



**Exhibit to Data Center Services  
Service Component Provider  
Master Services Agreement  
DIR Contract No. DIR-DCS-SCP-MSA-002**

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Between

**The State of Texas, acting by and through  
the Texas Department of Information Resources**

*and*

**Xerox State & Local Solutions, Inc.**

**Exhibit 4  
Pricing and Financial Provisions**

October 31, 2012

TABLE OF CONTENTS

<b>1.</b>	<b>Introduction .....</b>	<b>5</b>
<b>2.</b>	<b>Accuracy, Completeness and Interpretation.....</b>	<b>5</b>
<b>3.</b>	<b>Annual Base Charges .....</b>	<b>5</b>
<b>4.</b>	<b>Resource Unit Measurement Methodology .....</b>	<b>6</b>
<b>5.</b>	<b>Changes to Resource Categories and Resource Baselines.....</b>	<b>7</b>
<b>6.</b>	<b>Additional Resource Charges and Reduced Resource Credits (ARCs and RRCs).....</b>	<b>7</b>
<b>7.</b>	<b>Adjustments to Charges .....</b>	<b>9</b>
<b>8.</b>	<b>True-Up .....</b>	<b>10</b>
	<b>8.1 Resource Baseline True-Up.....</b>	<b>10</b>
	<b>8.2 Utility Charges True-Up.....</b>	<b>11</b>
<b>9.</b>	<b>Resource Unit Measurement Validation.....</b>	<b>12</b>
<b>10.</b>	<b>Transition and Transformation Charges .....</b>	<b>12</b>
<b>11.</b>	<b>Termination Charges.....</b>	<b>13</b>
	<b>11.1 Costs .....</b>	<b>13</b>
	<b>11.2 Termination Charges Calculation .....</b>	<b>16</b>
	<b>11.3 Return of Payments.....</b>	<b>17</b>
<b>12.</b>	<b>U.S. Dollars.....</b>	<b>17</b>
<b>13.</b>	<b>Charges for New Services .....</b>	<b>17</b>
<b>14.</b>	<b>Economic Change Adjustment .....</b>	<b>17</b>
<b>15.</b>	<b>Chargeback .....</b>	<b>20</b>
<b>16.</b>	<b>Financial Planning and Forecasting.....</b>	<b>22</b>
<b>17.</b>	<b>Pass-Through Expenses.....</b>	<b>23</b>
<b>18.</b>	<b>Managed Third Parties .....</b>	<b>23</b>
<b>19.</b>	<b>Resource Unit Categories.....</b>	<b>23</b>
	<b>19.1 Mainframe Services - IBM .....</b>	<b>23</b>
	<b>19.2 Mainframe Services - Unisys.....</b>	<b>30</b>
	<b>19.3 Server Services .....</b>	<b>32</b>
	<b>19.4 Capacity on Demand.....</b>	<b>38</b>
	<b>19.5 Utility Server Services.....</b>	<b>39</b>
	<b>19.6 Server Storage Services .....</b>	<b>44</b>
	<b>19.7 Project Pool Hours .....</b>	<b>50</b>

<b>19.8</b>	<b>Miscellaneous Server Services .....</b>	<b>54</b>
<b>19.9</b>	<b>Co-location Services .....</b>	<b>62</b>
<b>19.10</b>	<b>Optional Server Services .....</b>	<b>64</b>
<b>20.</b>	<b>ASU Volumes and Allowance for ASU Services .....</b>	<b>64</b>

**EXHIBIT 4**  
**PRICING AND FINANCIAL PROVISIONS**

**Update Methodologies and Attachments to Exhibit 4**

The following update methodologies and attachments are incorporated as part of **Exhibit 4**:

