

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 525 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 1
 to
CONTRACT NO. 071B2200205
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
AT&T 221 N. Washington Square Lansing, MI 48933	Chuck Bonner	Cb3168@att.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	616-724-7755	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Scott Hall	517-241-4255	Halls9@michigan.gov
BUYER	DTMB	Michael Breen	517-284-7002	Breenm@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Commercial Broadband, Cable TV, and Basic Internet - Statewide			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 27, 2012	April 26, 2017	4 one year	April 26, 2017
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
		\$250,000.00		

Effective immediately, agency (Telcom) and DTMB Procurement request this change notification add enterprise DSL product and AT&T Business DSL Internet Service (Board Band IPDSL) to the existing contract. Please note the Contract Compliance Inspector has been changed to Scott Hall. Please note the buyer has been changed to Michael Breen. All other terms, conditions, specifications and pricing remain the same. Per vendor and agency agreement and DTMB Procurement approval.



Nature of Change: This amendment adds AT&T's enterprise DSL product, AT&T Business DSL Internet Services – Broadband IPDSL (formerly U-Verse), which will replace the DSL services under the existing agreement. New orders must originate via DTMB Network & Telecommunications Services Division (aka Telecom) and will be placed via DIT-88 to the AT&T account team.



**MICHIGAN DEPARTMENT OF TECHNOLOGY,
MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK**

Project Title: State of Michigan – DSL Broadband CCN	Period of Coverage: 6/9/14
Requesting Department: DTMB Telecommunications	Date: 6/9/14
Agency Project Manager: Scott Hall	Phone: 517-241-4255
DTMB Project Manager: Scott Hall	Phone: 517-241-4255

Brief Description of Services to be provided:

BACKGROUND:

Addition of Business Class DSL to existing Broadband Contract.

NO DOLLARS ARE BEING ADDED TO THIS CONTRACT!

SCOPE OF WORK:

This amendment adds AT&T's enterprise DSL product, AT&T Business DSL Internet Services – Broadband IPDSL (formerly U-Verse), which will replace the DSL services under the existing agreement. New orders must originate via DTMB Network & Telecommunications Services Division (aka Telecom) and will be placed via DTMB-0088 to the AT&T account team.

TASKS:

DELIVERABLES:

Broadband DLS

ACCEPTANCE CRITERIA:

Acceptance of the defined deliverables will be the responsibility of the Telecommunications Design team in conjunction with Telecommunications management review. Each deliverable must be met with the satisfaction of said parties in the time frame allotted for this contract.

PROJECT CONTROL AND REPORTS:

A bi-weekly progress report must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each bi-weekly progress report must contain the following:

1. **Hours:** Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
2. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
3. **Funds:** Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:**PAYMENT SCHEDULE:**

Payment will be made on a Time and Material basis. All time and materials contracts (hourly based) must submit time sheets with all invoices. All invoices must include the purchase order number DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date, and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State's satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

EXPENSES:

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

PROJECT CONTACTS:

The designated Agency Project Manager is:

Scott Hall
Department of Information Technology Management and Budget
Telecommunications
Hannah Building, 1st Floor
608 W. Allegan Street
Lansing, MI, 48933
p. (517) 241-4255
halls9@michigan.gov

The designated DTMB Project Manager is:

Scott Hall
Department of Information Technology Management and Budget
Telecommunications
Hannah Building, 1st Floor
608 W. Allegan Street
Lansing, MI, 48933
p. (517) 241-4255
halls9@michigan.gov

AGENCY RESPONSIBILITIES:

DTMB will provide a single point of contact that has the authority to make decisions regarding the operation of services and training.

DTMB will to be available to assist the vendor consultant with any questions or issues relating to the SOM environment, according to the schedule outlined in the project timeline. DTMB will arrange for backup resources in case the primary contacts are unable to participate.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work at [identify location] in Lansing, Michigan.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

No overtime will be permitted.



**AT&T BUSINESS DSL INTERNET SERVICE
PRICING SCHEDULE**

AT&T MA Reference No 20121126-2177

AT&T Solution No. CSM140411101250

Customer	AT&T
State of Michigan Street Address: 530 W. Allegan City: Lansing State/Province: MI Zip Code: 48933 Country: USA	AT&T Corp. <u>or enter the International Affiliate Name</u>
Customer Contact (for Notices)	AT&T Contact (for Notices)
Name: Robert Padgett Title: Director Street Address: 608 W. Allegan , 1str Floor Hannah City: Lansing State/Province: MI Zip Code: 48933 Country: United States Telephone: 5172410257 Fax: Email: padgettr@michigan.gov Customer Account Number or Master Account Number:	Name: CHUCK BONNER Street Address: 3588 MICHAEL AVE SW City: WYOMING State/Province: MI Zip Code: 49509 Country: USA Telephone: 6167247755 Fax: (847 513-0851 Email: cb3168@us.att.com Sales/Branch Manager: Robert O'Brien SCVP Name: Sales Strata: ABS Sales Sales Region: Mid-Western With a copy (for Notices) to: AT&T Corp. One AT&T Way Bedminster, NJ 07921-0752 ATTN: Master Agreement Support Team Email: mast@att.com
AT&T Solution Provider or Representative Information (if applicable) <input type="checkbox"/>	
Name: Company Name: Agent Street Address: City: State: Zip Code: Country: Telephone: Fax: Agent Code Email:	

This Pricing Schedule is part of the Agreement referenced above.

Customer (by its authorized representative)	AT&T (by its authorized representative)
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

AT&T and Customer Confidential Information

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**AT&T BUSINESS DSL INTERNET SERVICE
PRICING SCHEDULE**

1. SERVICE and SERVICE PUBLICATION

Service	Service Publication Location
AT&T Business DSL Internet Service	http://serviceguidenew.att.com/sg_flashPlayerPage/DSL

2. PRICING SCHEDULE TERM

Pricing Schedule Term	36 Months (Coterminous with Contract No. 071B2200205)
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3. MINIMUM PAYMENT PERIOD

Service Components	Early Termination Charges*	Minimum Payment Period (per Service Component)
ADSL and Broadband Service installation	Lesser of \$200 or number of months remaining under Minimum Payment Period multiplied by the amount of all monthly recurring charges	12 Months
SDSL Service installation	Lesser of \$500 or number of months remaining under Minimum Payment Period multiplied by the amount of all monthly recurring charges	12 Months

*Waived for any DSL line terminated within 30 calendar days after provisioning.

4. SITE COMMITMENT and DISCOUNTS

Site Commitment	Site Commitment Date
10	Installed within 6 months following Effective Date of this Pricing Schedule

Discounts are set forth in Rates and Charges Tables below. If Customer does not meet its Site Commitment by the Site Commitment Date specified above, AT&T may: (i) bill Customer retroactively to recover all discounts received under this Pricing Schedule; and/or (ii) terminate the application of any discounts specified in this Pricing Schedule.

5. NOTICE OF WITHDRAWAL

Service and Service Component Withdrawals during Pricing Schedule Term	
Prior Notice for AT&T to Withdraw and Terminate Service	12 months
Prior Notice for AT&T to Withdraw and Terminate a Service Component	30 calendar days



**AT&T BUSINESS DSL INTERNET SERVICE
PRICING SCHEDULE**

6. RATES and CHARGES

All service subject to geographic availability as detailed in Service Guide.

* ACTUAL BANDWIDTH MAY VARY BY BANDWIDTH ORDERED. Dynamic Service includes 1 IP Address. Static Service includes 5 IP addresses, except where noted.

A. ADSL In-Region (IR) and Broadband Service

Maximum Bandwidth* (Downstream /Upstream)	Broadband Dynamic IP Monthly List Price	Discount	Broadband Static IP Monthly List Price	Discount	ADSL IR Dynamic IP Monthly List Price	Discount	ADSL IR Static IP Monthly List Price	Discount	ADSL IR Direct - Dynamic IP Monthly List Price +	Discount	ADSL IR Direct - Static IP Monthly List Price +	Discount
Up to 768 Kbps / Up to 384 Kbps	\$45.00	38.89%	N/A		\$35.00	18.57%	N/A		\$45.00	14.44%	N/A	
Up to 1.5 Mbps / Up to 384 Kbps – single static IP	N/A		N/A		N/A		\$50.00	25.0%	N/A		\$80.00	20.83%
Up to 1.5 Mbps / Up to 384 Kbps**	\$50.00	45.0%	\$65.00	49.62%	\$40.00	25.03%	\$55.00	20.0%	\$50.00	15.0%	\$65.00	19.23%
Up to 3.0 Mbps / Up to 512 Kbps**	\$55.00	40.91%	\$70.00	39.29%	\$45.00	22.24%	\$60.00	20.83%	\$55.00	13.64%	\$70.00	17.86%
Up to 6.0 Mbps / Up to 768 Kbps**	\$65.00	42.31%	\$80.00	40.63%	\$55.00	13.64%	\$70.00	17.86%	\$65.00	11.54%	\$80.00	15.63%
Up to 12Mbps / Up to 1Mbps	\$70.00	32.14%	\$85.00	32.35%	N/A		N/A		N/A		N/A	
Up to 18M / Up to 1.5Mbps	\$100.00	47.50%	\$115.00	45.65%	N/A		N/A		N/A		N/A	
Up to 24M / Up to 3Mbps	\$110.00	25.0%	\$125.00	26.0%	N/A		N/A		N/A		N/A	

* Maximum Upstream speed for Broadband Dynamic and Static Service can be up to 1Mbps depending on location.

+ Provisioned on facilities without voice services.

B. ADSL Out of Region Service (Single Dynamic or Single Static IP).

Maximum Bandwidth* (Downstream /Upstream)	ADSL Monthly List Prices	Discount Percentage
Standard Up to 768 Kbps / Up to 128 Kbps	\$55.00	0.0%
Enhanced Up to 1.5 Mbps / Up to 384 Kbps	\$50.00	0.0%
Up to 3.0 Mbps / Up to 512 Kbps	\$60.00	0.0%
Up to 6.0 Mbps / Up to 768 Kbps	\$80.00	0.0%



**AT&T BUSINESS DSL INTERNET SERVICE
PRICING SCHEDULE**

C. Multiple IP SDSL Service (5 Static IP)

Maximum Bandwidth* (Downstream /Upstream)	Monthly List Prices	Discount Percentage
192/192 Kbps	\$150.00	0.0%
384/384 Kbps	\$200.00	0.0%
768/768 Kbps	\$270.00	0.0%
1.1/1.1 Mbps	\$350.00	0.0%
1.5 /1.5 Mbps	\$400.00	0.0%

D. Equipment Purchase Price (Per DSL Service Component)

Type of Purchased Equipment	Price	Discount Percentage
ADSL Modem or ADSL Router	\$100	100.0%
SDSL Router	\$450	0.0%
Broadband Modem/Router	\$100	100.0%

E. Additional IP Block Charges - Broadband Service only

IP Block Size*	Monthly List Price	Discount Percentage
13	\$35	0.0%

*Block size indicates number of useable IP addresses.

F. Professional Installation

Professional Installation Fee	Non-Recurring Charge	Discount Percentage
ADSL Professional Installation: Single IP service only.	\$200 (one-time charge per circuit)	100.0%
Broadband Professional Installation: Single IP service only; required for Broadband Dynamic Service up to 24M.	\$200 (one-time charge per circuit)	100.0%

G. Service Support Charges

Activation Fee (per DSL line) Activation Fee is waived for all DSL Lines	\$800 one time charge for SDSL Service \$300 one time charge for ADSL/Broadband Service
Domain Name Hosting (Multiple IP Service only)	\$15 monthly
DNS Setup (Multiple IP Service only)	\$25 one time charge
Additional Inside Wiring (per hour)	\$100
Missed Appointment Fee (per occurrence)	\$100
Field Technician Charge (per occurrence)	\$100
Moving Fee	New Equipment cost

End of Document

AT&T and Customer Confidential Information

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PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

NOTICE
OF
CONTRACT NO. 071B2200205
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR AT&T 221 N. Washington Square Lansing, MI 48933 <p style="text-align: right;">Email: Cb3168@att.com</p>	TELEPHONE 616-724-7755 Chuck Bonner <hr/> CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 335-0462 Christine Mitchell
Contract Compliance Inspector: Jim Bowen (517) 241-9076 Commercial Broadband, Cable TV, and Basic Internet - Statewide	
CONTRACT PERIOD: 5 yrs. + 4, 1-yr options From: April 27, 2012 To: April 26, 2017	
TERMS <p style="text-align: center;">Net 45</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
ALTERNATE PAYMENT OPTIONS: <input type="checkbox"/> P-card <input checked="" type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other	
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of RFP-CM-07111300248, this Contract Agreement and the vendor's quote dated 9/12/2011. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.	
Estimated Contract Value: \$250,000.00	

THIS IS NOT AN ORDER: Orders for delivery will be issued directly by the Department of Technology, Management and Budget through the issuance of a Purchase Order Form.

