods) and "deferred tax liabilities" (generally items that we received a tax deduction for, which have not yet been recorded in the income statement). The deferred tax assets and liabilities are measured using enacted tax rules and laws that are expected to be in effect when the temporary differences are expected to be recovered or settled. A valuation allowance would be established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be "realized."

Share-Based Compensation

We have a stock option plan that provides for the grant of stock options to key employees, directors and non-employee consultants. Stock options generally vest after three to six years of continuous service from the date of grant and have a contractual term of 10 years. We account for share-based compensation utilizing the fair value recognition pursuant to ASC 718, Stock Compensation. See Note 9 – "Share-Based Compensation" for further information. During fourth quarter of 2016, we adopted Accounting Standards Update ("ASU") No. 2016-09 "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting," See "New Accounting Pronouncements" below for further information.

Notes to Consolidated Financial Statements

Goodwill and Other Intangible Assets

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired, including identifiable intangible assets, in connection with our business combinations. Upon acquisition, goodwill is assigned to the reporting unit that is expected to benefit from the synergies of the business combination, which is the reporting unit to which the related acquired technology is assigned. A reporting unit is the operating segment, or a business unit one level below that operating segment, for which discrete financial information is prepared and regularly reviewed by executive management. We assess goodwill for impairment annually as of April, or more frequently whenever events or changes in circumstances indicate its carrying value may not be recoverable.

When testing goodwill for impairment quantitatively, we first compare the fair value of each reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, a second step is performed to measure the amount of potential impairment. In the second step, we compare the implied fair value of reporting unit goodwill with the carrying amount of the reporting unit's goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized. The fair values calculated in our impairment tests are determined using discounted cash flow models involving several assumptions. The assumptions that are used are based upon what we believe a hypothetical marketplace participant would use in estimating fair value. We evaluate the reasonableness of the fair value calculations of our reporting units by comparing the total of the fair value of all of our reporting units to our total market capitalization.

Our annual goodwill impairment analysis, which we performed quantitatively during the second quarter of 2016, did not result in an impairment charge.

Other Intangible Assets

We make judgments about the recoverability of purchased intangible assets other than goodwill whenever events or changes in circumstances indicate that an impairment may exist. Customer base and acquired software each comprise approximately half of our purchased intangible assets other than goodwill. We review our customer turnover each year for indications of impairment. Our customer turnover has historically been very low. There have been no significant impairments of intangible assets in any of the periods presented. If indications of impairment are determined to exist, we measure the recoverability of assets by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the assets exceeds their estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Impairment of Long-Lived Assets

We periodically evaluate whether current facts or circumstances indicate that the carrying value of our property and equipment or other long-lived assets to be held and used may not be recoverable. If such circumstances are determined to exist, we measure the recoverability of assets to be held and used by a comparison of the carrying amount of the asset or appropriate grouping of assets and the estimated undiscounted future cash flows expected to be generated by the assets. If the carrying amount of the assets exceeds their estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet. There have been no significant impairments of long-lived assets in any of the periods presented.

Notes to Consolidated Financial Statements

Costs of Computer Software

We capitalize software development costs upon the establishment of technological feasibility and prior to the availability of the product for general release to customers. Software development costs primarily consist of personnel costs and rent for related office space. We begin to amortize capitalized costs when a product is available for general release to customers. Amortization expense is determined on a product-by-product basis at a rate not less than straight-line basis over the product's remaining estimated economic life. We have not capitalized any internal software development costs in any of the periods presented.

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivables, accounts payables, short-term obligations and certain other assets at cost approximate fair value because of the short maturity of these instruments. The fair value of our revolving line of credit approximates book value as of December 31, 2016, because our interest rates reset approximately every 30 days or less. See Note 6 – "Revolving Line of Credit" for further discussion.

As of December 31, 2016, we have $33.5 million in investment grade corporate and municipal bonds with maturity dates ranging from 2016 through mid-2018. We intend to hold these bonds to maturity and have classified them as such. We believe cost approximates fair value because of the relatively short duration of these investments. The fair values of these securities are considered Level II as they are based on inputs from quoted prices in markets that are not active or from other observable market data. These investments are included in short-term investments and non-current investments and other assets.

As of December 31, 2016, we have $15.0 million invested in convertible preferred stock representing a 20% interest in Record Holdings Pty Limited, a privately held Australian company specializing in digitizing the spoken word in court and legal proceedings. The fair value of this investment is based on valuations using Level III, unobservable inputs that are supported by little or no market value activity and that are significant to the fair value of the investment.

Concentrations of Credit Risk and Unbilled Receivables

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable from trade customers, and investments in marketable securities. Our cash and cash equivalents primarily consists of operating account balances and money market funds, which are maintained at several major domestic financial institutions and the balances often exceed insured amounts. As of December 31, 2016, we had cash and cash equivalents of $36.2 million. We perform periodic evaluations of the credit standing of these financial institutions.

Concentrations of credit risk with respect to receivables are limited due to the size and geographical diversity of our customer base. Historically, our credit losses have not been significant. As a result, we do not believe we have any significant concentrations of credit risk as of December 31, 2016.

We maintain allowances for doubtful accounts and sales adjustments, which are provided at the time the revenue is recognized. Since most of our customers are domestic governmental entities, we rarely incur a loss resulting from the inability of a customer to make required payments. Events or changes in circumstances that indicate that the carrying amount for the allowances for doubtful accounts and sales adjustments may require revision, include, but are not limited to, deterioration of a customer's financial condition, failure to manage our customer's expectations regarding the scope of the services to be delivered, and defects or errors in new versions or enhancements of our software products.

Notes to Consolidated Financial Statements

The following table summarizes the changes in the allowances for doubtful accounts and sales adjustments:

Years Ended December 31,	2016	2015	2014
Balance at beginning of year	$ 1,640	$ 1,725	$ 1,113
Provisions for losses – accounts receivable	4,484	1,756	1,897
Collection of accounts previously written off	—	153	—
Deductions for accounts charged off or credits issued	(2,728)	(1,994)	(1,285)
Balance at end of year	$ 3,396	$ 1,640	$ 1,725

The termination clauses in most of our contracts provide for the payment for the value of products delivered or services performed in the event of early termination. Our property appraisal outsourcing service contracts can range up to three years and, in a few cases, as long as five years, in duration. In connection with these contracts, as well as certain software service contracts, we may perform work prior to when the software and services are billable and/or payable pursuant to the contract. We have historically recorded such unbilled receivables (costs and estimated profit in excess of billings) in connection with (1) property appraisal services contracts accounted for using proportional performance accounting in which the revenue is earned based upon activities performed in one accounting period but the billing normally occurs subsequently and may span another accounting period; (2) software services contracts accounted for using the percentage-of-completion method of revenue recognition using labor hours as a measure of progress towards completion in which the services are performed in one accounting period but the billing for the software element of the arrangement may be based upon the specific phase of the implementation; (3) software revenue for which we have objective evidence that the customer-specified objective criteria has been met but the billing has not yet been submitted to the customer; (4) some of our contracts provide for an amount to be withheld from a progress billing (generally between 5% and 20% retention) until final and satisfactory project completion is achieved; and (5) in a limited number of cases, we may grant extended payment terms, generally to existing customers with whom we have a long-term relationship and favorable collection history.

We have recorded unbilled receivables of $33.6 million and $29.7 million at December 31, 2016 and 2015, respectively. Included in unbilled receivables are retention receivables of $5.0 million and $4.7 million at December 31, 2016 and 2015, respectively, and these retentions become payable upon the completion of the contract or completion of our fieldwork and formal hearings. Unbilled receivables and retention receivables expected to be collected in excess of one year have been included with accounts receivable, long-term portion in the accompanying consolidated balance sheets.

Indemnification

Most of our software license agreements indemnify our customers in the event that the software sold infringes upon the intellectual property rights of a third-party. These agreements typically provide that in such event we will either modify or replace the software so that it becomes non-infringing or procure for the customer the right to use the software. We have recorded no liability associated with these indemnifications, as we are not aware of any pending or threatened infringement actions that are possible losses. We believe the estimated fair value of these intellectual property indemnification clauses is minimal.

Notes to Consolidated Financial Statements

We have also agreed to indemnify our officers and board members if they are named or threatened to be named as a party to any proceeding by reason of the fact that they acted in such capacity. We maintain directors' and officers' liability insurance coverage to protect against any such losses. We have recorded no liability associated with these indemnifications. Because of our insurance coverage, we believe the estimated fair value of these indemnification agreements is minimal.

Reclassifications

Certain amounts for previous years have been reclassified to conform to the current year presentation.

New Accounting Pronouncements

New Accounting Pronouncements Adopted in 2016

Improvements to Employee Share-Based Payment Accounting. In March 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-09, "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. This standard is effective for our interim and annual reporting periods beginning December 15, 2016, and early adoption is permitted. We elected to early adopt this standard in fourth quarter of 2016. The impact of the early adoption was as follows:

- The standard eliminates additional paid in capital ("APIC") pools and requires excess tax benefits and tax deficiencies to be recorded in the income statement as a discrete item when the awards vest or are settled. The adoption of this guidance on a prospective basis resulted in the recognition of excess tax benefits in our provision for income taxes.
- The standard requires excess tax benefits to be recognized regardless of whether the benefit reduces taxes payable. The adoption of this guidance is applied on a modified retrospective basis; however, it did not have an impact on our retained earnings as of January 1, 2016, as we had previously recognized all our excess tax benefits.
- As permitted, we have elected to continue to estimate forfeitures expected to occur to determine the amount of stock-based compensation cost to be recognized in each period. As such, the guidance relating to forfeitures did not have an impact on our retained earnings as of January 1, 2016.
- The new guidance changes the calculation of common stock equivalents for earnings per share purposes.
- As permitted, we elected to apply the statement of cash flows guidance that cash flows related to excess tax benefits be presented as an operating activity retrospectively.

Notes to Consolidated Financial Statements

Adoption of the new standard resulted in the recognition of excess tax benefits in our provision for income taxes rather than APIC of $29.6 million for the period ended December 31, 2016. As of December 31, 2016, the change in the calculation of common stock equivalents added approximately 519,000 weighted average shares for the diluted earnings per share calculations. The impact to our previously reported quarterly results for fiscal year 2016 is as follows:

	Three Months Ended March 31, 2016		Three Months Ended June 30, 2016		Three Months Ended September 30, 2016	
(In thousands, except per share amounts)	As Reported	As Adjusted	As Reported	As Adjusted	As Reported	As Adjusted
Income statements:						
Income tax provision	$ 10,495	$ 9,350	$11,323	$ 5,188	$ 14,155	$ 989
Net income	$ 17,079	$ 18,224	$18,872	$25,007	$ 22,264	$ 35,430
Basic earnings per common share	$ 0.47	$ 0.50	$ 0.52	$ 0.69	$ 0.61	$ 0.97
Diluted earnings per common share	$ 0.44	$ 0.47	$ 0.49	$ 0.65	$ 0.58	$ 0.91
Diluted weighted average common shares outstanding	38,557	39,071	38,196	38,738	38,506	39,062
Statement of cash flows:						
Net cash provided by operating activities	$ 40,270	$ 41,321	$13,877	$19,520	$ 67,091	$ 79,213
Net cash (used) provided by financing activities	$(15,860)	$(16,911)	$ 5,668	$ 25	$(77,973)	$(90,095)

Presentation of Financial Statements – Going Concern. In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." The guidance requires an entity to evaluate whether there are conditions or events, in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the financial statements are available to be issued when applicable) and to provide related footnote disclosures in certain circumstances. The guidance is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. We adopted this standard in the fourth quarter of 2016 and its adoption did not have an impact on our consolidated financial statements.

Recent Accounting Guidance not yet Adopted

Revenue from Contracts with Customers. On May 28, 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." This ASU is the result of a convergence project between the FASB and the International Accounting Standards Board. The core principle behind ASU No. 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for delivering those goods and services. This model involves a five-step process that includes identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when (or as) the entity satisfies the performance obligations. The ASU allows two methods of adoption: a full retrospective approach where three years of financial information are presented in accordance with the new standard, and a modified retrospective approach where the ASU is applied to the most current period presented in the financial statements. We currently anticipate adopting the standard using the full retrospective method to restate each prior reporting period presented. Our ability to adopt using the full retrospective method is dependent on system readiness, including software procured from third-party providers, and the completion of our analysis of information necessary to restate prior period financial statements.

The new standard requires application no later than annual reporting periods beginning after December 15, 2017, including interim reporting periods therein; however, public entities are permitted to elect to early adopt the new standard. We are assessing the financial impact of adopting the new standard and the methods of adoption; however, we are currently unable to provide a reasonable estimate regarding the financial impact. We will adopt the new standard in fiscal year 2018.