Title	Methodology for Updating Associated Exhibit Attachments
<b><u>Exhibit 4</u></b> Pricing and Financial Provisions	<b><u>Exhibit 4</u></b> may only be modified by formal amendment, in accordance with <b><u>Section 21.7</u></b> of the MSA.
<b><u>Attachment 4-A</u></b> Service Provider Pricing Forms (Mainframe)	<b><u>Attachment 4-A</u></b> (Mainframe) may be updated in accordance with the provisions in <b><u>Exhibit 4</u></b> . Any changes not provided for in <b><u>Exhibit 4</u></b> shall be modified by formal amendment, in accordance with <b><u>Section 21.7</u></b> of the MSA.
<b><u>Attachment 4-A</u></b> Service Provider Pricing Forms (Server)	<b><u>Attachment 4-A</u></b> (Server) may be updated in accordance with the provisions in <b><u>Exhibit 4</u></b> . Any changes not provided for in <b><u>Exhibit 4</u></b> shall be modified by formal amendment, in accordance with <b><u>Section 21.7</u></b> of the MSA.
<b><u>Attachment 4-B</u></b> Financial Responsibility Matrix	<b><u>Attachment 4-B</u></b> may only be modified by formal amendment, in accordance with <b><u>Section 21.7</u></b> of the MSA
<b><u>Attachment 4-C</u></b> Financial Base Case	<b><u>Attachment 4-C</u></b> is a point of reference at contract execution. No updates to <b><u>Attachment 4-C</u></b> are anticipated.
<b><u>Attachment 4-D</u></b> Resource Baselines	<b><u>Attachment 4-D</u></b> may be updated in accordance with the provisions in <b><u>Exhibit 4</u></b> . Any changes not provided for in <b><u>Exhibit 4</u></b> shall be modified by formal amendment, in accordance with <b><u>Section 21.7</u></b> of the MSA.
<b><u>Attachment 4-E</u></b> Service Tier Matrix	<b><u>Attachment 4-E</u></b> updates are made in accordance with the version control procedures set forth in <b><u>Attachment 6-B</u></b> , Section 2.1, of the Service Management Manual
<b><u>Attachment 4-F</u></b> Form of Invoice	<b><u>Attachment 4-F</u></b> is a point of reference at contract execution. No updates to <b><u>Attachment 4-F</u></b> are anticipated. Any updates to the invoice shall be made in accordance with the Change Management Process.

## 1. Introduction

This Exhibit describes the methodology for calculating the Charges for all of the Services, unless otherwise expressly provided in the Agreement. In addition, this Exhibit describes the measurement and tracking of resource utilization.

All capitalized terms used and not defined in this Exhibit shall have the same meanings given them in the Agreement and other Exhibits.

## 2. Accuracy, Completeness and Interpretation

Service Provider shall be responsible for the accuracy and completeness of the operational and financial assumptions underlying its pricing, and if such assumptions are incorrect or incomplete, Service Provider shall not be entitled to adjust its pricing or any other terms of the Agreement.

All Charges calculated in accordance with this Exhibit shall be invoiced to DIR by Service Provider in accordance with the applicable invoice and payment provisions set forth in **Section 12** of the Agreement.

Unless otherwise specified, (i) Section or Attachment references in this Exhibit refer to the Sections of or Attachments to this Exhibit, respectively, and (ii) Exhibit references in this Exhibit are to Exhibits of the Agreement.

## 3. Annual Base Charges

The Annual Base Charges for the Stub Period and each Contract Year are set forth in **Attachment 4-A** and are the fixed charges to DIR for Service Provider's provision of the Services in accordance with the levels of Resource Unit (RU) usage included in the Monthly Resource Baselines set forth in **Attachment 4-D**. The Monthly Resource Baselines may be revised from time to time on a prospective basis by agreement of the Parties based on the usage, demand and business requirements of DIR Customers and, in such event, the Annual Base Charges will be adjusted accordingly on a prospective basis. The Annual Base Charges may only be modified over time in accordance with the Agreement, including this Exhibit. Service Provider acknowledges and agrees that the Annual Base Charges, as adjusted pursuant to this Exhibit, fully compensate Service Provider for providing the Services at the Resource Unit usage levels of the Monthly Resource Baselines. Service Provider shall invoice DIR on a monthly basis in accordance with **Section 12.1** of the Agreement for a pro rata portion of the Annual Base Charge, which shall be calculated by dividing the Annual Base Charge specified in **Attachment 4-A** for the Stub Period or applicable Contract Year by the number of months in the Stub Period or applicable Contract Year, as applicable. If the actual consumption of a Resource Unit in any month is greater or less than the applicable Monthly Resource Baseline, an Additional Resource Charge (ARC) or Reduced Resource Credit (RRC) shall be applied, as provided in this Exhibit. Service Provider acknowledges and agrees that the combined total of

the Base Charge plus the ARC or minus the RRC fully compensate the Service Provider for providing the Services at the actual consumption volume of a Resource Unit in a month for all Resource Unit Categories inclusive of the Consolidated Data Centers and the Non Consolidated Service Locations. The Service Provider shall not impose any fixed or monthly required minimum fees or support level pricing for any Resource Baseline or at the total contract level; in no event will DIR be required to pay Service Provider for volumes not consumed or utilized by DIR.

#### **4. Resource Unit Measurement Methodology**

In managing the provision of Resource Units, Service Provider shall maintain the flexibility to respond to changes in DIR's and DIR Customers' demand for the Services on a day-to-day and month-to-month basis, particularly as to those portions of the Services where DIR and DIR Customers experience significant variations in demand. Unless otherwise provided in the Agreement, if the provision of the Services requires increased dedicated support, additional resources, or extended hours of service, Service Provider shall provide such support, resources, or extended hours of service at no additional charge to DIR or DIR Customers (other than for ARCs, as provided herein, and amounts for which DIR is financially responsible as expressly provided in **Attachment 4-B**).