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
 OR
530 W. ALLEGAN, LANSING, MI 48933

CONTRACT NO. 071B2200205
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR AT&T 221 N. Washington Square Lansing, MI 48933 Email: Cb3168@att.com	TELEPHONE 616-724-7755 Chuck Bonner CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 335-0462 Christine Mitchell
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Estimated Contract Value: \$250,000.00	

THIS IS NOT AN ORDER: Orders for delivery will be issued directly by the Department of Technology, Management and Budget through the issuance of a Purchase Order Form.

FOR THE CONTRACTOR: AT&T	FOR THE STATE:
Firm Name	Signature
Authorized Agent Signature	Jeff Brownlee, Chief Procurement Officer Name/Title
Authorized Agent (Print or Type)	Date
Date	



STATE OF MICHIGAN
Department of Technology, Management and Budget
Procurement

Contract No. 071B2200205
(Commercial Broadband & Cable TV)

Buyer Name: [Christine Mitchell](#)
Telephone Number: (517) 335-0462
E-Mail Address: mitchellc4@michigan.gov



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Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The State of Michigan (State), through the Michigan Department of Technology, Management and Budget (DTMB), has issued this Contract to provide:

1. Basic Internet Access via DSL that offers speeds up to 6.0 Mbps downstream and 768 Kbps upstream.
2. A managed VPN option called AT&T Virtual Private Network Tunneling Service (AVTS), which is an IP-based service that allows SOM to send encrypted confidential business data over the Internet or other public networks. For this option AT&T will provide a head end peering presence in State-specified central office locations in the Greater Lansing area.

As an option, Provide Customer Premises Equipment (CPE), together with installation and management services, for demarcation network interface devices required for delivery of services. The State considers a broadband modem as a demarcation network interface device, but a phone, router or key system is not.

All contracts awarded shall have no minimum guarantees of any business.

This is not an exclusive contract. Where the State is unable to procure through this contract, or has an existing contract for purchase of the services or products, the State reserves the right to purchase services or products through other contracting vehicles.

1.002 BACKGROUND

The rapidly changing technology and the increasing availability of commercial broadband services have prompted the State to expand the use of these technologies to State Agencies and their increasingly mobile workforce. The State is seeking higher capacity data network services that are affordable, reliable, and secure.

1.003 State Standards

Vendors are advised that the State has standards and guidelines that have been developed over the years. Vendors are expected to follow these requirements.

Enterprise IT Policies, Standards and Procedures:

<http://www.michigan.gov/dmb/0,1607,7-150-56355---,00.html> and <http://www.michigan.gov/dmb/0,1607,7-150-56355-107739--,00.html>

Enterprise IT Security Policy and Procedures:

http://www.michigan.gov/dmb/0,1607,7-150-9131_9347---,00.html#1300INFSTDSPLNNG and <http://www.michigan.gov/cybersecurity>

The SOM's security environment includes:

- DTMB Single Login.
- DTMB provided SQL security database.
- Secured Socket Layers.
- SecurID. (SOM Security Standard for external network access and high risk Web systems)

IT Strategic Plan:

<http://www.michigan.gov/itstrategicplan>

IT eMichigan Web Development Standard Tools:

http://www.michigan.gov/documents/Look_and_Feel_Standards_2006_v3_166408_7.pdf



IT Enterprise Standard Products:

Specific products are identified as Enterprise IT standards for the SOM. All product standards are reviewed, at a minimum, every two years. The currently standard products are found at:

<http://www.michigan.gov/dmb/0,1607,7-150-56355---,00.html>.

The State Unified Information Technology Environment (SUITE):

Includes standards for Project Management Methodology (PMM) that must be followed:

<http://www.michigan.gov/suite/0,1607,7-245-46056---,00.html>

Industry standards:

1. Institute of Electrical and Electronics Engineers, Inc. (IEEE).
2. Building Industry Consulting Services International, Inc. (BICSI) Specifications.

Project Specific Acronyms/Definitions

CPE	Customer Premises Equipment
Demarcation point	Where the carrier network or network equipment ends and the customer network begins
DOCSIS	Data Over Cable Service Interface Specification
DSL	Digital Subscriber Loop Services
IPSec	IP Security: an encryption standard
ISDN	Integrated Services Digital Network
LAN	Local Area Network
LATA	Local Access and Transport Area: geographic boundary established at the breakup of AT&T to define the boundaries between local exchange and inter-exchange carriers
Inter-LATA	All calls originated and terminated in different LATA's
Intra-LATA	All calls originated and terminated in the same LATA
MAN	Metropolitan Area Network
MPLS	MultiProtocol Label Switching
MiDeal Partners	The Extended Purchasing Partners for the State of Michigan
MTTR	Mean Time To Repair
Reliable	Minimum 99.75% uptime per site
Secure	Meeting or exceeding State of Michigan data network security standards
VPN	Virtual Private Network
WAN	Wide Area Network

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

The Contractor will provide the following, including all labor, materials, transportation, equipment and activities for selling, providing, supporting and maintaining the services:

1. Basic Internet Services. and optionally,
2. Managed Virtual Private Network Service.
3. Maintenance and support.
4. Documentation to include service operation and repair manuals updated at least annually.
5. Customer Premise Equipment (CPE) equipment where required to provide contracted services, with price including delivery, installation, maintenance and support services.

1.102 OUT OF SCOPE

Reserved

1.103 ENVIRONMENT

Overview of Existing State Operating Environments

Information regarding the State's information technology architecture and standards may be found at:

<http://www.michigan.gov/dmb/0,1607,7-150-56355---,00.html> and <http://www.michigan.gov/dmb/0,1607,7-150-56355-107739--,00.html>.



The physical interface to the CPE router will be 100meg Ethernet full duplex or fiber optic cable as needed for services requested.

1.104 WORK AND DELIVERABLE

Contractor shall provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

I. Basic Internet Access Services

With AT&T DSL, customer care is available 24x7 with provisioning and maintenance calls answered in less than one minute.

AT&T DSL (DSL to the Internet) includes these features:

- **Dedicated Connectivity**—a dedicated, high-speed connection to the Internet without the need for Point-to-Point Protocol Over Ethernet (PPPoE).
- **Faster Bandwidth**—transfer data up to 50 times faster than 28.8 Kbps modems and 25 times faster than 56 Kbps modems giving the potential to exchange large files at delivery rates comparable to a T-1 line (1.54 Mbps).
- **Service Level Agreements**—With AT&T DSL lines, limited performance objectives which cover implementation, performance, and reliability. If AT&T is unable to meet their commitments, SOM will receive credits to the monthly invoice.

A. Specific Technical and Business Requirements

1. Contractor will provide Basic Internet Access Service offerings.
2. Contractor must provide and install the drop wiring for each site necessary to provide services.
 - a. Wiring must be hung neatly in a State-approved location following State Standards.
 - b. Contractor must supply all ancillary parts, cable ends, installation tools, wire, wire hangers, screws etc. for a complete turnkey distribution system.
3. Installation of all equipment shall meet current technical standards applicable to the cable industry and must be in accordance with the latest requirements of the National Electrical Code, EIA/TIA standards, state and local codes, ordinances and regulations of any other governing body-having jurisdiction.
4. Maintenance and Support – Contractor will provide maintenance and support for the Basic Internet Access services
 - a. Contractor shall respond to a service request for assistance within twenty-four (24) normal business hours.
5. Order Process and installation
 - a. Contractor must provide and identify a single point of contact for new orders.
 - b. Any services to be furnished under this Contract shall be ordered by issuance of written Purchase Orders/Blanket Purchase Order by the State after approval by the Contract Administrator or his/her designee.
 - c. Contractor must meet agreed upon order processing and installation times. The installation process must be described by the Contractor, including site notification, dispatch location and timeframe of installation.
 - d. Contractor must provide a system allowing the State to track the State's orders on-line or via phone.
 - e. The State may cancel service by 30-day written notice to the Contractor via fax, email, or postal mail.

B.1.

AT&T High Speed Internet Business Edition is a digital data service that lets Customer send and receive data over existing telephone lines. A DSL signal travels on the same line that Customers phone uses. DSL technology uses higher signal frequencies than those used by voice or fax. A DSL filter splits data traffic from voice traffic and routes them separately. Analog traffic (voice, and fax signals) is routed to the telephone or fax



machine while the digital data traffic is routed to the DSL modem. AT&T connects to a high-speed backbone network using specialized DSL Access Multiplexers (“DSLAMs”).

AT&T High Speed Internet (“HSI”) Direct allows a Customer to connect to the Internet without purchasing voice service. This alternative version does not require a voice line or a DSL filter.

This is an asymmetric (ADSL) data service to the Customer’s premises that is provided over a line without any telephone voice service to the End-User’s premises. Customer eligibility for High Speed Internet Direct is the same as ADSL with voice service.

Features included with High Speed Internet Service Business Edition

- Technical Support Advisors for Business Edition Customers available 24 hours a day, 7 days a week.
- Quality online protection tools are included or available with HSI service, including Email Anti-Virus, SpamGuard, AddressGuard and Two-Way-Firewall.
 - E-Mail Anti-Virus – Helps to screen SOMr computer from e-mails containing known harmful viruses.
 - Two-Way-Firewall – Helps to block outsiders from hacking into SOMr PC.
 - SpamGuard - Helps to protect SOMr inbox from spam.
 - AddressGuard – Helps to protect SOMr e-mail address from spammers and strangers. Create up to 500 disposable one-time addresses to use when SOM do not want to disclose SOMr e-mail address.
- Main email account with advanced features and unlimited online storage.
 - More Mail. Bigger Box. Unlimited online storage in Customers main account, plus 10 additional email sub accounts for employees, each with a unique email address and unlimited storage.
 - Mail POP access & Forwarding. POP access and email forwarding. Easily
 - transfer and access Customers email from popular mail programs like Microsoft Outlook™, or directly from the Web.
 - Large Mail Attachment Capacity. Send and receive emails with total message size of 25MB.
- Dial-up access included so that Customer can connect when traveling.

AT&T Basic Wi-Fi Service included. Wi-Fi access not included with AT&T WorldNet service. A Wi-Fi enabled device required. Other restrictions apply. See www.attwifi.com for details and locations.

Additional Features Available for additional fee with AT&T HSI - Business Edition

- Extra online storage for files (think of it as a back-up service!)
- AT&T Tech Support 360 on-site PC and Networking technical support

B.2.

Customers that do not qualify for the self-installation option or would otherwise prefer to have the CPE professionally installed may select the professional installation option, which is available for an additional charge, at the time of placing the order. The HSI service installer will be responsible for delivery of AT&T DSL modem, gateway or router along with any filters, splitters, jacks and cable required.

B.3.

Following is the AT&T High Speed Internet Business Edition maintenance, support and SLA description.

HSI – Business Edition Level Agreements (“SLAs”)

- **Installation Interval – 5 calendar days for AT&T provided Service installation**

For completed, End User circuits on which billing has commenced, “Installation Interval” is calculated as the number of whole calendar days between the date AT&T received the customer order and the service activation date. Customer shall be entitled to 50% credit* of the first whole month’s monthly recurring charge for that particular circuit if AT&T fails to meet the Installation Interval guarantee during the initial installation phase of the order.



This calculation excludes: (a) any customer that does not have an active voice line currently in service with AT&T (must add DSL service to existing line), (b) any requested due date that occurs after the first available install date, (c) lack of facilities within the AT&T network, (d) any orders which are changed by the customer after original date of submission, (e) orders must be placed before 12 pm local time or the interval will not start until the following calendar day, or (f) any customer with access provided by AT&T.

II. AT&T Virtual Tunneling Services (AVTS)

AT&T Virtual Private Network Tunneling Service is an IP-based service that will allow SOM to send encrypted confidential business data over the Internet or other public networks. AT&T VPN Tunneling Service creates Internet Protocol Security (IPSec) tunnels through the public network that allow offices and remote users to communicate in a protected way.

With premises-based tunneling service, dial-up, broadband, or dedicated access services can be used to connect to the network. Once connected, SOM can use corporate Local Area Network (LAN) and intranet services, and use the Internet during the same log-in session. **AT&T Response to RFP #07111300248** September 12, 2011 Page 3 **AT&T Proprietary:** The information contained herein is for use by authorized persons only and is not for general distribution.

VPN Tunneling Service can be used as a remote access service or as an inter-office service. Remote or mobile users can access the corporate network over dial-up or broadband connections using VPN Tunneling Service Remote Access. SOM can connect small, medium, or large office locations over broadband or dedicated connections using VPN Tunneling Service Site-to-Site Access.