Notes to Consolidated Financial Statements

We anticipate this standard will have a material impact on our consolidated financial statements. While we are continuing to assess all potential impacts of the standard, we currently believe the most significant impact relates to our accounting for software license fees, installation fees, and incremental cost of obtaining a contract. Specifically, under the new standard we expect software license fees under perpetual agreements will no longer be subject to 100% discount allocations from other elements in the contract. Discounts in arrangements will be allocated across all deliverables increasing license revenues and decreasing revenues allocated to other performance obligations. In addition, in most cases, net license fees (total license fees less any allocated discounts) will be recognized at the point in time that control of the software license transfers to the customer versus our current policy of recognizing revenue only to the extent billable per the contractual terms. Time-based license fees currently recognized over the license term will no longer be recognized over the period of the license and will instead be recognized at the point in time that control of the software license transfers to the customer. Installation fees will no longer be considered distinct performance obligations and therefore will be recognized over the term of the arrangement or life of the performance obligation. We expect revenue related to our SaaS offerings and professional services to remain substantially unchanged. Due to the complexity of certain contracts, the actual revenue recognition treatment required under the standard will be dependent on contract-specific terms and may vary in some instances from recognition at the time of billing. Application of the new standard requires that incremental costs directly related to obtaining a contract (typically sales commissions plus any associated fringe benefits) must be recognized as an asset and expensed over the expected life of the arrangement, unless that life is less than one year. Currently, we defer sales commissions and recognize expense over the relevant initial contractual term. With the adoption the new standard, we expect amortization periods to extend past the initial term.

Leases. On February 25, 2016, the FASB issued its new lease accounting guidance in ASU No. 2016-02, "Leases (Topic 842)." Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach.

The ASU is effective for fiscal years beginning after December 15, 2018, including interim periods therein. Early application is permitted for all business entities upon issuance. We are assessing the financial impact of adopting the new standard; however, we are currently unable to provide a reasonable estimate regarding the financial impact. We expect to adopt the new standard in fiscal year 2019.

(2) ACQUISITIONS

2016

During 2016, we acquired a business for approximately $7.4 million in cash paid. This acquisition is immaterial to our consolidated financial statements. The operating results of this small acquisition are included with the operating results of the Enterprise Software segment since its date of acquisition. The purchase price allocation for this acquisition is reflected in the accompanying consolidated balance sheet as of December 31, 2016 and is preliminary.

Notes to Consolidated Financial Statements

2015

On November 16, 2015, we acquired all the capital stock of New World Systems Corporation ("NWS"), which provides public safety and financial solutions for local governments. The purchase price, net of cash acquired of $22.5 million, comprised of $337.5 million in cash, of which $4.0 million was accrued at December 31, 2015, and 2.1 million shares of Tyler common stock valued at $362.8 million, which was based on the closing price on November 16, 2015. We also incurred fees of approximately $5.9 million for financial advisory, legal, accounting, due diligence, valuation and other various services necessary to complete the acquisition. These fees were expensed in 2015 and are included in selling, general and administrative expenses.

In 2016, we paid $2.0 million related to the working capital holdback of $4.0 million and reduced the accrued liability. Our final valuation of the fair market value of NWS' assets and liabilities resulted in adjustments to the preliminary opening balance sheet. These adjustments related to a reduction in deferred revenue and related deferred income taxes and additional reserves for accounts receivable and contingencies resulting in a net decrease to goodwill of approximately $7.4 million.

On May 29, 2015, we acquired all of the capital stock of Brazos Technology Corporation ("Brazos"), which provides mobile hand held solutions primarily to law enforcement agencies for field accident reporting and electronically issuing citations. The purchase price, net of cash acquired of $312,000 and including debt assumed of $733,000, was $6.1 million in cash and 12,500 shares of Tyler common stock valued at $1.5 million.

The operating results of NWS and Brazos are included with the operating results of the Enterprise Software segment since their dates of acquisition. The fair value of the assets and liabilities acquired are based on valuations using Level III, unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

(3) PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31:

	Useful Lives (years)	2016	2015
Land	—	$ 9,958	$ 8,146
Building and leasehold improvements	5-39	94,924	77,020
Computer equipment and purchased software	3-5	55,627	42,245
Furniture and fixtures	5	19,897	16,661
Transportation equipment	5	447	252
		180,853	144,324
Accumulated depreciation and amortization		(56,585)	(43,212)
Property and equipment, net		$124,268	$101,112

Depreciation expense was $13.4 million during 2016, $9.1 million during 2015, and $7.9 million during 2014.

In 2016, we purchased an office building in Falmouth, Maine, that was previously leased from an entity owned by an executive's father and brother, for approximately $9.7 million, and paid $8.0 million for construction to expand a building in Yarmouth, Maine.

We own office buildings in Bangor, Falmouth and Yarmouth, Maine; Lubbock and Plano, Texas; Troy, Michigan; and Moraine, Ohio. We lease some space in these buildings to third-party tenants. These leases expire between 2017 and 2025 and are expected to provide rental income of approximately $1.6 million during 2017, $1.9 million during 2018, $1.9 million during 2019, $1.7 million during 2020, $1.4 million during 2021, and $5.2 million thereafter. Rental income from third-party tenants was $1.7 million in 2016, $913,000 in 2015, and $945,000 in 2014.

Notes to Consolidated Financial Statements

(4) GOODWILL AND OTHER INTANGIBLE ASSETS

Other intangible assets and related accumulated amortization consists of the following at December 31:

	2016	2015
Gross carrying amount of acquisition intangibles:		
Customer related intangibles	$ 186,231	$181,671
Acquired software	176,096	172,666
Trade name	11,065	10,765
Leases acquired	3,694	3,694
	377,086	368,796
Accumulated amortization	(109,827)	(73,418)
Total intangibles, net	$ 267,259	$295,378

Total amortization expense for intangibles was $36.4 million in 2016, $10.3 million in 2015, and $6.4 million during 2014.

The allocation of acquisition intangible assets is summarized in the following table:

	December 31, 2016			December 31, 2015		
	Gross Carrying Amount	Weighted Average Amortization Period	Accumulated Amortization	Gross Carrying Amount	Weighted Average Amortization Period	Accumulated Amortization
Non-amortizable intangibles:						
Goodwill	$650,237	—	$ —	$653,666	—	$ —
Amortizable intangibles:						
Customer related intangibles	186,231	15 years	51,491	181,671	15 years	38,754
Acquired software	176,096	7 years	55,115	172,666	7 years	32,880
Trade name	11,065	12 years	2,740	10,765	12 years	1,747
Leases acquired	3,694	9 years	481	3,694	9 years	37

The changes in the carrying amount of goodwill for the two years ended December 31, 2016 are as follows:

	Enterprise Software	Appraisal and Tax	Total
Balance as of 12/31/2014	$117,585	$6,557	$124,142
Goodwill acquired during 2015 related to the purchase of NWS	527,618	—	527,618
Goodwill acquired during 2015 related to the purchase of Brazos	1,906	—	1,906
Balance as of 12/31/2015	647,109	6,557	653,666
Goodwill acquired during 2016 related to a small acquisition	3,943	—	3,943
Purchase price adjustments related to NWS acquisition	(7,372)	—	(7,372)
Balance as of 12/31/2016	$643,680	$6,557	$650,237

Notes to Consolidated Financial Statements

Estimated annual amortization expense relating to acquired leases will be recorded as a reduction to hardware and other revenue and is expected to be $442,000 in 2017, $426,000 in 2018, $373,000 in 2019, $314,000 in 2020, $312,000 in 2021 and $1.3 million thereafter. Estimated annual amortization expense relating to acquisition intangibles, including acquired software, for which the amortization expense is recorded as cost of revenues, for the next five years is as follows:

2017	$35,120
2018	34,443
2019	33,107
2020	31,660
2021	31,302

(5) ACCRUED LIABILITIES

Accrued liabilities consist of the following at December 31:

	2016	2015
Accrued wages, bonuses and commissions	$38,996	$32,006
Other accrued liabilities	16,993	17,150
	$55,989	$49,156

(6) REVOLVING LINE OF CREDIT

On November 16, 2015, we entered into a $300.0 million Credit Agreement (the "Credit Facility") with the various lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent. The Credit Facility provides for a revolving credit line of up to $300.0 million, including a $10.0 million sublimit for letters of credit. The Credit Facility matures on November 16, 2020. Borrowings under the Credit Facility may be used for general corporate purposes, including working capital requirements, acquisitions and share repurchases.

Borrowings under the Credit Facility bear interest at a rate of either (1) Wells Fargo Bank's prime rate (subject to certain higher rate determinations) plus a margin of 0.25% to 1.00% or (2) the 30, 60, 90 or 180 day LIBOR rate plus a margin of 1.25% to 2.00%. As of December 31, 2016, our interest rate was 1.96%. The Credit Facility is secured by substantially all our assets. The Credit Facility requires us to maintain certain financial ratios and other financial conditions and prohibits us from making certain investments, advances, cash dividends or loans, and limits incurrence of additional indebtedness and liens. As of December 31, 2016, we were in compliance with those covenants.

As of December 31, 2016, we had $10.0 million in outstanding borrowings and unused borrowing capacity of $287.8 million under the Credit Facility. In addition, as of December 31, 2016, we had two outstanding letters of credit totaling $2.2 million in favor of a client contract and the expansion of an office building in Yarmouth, Maine. Both letters of credit guarantee our performance under each contract and both expire in 2017.

We paid interest of $1.9 million in 2016 and $223,000 in 2015.

Notes to Consolidated Financial Statements

(7) INCOME TAX

The income tax provision (benefit) on income from operations consists of the following:

Years Ended December 31,	2016	2015	2014
Current:			
Federal	$ 41,366	$44,841	$34,504
State	7,023	6,670	4,827
	48,389	51,511	39,331
Deferred	(28,939)	(7,956)	(3,804)
	$ 19,450	$43,555	$35,527

Reconciliation of the U.S. statutory income tax rate to our effective income tax expense rate for operations follows:

Years Ended December 31,	2016	2015	2014
Federal income tax expense at statutory rate	$ 45,257	$37,949	$33,064
State income tax, net of federal income tax benefit	4,807	3,715	2,867
Domestic production activities deduction	(3,947)	(466)	(1,720)
Excess tax benefits related to stock option exercises	(29,582)	—	—
Non-deductible business expenses	2,979	2,414	1,485
Other, net	(64)	(57)	(169)
	$ 19,450	$43,555	$35,527

Due to the adoption of ASU No. 2016-09, federal and state excess tax benefits from stock option exercises for the year ended December 31, 2016 are reflected as a reduction of the provision for income taxes, whereas they were previously accounted for as an increase to shareholders' equity. See Note 1 "Summary of Significant Accounting Policies" for additional information related to this adoption.

The tax effects of the major items recorded as deferred tax assets and liabilities as of December 31 are:

	2016	2015
Deferred income tax assets:		
Operating expenses not currently deductible	$ 18,721	$ 9,953
Stock option and other employee benefit plans	19,665	13,504
Capital loss and credit carryforward	—	179
Total deferred income tax assets	38,386	23,636
Deferred income tax liabilities:		
Intangible assets	(103,754)	(111,653)
Property and equipment	(3,207)	(2,781)
Other	(204)	(228)
Total deferred income tax liabilities	(107,165)	(114,662)
Net deferred income tax liabilities	$ (68,779)	$ (91,026)

Notes to Consolidated Financial Statements

Although realization is not assured, we believe it is more likely than not that all the deferred tax assets will be realized. Accordingly, we believe no valuation allowance is required for the deferred tax assets. However, the amount of the deferred tax asset considered realizable could be adjusted in the future if estimates of reversing taxable temporary differences are revised. There were no unrecognized tax benefits during any of the reported periods.

The Internal Revenue Service ("IRS") is examining our U.S. income tax return for the year 2012. As of February 21, 2017, no significant adjustments have been proposed by any taxing jurisdiction. We are unable to make a reasonable estimate as to when cash settlements, if any, will occur.

We are subject to U.S. federal tax as well as income tax of multiple state and local jurisdictions. We are no longer subject to United States federal income tax or state and local income tax examinations for years before 2011.

We paid income taxes, net of refunds received, of $30.2 million in 2016, $27.3 million in 2015, and $10.2 million in 2014.