Billable Resource Unit usage is measured on a monthly basis to determine DIR Customers' actual utilization of such Resource Units compared to the applicable Monthly Resource Baseline for purposes of calculating ARCs and RRCs. Starting on the Commencement Date and monthly thereafter, Service Provider will measure, track and report usage of Resource Units Unless otherwise expressly stated herein with respect to an RU, Service Provider will measure and determine as of the last day of each calendar month the RU volume used in determining if ARCs or RRCs are applicable for purposes of determining the Resource Unit count for such month. Service Provider's method and tools for measuring, tracking and reporting RUs is subject to DIR approval. Any automated system used by Service Provider to perform this responsibility shall be configured to track and record all user entries, reports, modifications, and all other actions taken in relation to the billing source data. DIR or its designee may, at any time, perform an audit of such automated system and all source data in accordance with **Section 9** of the Agreement.

Service Provider shall be responsible for recording all ARCs and RRCs due, and for reflecting these amounts in each Monthly Invoice, effective the month following completion and approval by DIR of the Resource Baseline True-Up. Service Provider shall present all applicable ARCs and RRCs for a particular month in one Monthly Invoice in accordance with **Section 12.1** of the Agreement. Service Provider will calculate ARCs and RRCs using the applicable ARC rates and RRC rates for each Resource Unit Category.

## **5. Changes to Resource Categories and Resource Baselines**

DIR may from time to time and on a prospective basis (e.g. based on information provided by Service Provider in response to a DIR request for analysis for savings opportunities pursuant to **Section 9.5(c)** of the Agreement) propose to add to or remove Resource Unit Categories and may also from time to time and on a prospective basis, by giving at least thirty (30) days notice to Service Provider (or such shorter period as may be required by applicable Laws), reallocate the account management, cross functional and other allocated portions of the Charges from one Resource Unit Category to another Resource Unit Category, in each case for purposes of re-allocating the pricing under the Agreement without changes in scope; provided that, in any such event, the aggregate Monthly Charges for all Resource Unit Categories shall not be increased as a result of such re-allocation. Appropriate adjustments will be made on a prospective basis to reduce the existing or new Resource Baselines and associated Base Charges and ARCs and RRCs, as applicable, to reflect advancements or changes in technology and related changes in functionality and relative performance, where applicable. If DIR proposes to add or remove a Resource Unit Category or move Charges from one Resource Unit Category to another, the Parties shall agree on the Resource Unit Baseline and Charges components applicable thereto and on corresponding adjustments to the Resource Baselines, Base Charges, ARC rates and RRC rates, and other Charges components for the remaining other Resource Unit Categories. Notwithstanding the foregoing, to the extent any of the foregoing changes are required by federal funding requirements or applicable Laws, Service Provider will implement such changes in a timely manner upon notice from DIR, and if such changes require the addition or removal of a Resource Unit Category, then the Resource Unit Baseline and Charges components applicable thereto and the corresponding adjustments to the Resource Baselines, Base Charges, ARC rates and RRC rates, and other Charges components for the remaining other Resource Unit Categories shall be equitably adjusted by the Parties.

## **6. Additional Resource Charges and Reduced Resource Credits (ARCs and RRCs)**

DIR Customers' increased or decreased consumption of Resource Units may result in ARCs or RRCs as set forth herein. After the completion of each month during the Term, starting with the first calendar month end after the completion and Acceptance by DIR of the Resource Baseline True-Up, Service Provider shall calculate ARCs and RRCs as set forth in this Section.

Service Provider shall be responsible for recording all ARC amounts due and RRC credits due, and for reflecting these amounts in the Monthly Invoice. All applicable ARCs and RRCs for a particular month shall be presented in one (1) invoice. ARCs billed and RRCs credited in a subsequent month's invoice will be calculated using the rates applicable in the month in which the ARCs or RRCs were incurred.

After the completion of each month subsequent to the Commencement Date, Service Provider shall determine the quantity of Resource Units actually consumed for each Resource Unit Category by each DIR Customer. There shall be no change in the Charges otherwise payable to Service Provider during a given month unless the number of Resource Units for a Resource Unit Category actually used during such month exceeds or is less than the applicable Monthly Resource Baseline. In the event such actual use exceeds or is less than the applicable Monthly Resource Baseline, Service Provider shall invoice DIR for an ARC or credit DIR a RRC, as applicable, as follows:

If DIR Customers' consumption of any Resource Unit is above the applicable Monthly Resource Baseline, DIR must pay the applicable ARC for each such Resource Unit at the applicable ARC rate, calculated as follows:

$$\text{ARC} = [(\text{Actual Resource Units} - \text{Monthly Resource Baseline}) \times \text{ARC rate}]$$

If DIR Customers' consumption of any Resource Unit is below the applicable Monthly Resource Baseline, DIR shall be credited the applicable RRC for each such Resource Unit at the applicable RRC rate, calculated as follows:

$$\text{RRC} = [(\text{Monthly Resource Baseline} - \text{Actual Resource Units}) \times \text{RRC rate}].$$

The unit rates for ARCs and RRCs will be symmetrical.