AT&T VPN Tunneling Service gives the State the following features:

- **Customized security policy**—VPN Tunneling Service provides network security, but the service still allows SOM to manage its own security policy for employees. SOM can select from several routers, but regardless of which router is chosen, SOM can maintain a private addressing scheme (either NIC or non-NIC registered) for LAN and remote users. With built-in 3DES encryption and IPSec technology, SOM can reliably transmit data over the Internet or public networks.
- **Vendor management**—As part of the turnkey service, we will communicate requirements and coordinate design and installation activities with all CPE vendors. We manage all CPE vendor relationships to help ensure that SOM receives the highest quality service available.
- **Managed design and installation**—We provide bandwidth and CPE design as well as fully-managed equipment installation, configuration, and upgrades at SOM business locations. We analyze, engineer, and integrate VPN Tunneling Service into the overall network infrastructure, and we provision onsite CPE and AT&T access facilities (unless SOM chooses third-party access).
- **Management and maintenance**—We manage all onsite devices 24x7, and we will proactively contact SOM about head-end or dedicated site VPN tunnel servers and begin trouble resolution activities for reported service outages. We proactively manage network equipment and our network facilities to help ensure that services are working as expected. We offer SLAs and provide SOM with reports on network performance.
- **Worldwide network**—VPN Tunneling Service supports Internet access to the MPLS-based global network from more than 3,700 local access points in approximately 52 countries.

A. Specific Technical and Business Requirements

1. Contractor's managed VPN services must follow general industry definitions and standards.
2. Contractor will integrate all services with the State's current infrastructure.
3. The State presently manages the IPSec VPN services being used at broadband sites and provides the required remote site routers. VPN services are being used and managed by State personnel.
 - a. AT&T provides on-site installation of head-end or dedicated site VPN tunnel server(s). For spoke sites or Broadband SOHO sites, customers can choose one of two installation options: Self-installation, and Professional installation.
4. Cable data access services will be provided as part of the managed VPN services.



5. Contractor will provide all equipment and installation required for managed VPN services.
6. At some sites multiple (generally two) VPN connections will be required.
 - a. AT&T AVTS can support multiple VPNs connections at any location using either AT&T provided transport or any 3rd party transport services.
7. Contractor will provide maintenance and support for managed VPN services.
 - a. The Managed Services Support Center (MSSC) is primarily responsible for Remote Access and VPN Support, Fault Management, CPE Maintenance Support, Telecommunications Interlock and Logical Fault Resolution. This area's focus is on managing the customers' connectivity to the AT&T network 24 hours a day, 7 day a week. The AT&T Managed Services Support Center (MSSC) will serve as the single point of contact (SPOC) for all activities relating to maintenance of those elements/components managed under contract with AT&T Business Services (ABS). MSSC provides maintenance support 24 hours a day, 7 days a week.
8. Pricing must be provided for basic cable data access services in addition to the optional managed VPN Services.
 - a. Please reference Attachment A for a listing of AT&T Basic Internet Services pricing. Please reference Attachment B for Optional Manager VPN Services Pricing.
9. For this option Contractor will provide a head end peering presence in State-specified central office location(s) in the Greater Lansing area and/or other State-designated location(s).

III. AT&T BusinessDirect®

AT&T BusinessDirect® is a suite of online tools that SOM can use 24x7 to efficiently manage the AT&T account and contracted services.

Depending on contracted services, BusinessDirect tools may include:

- **eOrder**—Submit and track service orders and help us process orders faster.
- **eMaintenance**—Place and track trouble reports, view inventory, test circuits, and re-route toll-free calls.
- **eBill**—Pay bill and handle all other billing tasks.
- **BusinessDirect Map**—Monitor and manage network using an intuitive map interface.

IV. Services

A. Project Plan

The individual that will be assigned overall responsibility for the project is Chuck Bonner. Only manufacturer trained Technicians and Service Consultants perform installation, and maintenance on the system.

B. Invoice

1. Contractor will submit an accurate, single, bill for all sites where the Contractor is providing service by service type (i.e. Commercial Broadband Services and/or Cable TV Services).
2. The invoice must be inclusive of all services, whether provided by Contractor, another carrier or a subcontractor.
3. Contractor will prorate billing for services to the date of installation/disconnect.
4. The invoice must be available with paper and electronic detail of services provided for each site.
 - a. Electronic detail must be in an Excel spreadsheet format.
 - b. AVTS uses the AT&T BusinessDirect Portal which is an online secure web site that delivers online tools for efficient, effective, convenient eServicing capabilities, 24/7. Specifically, AT&T eBill is a sleek online tool that gives SOM the ability to view SOMr AT&T invoice details, analyze SOMr billing data with standard or custom reports, make inquiries and request billing adjustments, see SOMr payment history, and pay SOMr bills online. For billing inquiries and adjustments AT&T also uses an online system to resolve billing disputes. This web based system allows customer to seek inquiries into billing records and request credits. Requests are quick and easy to submit and most are resolved within a business week from submission.
5. A single point of contact is provided for all billing inquiries.



SOM AT&T account representative is SOM single point of contact for all service issues and has in depth knowledge of the entire account environment.

C. Location and Work Space

1. The Contractor will work out of their facility.
2. The State will not provide workspace for the Contractor except in the event required for services under the Contract.

D. Travel

1. No travel or expenses will be reimbursed, unless travel is required by the State and approved in advance by the State's Project Manager.

E. Documentation

Service guides and other documentation are available online at: <http://www.att.com>.

F. Maintenance and Support

1. The Managed Services Support Center (MSSC) is primarily responsible for Remote Access and VPN Support, Fault Management, CPE Maintenance Support, Telecommunications Interlock and Logical Fault Resolution. This area's focus is on managing the customers' connectivity to the AT&T network 24 hours a day, 7 day a week. The AT&T Managed Services Support Center (MSSC) will serve as the single point of contact (SPOC) for all activities relating to maintenance of those elements/components managed under contract with AT&T Business Services (ABS). MSSC provides maintenance support 24 hours a day, 7 days a week.
2. SOM calls to the AT&T MSSC will be answered by Technical Support Associates who understand technical issues. Individuals who work in this organization include those that possess degrees in Computer Science and Engineering, plus certifications with Cisco, Juniper, Microsoft and other industry leading companies
3. The AT&T MSSC is fully staffed 24x7 globally. There are end-user(level 1) and Customer Point of Contact (level 2) support models plus Tier 3 support in the US.
4. AT&T has defined levels of escalation depending on problem severity. AT&T provides our customers with service management personnel whose sole responsibility is to advance tickets through to resolution.
5. The Contractor shall respond to the telephone requests for maintenance service, within four hours, for calls made at any time.

G. Service Levels

AT&T service level descriptions are attached.

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

The duties of the Contract Administrator shall include, but not be limited to: i) supporting the management of the Contract, ii) facilitating dispute resolution, and iii) advising the State of performance under the terms and conditions of the Contract. The State reserves the right to require a change in the current Contract Administrator if the assigned Contract Administrator is not, in the opinion of the State, adequately serving the needs of the State.

The duties of the Customer Service Manager shall include, but not be limited to: i) overall account management, ii) management of order and billing process, and iii) facilitating SLA compliance including providing monthly performance metrics and reports. The State reserves the right to require a change in the current Customer Service Manager if the assigned Customer Service Manager is not, in the opinion of the State, adequately serving the needs of the State.



Table 1: The State’s AT&T’s Account Team

Name	Title	Phone Number	Email
Robert O’Brien	Director-Account Management	517-334-3614	ro6361@att.com
Chuck Bonner	Account Manager	616-724-7755	cb3168@att.com
Anne Fisher	Account Manager	248-631-8282	af3981@att.com
Jim Farrugia	Technical Sales Consultant	586-381-9770	jf4132@att.com
Roger Bowman	Network Design Engineer	248-905-8849	rb6265@att.com

Organizational Chart:



Dedicated Account Team:

Robert O’Brien, Account Director – assigned to the State of Michigan

Anne Fisher, Account Manager 2 – assigned to the State of Michigan

Chuck Bonner, Account Manager 2 – assigned to the State of Michigan

Jim Farrugia, Technical Sales Consultant 3 – assigned to the State of Michigan

Contract Administrator:

Robert O’Brien, Account Director – assigned to the State of Michigan

Customer Service Manager and other qualified staffing will be identified and documented in detail upon Contract signature.



1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

State Project Team

Contract Compliance Manager

DTMB will assign a Contract Compliance Manager who will be responsible for the SOM's infrastructure and coordinate with the Contractor in determining the system configuration.

The SOM's Contract Compliance Manager will provide the following services:

- Coordinate the SOM resources necessary for the project.
- Provide acceptance and sign-off of deliverable/milestone and invoices.
- Collect information necessary to monitor Contractors performance against SLA requirements.
- Attend periodic meetings to review Contractor deliverables and metrics.
- Facilitate coordination between various external contractors.
- Facilitate communication between different SOM departments/divisions.
- Escalate outstanding/high priority issues.
- Utilize change control procedures and resolve project related issues.
- Conduct regular and ongoing reviews of the project to confirm that it meets original objectives and requirements.
- Document and archive all important project decisions.
- Make key implementation decisions, as identified by the Contractor's project manager, within 48-hours of their expected decision date.
- Interface with Local Agencies to resolve delivery and change control issues.

Name	Agency/Division	Title	Phone/e-mail
Jim Bowen	DTMB Telecommunications Planning	Wide Area Network (WAN) Transmission Planning Specialist	(517) 241-9076 bowenj@michigan.gov

DTMB Contract Administrator

DTMB will assign a Contract Administrator who will manage post contractual activities which include but are not limited to:

- Negotiating or clarifying contractual provisions.
- Approving amendments to or extensions of the Contract.
- Participating in scheduled reviews of Contract milestones and deliverables.
- Resolving Contract issues between the SOM and Contractor.
- Verifying that all contractual activities are complete prior to contract close out.

Name	Agency/Division	Title	Phone/e-mail
Christine Mitchell	DTMB	Contract Administrator	(517) 335-0462 mitchellc4@michigan.gov

1.203 OTHER ROLES AND RESPONSIBILITIES

1.3 Project Progress

1.301 PROJECT START UP & REVIEW

A. Orientation Meeting

1. AT&T has a local account team based in Lansing and dedicated to the State of Michigan account. The appropriate AT&T personnel will attend the orientation meeting if scheduled.
2. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.



B. Performance Review Meetings

1. AT&T has a local account team based in Lansing and dedicated to the State of Michigan account. The appropriate AT&T personnel will attend the performance review meeting as required.
2. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

1.302 REPORTS

Contractor shall provide:

- a) Monthly Status Report that correlates to the invoiced amount.
 - a. The Status Report will briefly describe the services, billing, and order activity during the status period.
 - b. Monthly Spend by service type and invoice line item
 - c. Monthly Spend by agency and in total for the State
- b) Monthly report of Service Level Metrics
 - a. Issues and concerns affecting specific deliverables and the schedule or any other aspect of the project.)
- c) Monthly report of all trouble/problem and escalation/resolution (Mean Time to Repair (MTTR))

Report formats will be agreed upon between the State and Contractor. Contractor to provide sample reports with response submission.

1.4 Project Management

1.401 ISSUE MANAGEMENT

An issue is an identified event that if not addressed may affect schedule, scope, quality, or budget.

AT&T will maintain an issue log for issues that arise relating to the provision of services under this contract. AT&T will communicate this issue log to the State’s Program Manager as required, including email notifications and updates. The issue log will contain the minimum elements as defined

The issue log must be updated and must contain the following minimum elements:

- Description of issue
- Issue identification date
- Responsibility for resolving issue.
- Priority for issue resolution (to be mutually agreed upon by the State and the Contractor)
- Resources assigned responsibility for resolution
- Resolution date
- Resolution description

1.402 RISK MANAGEMENT

A risk is an unknown circumstance or event that, if it occurs, may have a positive or negative impact on the Contract. Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact to the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy.

Contractor will identify risks associated with services provided and alert the customer of recommended mitigation strategies.

1.403 CHANGE MANAGEMENT

Contract change management is defined as the process to communicate, assess, monitor, and control all changes to system resources and processes. The State also employs change management in its administration of the Contract. (See Terms and Conditions, Article 2 and Attachment C Change Management Process for networks)



Contractors who provide products or services prior to the issuance of a Contract Change Notice by the DTMB Procurement risk non-payment for the out-of-scope/pricing products and/or services.

1.5 Acceptance

1.501 CRITERIA

Upon installation, the Contractor and State will conduct tests to ensure that the equipment and services operate in substantial conformance with the requirements of this CONTRACT for a period of 45 days after installation. All costs associated with testing must be included in Contractor's cost proposal.

Acceptance will occur when all contracted equipment has been installed and is able to function in all material respects per manufacturer specifications and in compliance with contracted requirements. For clarification, equipment sold without AT&T-provided installation is accepted on delivery by the manufacturer to the shopper. For equipment to be installed by AT&T; AT&T will provide services and, as appropriate, install, implement and cutover the system components called for in the agreed specifications for final acceptance by the State of Michigan. The services and components provided will operate in accordance with the manufacturer's specifications, the RFP specifications as responded to by AT&T and the agreement of the parties.

When the work and components specified in the Contract complete manufacturer-recommended test protocols, acceptance occurs. Acceptance shall not exceed 30 days following implementation. AT&T has waived the non-recurring charges and the monthly service charge includes normal test and turn-up. All pricing / costs can be found in the cost model.