(8) SHAREHOLDERS' EQUITY

The following table details activity in our common stock:

	Years Ended December 31,					
	2016		2015		2014	
	Shares	Amount	Shares	Amount	Shares	Amount
Stock option exercises	827	$ 23,527	1,118	$ 23,160	855	$ 14,680
Purchases of common stock	(882)	(112,699)	(5)	(645)	(294)	(22,817)
Employee stock plan purchases	47	6,236	43	4,671	53	4,144
Shares issued for acquisitions	—	—	2,149	364,333	17	1,473

Subsequent to December 31, 2016 and through February 21, 2017, we repurchased 42,000 shares for an aggregate purchase price of $6.2 million. As of February 21, 2017, we had authorization from our board of directors to repurchase up to 2.0 million additional shares of our common stock.

(9) SHARE-BASED COMPENSATION

Share-Based Compensation Plan

We have a stock option plan that provides for the grant of stock options to key employees, directors and non-employee consultants. Stock options generally vest after three to six years of continuous service from the date of grant and have a contractual term of 10 years. Once options become exercisable, the employee can purchase shares of our common stock at the market price on the date we granted the option. We account for share-based compensation utilizing the fair value recognition pursuant to ASC 718, Stock Compensation. During fourth quarter of 2016, we adopted ASU No. 2016-09 "Improvements to Employee Share-Based Payment Accounting," See Note 1 – "Summary of Significant Accounting Policies" for further information.

As of December 31, 2016, there were 2.9 million shares available for future grants under the plan from the 20.0 million shares previously approved by the shareholders.

Notes to Consolidated Financial Statements

Determining Fair Value of Stock Compensation

Valuation and Amortization Method. We estimate the fair value of share-based awards granted using the Black-Scholes option valuation model. We amortize the fair value of all awards on a straight-line basis over the requisite service periods, which are generally the vesting periods.

Expected Life. The expected life of awards granted represents the period of time that they are expected to be outstanding. The expected life represents the weighted-average period the stock options are expected to be outstanding based primarily on the options' vesting terms, remaining contractual life and the employees' expected exercise based on historical patterns.

Expected Volatility. Using the Black-Scholes option valuation model, we estimate the volatility of our common stock at the date of grant based on the historical volatility of our common stock.

Risk-Free Interest Rate. We base the risk-free interest rate used in the Black-Scholes option valuation model on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term equal to the expected life of the award.

Expected Dividend Yield. We have not paid any cash dividends on our common stock in more than ten years and we do not anticipate paying any cash dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero in the Black-Scholes option valuation model.

Expected Forfeitures. We use historical data to estimate pre-vesting option forfeitures. We record share-based compensation only for those awards that are expected to vest.

The following weighted average assumptions were used for options granted:

Years Ended December 31,	2016	2015	2014
Expected life (in years)	6.0	6.0	6.0
Expected volatility	29.3%	28.3%	30.9%
Risk-free interest rate	1.8%	1.7%	1.8%
Expected forfeiture rate	—%	1.7%	3.0%

The following table summarizes share-based compensation expense related to share-based awards which is recorded in the statements of comprehensive income:

Years Ended December 31,	2016	2015	2014
Cost of software services, maintenance and subscriptions	$ 6,548	$ 3,380	$ 2,177
Selling, general and administrative expenses	23,199	16,802	12,642
Total share-based compensation expenses	29,747	20,182	14,819
Tax benefit	(30,059)	(5,986)	(4,237)
Net (decrease) increase in net income	$ (312)	$14,196	$10,582

Adoption of ASU 2016-09 resulted in the recognition of excess tax benefits in our provision for income taxes rather than paid-in capital of $29.6 million for period ended December 31, 2016.

Notes to Consolidated Financial Statements

Stock Option Activity

Options granted, exercised, forfeited and expired are summarized as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2013	5,720	$ 34.66		
Granted	675	94.15		
Exercised	(855)	17.17		
Forfeited	(3)	37.44		
Outstanding at December 31, 2014	5,537	44.61		
Granted	747	145.71		
Exercised	(1,118)	20.71		
Forfeited	(2)	19.61		
Outstanding at December 31, 2015	5,164	64.43		
Granted	846	147.25		
Exercised	(827)	28.43		
Forfeited	(27)	95.33		
Outstanding at December 31, 2016	5,156	83.64	7	$320,924
Exercisable at December 31, 2016	2,311	58.07	6	$198,460

We had unvested options to purchase 2.8 million shares with a weighted average grant date exercise price of $104.91 as of December 31, 2016 and unvested options to purchase 3.1 million shares with a weighted average grant date exercise price of $78.86 as of December 31, 2015. As of December 31, 2016, we had $80.1 million of total unrecognized compensation cost related to unvested options, net of expected forfeitures, which is expected to be amortized over a weighted average amortization period of 3.2 years.

Other information pertaining to option activity was as follows during the twelve months ended December 31:

	2016	2015	2014
Weighted average grant-date fair value of stock options granted	$ 46.89	$ 45.17	$ 31.32
Total intrinsic value of stock options exercised	103,703	149,542	69,768

Employee Stock Purchase Plan

Under our Employee Stock Purchase Plan ("ESPP") participants may contribute up to 15% of their annual compensation to purchase common shares of Tyler. The purchase price of the shares is equal to 85% of the closing price of Tyler shares on the last day of each quarterly offering period. As of December 31, 2016, there were 847,000 shares available for future grants under the ESPP from the 2.0 million shares previously approved by the stockholders.

Notes to Consolidated Financial Statements

(10) EARNINGS PER SHARE

Basic earnings and diluted earnings per share data were computed as follows:

Years Ended December 31,	2016	2015	2014
Numerator for basic and diluted earnings per share:			
Net income	$109,857	$64,869	$58,940
Denominator:			
Weighted-average basic common shares outstanding	36,448	34,137	33,011
Assumed conversion of dilutive securities:			
Stock options	2,513	2,415	2,390
Denominator for diluted earnings per share – Adjusted weighted-average shares	38,961	36,552	35,401
Earnings per common share:			
Basic	$ 3.01	$ 1.90	$ 1.79
Diluted	$ 2.82	$ 1.77	$ 1.66

Stock options representing the right to purchase common stock of 786,000 shares in 2016, 417,000 shares in 2015, and 481,000 shares in 2014 were not included in the computation of diluted earnings per share because their inclusion would have had an anti-dilutive effect. During fourth quarter of 2016, we adopted ASU No. 2016-09 requiring the recognition of excess tax benefits as a component of income tax expense; these benefits were historically recognized in equity. As the standard required a prospective method of adoption, our 2016 net income includes a $29.6 million income tax benefit due to the adoption that did not occur in the comparable periods presented above. In addition, the standard updates the method of calculating diluted shares resulting in the inclusion of 519,000 additional shares in our diluted EPS calculation that is not comparable to the other periods presented. Refer to Note 1 "Summary of Significant Accounting Policies" for further discussion of this new accounting standard.

(11) LEASES

We lease office facilities for use in our operations, as well as transportation, computer and other equipment. Most of our leases are non-cancelable operating lease agreements and they expire at various dates through 2023. In addition to rent, the leases generally require us to pay taxes, maintenance, insurance and certain other operating expenses.

Rent expense was approximately $6.7 million in 2016, $7.2 million in 2015, and $6.7 million in 2014, which included rent expense associated with related party lease agreements of $330,000 in 2016, $1.8 million in 2015, and $1.7 million in 2014.

Future minimum lease payments under all non-cancelable leases at December 31, 2016 are as follows:

Years Ending December 31,	
2017	$ 5,177
2018	4,221
2019	3,556
2020	3,273
2021	2,059
Thereafter	601
Total	$18,887

Notes to Consolidated Financial Statements

(12) EMPLOYEE BENEFIT PLANS

We provide a defined contribution plan for the majority of our employees meeting minimum service requirements. The employees can contribute up to 30% of their current compensation to the plan subject to certain statutory limitations. We contribute up to a maximum of 3% of an employee's compensation to the plan. We made contributions to the plan and charged operating results $6.9 million during 2016, $5.3 million during 2015, and $4.3 million during 2014.

(13) COMMITMENTS AND CONTINGENCIES

Other than routine litigation incidental to our business, there are no material legal proceedings pending to which we are party or to which any of our properties are subject.

(14) SEGMENT AND RELATED INFORMATION

We are a major provider of integrated information management solutions and services for the public sector, with a focus on local and state governments.

We provide our software systems and services and appraisal services through four business units, which focus on the following products:

- Financial management, education and planning, regulatory and maintenance software solutions
- Financial management, municipal courts, and land and vital records management software solutions
- Courts and justice and public safety software solutions
- Appraisal and tax software solutions and property appraisal services

In accordance with ASC 280-10, Segment Reporting, the financial management, education and planning, regulatory and maintenance software solutions unit; financial management, municipal courts and land and vital records management software solutions unit; and the courts and justice and public safety software solutions unit meet the criteria for aggregation and are presented in one reportable segment, Enterprise Software ("ES"). The ES segment provides municipal and county governments and schools with software systems and services to meet their information technology and automation needs for mission-critical "back-office" functions such as financial management and courts and justice and public safety processes. The Appraisal and Tax ("A&T") segment provides systems and software that automate the appraisal and assessment of real and personal property as well as property appraisal outsourcing services for local governments and taxing authorities. Property appraisal outsourcing services include: the physical inspection of commercial and residential properties; data collection and processing; computer analysis for property valuation; preparation of tax rolls; community education; and arbitration between taxpayers and the assessing jurisdiction.

We evaluate performance based on several factors, of which the primary financial measure is business segment operating income. We define segment operating income for our business units as income before noncash amortization of intangible assets associated with their acquisition, interest expense and income taxes. Segment operating income includes intercompany transactions. The majority of intercompany transactions relate to contracts involving more than one unit and are valued based on the contractual arrangement. Segment operating income for corporate primarily consists of compensation costs for the executive management team and certain accounting and administrative staff and share-based compensation expense for the entire company. Corporate segment operating income also includes revenues and expenses related to a company-wide user conference. The accounting policies of the reportable segments are the same as those described in Note 1, "Summary of Significant Accounting Policies."

Segment assets include net accounts receivable, prepaid expenses and other current assets and net property and equipment. Corporate assets consist of cash and investments, prepaid insurance, intangibles associated with acquisitions, deferred income taxes and net property and equipment mainly related to unallocated information and technology assets.

Notes to Consolidated Financial Statements

ES segment capital expenditures in 2016 included $17.7 million for the expansion of an existing building and purchase of a building and land.

As of the Year Ended December 31, 2016	Enterprise Software	Appraisal and Tax	Corporate	Totals
Revenues				
Software licenses and royalties	$ 68,844	$ 5,462	$ —	$ 74,306
Subscriptions	135,516	7,188	—	142,704
Software services	158,478	16,326	—	174,804
Maintenance	304,380	18,589	—	322,969
Appraisal services	—	26,287	—	26,287
Hardware and other	11,942	16	3,015	14,973
Intercompany	6,742	—	(6,742)	—
Total revenues	$685,902	$73,868	$ (3,727)	$ 756,043
Depreciation and amortization expense	43,962	984	5,355	50,301
Segment operating income	190,817	18,286	(41,832)	167,271
Capital expenditures	23,843	1,432	11,448	36,723
Segment assets	$295,260	$31,769	$1,030,916	$1,357,945

As of the Year Ended December 31, 2015	Enterprise Software	Appraisal and Tax	Corporate	Totals
Revenues				
Software licenses and royalties	$ 54,376	$ 4,632	$ —	$ 59,008
Subscriptions	107,090	4,843	—	111,933
Software services	129,068	10,784	—	139,852
Maintenance	227,586	17,951	—	245,537
Appraisal services	—	25,065	—	25,065
Hardware and other	6,935	12	2,680	9,627
Intercompany	4,025	—	(4,025)	—
Total revenues	$529,080	$63,287	$ (1,345)	$ 591,022
Depreciation and amortization expense	15,413	867	3,294	19,574
Segment operating income	141,401	15,477	(38,490)	118,388
Capital expenditures	6,112	646	6,746	13,504
Segment assets	$265,877	$22,283	$1,068,410	$1,356,570

As of the Year Ended December 31, 2014	Enterprise Software	Appraisal and Tax	Corporate	Totals
Revenues				
Software licenses and royalties	$ 46,047	$ 3,018	$ —	$ 49,065
Subscriptions	84,322	3,526	—	87,848
Software services	104,146	9,675	—	113,821
Maintenance	195,881	16,815	—	212,696
Appraisal services	—	21,802	—	21,802
Hardware and other	5,398	11	2,460	7,869
Intercompany	2,812	—	(2,812)	—
Total revenues	$438,606	$54,847	$ (352)	$ 493,101
Depreciation and amortization expense	11,140	866	2,599	14,605
Segment operating income	114,993	11,603	(25,370)	101,226
Capital expenditures	3,644	359	5,446	9,449
Segment assets	$170,369	$16,463	$ 382,980	$ 569,812

Notes to Consolidated Financial Statements

Reconciliation of reportable segment operating income to the Company's consolidated totals:	2016	2015	2014
	Years Ended December 31,		
Total segment operating income	$167,271	$118,388	$101,226
Amortization of acquired software	(22,235)	(4,440)	(1,858)
Amortization of customer and trade name intangibles	(13,731)	(5,905)	(4,546)
Other (expense) income, net	(1,998)	381	(355)
Income before income taxes	$129,307	$108,424	$ 94,467

(15) QUARTERLY FINANCIAL INFORMATION (unaudited)

The following table contains selected financial information from unaudited statements of income for each quarter of 2016 and 2015.