The Service Provider should determine the quantity of Resource Units actually consumed for each Resource Unit Category each month in accordance with the descriptions in Section 19. In some circumstances, a mutually agreed upon policy and process will be established to determine the criteria that must be met to initiate or stop billing a Resource Unit volume. These billing triggers will be documented in the Service Management Manual. At a minimum, the billing triggers should address the following scenarios to determine the appropriate criteria that must be met to generate an ARC or RRC:

1. Deployment of a new Server Service Tier Matrix Instance
2. Deployment of a new Server Service Tier Matrix Instance in support of an application upgrade or platform upgrade
3. Replacement of an existing Server Service Tier Matrix Instance via consolidation or refresh
4. Decommission of an existing Server

The trigger documentation should address all of the Resource Unit Categories that are impacted by the event (e.g. STM Instance, storage, tape, etc.) with reference to CMDB status where appropriate.

## 7. Adjustments to Charges

Annual Base Charges, ARC rates and RRC rates are valid within the bands associated with each of the Resource Baseline volumes, as set forth in **Attachment 4-A**. If any actual Billable Resource Unit count is above or below this range for six (6) consecutive months, then the Annual Base Charge, Resource Baseline, ARC rate and RRC rate for that Billable Resource Unit shall be equitably adjusted by the Parties, provided that any such adjustments to the Annual Base Charge, ARC rate and RRC rate will be on a prospective basis only and will reflect the different percentage of fixed versus variable costs resulting from the new Resource Baseline. Notwithstanding the previous sentence, any adjustments to the Charges pursuant to this Section shall not (a) be made as a result of any temporary or seasonal fluctuations in the volume of the Services and (b) result in Charges being higher than such Charges would have been if the then-current ARC rates had been applied.

Pursuant to **Section 5**, DIR may, in its sole discretion and upon notice to Service Provider, direct Service Provider to move Charges from one Resource Unit Category to another to maintain alignment of delivery costs with Services provided and to preserve a competitive chargeback unit rate, particularly in the case of volume movements from one Resource Unit Category to another as a result of Resource Baseline True-Up or Transformation Services. Service Provider shall implement such changes as soon as practicable, but in no event more than ninety (90) days from receipt of DIR's notice, and implementation of such changes shall be at no cost to DIR.

### 7.1 Email Migration Minimum Volume Floor

Consolidated Email Accounts and Non-Consolidated Email Accounts do not have ARC/RRC bands as described in **Section 7**. Instead, they have a floor at which the billing mechanism ceases to be an RU and will be charged according to the terms of this provision (the "**Email Minimum Volume Floor**"). Such Email Minimum Volume Floor shall be set at ninety percent (90%) of the Monthly Resource Baselines. In the case that the actual volume of Consolidated Email Accounts or Non-Consolidated Accounts is less than ninety percent (90%) of the Monthly Resource Baseline in any month (i.e., if the Baseline Volume was 10,000, and the actual volume fell to 999, then the Email Minimum Volume Floor would be breached), then the following shall occur:

A DIR Customer's Charges for existing Consolidated and Non-Consolidated Email Account RUs will cease upon breached the Email Minimum Volume Floor; however, legacy email servers will become billable STM instances until migration can be completed and the servers decommissioned, and legacy incremental software costs (e.g., Groupwise maintenance renewal costs) will be billed via the SSC. Service Provider will use commercially reasonable efforts to minimize such costs, including allowing support agreements to expire where appropriate during a migration period and negotiating with the legacy email software provider. Email support activities for these Consolidated Email Accounts and Non-Consolidated

Email Accounts (e.g., patching and supporting email activities) after the Email Minimum Volume Floor is breached and before a migration to another email solution shall be performed on a rate card basis, through the use of pool hours, or by a third party, at the DIR Customer's election.

The legacy email STM instances and email SSC charges described above as well as the email support performed on a rate card basis shall not be billed in the event that migration is delayed by the acts or omissions of Service Provider. However, in the event such a delay occurs, the Consolidated and Non-Consolidated Email Account RUs would be billable at the unit rate at which they were billable before the Email Minimum Volume Floor was breached.

## **8. True-Up**

### **8.1 Resource Baseline True-Up**

The Mainframe and Server Monthly Resource Baselines shown on **Attachment 4-D** (Resource Baselines) for the Services provided are based upon the Parties' expectation as of the Effective Date of what DIR Customers' actual Resource Unit usage shall be on and after the Commencement Date. The techniques used to measure or calculate actual usage of such Resource Units are intended by the Parties to yield the applicable Monthly Resource Baseline volumes shown on **Attachment 4-D** (Resource Baselines).