1.502 FINAL ACCEPTANCE

Final acceptance is expressly conditioned upon completion of all delivery of equipment, completion of all tasks in the project plan as approved, delivery of services, and the certification by the State that the deliverables meet the defined requirements.

1.6 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

A. Basic Internet Services

Monthly pricing detail for Basic Internet Services must be provided in printed copy and in Excel spread sheet format. All one-time and recurring charges are to be identified.

A contract pricing spread sheet is attached which shows pricing regionally by county and city for Basic Internet Services.

B. Payment

Electronic Payment Availability

Contractor is registered to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).

1.7 Additional Terms and Conditions Specific to this SOW

1.701 ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO THIS SOW

1. The State has a goal of achieving higher participation by small, Michigan-based businesses in State-awarded contracts. Consideration may also be given to a Contractor with proactive practices for hiring and retaining underrepresented groups or who recruit to retain or increase the number of information technology professionals in Michigan. Additionally, pursuant to the Public Act 91 of 2005, the State affords an all-else-equal preference for businesses owned by qualified disabled veterans.
2. The State must be able to migrate to an improved level/type of service offered by the same provider, without early cancellation fees or penalties for the discontinued service.



Article 2. Terms and Conditions

2.000 Contract Structure and Term

2.001 CONTRACT TERM

This Contract is for a period of **five years** beginning October, 2011 through October, 2016). All outstanding Purchase Orders must also expire upon the termination for any of the reasons listed in **Section 2.150** of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, shall remain in effect for the balance of the fiscal year for which they were issued.

2.002 OPTIONS TO RENEW

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to **four additional one-year** periods.

2.003 LEGAL EFFECT

Contractor accepts this Contract by signing two copies of the Contract and returning them to the Procurement. The Contractor shall not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State shall not be liable for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract or Change Order has been approved by the State Administrative Board (if required), signed by all the parties and a Purchase Order against the Contract has been issued.

2.004 ATTACHMENTS & EXHIBITS

All Attachments and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing this Contract, are incorporated in their entirety and form part of this Contract.

2.005 ORDERING

The State must issue an approved written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order to order any Services/Deliverables under this Contract. All orders are subject to the terms and conditions of this Contract. No additional terms and conditions contained on a Purchase Order or any attachments sent by the Contractor with a quote or request for change, shall apply unless specifically incorporated via a Contract Change Notice issued by DTMB Procurement. Each Purchase Order must expressly provide that the purchase is being made pursuant to the mutually agreed terms of this Contract, and will not be subject to any pre-printed terms contained in such Purchase Order. In the event of conflict between an order and this Contract, the Contract shall take precedence. Exact quantities to be purchased are unknown; however, the Contractor will be required to furnish all such materials and services as may be ordered during the Contract period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

2.006 ORDER OF PRECEDENCE

The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.

The Contract may be modified or amended only by a formal Contract amendment.



2.007 HEADINGS

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of the Contract.

2.008 FORM, FUNCTION & UTILITY

If the Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.009 REFORMATION AND SEVERABILITY

Each provision of the Contract is severable from all other provisions of the Contract and, if one or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

2.010 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

2.011 NO WAIVER OF DEFAULT

If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

2.012 SURVIVAL

The respective obligations of Customer and Contractor that by their nature would continue beyond the expiration or termination of this Contract, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section

2.020 Contract Administration

2.021 ISSUING OFFICE

This Contract is issued by the Department of Technology, Management and Budget, Procurement for the Telecommunications Division (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Procurement is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. The Procurement Contract Administrator for this Contract is:

Christine Mitchell, CPPB
Buyer Specialist
Procurement
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Email: mitchellc4@michigan.gov
Phone: (517) 335-0462

2.022 CONTRACT COMPLIANCE INSPECTOR

The Director of Procurement directs the person named below, or his or her designee, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. **Monitoring Contract activities does not imply the authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract. Procurement is the only State office authorized to**



change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract. The Contract Compliance Inspector for this Contract is:

Jim Bowen
Wide Area Network Transmission Planning Specialist
DTMB Telecommunications Planning
608 W. Allegan
Lansing, MI 48933
Email: bowenj@michigan.gov
Phone: (517) 241-9076
Fax: 513 373-0303

2.023 RESERVED

2.024 CHANGE REQUESTS

The State reserves the right to request from time to time any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, Contractor shall provide a detailed outline of all work to be done, including tasks necessary to accomplish the Additional Services/Deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the State requests or directs the Contractor to perform any Services/Deliverables that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly before commencing performance of the requested activities it believes are New Work. If the Contractor fails to notify the State before commencing performance of the requested activities, any such activities performed before the Contractor gives notice shall be conclusively considered to be in-scope Services/Deliverables and not New Work.

If the State requests or directs the Contractor to perform any services or provide deliverables that are consistent with and similar to the Services/Deliverables being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the Statements of Work, then before performing such Services or providing such Deliverables, the Contractor shall notify the State in writing that it considers the Services or Deliverables to be an Additional Service/Deliverable for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing that Service or providing that Deliverable. If the Contractor does so notify the State, then such a Service or Deliverable shall be governed by the Change Request procedure in this Section.

In the event prices or service levels are not acceptable to the State, the Additional Services or New Work shall be subject to competitive bidding based upon the specifications.

(1) Change Request at State Request

If the State requires Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").

(2) Contractor Recommendation for Change Requests:

Contractor shall be entitled to propose a Change to the State, on its own initiative, should Contractor believe the proposed Change would benefit the Contract.

(3) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal shall include any associated changes in the technical specifications, Contract



schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

- (4) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").
- (5) No proposed Change shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Technology, Management and Budget, Procurement.
- (6) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. **If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities.** If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.025 NOTICES

Any notice given to a party under the Contract must be deemed effective, if addressed to the party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system; or (v) on the day the transmission is sent, if by electronic transmission.

State:

State of Michigan
Procurement
Attention: Christine Mitchell
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor:

AT&T
221 N. Washington Square
Suite 200
Lansing, Michigan 48933

Either party may change its address where notices are to be sent by giving notice according to this Section.

2.026 BINDING COMMITMENTS

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in the Contract. Contractor may change the representatives from time to time upon giving written notice.

2.027 RELATIONSHIP OF THE PARTIES

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors shall be deemed to be an employee, agent or



servant of the State for any reason. Contractor shall be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

2.028 COVENANT OF GOOD FAITH

Each party shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties shall not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.029 ASSIGNMENTS

Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party (which consent will not be unreasonably withheld or delayed); provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate without the prior consent of the State; provided required notice is given. In the case of any assignment, the assigning party shall remain financially responsible for the performance of the assigned obligations. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties and the requirement under the Contract that all payments must be made to one entity continues.

If either party intends to assign the Contract or any of its rights or duties under the Contract, except as permitted under this Section 2.029, the assigning party must notify the non-assigning party in writing at least 90 days before the assignment. The assigning party also must provide the non-assigning with adequate information about the assignee within a reasonable amount of time before the assignment in order for the non-assigning party to determine whether to approve the assignment.

Notwithstanding anything to the contrary in this **Section 2.029**, Contractor may subcontract to an Affiliate or a third party work to be performed under this Contract but will remain financially responsible for the performance of such obligations.

2.030 General Provisions

2.031 MEDIA RELEASES

News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates shall not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the Contract are to be released without prior written approval of the State and then only to persons designated.

2.032 CONTRACT DISTRIBUTION

Procurement retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Procurement.

2.033 PERMITS

The State will furnish Contractor any necessary licenses (other than those required to be held by Contractor or its subcontractors), permits and consents including easements and rights of way.

2.034 WEBSITE INCORPORATION

The State is not bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the



State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

2.035 FUTURE BIDDING PRECLUSION

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP; it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Contractor offering free assistance) to gain a competitive advantage on the RFP

2.036 FREEDOM OF INFORMATION

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

2.037 DISASTER RECOVERY

In the event of a natural or man-made disaster-Contractor cannot provide the State with priority service for repair and work around. Contractor's standard SLAs as provided in **Section 2.242** shall apply.

2.038 RESALE OF SERVICES

The State may not resell the Services or rebrand the Services for resale to third parties without Contractor's written consent.

2.039 TRADEMARKS

Each party agrees not to display or use, in advertising or otherwise, any of the other party's trade names, logos, trademarks, service marks or other indicia of origin without the other party's prior written consent, which consent may be revoked at any time by notice.

2.040 Financial Provisions

2.041 FIXED PRICES FOR SERVICES/DELIVERABLES

The prices listed in a Pricing Schedule are stabilized until the end of the Pricing Schedule. No promotion, credit, discount or waiver set forth in a Service Publication will apply. At the end of the Pricing Schedule Term, Customer may continue Service (subject to any applicable notice or other requirements in the Contract for Customer to terminate a Service Component) under a month-to-month service arrangement at the prices, terms and conditions in effect on the last day of the Pricing Schedule Term.

2.042 ADJUSTMENTS FOR REDUCTIONS IN SCOPE OF SERVICES/DELIVERABLES

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

2.043 SERVICES/DELIVERABLES COVERED

The State shall not be obligated to pay any amounts in addition to the charges specified in this Contract for all Services/Deliverables to be provided by Contractor and its Subcontractors, if any, under this Contract.

2.044 INVOICING AND PAYMENT – IN GENERAL

- (a) Unless the Contract or PO specifies otherwise, Customer's obligation to pay for a Service Component begins upon availability of the Service Component to Customer. At Customer's request, but subject to Contractor's consent (which may not be unreasonably withheld or withdrawn), Customer's Affiliates may be invoiced separately, and Contractor will accept payment from such Affiliates. Customer will be responsible for payment if Customer's Affiliates do not pay charges in accordance with this Contract.



Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.600**.

- (c) Correct invoices shall be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.
- (d) All invoices should reflect actual work done. The statement should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy, statements shall be forwarded to the designated representative by the 15th day of the following month.
- e) Customer will not be required to pay charges for Services invoiced more than 6 months after close of the billing period in which the charges were incurred, except for calls assisted by an automated or live operator. If Customer disputes a charge, Customer will provide notice to Contractor specifically identifying the charge and the reason it is disputed within 6 months after the date of the affected invoice, or Customer waives the right to dispute the charge. The portion of charges in dispute may be withheld and will not be considered overdue until Contractor completes its investigation of the dispute, but Customer may incur late payment fees in accordance with **Section 2.044(b)**. Following Contractor's notice of the results of its investigation to Customer, payment of all properly due charges must be made within ten (10) business days, and Contractor will reverse any late payment fees that were invoiced in error.

2.045 PRO-RATION

To the extent there are Services that are to be paid for on a monthly basis, the cost of such Services shall be pro-rated for any partial month.

2.046 ANTITRUST ASSIGNMENT

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

2.047 FINAL PAYMENT

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor shall it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.048 ELECTRONIC PAYMENT REQUIREMENT

Electronic transfer of funds is required for payments on State Contracts. Contractors are required to register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in Public Act 431 of 1984, all contracts that the State enters into for the purchase of goods and services shall provide that payment shall be made by electronic fund transfer (EFT).

2.050 Taxes

2.051 EMPLOYMENT TAXES

Contractor shall collect and pay all applicable federal, state, and local employment taxes, including the taxes.



2.052 SALES AND USE TAXES

Contractor shall register and remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining “two or more trades or businesses under common control” the term “organization” means sole proprietorship, a partnership (as defined in § 701(a) (2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

2.060 Contract Management

2.061 CONTRACTOR PERSONNEL QUALIFICATIONS

AT&T shall employ and make available at reasonable times an adequate number of appropriately qualified and trained personnel, familiar with the State’s operations and use of the services, to provide and support The State’s use of the Services in accordance with the terms of AT&T’s response to this RFP.

All of AT&T’s Technicians, Service Consultants and Customer Service Personnel are well trained and skilled in their respective disciplines. However, AT&T must be able to control its own workforce, and will therefore retain the right to assign individuals as AT&T’s business needs, our personnel’s own needs, our collective bargaining agreements and legal constraints may require. The State’s approval of any AT&T assigned personnel will not be unreasonably withheld, and rejection not unreasonably applied.

2.62 CONTRACTOR KEY PERSONNEL RESERVED

2.063 RE-ASSIGNMENT OF PERSONNEL AT THE STATE’S REQUEST

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State’s request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State’s request must be based on legitimate, good faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State’s required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service shall not be counted for a time as agreed to by the parties.

Any such request for removal shall be for lawful reasons.

2.064 CONTRACTOR PERSONNEL LOCATION

All staff assigned by Contractor to work on the Contract shall perform their duties either primarily at Contractor’s offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel shall, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.065 CONTRACTOR IDENTIFICATION

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.



2.066 COOPERATION WITH THIRD PARTIES

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, and subject to Contractor's security policies, the Contractor shall provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and shall not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

2.067 CONTRACT MANAGEMENT RESPONSIBILITIES

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services. Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties shall include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with the Project Plan is likely to delay the timely achievement of any Contract tasks.