	Quarters Ended							
	2016				2015			
	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31[b]	Sept. 30	June 30	Mar. 31
Revenues	$193,281	$194,497	$188,972	$179,293	$158,916	$150,845	$146,295	$134,966
Gross profit	92,817	93,480	86,936	82,118	73,222	71,833	68,253	63,879
Income before income taxes [a]	35,119	36,419	30,195	27,574	19,540	31,744	29,781	27,359
Net income [a]	31,196	35,430	25,007	18,224	8,618	20,142	18,836	17,273
Earnings per diluted share	$ 0.80	$ 0.91	$ 0.65	$ 0.47	$ 0.23	$ 0.55	$ 0.52	$ 0.48
Shares used in computing diluted earnings per share [a]	38,975	39,062	38,738	39,071	37,864	36,349	36,097	35,895

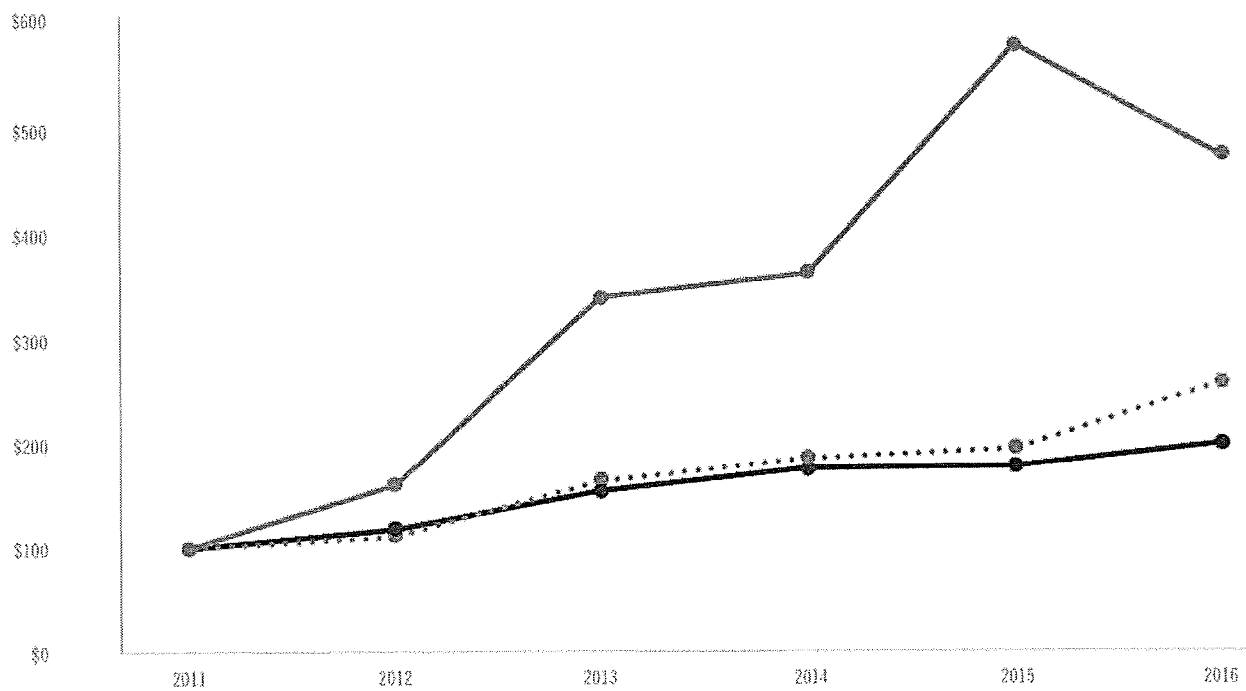
(a) During fourth quarter 2016, we adopted ASU No. 2016-09 requiring the recognition of excess tax benefits as a component of income tax expense; these benefits were historically recognized in equity. As the standard required a prospective method of adoption, our fourth quarter 2016 net income includes a $9.2 million income tax benefit due to the adoption that did not occur in the comparable prior year periods presented above. The three months ended March 31, June 30, and September 30, 2016, respectively, have been adjusted for the newly adopted standard. Refer to Note 1 "Summary of Significant Accounting Policies" for further discussion of this new accounting standard.

(b) Operating results for the three months ended December 31, 2015, include $5.9 million for financial advisory, legal, accounting, due diligence, valuation and other expenses necessary to complete the NWS acquisition as well as $3.5 million amortization expense related to NWS acquisition intangibles.

Performance Graph

The following table compares total shareholder returns for Tyler over the last five years to the Standard and Poor's 500 Stock Index and the Standard and Poor's 600 Information Technology Index assuming a $100 investment made on December 31, 2011. Each of the three measures of cumulative total return assumes reinvestment of dividends. The stock performance shown on the graph below is not necessarily indicative of future price performance.

COMPARISON OF CUMULATIVE FIVE YEAR TOTAL RETURN



	100	160.88	339.19	363.47	578.94	474.16
	100	116.00	153.57	174.60	177.01	198.18
	100	112.02	162.33	183.91	192.46	257.61

Tyler Technologies, Inc.
S&P 500 Stock Index
S&P 600 Information Technology

STOCKHOLDER INFORMATION

CORPORATE OFFICERS
John S. Marr Jr.
Chairman of the Board
Chief Executive Officer

H. Lynn Moore Jr.
President

Brian K. Miller
Executive Vice President
Chief Financial Officer and Treasurer

Matthew B. Bieri
Chief Information Officer

S. Brett Cate
Chief Sales Officer

Samantha B. Crosby
Chief Marketing Officer

Abigail M. Diaz
Chief Legal Officer and Secretary

Bruce E. Graham
Chief Strategy Officer

Jeffrey S. Green
Chief Technology Officer

Robert J. Sansone
Chief Human Resources Officer

W. Michael Smith
Chief Accounting Officer

BOARD OF DIRECTORS
John S. Marr Jr.[1]
Chairman of the Board
Chief Executive Officer
Tyler Technologies, Inc.

Donald R. Brattain[2,4]
President
Brattain and Associates, LLC

Glenn A. Carter[3,4]
Retired Chief Executive Officer
DataProse, Inc.

Brenda A. Cline[2,3]
Executive Vice President
Kimbell Art Foundation

J. Luther King Jr.[2,4]
Chief Executive Officer
Luther King Capital Management

Larry D. Leinweber
President
The Ascent Group

Daniel M. Pope[3]
Mayor
City of Lubbock, Texas

Dustin R. Womble[1]
Retired Executive Vice President
Tyler Technologies, Inc.

John M. Yeaman[1]
Retired Chairman of the Board
Tyler Technologies, Inc.

[1] *Executive Committee*
[2] *Audit Committee*
[3] *Nominating and Governance Committee*
[4] *Compensation Committee*

OPERATIONAL LEADERSHIP

ENTERPRISE GROUP
Andrew D. Teed
President
Enterprise Group
Appraisal & Tax Division

Christopher P. Hepburn
President
ERP & School Division

Dane L. Womble
President
Local Government Division

JUSTICE GROUP
D. Bret Dixon
President
Justice Group

Bruce E. Graham
President
Courts & Justice Division

Greg T. Sebastian
President
Public Safety Division

CORPORATE HEADQUARTERS
5101 Tennyson Parkway
Plano, Texas 75024
972.713.3700
www.tylertech.com

TRANSFER AGENT AND REGISTRAR
American Stock Transfer & Trust Company
59 Maiden Lane
Plaza Level
New York, New York 10038
800.937.5449
718.236.2641 fax
www.amstock.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ernst & Young LLP
Dallas, Texas

ANNUAL MEETING OF STOCKHOLDERS
Wednesday, May 10, 2017
9:30 a.m. Central Time
The Park Cities Hilton Hotel
5954 Luther Lane
Dallas, Texas 75225

CERTIFICATIONS
We submitted an unqualified Annual CEO Certification to the New York Stock Exchange (NYSE) as required by the NYSE Listed Company rules. We also filed with the Securities and Exchange Commission the Chief Executive Officer and Chief Financial Officer certifications required under Section 302 of the Sarbanes-Oxley Act as exhibits to our Annual Report on Form 10-K.

INVESTOR INFORMATION
Our annual report on Form 10-K is available on the company's website at www.tylertech.com.

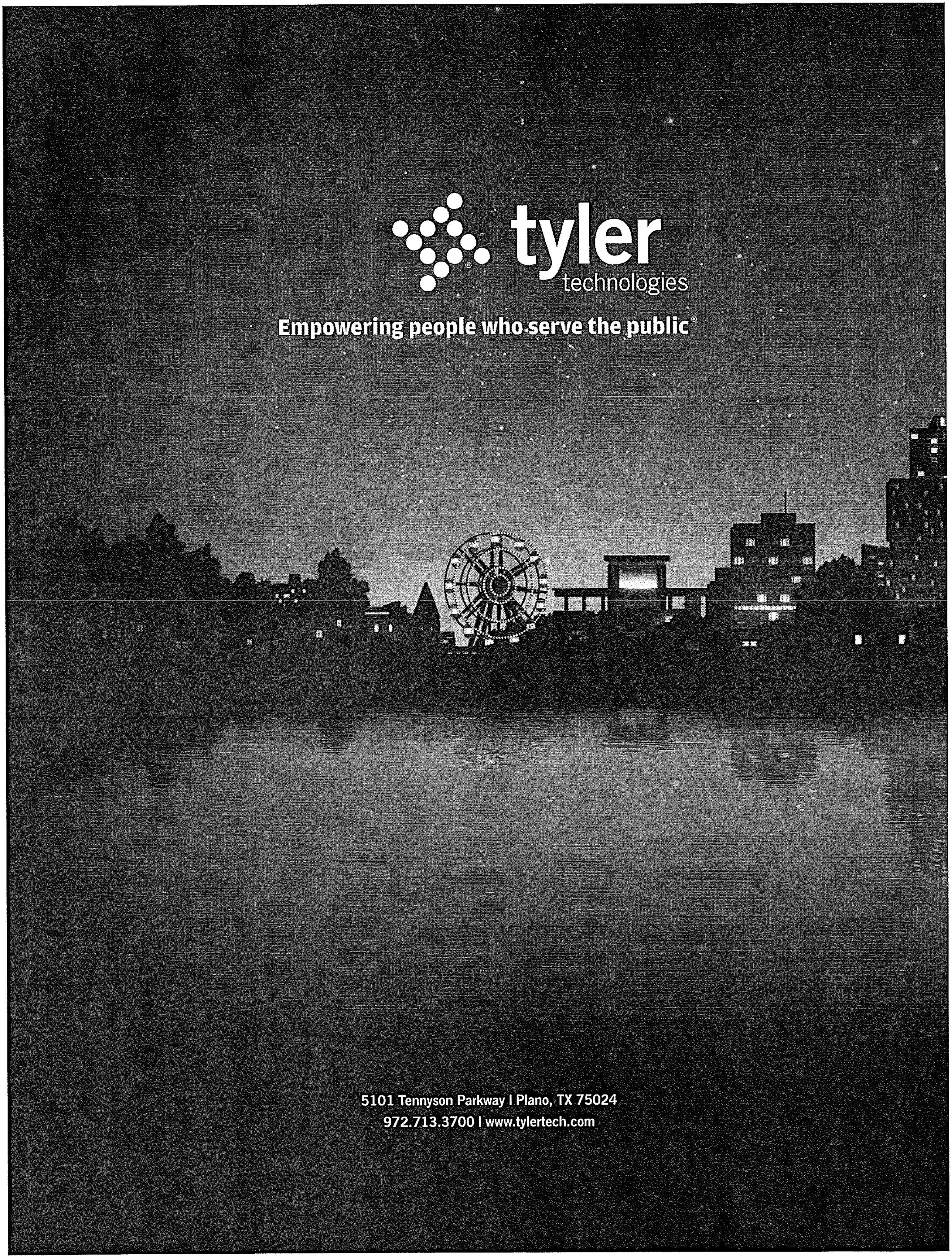
A copy of the Form 10-K or other information may also be obtained by contacting the Investor Relations Department at corporate headquarters.