During the one hundred and twenty (120) days following the Commencement Date, Service Provider shall conduct a one-time True-Up that will include an inventory of the DIR Customers' Resource Unit utilization including the identification of Server primary capability in the CMDB and validate the Monthly Resource Baselines pertaining to the Services provided. Such inventory shall only be for purposes of verifying and correcting any inaccuracies in the number of such Resource Units comprising each such applicable Monthly Resource Baseline. Service Provider shall submit the inventory data to DIR for DIR's review in accordance with the criteria set forth in the Resource Baseline True-Up Transition Milestone in **Exhibit 19**. Upon DIR's acknowledgement that the inventory data is complete, Service Provider will calculate and propose an adjustment to the initial Monthly Resource Baselines for the Services provided, as set forth on **Attachment 4-D** (Resource Baselines), and the initial Monthly Base Charges, as set forth in **Attachment 4-A**, with such adjustments to reflect the results of such inventory as further described below. The adjusted Resource Baselines and Monthly Base Charges shall be effective and applied prospectively commencing the first calendar month following the month in which DIR and Service Provider reach agreement on such adjustments. The only Mainframe Resource Units subject to True-Up are CPU Hours and CPU Hours – Specialty Engine. All Server RUs are subject to True-Up with the exception of Enterprise File and Print and the Email RUs (Consolidated, Non-Consolidated, Microsoft Office 365 and Enhanced Security Hosted email).

Baseline Adjustment: The Monthly Resource Baseline for which a variance exists between (a) the Monthly Resource Baseline shown on **Attachment 4-D** (Resource Baselines) for such Resource Unit Category and (b) the DIR Customers' actual usage of Resource Units in respect of such Resource Unit Category as of the Commencement Date, the original projected Monthly Resource Baseline for each Contract Year shall be increased or decreased (as applicable) in the aggregate (i.e. preserving the original trends over time of increase or decrease in consumption) by the amount of such variance. For clarification, if a Resource Unit Category was originally projected to have volume changes over the Term, then the baseline adjustment due to True-Up should preserve those projected variations.

Base Charges Adjustment: There shall be no change to the Charges to the extent the adjustments result from correcting the number of the Resource Units comprising each such Monthly Resource Baseline for volume changes within the True-Up Deadband as described in **Attachment 4-A**. If the True-Up volume adjustment is greater than the True-Up Deadband, the Monthly Base Charges for each Resource Unit Category will be increased or decreased (as applicable), on a prospective basis for each Contract Year, by an amount equal to the product of (i) the portion of such variance that exceeds the True-Up Deadband multiplied by (ii) the applicable ARC/RRC rate. The Mainframe CPU Hour is not subject to a change in the Charges, at the same hourly utilization as implied in the resource baseline. The True-Up for this Resource Unit is intended as Monthly Resource Baseline adjustment only to align with Service Provider measurement normalization methodologies and overhead exclusions.

Prior to completion of True-Up by Service Provider and approval of the Resource Baseline and Base Charge adjustments by DIR, there will be no adjustments to the Monthly Base Charges through ARC and RRC rates. DIR Customers, however, will be charged on an actual consumption basis using a blended chargeback rate. DIR Customer consumption will be determined based upon Service Provider's measurement of each Resource Unit category effective at Commencement Date monthly through the completion of True-Up.

## **8.2 Utility Charges True-Up**

The Charges identified in the "Data Center Services" tab of **Attachment 4-A** as utilities in the Austin Data Center (the "**Impacted Utilities Charges**") are based in part upon Service Provider's assumption as of the Effective Date of the use of the Austin Energy rates available to the State of Texas. Set forth on **Attachment 4-A** is the estimated total annual amount of the utilities which are included in the Impacted Utilities Charges. Prior to Commencement Date, Service Provider shall confirm use of the State of Texas utility rates. If Service Provider is not able to use the State of Texas rate, the Charges shall be increased by the amounts set forth on **Attachment 4-A** for each Contract Year. Any adjustments made pursuant to this Section shall be effective prospectively on and after Commencement Date.