The Contractor shall provide the Services/Deliverables directly or through its Affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor shall act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

2.068 CONTRACTOR RETURN OF STATE EQUIPMENT/RESOURCES

The Contractor shall return to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

2.070 Subcontracting by Contractor

2.071 CONTRACTOR FULL RESPONSIBILITY

Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State shall consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.

2.072 STATE CONSENT TO DELEGATION

The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State shall agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work shall not be counted for a time agreed upon by the parties.



AT&T may, without the State's consent, assign its rights and obligations under the Contract to an AT&T Affiliate that controls, is controlled by, or is under common control with AT&T, or subcontract to such an Affiliate or a third party work to be performed under the Contract, but AT&T will in each such case remain financially and operationally responsible for the performance of such obligations.

2.073 SUBCONTRACTOR BOUND TO CONTRACT

In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The management of any Subcontractor shall be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State shall not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. A list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract is attached.

2.074 FLOW DOWN

Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, and 2.200** in all of its agreements with any Subcontractors.

2.075 COMPETITIVE SELECTION

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

2.080 State Responsibilities

2.081 EQUIPMENT

The State shall provide the equipment and resources identified in the Statement of Work and other Contract Exhibits.

2.082 FACILITIES

The State must designate space as long as it is available, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities").

Customer will in a timely manner allow Contractor access as reasonably required for the Services to property and equipment that Customer controls and will obtain at Customer's expense timely access for Contractor as reasonably required for the Services to property controlled by third.

The Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing must observe and comply with all rules and regulations relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor agrees that it shall not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

Access rights mean the right to construct, install, repair, maintain, replace and remove access lines and network facilities and the right to use ancillary equipment space within a building for Customer's connection to Contractor's network. Customer must provide Contractor timely information and access to Customer's facilities and equipment as Contractor reasonably requires for the Services, subject to Customer's security policies. Customer will furnish any conduit, holes, wireways, wiring, plans, equipment, space, power/utilities and other



items as Contractor reasonably requires for the Services and will obtain any necessary licenses, permits and consents (including easements and rights-of-way). Customer will have the Site ready for Contractor to perform its work according to a mutually agreed schedule.

Unless agreed otherwise by the parties, the Contractor shall observe and comply with all rules and regulations (provided to Contractor in writing) relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor agrees that it shall not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

2.083 USERS

“User” means anyone who uses or accesses any Service provided to State. State will cause Users to comply with this Contract and is responsible for Users' use of any Service.

2.090 Security

2.091 BACKGROUND CHECKS

On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results shall be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations shall include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks shall be initiated by the State and shall be reasonably related to the type of work requested.

All Contractor personnel shall also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/dit>. Furthermore, Contractor personnel shall be expected to agree to the State's security and acceptable use policies before the Contractor personnel shall be accepted as a resource to perform work for the State. It is expected the Contractor shall present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff shall be expected to comply with all Physical Security procedures in place within the facilities where they are working.

- AT&T will comply with applicable state law requirements for screening of onsite workers.
- AT&T will work with State of Michigan to the extent allowed by applicable law, collective bargaining agreements and AT&T policies.
- Any additional background checks, beyond those which are legally required, will be at the State's expense.

2.092 SECURITY BREACH NOTIFICATION

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State shall cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

2.093 PCI DATA SECURITY REQUIREMENTS

AT&T will not accept PCard as payment for services on this contract.

RESERVED



2.100 Confidentiality

2.101 CONFIDENTIALITY

Contractor and the State each acknowledge that the other possesses and shall continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" means: (a) information the parties or their Affiliates share with each other in connection with this Contract or in anticipation of providing Services under this Contract (including pricing or other proposals), but only to the extent identified as Confidential Information in writing; and (b) except as may be required by applicable law or regulation, the terms of this Contract. In the case of information of either Contractor or the State, "Confidential Information" excludes any information (including this Contract) that is publicly available under the Michigan FOIA.

2.102 PROTECTION AND DESTRUCTION OF CONFIDENTIAL INFORMATION

The State and Contractor shall each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State shall (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party shall limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

Promptly upon termination or cancellation of the Contract for any reason, Contractor must certify to the State that Contractor has destroyed all State Confidential Information.

2.103 EXCLUSIONS

Notwithstanding the foregoing, the provisions in this Section shall not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose such information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section shall not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 PRIVACY LAWS

Each party is responsible for complying with the privacy laws applicable to its business. If Customer does not want Contractor to comprehend Customer data to which it may have access in performing Services, Customer must encrypt such data so that it will be unintelligible. Customer is responsible for obtaining consent from and giving notice to its Users, employees and agents regarding Contractor's processing the User, employee or agent information in connection with providing Service. Unless otherwise directed by Customer in writing, if Contractor designates a dedicated account representative as Customer's primary contact with Contractor,



Customer authorizes that representative to discuss and disclose Customer's customer proprietary network information to any employee or agent of Customer without a need for further authentication or authorization.

2.105 NO IMPLIED RIGHTS

Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.106 RESPECTIVE OBLIGATIONS

The parties' respective obligations under this Section 2.100 must survive the termination or expiration of this Contract for any reason.

2.110 Records and Inspections

2.111 INSPECTION OF WORK PERFORMED

RESERVED

2.112 EXAMINATION OF RECORDS

Subject to AT&T's reasonable security requirements and not more than once every twelve (12) months; for seven years after the Contractor provides any work under this Contract (the "Audit Period"), the State may, at its own expense, examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The State shall notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

SOM may employ such assistance, as it deems desirable to conduct such reviews, but may not employ the assistance of any entity that derives a substantial portion of its revenues from the provision of services that are substantially similar to the Services provided hereunder or any person who has previously made prohibited use of AT&T's Confidential Information. SOM shall cause any person retained for this purpose to execute a non-disclosure agreement. Such reviews shall take place at a time and place agreed upon by the parties. SOM's normal internal invoice reconciliation procedures shall not be considered a review of AT&T's relevant billing records.

AT&T shall promptly correct any billing error that is revealed in a billing review, including refunding any overpayment by SOM in the form of a credit or billing any underpayment as soon as reasonably practicable under the circumstances.

AT&T shall cooperate in any SOM billing review, providing AT&T billing records as reasonably necessary to verify the accuracy of AT&T's invoices. AT&T may redact from the billing records provided to SOM any information that reveals the identity or confidential information of other AT&T customers or other AT&T INFORMATION that is not relevant to the purposes of the review.

2.113 RETENTION OF RECORDS

Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract according to generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records shall be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.



2.114 AUDIT RESOLUTION

If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor shall respond to each audit report in writing within 30 days from receipt of the report, unless a shorter response time is specified in the report. The Contractor and the State shall develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

2.115 ERRORS

If the audit demonstrates any errors in the documents provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount shall be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of the contract, whichever is earlier.

In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than 10%, then the Contractor shall pay all of the reasonable costs of the audit.

2.120 Warranties

2.121 WARRANTIES AND REPRESENTATIONS

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.
- (b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
- (c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Contract.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not



knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.

- (k)
- (l) To the knowledge of the Contractor, all written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.
- (m) To the knowledge of the Contractor, it is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or such department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of—such contract and such failure to perform or breach would have a material adverse effect on Contractor’s ability to perform its obligations to the State under this Contract.
- (n) If any of the certifications, representations, or disclosures made in the Contractor’s original bid response change after contract award, the Contractor is required to update those certifications and representations Online in Bid4Michigan.

2.122 WARRANTY OF MERCHANTABILITY

RESERVED

2.123 WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE

RESERVED

2.124 WARRANTY OF TITLE

RESERVED

2.125 EQUIPMENT WARRANTY

All Purchased Equipment provided by AT&T is provided on an “AS IS” basis, except that AT&T will pass through to the State any warranties available from its Purchased Equipment suppliers, to the extent that AT&T is permitted to do so under its contracts with those suppliers, and AT&T can also provide available maintenance and support plans for purchase by the State.

2.126 EQUIPMENT TO BE NEW

If applicable, all equipment provided under this Contract by Contractor shall be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.

2.127 PROHIBITED PRODUCTS

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Procurement has approved a change order pursuant to **Section 2.024**.

2.128 CONSEQUENCES FOR BREACH

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, the breach may be considered as a default in the performance of a material obligation of this Contract.



2.130 Insurance

2.131 LIABILITY INSURANCE

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims that may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether the services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain under this Contract.

All insurance coverage provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance must be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor must have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract must be issued by companies that have been approved to do business in the State.

See www.michigan.gov/dleg.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State must be entitled to coverage to the extent of the higher limits.

The Contractor is required to pay for and provide the type and amount of insurance checked below:

- 1. Commercial General Liability with the following minimum coverage:
 - \$2,000,000 General Aggregate Limit other than Products/Completed Operations
 - \$2,000,000 Products/Completed Operations Aggregate Limit
 - \$1,000,000 Personal & Advertising Injury Limit
 - \$1,000,000 Each Occurrence Limit

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

- 2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

- 3. Workers' compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If a self-insurer provides the applicable coverage, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.



The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

- 4. Employers liability insurance with the following minimum limits:
 - \$100,000 each accident
 - \$100,000 each employee by disease
 - \$500,000 aggregate disease
- 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).
- 6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
- 7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.
- 8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132 SUBCONTRACTOR INSURANCE COVERAGE

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) must fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

2.133 CERTIFICATES OF INSURANCE AND OTHER REQUIREMENTS

Contractor must furnish to MDTMB Procurement, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **The Contract Number or the Purchase Order Number must be shown on the Certificate of Insurance to Assure Correct Filing.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) must contain a provision indicating that coverage afforded under the policies SHALL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Procurement, Department of Technology, Management and Budget. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insured under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.



The Contractor must maintain all required insurance coverage throughout the term of the Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and must not be construed; to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor is responsible for all deductibles with regard to the insurance. If the Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, then the State may, after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.

2.140 Indemnification

2.141 GENERAL INDEMNIFICATION

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its subcontractors, or by anyone else for whose acts any of them may be liable.

2.142 CODE INDEMNIFICATION

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

2.143 EMPLOYEE INDEMNIFICATION

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

2.144 PATENT/COPYRIGHT INFRINGEMENT INDEMNIFICATION

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and



reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

2.145 CONTINUATION OF INDEMNIFICATION OBLIGATIONS

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

2.146 INDEMNIFICATION PROCEDURES

The procedures set forth below must apply to all indemnity obligations under this Contract.

- (a) After the State receives notice of the action or proceeding involving a claim for which it shall seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.



2.150 Termination/Cancellation

2.151 NOTICE AND RIGHT TO CURE

If the Contractor breaches the contract, and the State in its sole discretion determines that the breach is curable, then the State shall provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

2.152 TERMINATION FOR CAUSE

- (a) The State may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State
- (b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.
- (c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract shall be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.
- (d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

2.153 TERMINATION FOR CONVENIENCE

The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a CONTRACT issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for convenience must cease on the effective date of the termination.

2.154 TERMINATION FOR NON-APPROPRIATION

- (a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of



- termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).
- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract shall be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.
 - (c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section shall not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.155 TERMINATION FOR CRIMINAL CONVICTION

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

2.156 TERMINATION FOR APPROVALS RESCINDED

The State may terminate this Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State shall pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

2.157 RIGHTS AND OBLIGATIONS UPON TERMINATION

- (a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.



2.158 RESERVATION OF RIGHTS

Any termination of this Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

2.160 Termination by Contractor

2.161 TERMINATION BY CONTRACTOR

If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.160** before it terminates the Contract.

2.170 Transition Responsibilities

2.171 CONTRACTOR TRANSITION RESPONSIBILITIES

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor shall comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 60 business days. These efforts must include, but are not limited to, those listed in **Section 2.150**.

2.172 CONTRACTOR PERSONNEL TRANSITION

The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.

2.173 CONTRACTOR INFORMATION TRANSITION

The Contractor shall provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

2.174 CONTRACTOR SOFTWARE TRANSITION

The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.



2.175 TRANSITION PAYMENTS

If the transition results from a termination for any reason, the termination provisions of this Contract must govern reimbursement. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 STATE TRANSITION RESPONSIBILITIES

In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to reconcile all accounts between the State and the Contractor, complete any pending post-project reviews and perform any others obligations upon which the State and the Contractor agree.

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

2.180 Stop Work

2.181 STOP WORK ORDERS

The State may, at any time, by written Stop Work Order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the Stop Work Order is delivered to Contractor, and for any further period to which the parties may agree. The Stop Work Order must be identified as a Stop Work Order and must indicate that it is issued under this **Section**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the Stop Work Order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the Stop Work Order as provided in **Section 2.182**.

For any project that delayed for more than 30 days, at no fault of AT&T; AT&T reserves the right to increase its charges. In the event the proposed increase is unacceptable to the SOM, the state may remove the affected services from the contract and procure elsewhere once the stop work order is lifted.

2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER

The Contractor shall resume work if the State cancels a Stop Work Order or if it expires. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the Stop Work Order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.024**.