INVESTOR RELATIONS
972.713.3714
info@tylertech.com

COMMON STOCK
Listed on the New York Stock Exchange under the symbol "TYL"

TYL LISTED NYSE

MIX Paper from responsible sources FSC FSC® C007801


tyler
technologies
Empowering people who serve the public®
5101 Tennyson Parkway I Plano, TX 75024
972.713.3700 I www.tylertech.com

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 11/17/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Hays Companies
133 Federal Street, 2nd Floor
Boston MA 02110

CONTACT NAME: Moira Crosby
PHONE (A/C, No, Ext):
FAX (A/C, No):
E-MAIL ADDRESS: mcrosby@hayscompanies.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Atlantic Specialty Insurance	27154
INSURER B : Trumbull Insurance Company	27120
INSURER C : Lloyds of London Syndicates	37090
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Tyler Technologies, Inc.
Apprasaisal and Tax Division
5101 Tennyson Parkway
Plano TX 75024

COVERAGES

CERTIFICATE NUMBER: 11.17.16-3.1.17 GL, Auto,

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; X OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY; PRO-JECT; LOC; OTHER:			711013784-0003	3/1/2016	3/1/2017	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,00(
							PRODUCTS - COMP/OP AGG	$ 2,000,00(
								$
A	AUTOMOBILE LIABILITY; X ANY AUTO; ALL OWNED AUTOS; SCHEDULED AUTOS; X HIRED AUTOS; X NON-OWNED AUTOS			711013784-0003	3/1/2016	3/1/2017	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,00
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
A	X UMBRELLA LIAB; X OCCUR; EXCESS LIAB; CLAIMS-MADE; DED; RETENTION $			711013784-0003	3/1/2016	3/1/2017	EACH OCCURRENCE	$ 15,000,0
							AGGREGATE	$ 15,000,0
								$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N; ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH); If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		711013784-0003	3/1/2016	3/1/2017	X PER STATUTE; OTH-ER	
							E.L. EACH ACCIDENT	$ 1,000,(
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,!
							E.L. DISEASE - POLICY LIMIT	$ 1,000,
B				08WEEI2592	3/1/2016	3/1/2017		
C	Professional Liability			B0621PTYLE000216	11/17/2016	11/17/2017	Occurence Limit	$20,000,
C	Professional Liability			B0621PTYLE000216	11/17/2016	11/17/2017	Aggregate Limit	$20,000,

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Town of Natick is Additional Insured as respects general liability where required by written contract.

CERTIFICATE HOLDER

Town of Natick
Natick Town Hall
13 East Central Avenue
Natick, MA 01760

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERE ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
James Hays/MCROSB

ACORD 25 (2014/01)
INS025 (201401)

CERTIFICATE OF LIABILITY INSURANCE

ACORD®

DATE (MM/DD/YYYY): 11/17/2016

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PRODUCER
Hays Companies
133 Federal Street, 2nd Floor
Boston MA 02110

CONTACT NAME: Moira Crosby
PHONE (A/C, No, Ext):
FAX (A/C, No):
E-MAIL ADDRESS: mcrosby@hayscompanies.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Atlantic Specialty Insurance	27154
INSURER B : Trumbull Insurance Company	27120
INSURER C : Lloyds of London Syndicates	37090
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Tyler Technologies, Inc.
Appraisal and Tax Division
5101 Tennyson Parkway
Plano TX 75024

COVERAGES

CERTIFICATE NUMBER: 11.1.16-3.1.17 GL, Auto,
REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; X OCCUR			711013784-0003	3/1/2016	3/1/2017	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY; PRO-JECT; LOC						GENERAL AGGREGATE	$ 2,000,000
	OTHER:						PRODUCTS - COMP/OP AGG	$ 2,000,000
								$
A	AUTOMOBILE LIABILITY: X ANY AUTO; ALL OWNED AUTOS; SCHEDULED AUTOS; X HIRED AUTOS; X NON-OWNED AUTOS			711013784-0003	3/1/2016	3/1/2017	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
A	X UMBRELLA LIAB; OCCUR; EXCESS LIAB; CLAIMS-MADE; DED; RETENTION $			711013784-0003	3/1/2016	3/1/2017	EACH OCCURRENCE	$ 15,000,000
							AGGREGATE	$ 15,000,000
								$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N; ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH); If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		08WEEI2592	3/1/2016	3/1/2017	X PER STATUTE; OTH-ER	
							E.L. EACH ACCIDENT	$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
C	Professional Liability			B0621PTYLE000216	11/17/2016	11/17/2017	Occurence Limit	$20,000,000
C	Professional Liability			B0621PTYLE000216	11/17/2016	11/17/2017	Aggregate Limit	$20,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Town of Natick is Additional Insured as respects general liability where required by written contract.

CERTIFICATE HOLDER
Town of Natick
Natick Town Hall
13 East Central Avenue
Natick, MA 01760

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
James Hays/MCROSB

Town of Natick
Natick, Massachusetts

INVITATION FOR BIDS

FOR

SERVICES RELATED TO THE PROVISION OF STREET-LEVEL IMAGING FOR PROPERTIES IN THE TOWN OF NATICK

August 14, 2017

BIDS DUE:

Tuesday, August 29, 2017 2:00 P.M. LOCAL TIME
Late Bids Will Be Rejected

DELIVER COMPLETED BIDS TO:

Procurement Officer
Natick Public Works
75 West Street
Natick, MA 01760
Phone: 508-647-6438

NOTICE TO BIDDERS

Pursuant to Chapter 30B of the Massachusetts General Laws (M.G.L. c. 30B), the Town of Natick, Natick Town Hall, 13 East Central Street, Natick, MA 01760 ("the Town"), acting through the Natick Board of Selectmen, invites the submission of sealed Bids for services related to the provision of street-level imaging for properties in the Town of Natick. The Invitation for Bids ("IFB") may be obtained from the Procurement Office, Natick Public Works, 75 West Street, Natick, MA 01760, between 8:00 A.M. and 4:00 P.M. local time, Monday through Thursday, and between 8:00 A.M. and 12:00 P.M. (noon) local time, Friday, beginning on August 14, 2017. No Pre-Bid Conference will be held. Sealed Bids, contained in sealed envelopes marked "IFB: Provision of Street-Level Imaging for Properties in the Town of Natick –Bid" will be received until **2:00 P.M. local time, Tuesday, August 29, 2017,** at the Procurement Office, 75 West Street, Natick, MA 01760, at which time and place all Bids will be opened. If the Procurement Office is closed due to weather or other emergency, the deadline for receipt of Bids will be extended until the same time on the next business day that the Procurement Office is open. All Bids shall comply with the IFB issued by the Town of Natick, including, without limitation, Section 1, Instructions to Bidders, and Bid Submission Requirements. The Town reserves the right to waive any informality in or to reject any, any part of, or all Bids in the best interest of the Town. Any Bid submitted will be binding for thirty (30) days subsequent to the deadline date for receipt of sealed Bids.

I. INTRODUCTION

The Town of Natick, Natick Town Hall, 13 East Central Street, Natick, MA 01760 (hereinafter "the Town") invites sealed Bids from firms/entities/persons for services related to the provision of street-level imaging for properties in the Town of Natick. For a full description of such services, please refer to Section 3 of the Invitation for Bids ("IFB").

Copies of the IFB may be obtained from the Procurement Office, Natick Public Works, 75 West Street, Natick, MA 01760, between 8:00 A.M. and 4:00 P.M. local time, Monday through Thursday, and between 8:00 A.M. and 12:00 P.M. (noon) local time, Friday, beginning on August 14, 2017.

No formal Pre-Bid Conference will be held.

Questions regarding this IFB shall be submitted in writing and shall be delivered to the Procurement Office by the close of business (4:00 P.M. local time, Monday through Thursday, and 12:00 P.M. (noon) local time, Friday) on August 21, 2017. Questions presented after this time shall not be considered. No question shall be considered which is not submitted in writing. Any questions requiring consideration shall be answered in an addendum delivered to all registered Bidders.

Sealed Bids, contained in sealed envelopes marked, "IFB: Provision of Street-Level Imaging for Properties in the Town of Natick" will be received until **2:00 P.M. local time, Tuesday, August 29, 2017**, at this address:

Procurement Office
Natick Public Works
75 West Street
Natick, MA 01760.

Each Bidder's name, address and contact phone number shall be clearly visible from the outside of each sealed envelope. The clock in the Procurement Office in the Natick Town Hall shall be considered official. No late Bids shall be accepted. No faxed Bids shall be accepted. Conditional Bids will not be accepted. If the Procurement Office is closed due to weather or other emergency, the deadline for receipt of Bids will be extended until the same time on the next business day that the Procurement Office is open.

Each Bid shall be submitted in accordance with the Submission Requirements in order to be considered for award. Any Bid submitted shall be binding for thirty (30) days subsequent to the time of the opening of Bids.

The Town **will not** reimburse Bidders for any costs incurred in preparing Bids in response to this IFB.

Submission of a Bid shall be conclusive evidence that the Bidder has examined this IFB and is familiar with all the conditions of any contract awarded by the Town. Upon finding any omissions or discrepancy in this IFB, each Bidder shall notify the Town immediately so that any necessary addenda may be issued. Failure of a Bidder to investigate completely the IFB and/or to be thoroughly familiar with this IFB shall in no way relieve any such Bidder from any obligation with respect to the Bid.

By submission of a Bid, the Bidder agrees that if its Bid is accepted, then it shall enter into a Contract with the Town which incorporates all of the requirements of this IFB. By submission of a Bid, the Bidder further indicates acceptance of all terms and conditions of this IFB.

Changes, modifications or withdrawal of Bids shall be submitted in writing to the Town prior to the deadline and shall be contained in a sealed envelope clearly marked, as appropriate, "CORRECTION, MODIFICATION OR WITHDRAWAL OF SEALED BID FOR SERVICES RELATED TO THE PROVISION OF STREET-LEVEL IMAGING FOR PROPERTIES IN THE TOWN OF NATICK - BID" No corrections, modifications, or withdrawal of Bids shall be permitted after Bids have been opened.

For further information, please refer to the succeeding sections, with which each Bidder shall comply in submitting a Bid.

II. PRE-BID CONFERENCE/QUESTIONS

No Pre-Bid Conference will be held.

Questions concerning this IFB or its conditions may be addressed to:

Procurement Officer
Natick Town Hall
13 East Central Street
Natick, MA 01760.

Questions regarding this IFB shall be submitted in writing and shall be delivered to the Procurement Office by the close of business (4:00 P.M.) on August 21, 2017. Questions may also be submitted to the Procurement Officer's attention at the following email address: bleblanc@natickma.org. Questions presented after this time shall not be considered. No question shall be considered which is not submitted in writing. Any questions requiring consideration shall be answered in an addendum delivered to all Bidders.

III. BACKGROUND

The Town of Natick, Natick Town Hall, 13 East Central Street, Natick, MA 01760 (hereinafter "the Town") invites sealed Bids from firms/entities/persons for services related to the provision of street-level imaging for properties in the Town of Natick. The term any contract awarded by the Town shall be for one (1) year, commencing as the execution date above and ending one (1) year later.

A. Scope of Services

The Successful Bidder shall perform the following tasks with respect to imaging:

The Successful Bidder shall provide street level photography for all parcels in the Town of Natick, with the exception of condominium complexes over 10 units. Such parcels included, however, shall include exempt parcels and municipal parcels. Total parcel count is estimated at 11,910 properties.

The Successful Bidder shall capture detailed street-level images in a non-panorama, straight-on shot manner. It shall review all records provided by the Town of Natick prior to performing all work. It shall verify all addresses, property characteristics and shall geo-code property improvement locations.

The Successful bidder shall provide images that meet or exceed the International Association of Assessing Officers (IAAO Mass Appraisal Standard 3.3.5. A copy of this standard is attached hereto and incorporated herein by reference.

All images shall be provided with multiple zoom lens, professional grade cameras.
The Successful Bidder shall take as many images as necessary to depict the property. The Successful Bidder shall permanently label each image in the field with property identifying markers.

All images shall be compatible with the Town's Tyler/CLT computer-assisted mass appraisal (CAMA) system and uploaded into the system by the bidder.

All work shall be commenced by October 1, 2017, and shall be completed no later than December 1, 2017.