## 9. Resource Unit Measurement Validation

Prior to the completion of the Resource Baseline True-Up, DIR and the Service Provider will review the measurement tools and processes for Resource Unit measurement, as well as resulting data, to ensure that such tools and processes are appropriate, accurate, producing consistent data, and reaching all devices that are to be measured. Service Provider will obtain DIR Acceptance for all measurement tools, methodologies, processes and reports that are used by Service Provider to measure, track and report Resource Unit usage. In coordination with the MSI, Service Provider will document in the Service Management Manual the tools, methodologies and processes used by Service Provider to measure, track and report Resource Unit usage. This documentation will be completed as part of the Resource Baseline True-Up process. DIR will have the right to access and audit these measurement tools and the data produced as may be requested by DIR from time to time. DIR will also have the right to audit the measurement tools and output results as a means to validate the data of Resource Unit usage on a quarterly basis. DIR may also require Service Provider to utilize a Service Provider recommended alternative measurement tool approved by DIR in the Resource Unit measurement process, at no additional cost to DIR, if audit results determine that the existing measurement tools do not consistently perform accurately or otherwise in accordance with the requirements of this **Exhibit 4**. Any changes to the tools and/or processes proposed by Service Provider require prior Acceptance from DIR, which DIR may withhold in its sole discretion.

## 10. Transition and Transformation Charges

The Charges include certain Transition and Transformation Charges set forth in **Attachment 4-A** that are payable in the amounts set forth and so billed to DIR in accordance with the schedule set forth in **Attachment 4-A** provided that Service Provider has obtained DIR's Acceptance of the applicable Transition Milestones and Transformation Milestones. If the completion and acceptance date of the Transition and Transformation Milestone varies from the date in Attachment 4-A, the amortization of the Transition and Transformation Charges will be recalculated based on the remaining months in the initial Term of the Agreement from the date of DIR acceptance. The calculation will factor in the discounted value of the milestone amortized in equal monthly amounts over the remaining Term. DIR reserves the option to make a lump sum payment of the Transition and Transformation Charges upon Acceptance of the related Milestones (with the appropriate discount applied accordingly).

Transition and Transformation Charges consist of Charges for performance of all Transition Services and Transformation Services and must be set forth in **Attachment 4-A**. Such Transition and Transformation Charges will be itemized on the applicable Monthly Invoices to DIR in sufficient detail to delineate the specific nature of the Charges and the applicable percentage thereof then payable. The invoice will clearly identify each Transition and Transformation Charges (e.g. Transition Charges will be clearly identified as "Charges for Transition Services"

or “Charges for Transformation Services”, as applicable, as well as the relevant Transition Milestone or Transformation Milestone with which it is associated).

## **11. Termination Charges**

### **11.1 Costs**

Termination Charges shall consist of the following costs that are reasonably and actually incurred by Service Provider as a direct result of DIR’s termination of the Agreement, in whole or in part, pursuant to **Section 20.2** of the Agreement:

#### **(a) Service Provider Equipment**

- (i) With respect to Equipment owned by Service Provider (including Equipment owned by Service Provider Affiliates and Subcontractors) that is implicated by the relevant termination event and that is used by Service Provider, Service Provider Affiliates or Subcontractors on a fully dedicated basis to perform the Services, if DIR, the DIR Customers and their designee(s) decide not to purchase such Equipment and Service Provider, Service Provider Affiliates or Subcontractors is/are not able to redeploy such Equipment within sixty (60) days of the date on which such Equipment is no longer required to perform the Termination Assistance Services, the Termination Charges shall consist of the sum of the fair market value (as shall be determined by an agreed-upon appraisal) for each such item of Equipment, net any amounts recovered by Service Provider, Service Provider Affiliates or Subcontractors through the sale or other disposition of such Equipment); provided, however, in the case of any such item of Equipment for which the acquisition cost has been the basis of Charges to DIR (e.g. as in the case of the Hardware Service Charge), the Termination Charges shall consist of the sum of any then unrecovered DIR-approved acquisition costs computed in accordance with the method used to charge DIR therefore.
- (ii) Service Provider shall use commercially reasonable efforts to avoid incurring the costs described in clauses (i) of this Subsection, minimize any such costs that are incurred and/or recover amounts previously paid. The commercially reasonable efforts to be employed by Service Provider, Service Provider Affiliates and Subcontractors shall include, to the extent applicable, (A) working with DIR to identify all commercially reasonable means to avoid or minimize such costs, (B) offering to make the Equipment described in clauses (i) of this Subsection available to DIR, DIR Customers and/or their designee(s) in accordance with **Section 4.4** of the Agreement, (C) redeploying any such Equipment that are not assumed or acquired by DIR, any DIR Customer or their designee(s)

within Service Provider's, any Service Provider Affiliate's or any Subcontractor's organization if, and as soon as, commercially reasonable, and (D) selling, canceling or otherwise disposing of any such Equipment that cannot be redeployed. The costs to be reimbursed by DIR shall cease to accrue following the redeployment or use of such Equipment for any other purpose and shall be reduced by the net proceeds received from any sale or other disposition.