2.183 ALLOWANCE OF CONTRACTOR COSTS

If the Stop Work Order is not canceled and the work covered by the Stop Work Order is terminated for reasons other than material breach, the termination shall be deemed to be a termination for convenience under **Section 2.153**, and the State shall pay reasonable costs resulting from the Stop Work Order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a Stop Work Order issued under this Section.

2.190 Dispute Resolution

2.191 IN GENERAL

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must



submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192 INFORMAL DISPUTE RESOLUTION

(a) All disputes between the parties shall be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any dispute after compliance with the processes, the parties must meet with the Director of Procurement, DTMB, or designee, to resolve the dispute without the need for formal legal proceedings, as follows:

- (1) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter at issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
 - (2) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract shall be honored in order that each of the parties may be fully advised of the other's position.
 - (3) The specific format for the discussions shall be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
 - (4) Following the completion of this process within 60 calendar days, the Director of Procurement, DTMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.
- (b) This Section shall not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under Section 2.193.
- (c) The State shall not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

2.193 INJUNCTIVE RELIEF

Nothing in this Contract is intended to or should be construed to prohibit a party from seeking preliminary or permanent injunctive relief in appropriate circumstances from a court of competent jurisdiction.

2.194 CONTINUED PERFORMANCE

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

2.200 Federal and State Contract Requirements

2.201 NONDISCRIMINATION

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, and marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101,



et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

2.202 UNFAIR LABOR PRACTICES

Under 1980 PA 278, MCL 423.321, et seq., the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.203 WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

In performing Services for the State, the Contractor shall comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.204 PREVAILING WAGE

Contractor is required to pay each Contractor employee pursuant to bargained or non-bargained employment guidelines. Contractor will at all times in the performance of the work comply with and provide the safeguards required by Federal, State and local laws, and applicable state labor laws and the regulations and standards issued thereunder. Any work performed by Contractor on the premises of the State of Michigan or any Customer partially or entirely under its control will be performed in accordance with these laws and standards.

2.210 Governing Law

2.211 GOVERNING LAW

The Contract shall in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.212 COMPLIANCE WITH LAWS

Contractor shall comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

2.213 JURISDICTION

Any dispute arising from the Contract shall be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.220 Limitation of Liability

2.221 LIMITATION OF LIABILITY

EITHER PARTY'S ENTIRE LIABILITY AND THE OTHER PARTY'S EXCLUSIVE REMEDY FOR DAMAGES ON ACCOUNT OF ANY CLAIM ARISING OUT OF AND NOT DISCLAIMED UNDER THIS CONTRACT SHALL BE:

- (i) FOR BODILY INJURY, DEATH OR DAMAGE TO REAL PROPERTY OR TO TANGIBLE PERSONAL PROPERTY PROXIMATELY CAUSED BY A PARTY'S NEGLIGENCE, PROVEN DIRECT DAMAGES;



- (ii) FOR BREACH OF SECTION 2.100 (Confidentiality), SECTION 2.031 (Media Releases) OR SECTION 2.039 (Trademarks), PROVEN DIRECT DAMAGES;
 - (iii) FOR ANY THIRD-PARTY CLAIMS, THE REMEDIES AVAILABLE UNDER SECTION 2.140 (Third Party Claims);
 - (iv) FOR CLAIMS ARISING FROM THE OTHER PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, PROVEN DAMAGES; OR
- (b) EXCEPT AS SET FORTH IN SECTION 2.140 (Third Party Claims) OR IN THE CASE OF A PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, RELIANCE OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS, ADVANTAGE, SAVINGS OR REVENUES OR FOR INCREASED COST OF OPERATIONS.
- (c) The limitations in this section 2.220 shall not limit customer's responsibility for the payment of all properly due charges under this contract.

2.222 DISCLAIMER OF LIABILITY

CONTRACTOR WILL NOT BE LIABLE FOR ANY DAMAGES ARISING OUT OF OR RELATING TO: INTEROPERABILITY, ACCESS OR INTERCONNECTION OF THE SERVICES WITH APPLICATIONS, DATA, EQUIPMENT, SERVICES, CONTENT OR NETWORKS PROVIDED BY CUSTOMER OR THIRD PARTIES; SERVICE DEFECTS, SERVICE LEVELS, DELAYS OR ANY SERVICE ERROR OR INTERRUPTION, INCLUDING INTERRUPTIONS OR ERRORS IN ROUTING OR COMPLETING ANY 911 OR OTHER EMERGENCY RESPONSE CALLS OR ANY OTHER CALLS OR TRANSMISSIONS, (EXCEPT FOR CREDITS EXPLICITLY SET FORTH IN THIS CONTRACT); LOST OR ALTERED MESSAGES OR TRANSMISSIONS; OR UNAUTHORIZED ACCESS TO OR THEFT, ALTERATION, LOSS OR DESTRUCTION OF CUSTOMER'S (OR ITS AFFILIATES', USERS' OR THIRD PARTIES') APPLICATIONS, CONTENT, DATA, PROGRAMS, INFORMATION, NETWORKS OR SYSTEMS.

2.223 APPLICATION AND SURVIVAL

The disclaimer of warranties and limitations of liability set forth in this Contract will apply regardless of the form of action, whether in contract, equity, tort, strict liability or otherwise, of whether damages were foreseeable and of whether a party was advised of the possibility of such damages and will apply so as to limit the liability of each party and its Affiliates and their respective employees, directors, subcontractors and suppliers. The limitations of liability and disclaimers set out in this Section 2.220 and Section 2.122 will survive failure of any exclusive remedies provided in this Contract.

2.230 Disclosure Responsibilities

2.231 DISCLOSURE OF LITIGATION

Contractor shall disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) shall notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor shall disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements that are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation shall be deemed to satisfy the requirements of this Section.



If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

- (a) The ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or
- (b) Whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
 - (1) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and
 - (2) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.
- (c) Contractor shall make the following notifications in writing:
 - (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify MDTMB Procurement.
 - (2) Contractor shall also notify MDTMB Procurement within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
 - (3) Contractor shall also notify MDTMB Purchase Operations within 30 days whenever changes to company affiliations occur.

AT&T provides disclosure of litigation through a 10-Q filed with the Securities Exchange Commission. The most recent 10-Q for AT&T Inc., filed with the Securities and Exchange Commission, addresses pending litigation in the Other Business Matters section. The 10-Q is found in the investor relations section of our website at: http://phx.corporate-ir.net/phoenix.zhtml?c=113088&p=irol-sec&control_selectgroup=Quarterly%20Filings

2.232 CALL CENTER DISCLOSURE

Contractor and/or all subcontractors involved in the performance of this Contract providing call or contact center services to the State shall disclose the location of its call or contact center services to inbound callers if outside of Michigan. Failure to disclose this information is a material breach of this Contract.

2.233 BANKRUPTCY

RESERVED

2.240 Performance

2.241 TIME OF PERFORMANCE

- (a) All of AT&T's Technicians, Service Consultants and Customer Service Personnel are well trained and skilled in their respective disciplines.
- (b) AT&T will endeavor to meet all mutually agreed implementation dates; however, AT&T shall not be liable for any problems caused by force majeure, delays due to any fault of the State of Michigan and/or any contractor or subcontractor employed by the State of Michigan, manufacturer (to include Equipment which may be on "back order") or network delays, or for problems resulting from causes beyond the reasonable control of AT&T. AT&T will notify the State of Michigan of any Equipment that would be on a "back order" status and the implementation dates will be adjusted as mutually agreed between the parties, but would not constitute a breach of contract. Any penalty provisions must be mutually agreed as part of the final contract document negotiations.

2.242 SERVICE LEVEL AGREEMENT (SLA)

- (a) SLAs will be completed with the following operational considerations:



Contractor's standard SLAs as listed in the Contractor's Service Guides (<http://serviceguidenew.att.com/> with respect to the AVTS Service Guide and <http://www.att.com/gen/public-affairs?pid=11970> with respect to the Internet Service Guides) shall apply. [As of the date of this Contract, the AVTS Service Guide may be found at http://serviceguidenew.att.com/apex/sg_landingpage?tgtPg=sg_flashPlayerPage&testid=068C000000V0LIIA K.

As of the date of this Contract, the Internet Service Guide may be found at http://www.att.com/public_affairs/broadband_policy/DSL_Description_13_States.pdf.]

In the event of any conflict between terms and conditions found in the above-referenced URL's and this Contract agreement, this Contract shall supersede.

2.243 LIQUIDATED DAMAGES

RESERVED

2.244 EXCUSABLE FAILURE

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. But the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.



2.250 Approval of Deliverables

2.251 DELIVERY OF DELIVERABLES

Prior to delivering any Custom Software Deliverable to the State, Contractor will first perform all required quality assurance activities, and, in the case of Custom Software Deliverables, System Testing to verify that the Deliverable is complete and in conformance with its specifications. Before delivering a Deliverable to the State, Contractor shall certify to the State that (1) it has performed such quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during such quality assurance activities and testing, (4) the Deliverable is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

2.252 CONTRACTOR SYSTEM TESTING

RESERVED

2.253 APPROVAL OF DELIVERABLES, IN GENERAL

RESERVED

2.254 PROCESS FOR APPROVAL OF WRITTEN DELIVERABLES

RESERVED

2.255 PROCESS FOR APPROVAL OF CUSTOM SOFTWARE DELIVERABLES

RESERVED.

2.256 FINAL ACCEPTANCE

AT&T will install, implement and cutover the completed system for final acceptance by the State of Michigan. The system will operate in accordance with the manufacturer's specifications, the RFP specifications as responded to by AT&T and the agreement of the parties. When the System completes manufacturer-recommended test protocols, acceptance occurs. Acceptance shall not exceed 30 days following Implementation.

2.260 Ownership

2.261 OWNERSHIP OF WORK PRODUCT BY STATE

For Section 2.260 and its subparts, the RFP and Contract physical response materials become the State of Michigan's property. Design of any system, as well as any other pre-existing or newly-developed intellectual property of AT&T, its suppliers or its third parties, provided in through the Contract or developed during the project remains the intellectual property of AT&T or its suppliers.

2.262 VESTING OF RIGHTS

RESERVED

2.263 RIGHTS IN DATA

The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, or personnel of any subcontractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees, or Subcontractor personnel, who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.



The State is the owner of all State-specific data under the Contract. Contractor is the owner of all Contractor-specific data under the Contract. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

2.264 OWNERSHIP OF MATERIALS

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

2.270 State Standards

2.271 EXISTING TECHNOLOGY STANDARDS

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://www.michigan.gov/dit>.

2.272 ACCEPTABLE USE POLICY

To the extent that Contractor has access to the State computer system, Contractor shall comply, and will cause its employees to comply, with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice>. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 SYSTEMS CHANGES

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's approval must be done according to applicable State procedures, including security, access and configuration management procedures.

2.280 Extended Purchasing

2.281 MIDEAL (MICHIGAN DELIVERY EXTENDED AGREEMENTS LOCALLY

Public Act 431 of 1984 permits MDTMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at: www.michigan.gov/buymichiganfirst. Unless otherwise stated, the Contractor must ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.

The Contractor will supply Contract Services and equipment to these local governmental agencies at the established State of Michigan contract prices and terms to the extent applicable and where available. The Contractor must send its invoices to, and pay the local unit of government, on a direct and individual basis.

To the extent that authorized local units of government purchase quantities of Services and/or equipment under this Contract, the quantities of Services and/or equipment purchased will be included in determining the appropriate rate wherever tiered pricing based on quantity is provided.

2.282 STATE EMPLOYEE PURCHASES

RESERVED.



2.290 Environmental Provision

2.291 ENVIRONMENTAL PROVISION

Energy Efficiency Purchasing Policy: The State seeks wherever possible to purchase energy efficient products. This includes giving preference to U.S. Environmental Protection Agency (EPA) certified 'Energy Star' products for any category of products for which EPA has established Energy Star certification. For other purchases, the State may include energy efficiency as one of the priority factors to consider when choosing among comparable products.

Environmental Purchasing Policy: The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution. Environmental components that are to be considered include: recycled content and recyclables; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bio accumulative. The Contractor should be able to supply products containing recycled and environmentally preferable materials that meet performance requirements and is encouraged to offer such products throughout the duration of this Contract. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.

Hazardous Materials: For the purposes of this Section, "Hazardous Materials" mean any substance or material capable of posing an unreasonable risk to health, safety or property or whose use, transport, storage, handling, disposal or release is regulated by any law related to pollution, to protection of air, water or soil or to health and safety. This includes, but is not limited to, materials the as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.

- (a) SOM will ensure that the location at which Contractor installs, maintains or provides Services is a safe working environment, free of Hazardous Materials and reasonably suitable for the Services. AT&T does not handle, remove or dispose of Hazardous Materials, and AT&T has no obligation to perform work at a location that is not a suitable and safe working environment. AT&T will not be liable for any Hazardous Materials. Before the commencement of Work, the State shall advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.
- (b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.
- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the State shall notify the Contractor in writing. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the



Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

Labeling: Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html

Refrigeration and Air Conditioning: The Contractor shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this contract.