B. Successful Bidder's Personnel

The Successful Bidder shall be responsible for any training of his/her/its personnel. The Successful Bidder's personnel shall be adequately trained by the Successful Bidder, shall meet the requirements of this IFB, and shall be of good moral character. All of the Successful Bidder's employees assigned to the sites shall pass Criminal Offender Record Information screening.

The Successful Bidder shall provide the Town with the following information:

1. Name, business address, telephone, and cell phone numbers of the president and foreman.

2. Name, address, and telephone number of all employees assigned to the sites. The Successful Bidder will update this list whenever there is a change in personnel.

The Successful Bidder shall provide services as an independent contractor with the Town and the Successful Bidder and his/her/its employees shall not be entitled to receive any benefits of employment with the Town, including without limitation salary, overtime, vacation pay, holiday pay, health insurance, life insurance, pension or deferred compensation.

IV. BID SUBMISSION REQUIREMENTS

Each Bidder shall submit the following with his/her/its Bid:

1) A fully executed Bid Form (Attachment A) (which shall include certification of the following:

A. Bidder holds all applicable State and Federal permits, licenses and approvals. (Bidder shall attach to the Bid Form copies of all applicable State and Federal permits, licenses, and approvals.)

B. Bidder holds all applicable documentation and Insurance in accordance with this Invitation for Bids. (Bidder shall attach to the Bid Form copies of relevant insurance certificates hereto. Nothing in this provision, however, shall eliminate the requirement that the Bidder, if chosen as the Successful Bidder, shall submit to the Town an endorsement or a rider in compliance with the Contract.)

C. Bidder is registered with the Secretary of the Commonwealth of Massachusetts to do business in Massachusetts. (Bidder shall attach to the Bid Form a copy of a Letter of Good Standing from the Secretary of the Commonwealth's Office.)

D. Bidder has not failed to perform satisfactorily on contracts of a similar nature.

E. Bidder possesses the skill, ability and integrity necessary for the faithful performance of services under any contract with the Town. Each Bidder shall demonstrate that it is an established business with a minimum of five (5) years' experience in providing services of the type to be rendered in any contract pursuant to this IFB. Bidder's verifiable experience record shall be acceptable to the Town. (Bidder shall attach to the Bid Form a short statement of the status of the business, the year of incorporation/commencement, a list of any name changes, and a list of any lawsuits pending against it. Consultant shall have a valid driver's license and all insurance specified in the contract attached to and incorporated in the IFB.

F. Bidder provides supervision of all workers performing under all contracts held and pledges to provide such supervision under any contract awarded by the Town.

G. Bidder has adequate personnel and equipment to perform the work expeditiously.

2) A fully executed Certificate of Non-Collusion (Attachment B).
3) A fully executed Certificate of Tax Compliance (M.G.L., c.62C, §49A) (Attachment C).
3) A fully executed Conflict of Interest Certification (M.G.L. c.268A) (Attachment D).
4) A fully executed Certificate of Corporate Bidder (Attachment E).
5) A fully executed Certificate of Compliance with M.G.L. c. 151B (Attachment F).
6) A fully executed Certificate of Non-Debarment (Attachment G).
7) A certificate of insurability from an insurance company that is licensed to do business in the Commonwealth of Massachusetts indicating that all the provisions of the specifications can be met, shall be submitted with the Bid documents.
8) A statement of business experience and references.

V. SELECTION CRITERIA

In order to be considered a responsible and responsive Bidder, a Bidder shall comply with the Bid Submission Requirements set forth in Section IV(1) above.

VI. BID SUBMISSION

Five (5) copies of the Bid, together with one (1) copy in electronic format, shall be submitted by 2:00 P.M. local time, Tuesday, August 29, 2017, to this address:

Town of Natick
Procurement Officer
Natick Public Works
75 West Street
Natick, MA 01760.

After this time they will be opened in confidence. **Bids received after that date and time will be rejected.**

VII. SELECTION PROCESS AND AWARD

Bids submitted to the Town prior to the deadline will be reviewed by the Procurement Officer to determine compliance with the foregoing Bid Submission Requirements and this Invitation for Bids.

Nothing in this Invitation for Bids will compel the Town to award a Contract. The Town may cancel this Invitation for Bids, may waive, to the extent allowed by law, any informalities, and may reject any and all Bids, if the Town, in its sole discretion, determines said action to be in the best interest of the Town. The Town may reject as non-responsive any Bid that fails to satisfy any of the Bid Submission Requirements.)

No person or firm debarred, suspended, or otherwise prohibited from practice by any federal, state, or local agency shall be awarded a Contract.

The Successful Bidder shall provide certification of insurance coverage and shall be required to indemnify and hold the Town harmless (see below for more information).

The Successful Bidder shall be required to execute a Contract in a form of the attached document. The Successful Bidder shall, within ten (10) days after presentation thereof by the Town, execute a Contract in accordance with the terms of this Invitation for Bids.

VIII. COMPLIANCE WITH LAWS

The Successful Bidder shall comply with all provisions of Federal, Massachusetts and Town of Natick law applicable to his work including, without limitation, statutes, by-laws, rules, regulations, orders and directives, as amended, and including, without limitation, the Williams-Steiger Occupational Safety and Health Act, as amended, and related regulations, as amended, in effect throughout the term of this Lease and any extension or renewal thereof. Without limitation, the Successful Bidder shall comply, to the extent applicable, with the provisions of Chapter 149, Section 26 to 27D of the Massachusetts General Laws (M.G.L.), as amended. Any Contract shall be considered to include in their entirety all terms respecting workers' compensation insurance and other terms required to be included in it by Chapter 152 of the Massachusetts General Laws, as amended, and any other laws, as though such terms were set forth in their entirety herein.

IX. INSURANCE

The Successful Bidder shall keep in force throughout the term of any contract awarded by the Town and any extension or renewal thereof the amount of insurance described in the Contract which is a part of this IFB and is incorporated herein by reference. Without limitation of other requirements of this IFB, no Contract shall be entered into by the parties unless the successful Bidder complies with all applicable insurance requirements, including, without limitation, the requirement to submit endorsements or riders which include the required language concerning notice of cancellation or amendment of any and all insurance policies required under the Contract, and which include the required language mandating that the Town shall be named as an additional insured on the required policies of commercial general liability insurance, automobile liability insurance, and excess liability insurance, umbrella form.

X. INDEMNIFICATION

The Successful Bidder shall assume the indemnification responsibilities described in the Contract which is a part of this IFB and is incorporated herein by reference.

XI. PERFORMANCE BOND REQUIREMENTS

DELETED – NOT APPLICABLE

XII. LABOR AND MATERIALS PAYMENT BOND REQUIREMENTS

DELETED – NOT APPLICABLE

XIII. CRIMINAL BACKGROUND SCREENING

For each employee of the Successful Bidder who is performing services under any Contract with the Town, the Successful Bidder shall, subject to its confidentiality and privacy obligations owing to its employees and third parties, provide a written confirmation to the Town that such employee passed the Successful Bidder's pre-employment criminal background screen. In the event that any employee refuses to permit the Successful Bidder to provide such information to the Town, the Successful Bidder shall not assign such employee to perform services for the Town, and such employee shall not be authorized to perform services for the Town. The Town shall be permitted to keep such information in its files.

XIV. USE OF ALCOHOL AND CONTROLLED SUBSTANCES PROHIBITED

The use of alcoholic beverages, narcotics, and mood altering substances, except for current valid, legal prescriptions, by any officer, employee, agent, or representative of the Successful Bidder is prohibited on Town of Natick property which is the subject matter of this IFB and during all hours of work under any contract with the Town. If any officer, employee, agent, or representative of the Successful Bidder violates the foregoing provision, the Town shall have the right to order that such officer, employee, agent, or representative of the Successful Bidder shall not be permitted to return to work under any contract with the Town. Under such circumstances, the Successful Bidder shall promptly remove the subject officer, employee, agent, or representative from the job site and shall not permit the subject officer, employee, agent, or representative to perform further work in conjunction with any contract with the Town.

XV. NO SMOKING/USE OF TOBACCO PRODUCTS

Pursuant to M.G.L. c. 270, §22, the Commonwealth of Massachusetts Smokefree Workplace Law, the Successful Bidder, its officers, employees, agents, and representatives shall refrain from smoking and from using tobacco products in any public building.

XVI. INDEX OF ATTACHMENTS

Attachment A - Bid Form
Attachment B - Certificate of Non-Collusion
Attachment C - Certificate of Tax Compliance (M.G.L., c.62C, §49A)
Attachment D - Conflict of Interest Certification (M.G.L. c.268A).
Attachment E - Certificate of Corporate Bidder
Attachment F - Certificate of Compliance with M.G.L. c. 151B
Attachment G - Certificate of Non-Debarment
Attachment H – Contract

ATTACHMENT A
TOWN OF NATICK
BID FORM
(To be submitted in Envelope B)

(3 pages)

The undersigned hereby submits a sealed Bid for services related to the provision of street-level imaging for properties in the Town of Natick

Printed Name of Bidder:

____

Address: ____

____

____

The Bidder hereby pledges to deliver the complete scope of services required, for the price shown below:

TOTAL COST __________________dollars and ________ cents ($____________.__).

In the event of a discrepancy between words and numbers the price stated in words shall govern.

Bidder acknowledges receipt of addenda numbers _______________.
(Write out in both words and numbers.)

The Bidder certifies as follows:

A. Bidder holds all applicable State and Federal permits, licenses and approvals. (Bidder shall attach to the Bid Form copies of all applicable State and Federal permits, licenses, and approvals.)

B. Bidder holds all applicable documentation and Insurance in accordance with this Invitation for Bids. (Bidder shall attach to the Bid Form copies of relevant insurance certificates hereto. Nothing in this provision, however, shall eliminate the requirement that the Bidder, if chosen as the Successful Bidder, shall submit to the Town an endorsement or a rider in compliance with the Contract.)

C. Bidder is registered with the Secretary of the Commonwealth of Massachusetts to do business in Massachusetts. (Bidder shall attach to the Bid Form a copy of a Letter of Good Standing from the Secretary of the Commonwealth's Office.)

D. Bidder has not failed to perform satisfactorily on contracts of a similar nature.

E. Bidder possesses the skill, ability and integrity necessary for the faithful performance of services under any contract with the Town. Each Bidder shall demonstrate that it is an established business with a minimum of five (5) years' experience in providing services of the type to be rendered in any contract pursuant to this IFB. Bidder's verifiable experience record shall be acceptable to the Town. (Bidder shall attach to the Bid Form a short statement of the status of the business, the year of incorporation/commencement, a list of any name changes, and a list of any lawsuits pending against it. Consultant shall have a valid driver's license and all insurance specified in the contract attached to and incorporated in the IFB.

F. Bidder provides supervision of all workers performing under all contracts held and pledges to provide such supervision under any contract awarded by the Town.

G. Bidder has adequate personnel and equipment to perform the work expeditiously.

The award of any contract pursuant to this IFB shall be subject to appropriation by Natick Town Meeting.

The undersigned agrees that all Bid specifications and Contract specifications are hereto made part of any Contract executed with the Town and are binding on the Successful Bidder.

____
Authorized Signature

____
Printed Name

____
Printed Title

____
Date

Full Legal Name ______________________

Officers of Corporation and Addresses

____

____

____

____

State of Incorporation______________________

Principal Place of Business ______________________

Tel. ____

Qualified in Massachusetts Yes________ No_______

Principal Place of Business in MA________________________________

Tel. ____

TOWN OF NATICK

ATTACHMENT B
CERTIFICATE OF NON-COLLUSION

The undersigned certifies, under penalties of perjury, that this Bid has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club or other organization, entity, or group of individuals.

____
Name of Bidder

____
Address of Bidder

____

____
Telephone Number____________

By: __________________________
(Signature)

____
Printed Name

____
Printed Title

____
Date

TOWN OF NATICK

ATTACHMENT C
CERTIFICATE OF TAX COMPLIANCE

Pursuant to Massachusetts General Laws (M.G.L.) c. 62C,§49A, I certify under the penalties of perjury that the Bidder named below has complied with all laws of the Commonwealth of Massachusetts pertaining to the payment of taxes, to the reporting of employees and contractors, and to the withholding and remitting of child support.

____
Name of Bidder

____
Address of Bidder

____

____
Telephone Number______________

By: __________________________
(Signature)

____
Printed Name

____
Printed Title

____
Date

TOWN OF NATICK

ATTACHMENT D
CONFLICT OF INTEREST CERTIFICATION

The Bidder hereby certifies that:

1. The Bidder has not given, offered, or agreed to give any gift, contribution, or offer of employment as an inducement for, or in connection with, the award of a Contract pursuant to this IFB.