- (iii) Notwithstanding clauses (i) through (ii) of this Subsection (a), DIR shall not be obligated to pay any Termination Charges with respect to any Equipment implicated by any termination event to the extent (A) DIR, any DIR Customer or their designee(s) purchases any such Equipment or (B) Service Provider, the applicable Service Provider Affiliate or the applicable Subcontractor is unable (unless otherwise expressly agreed by DIR pursuant to **Section 6.4** of the Agreement) or unwilling to offer DIR, the DIR Customers and their designee(s) the right to assume such Equipment.

(b) **Employee Severance Costs**

With respect to Service Provider's employees that are implicated by the relevant termination event and that are fully dedicated to the provision of Services as of the date of DIR's notice of termination ("**Eligible Service Provider Personnel**"), the Termination Charges shall equal the product of (A) the "**Severance Cost Per Employee**" (as specified in **Table 1** below for the Stub Period or the Contract Year during which the date of severance occurs), multiplied by (B) the actual number of Eligible Service Provider Personnel that are terminated within the later of (1) the effective date of the relevant termination event and (2) sixty (60) days after the date on which each such employee ceases to perform the Termination Assistance Services; provided, however, that such amounts shall not be payable with respect to Eligible Service Provider Personnel who:

- (i) are transferred to DIR, any DIR Customer or their designee(s) or who are offered and accept employment with DIR, any DIR Customer or their designee(s);
- (ii) Service Provider declines to make available for transfer to or employment by DIR, any DIR Customer or their designee(s); or
- (iii) are offered employment with DIR, any DIR Customer or their designee(s) at equal or higher compensation, but who have the opportunity to remain with Service Provider and elect to do so.

**Table 1:**

Severance Cost Per Employee						
Stub Period	CY1	CY2	CY3	CY4	CY5	CY6
\$14,625	\$14,625	\$14,625	\$14,625	\$14,625	\$14,625	\$14,625

(c) **Unrecovered Transition and Transformation Charges**

The Termination Charges will, to the extent applicable, include the unpaid balance of Transition and Transformation Charges for those milestones in **Attachment 4-A** that have been completed by Service Provider and approved by DIR (the “Unrecovered Milestone Amount”). For purposes of calculating the Unrecovered Milestone Amount, the amount representing the balance due should be discounted back to present value using the rate implicit in the difference between Scenario 1 and 2 in **Attachment 4-A**, “TnT Milestones”. The Unrecovered Milestone Amount will be calculated and due and payable at such time that DIR no longer receives the terminated Services, including any Termination Assistance Services associated therewith.

(d) **Third Party Contracts**

(i) With respect to Third Party Contracts (including leases, licenses, and services contracts with Third Parties) that are (A) implicated by the relevant termination event, and (B) used by Service Provider solely to perform the Services; if DIR, the DIR Customers and their designee(s) decide not to assume any such Third Party Contract and Service Provider is not able to use such Third Party Contract in connection with its performance of services for any other Service Provider customers within sixty (60) days of the date on which such Third Party Contract is no longer required to perform the Termination Assistance Services, the Termination Charges shall equal the sum of (A) any termination or cancellation fees that Service Provider is contractually required to pay to the counter-party to such Third Party Contract in connection with the early termination of such Third Party Contract and which are specified in **Exhibit 18**, plus (B) subject to Subsection 11.1(a)(i) through (iii), unrecovered prepaid charges that Service Provider is contractually required to pay to the counter-party to such Third Party Contract during the remaining initial term of such Third Party Contract provided, however, that such unrecovered amounts have been incurred by Service Provider in good faith and with a reasonable

expectation of providing the Services pursuant to this Agreement and do not exceed twelve (12) months of charges.

- (ii) Service Provider, Service Provider Affiliates and Subcontractors shall use commercially reasonable efforts to avoid incurring the costs described in clause (i) of this Subsection, minimize any such costs that are incurred and/or recover amounts previously paid. The commercially reasonable efforts to be employed by Service Provider, Service Provider Affiliates and Subcontractors shall include, to the extent applicable, (A) working with DIR to identify all commercially reasonable means to avoid or minimize such costs, (B) redeploying any such Third Party Contracts that are not assumed or acquired by DIR, any DIR Customer or their designee(s) within Service Provider's, any Service Provider Affiliate's or any Subcontractor's organization if, and as soon as, commercially reasonable, (C) negotiating with the applicable counter-parties to such Third Party Contracts to eliminate or reduce such costs and (D) canceling or otherwise disposing of any such Third Party Contracts that cannot be redeployed. The costs to be reimbursed by DIR shall cease to accrue following the redeployment or use of such Third Party Contract for any other purpose and shall be reduced by the net proceeds received from any sale or other disposition.

(e) **Unrecovered Service Provider Investments**

The Termination Charges will, to the extent applicable, include the unpaid balance of Service Provider investments. Service Provider investments are comprised of the following two categories:

1. The initial acquisition of assets from Incumbent Service Provider required to provide Services to DCS Customers, and
2. Capital investments incurred by Service Provider not included in the Transition and Transformation Charges and unrecovered in Charges.