Environmental Performance: Waste Reduction Program - Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this contract. The Contractor's programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

2.300 Deliverables

2.301 SOFTWARE

A list of the items of software the State is required to purchase for executing the Contract is attached. The list includes all software required to complete the Contract and make the Deliverables operable; if any additional software is required in order for the Deliverables to meet the requirements of this Contract, such software shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Statement of Work or Contract Change Notice). The attachment also identifies certain items of software to be provided by the State.

2.302 HARDWARE

A list of the items of hardware the State is required to purchase for executing the Contract is attached. The list includes all hardware required to complete the Contract and make the Deliverables operable; if any additional hardware is required in order for the Deliverables to meet the requirements of this Contract, such hardware shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Contract Change Notice). The attachment also identifies certain items of hardware to be provided by the State.

2.310 Software Warranties

2.311 PERFORMANCE WARRANTY

AT&T does not provide any warranties, but instead passes through any available manufacturer's warranties.

2.312 NO SURREPTITIOUS CODE WARRANTY

AT&T does not provide any warranties, but instead passes through any available manufacturer's warranties.

2.313 CALENDAR WARRANTY

AT&T does not provide any warranties, but instead passes through any available manufacturer's warranties.

2.314 THIRD-PARTY SOFTWARE WARRANTY

AT&T does not provide any warranties, but instead passes through any available manufacturer's warranties.

2.315 PHYSICAL MEDIA WARRANTY

AT&T does not provide any warranties, but instead passes through any available manufacturer's warranties.

**2.320 Software Licensing****2.321 CROSS-LICENSE, DELIVERABLES ONLY, LICENSE TO CONTRACTOR**

Reserved.

2.322 CROSS-LICENSE, DELIVERABLES AND DERIVATIVE WORK, LICENSE TO CONTRACTOR

Reserved.

2.323 LICENSE BACK TO THE STATE

Reserved.

2.324 LICENSE RETAINED BY CONTRACTOR

Contractor grants to the State a non-exclusive, royalty-free, site-wide, irrevocable, transferable license to use the Software and related documentation according to the terms and conditions of this Contract. For the purposes of this license, "site-wide" includes any State of Michigan office regardless of its physical location.

The State may copy each item of Software to multiple hard drives or networks unless otherwise agreed by the parties.

The State will make and maintain no more than one archival copy of each item of Software, and each copy will contain all legends and notices and will be subject to the same conditions and restrictions as the original. The State may also make copies of the Software in the course of routine backups of hard drive(s) for the purpose of recovery of hard drive contents.

In the event that the Contractor shall, for any reason, cease to conduct business, or cease to support the Software, the State shall have the right to convert these licenses into perpetual licenses, with rights of quiet enjoyment, but subject to payment obligations not to exceed the then current rates.

2.325 PRE-EXISTING MATERIALS FOR CUSTOM SOFTWARE DELIVERABLES

RESERVED.

2.330 Source Code Escrow**2.331 DEFINITION**

Reserved.

2.332 DELIVERY OF SOURCE CODE INTO ESCROW

Reserved.

2.333 DELIVERY OF NEW SOURCE CODE INTO ESCROW

Reserved.

2.334 VERIFICATION

Reserved.

2.335 ESCROW FEES

Reserved.

2.336 RELEASE EVENTS

Reserved.

2.337 RELEASE EVENT PROCEDURES

Reserved.

**2.338 LICENSE**

Reserved.

2.339 DERIVATIVE WORKS

Reserved.

2.340 DEFINITIONS

“**Affiliate**” of a party means any entity that controls, is controlled by or is under common control with such party.

“**Cutover**” means the date the service is installed, fully tested, and working as designed.

“**Damages**” means collectively all injury, damage, liability, loss, penalty, interest and expense incurred.

“**Deliverable**” means a physical good and/or commodity that is to be delivered by Contractor under a Statement of Work.

“**Intellectual Property Rights**” means any and all now known or hereafter existing rights associated with intangible property, including but not limited to registered and unregistered, United States and foreign copyrights, trade dress, trade names, corporate names, logos, inventions, patents, patent applications, software, know-how and all other intellectual property and proprietary rights (of every kind and nature throughout the universe and however designated).

“**Service Component**” means an individual component of a Service provided under this Contract.

“**Service Publications**” means Service Guides and the AUP.

“**Site**” means Customer’s physical location, including Customer’s collocation space on Contractor’s or its Affiliate’s or subcontractor’s property, where Contractor installs or provides a Service.

“**Software**” means any software owned or licensed by AT&T and provided to Customer under any SOW issued under this Contract, whether stand alone, or as incorporated in Purchased Equipment, including any APIs, guides, or documentation provided therewith.

“**Subcontractor**” means a company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.



Attachment A

Contractor to provide service area maps for counties, townships and municipalities. This Michigan Graphic shows county boundaries for the State of Michigan. This map can be modified to illustrate **Contractor regions for providing services and pricing.**

The availability of AT&T DSL may be checked by utilizing the following URL:
<https://swot.sbc.com/swot/canIOrderOnline.do?do=processDSL>

Basic Internet Access Services Cost Model

Monthly pricing detail for Basic Internet Access Services including all one-time and recurring charges:

Contract Pricing For Basic Internet Access Services

Contract Pricing For Basic Internet Access Services					
Where Available	Express 1.5M/384k	\$29.99	\$0.00	\$175.00	\$49.99
	Dynamic				
	Pro 3.0Mb/512k	\$34.99	\$0.00	\$175.00	\$49.99
	Dynamic				
	Elite 6.0Mb/768k	\$49.00	\$0.00	\$175.00	\$49.99
	Dynamic				
	Express 1.5M/384k	\$44.99	\$0.00	\$175.00	\$49.99
	Static				
	Pro 3.0Mb/512k	\$49.99	\$0.00	\$175.00	\$49.99
	Static				
	Elite 6.0Mb/768k	\$79.00	\$0.00	\$175.00	\$49.99
	Static				



Attachment B

Contract Pricing For Optional Managed VPN Services

CPE AT&T Access Tunnel Server/H2S2S AVTS High End Hub CIOS Router / Cisco 7206	Each	\$1,719.00	Waived
CPE AT&T Access Tunnel Server/H2S2S AVTS Sub-Remote CIOS/ASA 5505 Cisco 1812	Each	\$143.20	Waived
CPE 3rd party Access Tunnel Server/H2S2S AVTS Sub-Remote CIOS/ASA for ISP Cisco 1812	Each	\$143.20	Waived
Remote Access VPN management fee Registered ID	Each	\$1.99	Waived
Remote Access VPN management fee Unregistered ID	Each	\$1.99	Waived
SOHO / Hi-end CPE / Netgate 8100 / Unit / 20829 / 20828 / M90970 / O90970	Each	\$33.66	Waived
SOHO / SOHO CPE Pro. Installation NetGate 8100	Each		\$249.99
SOHO / SOHO CPE Pro. Maintenance NetGate SOHO / Appt	Each		\$149.99
SOHO / SOHO Pro Install Missed Appt	Each		\$149.99
Lite / Vendor Client / N/A / Client	Each		\$2.50



**Attachment C– Change Management Process
Telecommunications & Network Management
Change Management Process**

Mission:

The mission of change management is to ensure standardized methods and procedures to minimize the negative impact of changes to the production environment on service level commitments.

The Change Management Process consist of six areas of focus, these are:

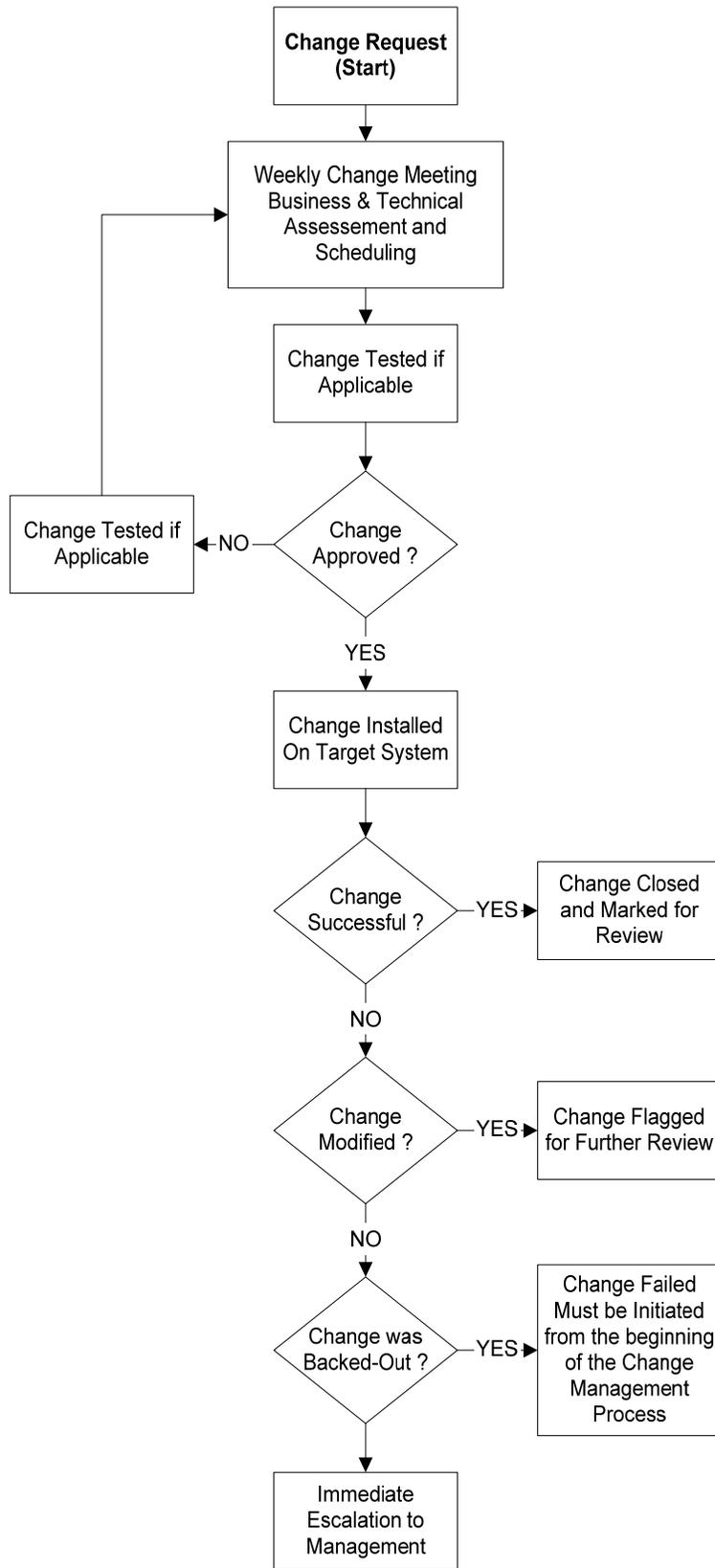
- Change Entry*** Notification to a central point of a plan to alter or modify the production or distribution environment and the initial entry of information about the planned change.
 - Monitor & Test*** The tracking and documentation of the test progress and communication of the results to all concerned parties.
 - Technical & Business Assessment*** The evaluation of the technical feasibility, business risk and effect of installing the requested change into the production or distribution system.
 - Management Approval*** Evaluate technical and business assessment recommendations; assign resources/priorities, schedule, and approve, disapprove, or delay changes.
 - Monitor & Install*** The tracking and documentation of the installation progress of all changes and communication of the results to all concerned parties.
 - Reports & Controls*** Assess achievement of both individual changes and of overall change system objectives; ensure proper functioning of all changer elements; initiate action to adjust changes system to needs.
- Scope:***
- The scope of the change management process includes any modifications, alterations, installations or replacement activities to network systems, subsystems, and applications. Major change types include:
- Hardware*** All installation, disconnects, relocation, or modification of equipment across the system infrastructure. Changes involving cabling, hubs, routers, switches, circuits, servers, middleware, and associated software.
 - System Software*** All software changes including modifications to the system operating code, access methods, subsystem software, program products, or common system support modules.
 - Applications*** All application changes being promoted into production systems. These changes include alterations to processing programs, production utilities, COTS, and integration of new network applications and services.
 - Procedures*** Changes to operational procedures that may affect systems availability or accessibility.
 - Environmental*** Changes that involve the facilities associated with system platforms and would include power, security, standby generators, etc.