2. No consultant to, or subcontractor for, the Bidder has given, offered, or agreed to give any gift, contribution, or offer of employment to the Bidder, or to any other person, corporation, or entity as an inducement for, or in connection with, the award to the consultant or subcontractor of a Contract by the Bidder.

3. No person, corporation, or other entity, other than a bona fide full time employee of the Bidder has been retained or hired to solicit for or in any way assist the Bidder in obtaining a Contract pursuant to this IFB upon an agreement or understanding that such person, corporation or entity be paid a fee or other compensation contingent upon the award of a Contract to the Bidder.

4. Bidder understands that the Massachusetts Conflict of Interest Law, Chapter 268A of the Massachusetts General Laws (M.G.L.), applies to the Bidder and its officers, employees, agents, subcontractors, and affiliated entities with respect to the transaction outlined in the Invitation for Bids.

5. Bidder understands that the Bidder and its officers, employees, agents, subcontractors, and affiliated entities, shall not participate in any activity which constitutes a violation of the Massachusetts Conflict of Interest Law or which creates an appearance of a violation of the Massachusetts Conflict of Interest Law.

____

Name of Bidder

____

Address of Bidder

____

____

Telephone Number____________

By: __________________________

(Signature)

____

Printed Name

____

Printed Title

Date

TOWN OF NATICK

ATTACHMENT E
CERTIFICATE OF CORPORATE BIDDER

I, ________________________, certify that I am the ______________________ of the Corporation named as Bidder in the attached Bid; that __________________, who signed said Bid on behalf of the Bidder was then ____________________ of said Corporation; that I know his/her signature hereto is genuine and that said Bid was duly signed, sealed and executed for and on behalf of its governing body.

(Corporate Seal)

____

Name of Bidder

____

Address of Bidder

____

____

Telephone Number____________

By: _________________________

(Signature)

____

Printed Name

____

Printed Title

____

Date

This Certificate shall be completed where Bidder is a Corporation and shall be so completed by its Clerk. In the event that the Clerk is the person signing the Bid on behalf of the Corporation, this certificate shall be completed by another officer of the Corporation.

TOWN OF NATICK

ATTACHMENT F
CERTIFICATE OF COMPLIANCE WITH M.G.L. c. 151B

The Bidder hereby certifies that it is in compliance with and shall remain in compliance with Massachusetts General Laws (M.G.L.) Chapter 151B and shall not discriminate on any prohibited basis outlined therein. The Bidder also hereby certifies that it shall comply with any and all applicable Supplier Diversity Office (SDO) thresholds that have been established in conjunction with this Invitation for Bids.

Name of Bidder

____

Address of Bidder

____

____

Telephone Number_____________

By: __________________________

(Signature)

____

Printed Name

____

Printed Title

____

Date

TOWN OF NATICK

ATTACHMENT G
CERTIFICATE OF NON-DEBARMENT

The Bidder hereby certifies that it is presently not debarred, suspended, or otherwise prohibited from practice by any federal, state, or local agency, and that, should any proceeding arise in which it is debarred, suspended, or otherwise prohibited from practice by any federal, state, or local agency, the Bidder shall inform the Town of Natick within one (1) business day of such debarment, suspension, or prohibition from practice.

____

Name of Bidder

____

Address of Bidder

____

____

Telephone Number____________

By: __________________________

(Signature)

____

Printed Name

____

Printed Title

____

Date

TOWN OF NATICK

ATTACHMENT H
CONTRACT

(SEE ATTACHED DOCUMENT.)

Town of Natick, Massachusetts
Contract for Services Related to the Provision of Street-Level Imaging for Properties in the Town of Natick

This Contract is made this _____ day of ____________, 2017, by and between the Town of Natick, Massachusetts, Natick Town Hall, 13 East Central Street, Natick, MA 01760, acting by the Natick Board of Selectmen (hereinafter the "Town of Natick," the "Town," or the "Owner"), and ________________________________, a ___________________ organized under the laws of ____________________________, with a principal office located at ___________________________, and a Massachusetts office located at _____________________________ (hereinafter the "Contractor").

The words "he," "him" and "his" in this Contract, as far as they refer to the Contractor, shall so refer whether the Contractor is an individual, partnership or corporation. All prior contracts, if any exist between the Town and the Contractor, are hereby terminated and shall be of no force and effect.

1. Scope of Services

   The Contractor shall provide services related to the provision of street-level imaging for properties in the Town of Natick, as set forth in the Invitation for Bids for Services Related to the Provision of Street-Level Imaging for Properties in the Town of Natick, Massachusetts ("IFB"), issued by the Board of Selectmen of the Town of Natick, Massachusetts, which is incorporated herein by reference.

2. Standard of Care

   The Contractor shall exercise due care and diligence in the rendition of all services under this Contract in accordance with the applicable professional standards in the Eastern Massachusetts area. The Contractor's services shall be performed as expeditiously as is consistent with such standards, with professional skill and care, and with the orderly progress of the work.

3. Term

   The term of this Contract shall be for one (1) year, commencing as the execution date above and ending one (1) year later. Time is of the essence in the performance of all services rendered under this Contract. All work shall be commenced by October 1, 2017, and shall be completed no later than December 1, 2017.

4. Incorporation of the Invitation for Bids/Order of Priority of Contract Documents

   The provisions of the IFB and the Contractor's Bid are incorporated herein by reference. In the event of any conflict among the Contract Documents, the Documents shall be construed according to the following priorities:

Highest Priority:	Amendments to Contract (if any)
Second Priority:	Contract

Third Priority:	Addenda to the IFB (if any)
Fourth Priority:	IFB
Fifth Priority:	Contractor's Bid.

5. Payment

In consideration for performance of the work in accordance with the requirements of this Contract, the Town shall pay the Contractor the prices set forth in the Contractor's Bid, a copy of which is attached hereto and incorporated by reference.

This Contract is a fixed price/fixed rate contract and therefore miscellaneous expenditures associated with the Contractor's work on this project shall not be paid by the Town. In the event that an unforeseen miscellaneous expense is incurred, the Contractor shall receive the Town's approval in writing prior to incurring the expense if it will subsequently seek payment of said expense from the Town.

Payment shall be made to the Contractor for work completed in accordance with this Contract. All requests for payment shall be submitted to the Town as an invoice and shall specify work completed, progress made toward completing deliverables, the number of hours worked, the classification of each employee who performed work, and the billing rate for each employee who performed work on the project.

The Contractor shall submit a monthly invoice, in duplicate, to the Owner for work completed in accordance with this Contract during the month in question.

Payment will be due thirty (30) days after receipt of the Contractor's invoice by the Town for services rendered in accordance with this Contract. The Town shall not make payments in advance.

If the Town objects to all or part of any invoice, the Town shall notify the Contractor in writing within two (2) weeks of the date of receipt of the invoice, and shall pay that portion of the invoice not in dispute within thirty (30) days after the date of receipt of the invoice.

Should it be necessary for the Contractor to engage the services of a specialized contractor or companies other than those originally proposed in the Contractor's response to the Town's IFB, the Contractor shall take such measures only with the Town's prior written approval. Charges for such services shall be billed directly to the Town unless otherwise agreed upon by the parties.

Payment of the amounts due under this Contract shall release the Town of Natick, Massachusetts and its officers, employees, boards, commissions, committees, agents and representatives, from any and all claims and liability in any way relating to this Contract or anything done in pursuance thereof.

6. Warranty

DELETED – NOT APPLICABLE.

7. Compliance with Laws

The Contractor shall comply with all provisions of Federal, Massachusetts and Town of Natick law applicable to his work including, without limitation, statutes, by-laws, rules, regulations, orders and directives, as amended, and including, without limitation, the Williams-Steiger Occupational Safety and Health Act, as amended, and related regulations, as amended, in effect throughout the term of this Contract and any extension or renewal thereof. Without limitation, the Contractor shall comply with the provisions of Chapter 149, Section 26 to 27D of the Massachusetts General Laws, as amended, and the applicable minimum wage rates as determined by the Massachusetts Commissioner of Labor and Industries. This Contract shall be considered to include in their entirety all terms respecting workers' compensation insurance and other terms required to be included in it by Chapter 152 of the Massachusetts General Laws, as amended, as though such terms were set forth in their entirety herein.

8. Insurance

The Contractor shall provide and maintain throughout the term of the Contract and any extension or renewal thereof the following insurance with companies that are authorized and licensed in the Commonwealth of Massachusetts to issue policies for the coverages and limits so required.

a. Workers' Compensation Insurance as required by the laws of the Commonwealth of Massachusetts and employer's liability insurance in the amount of $1,000,000/$1,000,000/$1,000,000.

b. Commercial General Liability Insurance, $1,000,000 each occurrence and $2,000,000 aggregate limit. Commercial General Liability insurance shall include personal injury liability, broad form property damage liability, products/completed operations liability and broad form contractual liability.

c. Automobile Liability Insurance - Combined single limit of $1,000,000.

d. Professional Liability Insurance – $1,000,000 each occurrence and $2,000,000 aggregate limit. If written on a "claims made" basis, each such policy of professional liability insurance shall be in effect for at least six (6) years following the termination of this Contract.

e Excess Liability Insurance, Umbrella Form - $1,000,000 each occurrence and $2,000,000 aggregate, which shall be following form, providing coverage over commercial general liability insurance, automobile liability insurance, and employer's liability under workers' compensation insurance.

f. The Town of Natick shall be named as an additional insured on each such policy of Commercial General Liability Insurance, and Automobile Liability Insurance.

g. All certificates and policies shall contain the following provision:

"Notwithstanding any other provision herein, should any of the above policies be cancelled or materially amended before the expiration date thereof, the issuing company will mail thirty (30) days prior written notice thereof to the named certificate holder and to the Natick Town Administrator, Natick Town Hall, 13 East Central Street, Natick, MA 01760, before such cancellation or amendment shall take place."

h. Certificates evidencing such insurance in five (5) copies shall be furnished to the Town at the execution of this Contract. Such certificates shall not merely name the types of policy provided, but shall specifically refer to this Contract and shall state that such insurance is as required by this Contract. The Contractor shall make no claims against the Town of Natick or its officers for any injury to any of its officers or employees or for damage to its equipment arising out of work contemplated by the Contract.

i. The Contractor shall also be required to provide to the Town of Natick with its proof of insurance coverage endorsements or riders to the policies of commercial general liability insurance and automobile liability insurance, which indicate that the Town of Natick is named as an additional insured on each such policy.

j. No insurance shall be obtained from an insurer which:

(1) is not licensed to sell insurance in the Commonwealth of Massachusetts; or
(2) is not authorized to provide insurance as an excess or surplus lines insurer, and does not have a current Best's rating of A or better.

k. Failure to provide and continue in force such insurance as aforesaid shall be deemed a material breach of this Contract and shall operate as an immediate termination thereof.

9. Indemnification

The Contractor shall compensate the Town of Natick for all damage to Town property of any nature arising out of the Contractor's work. To the fullest extent permitted by law, the Contractor shall indemnify, defend, and hold harmless the Town of Natick and all of its officers, employees, boards, commissions, committees, agents and representatives from and against all claims, causes of action, suits, costs, damages, and liability of any kind which arise out of the breach by the Contractor of its obligations under this Contract, or the willful or negligent act or omission of the Contractor, its subcontractors, or their officers, employees, agents and representatives or anyone directly or indirectly employed by them, or anyone for whose willful or negligent acts or omissions they may be liable, regarding the work to be performed by the Contractor under the Contract, or which arise out of the violation of any federal, Massachusetts or Town of Natick statute, by-law, rule, regulation, order or directive, or which relate to personal injury or property damage suffered by the Contractor or any of its officers or employees regarding the subject matter of this Contract. Said costs shall include, without limitation, reasonable legal costs, collections fees, and counsel fees incurred in defending any claim or suit that may be brought against the Town and any judgment that may be obtained in any such claim or suit.

10. No Personal Liability

Neither the Town of Natick, nor any of its officers, employees, boards, committees, commissions, agents and representatives, shall be under any personal obligation or incur any personal liability by reason of this Contract, the execution thereof or anything relating thereto which arises out of the breach or violation of any provision of this Contract, or the violation of any Federal, Massachusetts or Town of Natick statute, by-law, rule, regulation, order or directive, or which relates to personal injury or property damage suffered by the Contractor or its employees, regarding the subject matter of this Contract.

11. Familiarity with Area of Work

By signing this Contract, the Contractor acknowledges that it has examined the subject matter of this Contract, and that it is familiar with all sites which are the subject of this contract in the Town of Natick and with all conditions of this Contract. The Contractor has entered into this Contract in reliance on its own examinations and estimates as to the amount and character of its work, and conditions which may be encountered in the performance thereof, and shall assume all risks and bear all losses pertaining thereto.