**Objectives:**

- Provide a changes management process that will reduce or eliminate disruptions and business losses due to changes
- Provide a process that supports the efficient and prompt handling of all changes
- Ensure the communication of all changes to affected parties
- Record all changes in a centralized changes repository
- Ensure the appropriate management assessment and review of all changes
- Provide management an overview of changes impacting service delivery
- Provide consistent quality of change implementation
- Eliminate or reduce the number of change back-outs caused by ineffective changes



Change Management Process Flow Chart





Change Management Risk Categories

- Category 1**
- ✓ Possibility of major impact
 - ✓ Visible to all users
 - ✓ Lengthy installation
 - ✓ Back - out difficult or impossible
- Category 2**
- ✓ Possibility of significant impact
 - ✓ Visible to multiple users
 - ✓ Involved back - out procedure
- Category 3**
- ✓ Visible change
 - ✓ Back-out quick, easy, effective
- Category 4**
- ✓ Minimal impact
 - ✓ Transparent to most users
 - ✓ Day to day activity

Change Management Types

Expedited Change

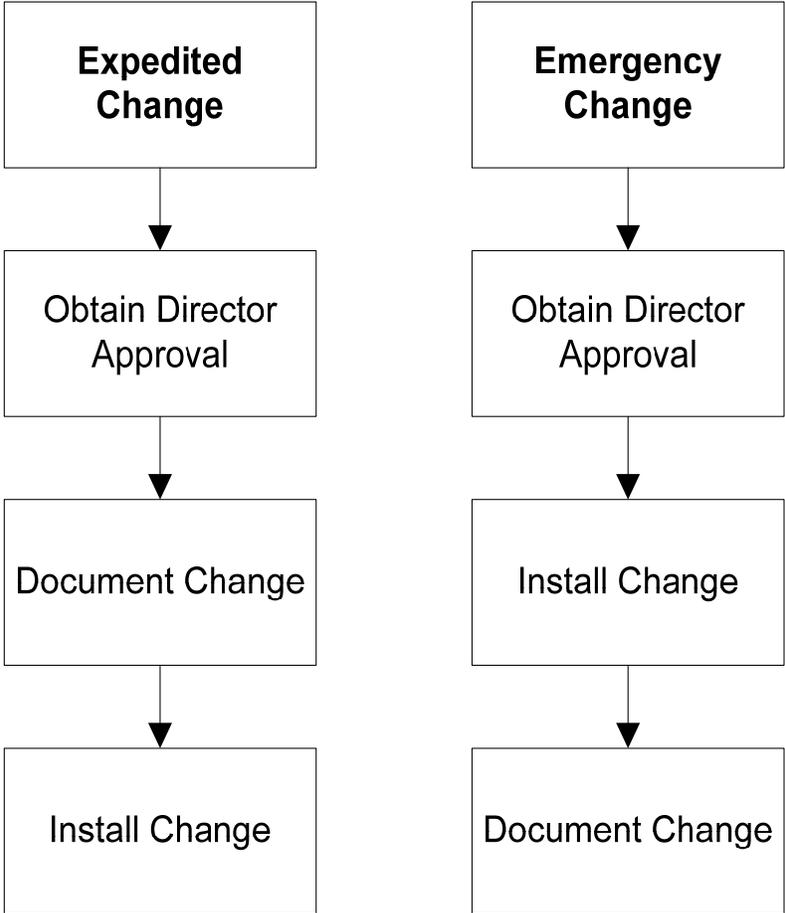
Any category of change can be processed as an expedited change. Alterations to a previously approved change received too late to follow the normal process are defined as exceptions, and must be documented as an Expedited Change. Expedited changes are usually driven by business factors unrelated to system problems.

Emergency Change

Emergency changes may be necessary to recover from a system failure that poses a significant impact on service delivery. Emergency changes must be approved by a Telecommunications and Network Management Director. The approving director is responsible for insuring that the change is properly documented and is installed and verified. A post review of emergency changes will take place during the change control meeting.



Change Management Types – Flow Chart





Change Management Lead Times

Normal Lead Time

Is the amount of time anticipated to plan and implement an authorized change adequately.

Expedited Lead Time

Is the amount of time necessary to plan and implement a categorized change which much be implemented under extenuating circumstances.

Emergency Lead Time

Is the amount of time necessary to plan and implement a categorized change which much be implemented under emergency conditions.

Change Category	Normal	Expedited	Emergency
1	56 Days	28 Days	Same Day
2	28 Days	14 Days	Same Day
3	14 Days	7 Days	Same Day
4	7 Days	4 Days	Same Day

Risk Assessment

RISK Category	Category 4	Category 3	Category 2	Category 1	Exception
Change Entry	All Change Request Logged in the Centralized Repository				
Technical & Business Assessment	Review as Required	Review as Required	Formal Review	Formal Review	Expedite as Required
Monitor Testing	All Test Results Posted in the Centralized Repository				
Manager Approval (Schedule)		Review as Required	Formal Review	Formal Review	Review as Required
Monitor Installation	All Installation Results Posted in the Centralized Repository				
Reports & Controls	Mgmt. Review & Report	Mgmt. Review & Report	Mgmt. Review & Report	Mgmt. Review & Report	Mgmt. Review & Report

***Change Control Meeting:***

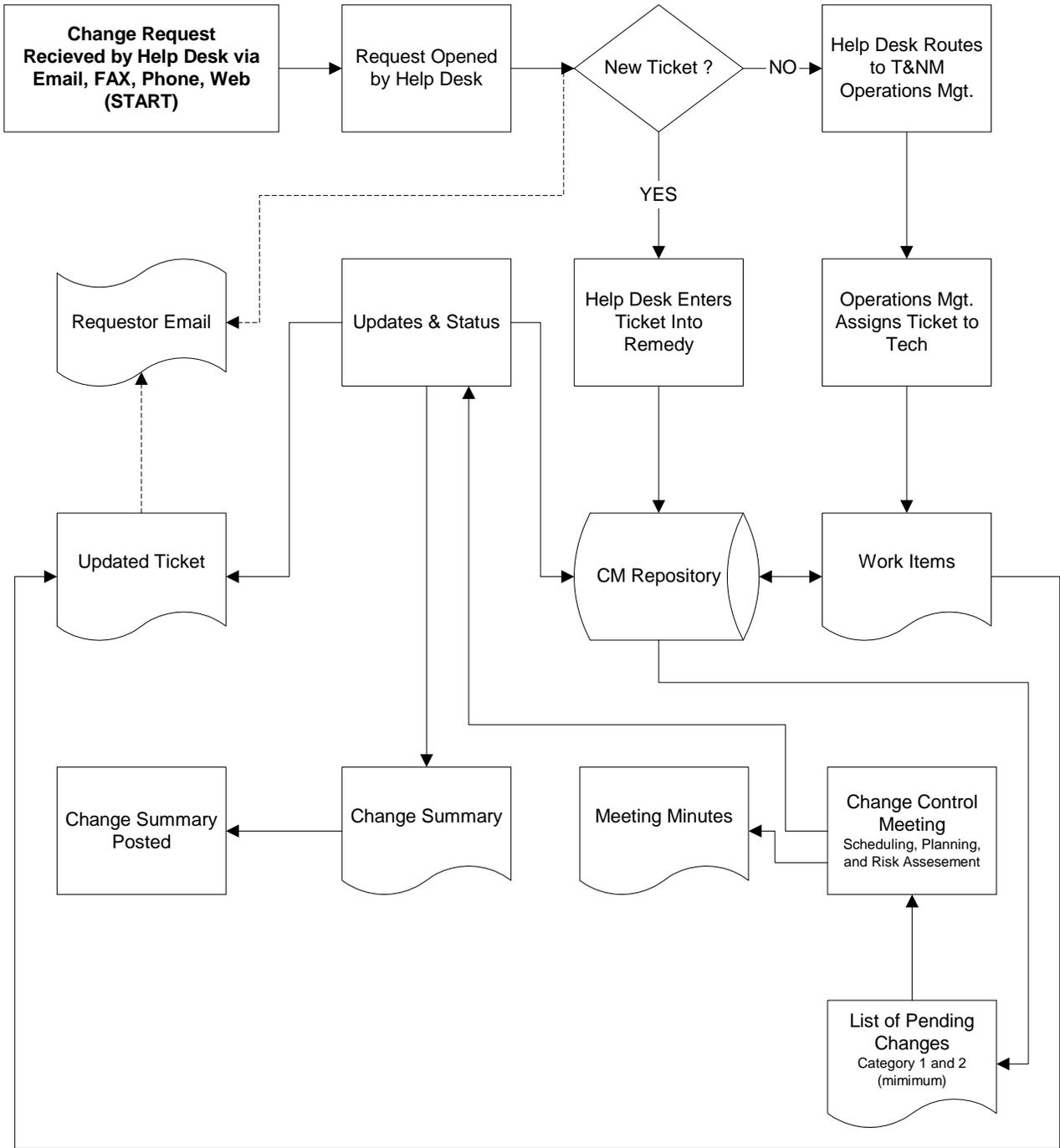
The Change Control Meeting is conducted to review changes from a technical and business standpoint, and discuss any potential impact on service delivery and end users.

- ✓ Risk assessment
- ✓ Recommended test plans (if needed)
- ✓ Recommendations for change implementation
- ✓ Identify any management approvals required outside of Telecommunications and Network Management
- ✓ Telecommunications and Network Management approvals and scheduling
- ✓ Resolve any schedule conflicts
- ✓ Minutes of meeting to appropriate management

Any action plans, concerns, or issues should be voiced at this meeting, and the status of all Category 1 and 2 changes will be reviewed



Change Request Flow





The Cornerstones of the Change Management Process

Change Entry Activity

<i>Primary Task</i>	<i>Responsibility</i>	<i>Tools</i>
Initiate change process with ticket or request form	Requestor	Email, Fax, Phone, Web Interface into Ticket System
Review ticket or form completeness and accuracy	Coordinator	Ticket System
Approve submission request	Coordinator	
Assign change category	Coordinator	
Determine ownership, if not implemented	Coordinator	
Enter Change Request into Change Management Repository	Coordinator	CM Repository

Change Assessment Activity

<i>Primary Task</i>	<i>Responsibility</i>	<i>Tools</i>
Schedule / Conduct Change Management Meeting	Coordinator	Email, Phone Conference
Accept, Reject, or defer change	CM Team	Change Meeting
Identify changes requiring testing	CM Team	Change Meeting
Assessment / Approval / Schedule	CM Team	Change Meeting
Notify requestor and / or affected parties	Coordinator	Email, Ticket System
Update change record	Coordinator	CM Repository
Update and publish change summary	Coordinator	Email, Web, Document

Monitor Testing Activity

<i>Primary Task</i>	<i>Responsibility</i>	<i>Tools</i>
Ensure testing is scheduled and completed	Owner	MS Project Plan
Review and approve test documentation	Coordinator	Change Meeting
Accept, reject, or defer the change based on test results	CM Team	Change Meeting



Approval / Sign-off and schedule the date of change	CM Team	Change Meeting
Update change record	Coordinator / Owner	CM Repository
Update and publish summary	Coordinator	Ticket System, Email, Web, Document

Management Approval Activity

<i>Primary Task</i>	<i>Responsibility</i>	<i>Tools</i>
Provide change reports and production schedules to participants	Coordinator	CM Repository, Document
Accept, Reject, or defer change	CM Team	Change Meeting
Schedule install of approved changes	CM Team	Change Meeting
Notify Requestor, Installer, and Affected Parties	Coordinator / Owner	Change Meeting, Email, Ticket System
Update change record	Coordinator	CM Repository
Update and publish change summary	Coordinator	Email, Web, Document

Monitor Installation Activity

<i>Primary Task</i>	<i>Responsibility</i>	<i>Tools</i>
Confirm that all prerequisite and co-requisite requirements are met	CM Team	Change Meeting
Ensure that the change is scheduled and accomplished	Coordinator	
If the change failed, escalate for management decision	Owner	Email, Ticket System
Update configuration and asset database	Owner	CM Repository
Report Variance from installation plan	Owner	Email, Ticket System
Update change record	Coordinator	CM Repository
Update and publish change summary	Coordinator	Email, Web, Document



<i>Primary Task</i>	Report and Control Activity <i>Responsibility</i>	<i>Tools</i>
Provide required reports to appropriate management and staff	Coordinator / Owner	Project Plan, CM Repository
Conduct Change Review Meeting	Owner	
Develop and Communicate recommendations to management	Owner	
Develop summary reports and communicate to management	Coordinator	CM Repository
Monitor recommendation follow-up	Owner	
Update Change record	Coordinator	CM Repository
Update and publish change summary	Coordinator	Email, Web, Document



Criteria for Closing Changes

<i>Primary Task</i>	<i>Tools</i>
<i>Final Closing</i>	<p>Once the Change Coordinator has received notice that is change is ready for closing, the following points should be considered:</p> <ul style="list-style-type: none"> • Are there any associated problem records (Incident Reports)? • Did the change cause any problems the change coordinator is unaware of? • Has the change “Completion Code” been correctly chosen?
<i>Change Completion Codes</i>	<ul style="list-style-type: none"> • NP - No Problem, Change met objectives • FC - Failed Change, Change has been backed out • MP - Minor Problem, Change modified after installation • SP - Serious Problem, Exception change installed to fix FC and Incident Report opened
<i>Backed Out Changes</i>	<ul style="list-style-type: none"> • Backed out changes are those changes that did not become operational when installed and could not be bypassed. This required the back - out of the change to meet Service Level Agreements. • Any Change falling into this category will be closed as a failed change. The Requestor or Owner will be required to submit a new Change Order before it can be re-approved for installation