12. Performance Bond

DELETED – NOT APPLICABLE.

13. Labor and Materials Payment Bond

DELETED – NOT APPLICABLE.

14. Independent Contractor Status

The Contractor shall provide services under this Contract as an independent contractor with the Town of Natick and not as an employee of the Town of Natick. No employee, agent or representative of the Contractor shall be entitled to receive any benefits of employment with the Town of Natick, including without limitation salary, overtime, vacation pay, holiday pay, sick leave, health insurance, life insurance, pension or deferred compensation.

15. Use of Alcohol and Controlled Substances Prohibited

The Contractor hereby acknowledges that the use of alcoholic beverages, narcotics, and mood altering substances, except under current valid, legal prescriptions, by any officer, employee, agent, or representative of the Contractor is prohibited on Town of Natick property which is the subject matter of this Contract and during all hours of work under this Contract. If any officer, employee, agent, or representative of the Contractor violates the foregoing provision, the Town of Natick shall have the right to order that such officer, employee, agent, or representative of the Contractor shall not be permitted to return to work on this Contract. Under such circumstances, the Contractor shall promptly remove the subject officer, employee, agent, or representative from the job site and shall not permit the subject officer, employee, agent, or representative to perform further work in conjunction with this Contract.

16. No Smoking

Pursuant to Massachusetts General Laws (M.G.L.) c. 270, §22, the Commonwealth of Massachusetts Smokefree Workplace Law, the Contractor, its officers, employees, agents, and representatives shall refrain from smoking and from using tobacco products in any public building in the Town of Natick.

17. Criminal Background Screening

For each employee of the Contractor who is performing services under this Contract, the Contractor shall, subject to its confidentiality and privacy obligations owing to its employees and third parties, provide a written confirmation to the Town that such employee passed the Contractor's pre-employment criminal background screen. In the event that any employee refuses to permit the Contractor to provide such information to the Town, the Contractor shall not assign such employee to perform services for the Town, and such employee shall not be authorized to perform services for the Town. The Town shall be permitted to keep such information in its files.

18. Delays/Force Majeure

Except as specifically set forth in this Contract, neither party shall hold the other responsible or liable for damages or delays in performance caused by acts of God, interruptions in the availability of labor, or other events beyond the control of the other party, or that could not have been reasonably foreseen or prevented. For this purpose, such acts or events shall include unusually severe weather, floods, epidemics, wars, riots, strikes, lockouts, or other industrial disturbances, protest demonstrations, and project site conditions which could not have been reasonably anticipated. Should such acts or events occur, both parties shall use their best efforts to overcome the difficulties arising and to resume as soon as reasonably possible the normal pursuit of the services for the Project.

19. Termination

a. If the Contractor shall breach any provision of this Contract, which breach is not cured within twenty-one (21) days of written notice thereof from the Town to the Contractor, the Town shall have the right to terminate this Contract upon written notice to the Contractor.

b. If any assignment shall be made by the Contractor or by any guarantor of the Contractor for the benefit of creditors, or if a petition is filed by the Contractor or by any guarantor of the Contractor for adjudication as a bankrupt, or for reorganization or an arrangement under any provision of the Bankruptcy Act as then in force and effect, or if an involuntary petition under any of the provisions of the Bankruptcy Act is filed against the Contractor and such involuntary petition is not discharged within ninety (90) days thereafter, in any event the Town may terminate this Contract upon written notice to the Contractor.

c. The award of this Contract and the continued operation of this Contract are contingent upon appropriation by Natick Town Meeting of sufficient money to fund the Contract. Should Natick Town Meeting fail to appropriate necessary funds therefor, the Town of Natick shall no longer be under any obligation to tender performance, including payment, under the terms of this Contract. In that event, the Town may terminate this Contract upon written notice to the Contractor.

d. The Town may terminate this Contract upon written notice to the Contractor if a source of money to fund the Contract is lost during the Contract term. In the alternative, the parties may agree in writing to amend the Contract to provide for a Contract price which represents a reduced appropriation for the Contract term.

e. The Town may also terminate this Contract for convenience upon thirty (30) days' written notice to the Contractor.

In the event of termination, the Contractor shall be entitled to be paid for services rendered in accordance with this Contract prior to termination.

In the event that this Contract is terminated pursuant to Section 19a or 19b above, the Town may make any reasonable purchase or contract to purchase services in substitution for services due from the Contractor and may deduct the cost of any substitute contract, or damages sustained by the Town due to non-performance or non-conformance of services together with incidental and consequential damages from the Contract price, and shall withhold such damages from sums due or sums which become due.

20. Notices

. Except as otherwise provided in this Contract all notices required or permitted to be given hereunder shall be in writing and shall be delivered by certified mail or registered mail, return receipt requested, to the parties at the following address or such other address or addresses as to which a party shall have notified the other party in accordance with this Section.

If to the Town:	Natick Town Administrator Natick Town Hall 13 East Central Street Natick, MA 01760
With copies to:	John P. Flynn, Esq. Murphy, Hesse, Toomey & Lehane, LLP 300 Crown Colony Drive, Suite 410 Quincy, MA 02169
If to the Contractor:	

21. License

The Town shall have unlimited rights, for the benefit of the Town, in all drawings, designs, specifications, notes and other work developed in the performance of this Contract, including the right to use same on any other project of the Town, without additional cost to the Town; and with respect thereto, the Contractor agrees and hereby grants to the Town an irrevocable royalty-free and nonexclusive license to all such data, which he may cover by copyright, and to all designs as to which he may assert any rights or establish any claim under any patent or copyright laws. The Contractor shall obtain similar irrevocable royalty-free nonexclusive licenses from the Contractor's consultants consistent with this Contract.

22. Miscellaneous Provisions

a. Any action at law or suit in equity instituted by the Contractor as a result of the performance, non-performance or alleged breach of this Contract shall be filed in the Superior Court of the Commonwealth of Massachusetts for Middlesex County, MA, and in no other court or jurisdiction.

b. No action or failure to act by the Town shall constitute a waiver of a right or duty afforded to the Town under the Contract, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing. No forbearance or indulgence in any form or manner by the Town shall be construed as a waiver or in any way limit the legal or equitable remedies available to the Town. No waiver by the Town of any default or breach by the Contractor shall constitute a waiver of any subsequent default or breach.

c. If the Contractor discovers or is informed of any discrepancy or inconsistency in the Contract Documents in relation to any law, statute, ordinance, by-law, decree, code, rule, regulation, or order, the Contractor shall promptly, before commencing services under this Contract, report the same to the Town in writing.

d. The Contractor acknowledges that it has not been influenced to enter into this Contract, nor has the Contractor relied upon any warranties or representations not set forth in this instrument.

e. The Contractor shall maintain the confidentiality of information designated by the Town as confidential, unless withholding such information would violate the law or create a risk of significant harm to the public, or unless the Contractor has been required to release such information by final judgment or order of a court of competent jurisdiction, or unless the Town has expressly waived such confidentiality in advance in writing.

f. The Contractor shall not represent or purport to represent that it speaks for the Town vis-à-vis the media or the public at-large without the Town's express, written consent in advance.

g. Prior to commencing services under this Contract, the Contractor shall furnish the

Town, in writing, the names, addresses and telephone numbers of not fewer than two (2) principal employees of his business who are to be contacted in the event of an after-hours emergency.

h. By entering into this Contract, the Contractor certifies under penalties of perjury that its entry was made and submitted in good faith and without collusion or fraud with any person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity, or group of individuals.

i. By entering into this Contract, the Contractor certifies under the penalties of perjury, pursuant to M.G.L. c.62C, Section 49A(b), that it has complied with all laws of the Commonwealth relating to taxes, to reporting of employees and contractors, and to withholding and remitting child support.

j. The Contractor understands that the Massachusetts Conflict of Interest Law, Chapter 268A of the Massachusetts General Laws, applies to the Contractor with respect to the services required to be provided under this Contract. The Contractor and its officers, employees, agents, subcontractors and affiliated agencies shall not participate in any activity which constitutes a violation of the Massachusetts Conflict of Interest Law or which creates an appearance of a violation of the Massachusetts Conflict of Interest Law.

k. Prevailing wage rates shall be paid, pursuant to M.G.L. c.149, §§26-27G, if they are applicable.

l. The Contractor shall not discriminate against or exclude any person from participation herein on grounds of race, color, religious creed, national origin, sex, gender identity, sexual orientation (which shall not include persons whose sexual orientation involves minor children as the sex object), age, genetic information, ancestry, children, marital status, veteran status or membership in the armed services, the receiving of public assistance, and handicap. The previous sentence shall include, but not be limited to, the following: advertising, recruitment; hiring; rates of pay or other forms of compensation; terms; conditions or privileges of employment; employment upgrading; transfer; demotion; layoff; and termination. The Contractor shall take affirmative actions to insure that applicants are employed, and that employees are treated during their employment, without regard to race, color, religious creed, national origin, sex, gender identity, sexual orientation (which shall not include persons whose sexual orientation involves minor children as the sex object), age, genetic information, ancestry, children, marital status, veteran status or membership in the armed services, the receiving of public assistance, and handicap.

m. To the extent that any of the foregoing sections required by Massachusetts law are inconsistent with other, non-statutory sections in this Contract, any statutorily-mandated provisions contained herein shall control.

n. The Contractor shall not assign or subcontract in whole or in part this Contract or in any way transfer any interest in this Contract without the prior express written approval of the Town.

o. The Contractor shall not assign any money due or to become due to the Contractor unless the Town of Natick shall have received prior written notice of such assignment. No such assignment shall relieve the Contractor of its obligations under this Contract.

p. This Contract may be amended only by written consent of the parties.

q. This Contract constitutes the entire agreement of the parties and any other agreement, written or oral, that may exist is excluded from this Contract. When executed, this Contract supersedes any other agreement of any of the parties in connection with the transaction contemplated.

r. If any provision, or portion thereof, of this Contract shall be adjudged to be invalid or unenforceable by final judgment or order of a court of competent jurisdiction the remaining provisions shall continue in effect to the extent permitted by law.

s. The provisions of this Contract shall be binding upon and inure to the benefit of the heirs, assigns and successors in interest of the parties.

t. This Contract shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, regardless of choice of law issues or principles.

u. This Contract is executed in triplicate as a sealed instrument.

[The remainder of this page is left intentionally blank.]

Town of Natick, Massachusetts
Contract for Services Related to the Provision of Street-Level Imaging for Properties in the Town of Natick

The Town of Natick, Massachusetts	______________________________
	(Printed Name of Contractor)
by: the Natick Board of Selectmen	by:
______________________________	______________________________
Jonathan H. Freedman, Chairman	Signature
______________________________	______________________________
Susan G. Salamoff, Vice Chairman	Printed Name
______________________________	______________________________
Richard P. Jennett, Jr., Clerk	Printed Title
______________________________	
Michael J. Hickey	
______________________________	
Amy K. Mistrot	
Dated: ________________________	Dated: ________________________

APPROVED AS TO AVAILABILITY OF APPROPRIATION:

This is to certify that, pursuant to M.G.L. c. 44, §31, an appropriation in the amount of this Contract is available therefor, and that the Natick Board of Selectmen is authorized to execute this Contract and to approve all requisitions and execute change orders.

______________________________ Dated: ____________

Arti P. Mehta
Comptroller, Town of Natick

APPROVED AS TO FORM ONLY, AND NOT AS TO SUBSTANCE:

______________________________ Dated: ____________

John P. Flynn, Esq.

Town of Natick, Massachusetts
Contract for Services Related to the Provision of Street-Level Imaging for Properties in the Town of Natick

CERTIFICATE OF VOTE

I ____, hereby certify
(Clerk/Secretary)

that I am the duly qualified and acting
_________________________ of ____________________
(Title) (Corporation Name)

and I further certify that at a meeting of the Directors of said Corporation duly called and held on ________________ 2015, at which meeting all Directors were present and voting, the following vote was unanimously passed:

VOTED: To authorize and empower either

_____________, ____________________;
(Name) (Title)

_____________, ____________________; or
(Name) (Title)

_____________, ____________________;
(Name) (Title),

any one acting singly, to execute all contracts and bonds on behalf of the Corporation.

I, further certify that the above vote is still in effect on this, the _______ day of ________________, 20___, and has not been changed or modified in any respect.

____
Signature

____
Printed Name

____
Printed Title

The certification contained hereabove shall be executed by CONTRACTOR or copy of current "certification of authority to sign for the Corporation" shall be attached