**11.2 Termination Charges Calculation**

- (a) If DIR terminates the Agreement in its entirety pursuant to **Section 20.2** of the Agreement, the Termination Charges payable with respect to such termination shall be the sum of the applicable costs described in Section 11.1. If DIR terminates a Service Component or otherwise terminates the Agreement in part pursuant to **Section 20.2** of the Agreement, the Termination Charges payable with respect to such termination shall be the sum of the applicable costs described in **Section 10.1**, equitably reduced in proportion to the portion of the terminated Services.

- (b) Service Provider shall invoice DIR for the Termination Charges owed Service Provider (as applicable) following the date that such Termination Charges are calculated pursuant to **Section 20.10(b)** of the Agreement, and such invoice shall be due and payable in accordance with **Section 12** of the Agreement. Service Provider shall prepare an itemized calculation of the potential Termination Charges and deliver it to DIR within thirty (30) days after Service Provider's receipt of the notice of termination. Such calculation shall contain such documentation as is reasonably necessary to validate the potential Termination Charges. For the avoidance of doubt, DIR shall be entitled to audit the Termination Charges in accordance with **Section 9.9** of the Agreement.

### **11.3 Return of Payments**

Any Charges, expenses, refunds, rebates, credits or other amounts paid by DIR which Service Provider has not (a) paid back to DIR or (b) applied to invoices presented for Services rendered prior to the date on which the relevant Termination Charges are calculated pursuant to **Section 20.10(b)** of the Agreement shall be, at DIR's option, credited toward such Termination Charges or paid to DIR to the extent such amounts are related to the Services implicated by the relevant termination event.

### **12. U.S. Dollars**

All Charges are expressed and shall be paid in U.S. Dollars.

### **13. Charges for New Services**

If and to the extent that DIR requests Service Provider to perform any New Services in accordance with the terms of the Agreement, the Charges shall be adjusted in accordance with the corresponding proposal submitted by Service Provider and approved by DIR in accordance with **Section 11.5** of the Agreement; provided, however that to the extent that any New Services are FTE-based, the Charges for such New Services shall be subject to the terms of **Section 19.7.8**, unless the Parties otherwise agree in writing.

### **14. Economic Change Adjustment**

Beginning with the start of Contract Year 2 and each anniversary of such date thereafter during the Term (the "ECA Adjustment Date"), Service Provider shall calculate and apply an adjustment to the Inflation Sensitive Charges based upon economic changes (an "**Economic Change Adjustment**" or "**ECA**") as described in this **Section 14**. Service Provider's entitlement to an ECA is conditioned upon the Service Provider providing DIR the calculation of the ECA for each Inflation Sensitive Charge sixty (60) days in advance of the ECA Adjustment Date and applying the ECA to the first Monthly Invoice for the applicable ECA Adjusted Year.

DIR and Service Provider shall use the average of the six (6) months ending May unadjusted Consumer Price Index, as published in the Summary Data from the Consumer Price Index News Release by the Bureau of Labor Statistics, U.S. Department of Labor, For All Urban Consumers (the “**CPI-U**”), for purposes of determining the Effective Rate of Inflation. In the event the Bureau of Labor Statistics stops publishing the CPI-U or substantially changes its content and format, DIR and Service Provider shall substitute another comparable index published at least annually by a mutually agreeable source. The baseline index for purposes of calculating the ECA shall be the CPI-U for the average of the six (6) months ending May of the previous year (the “**Previous Year Index**”). If the Bureau of Labor Statistics merely redefines the base year for the Price Index from 1982-84 to another year, DIR and Service Provider will continue to use CPI-U, but will convert the Previous Year Index by using an appropriate conversion formula.

Beginning with the start of Contract Year 2 and continuing each Contract Year thereafter for the remainder of the Term, the actual CPI-U for the average of the six (6) months ending May of the same Calendar year (the “**Current Year Index**”) shall be compared to the Previous Year Index to determine the effective rate of inflation or deflation to be applied for the upcoming Contract Year (the “**Effective Rate of Inflation**”). The Effective Rate of Inflation shall be computed as follows: the lesser of (Current Year Index – Previous Year Index) / Previous Year Index or the Inflation Adjustment Cap.

Percentages have been established that reflect the impact of a change in the rate of inflation on Service Provider's cost of delivering the Services (the “**Inflation Sensitivity Factor**”). The Inflation Sensitivity Factors are set forth in **Attachment 4-A** (Service Provider Pricing Form).

The “**Inflation Factor**” shall be determined by adding one (1) to the Effective Rate of Inflation and multiplying these amounts for each year in which inflation has been calculated. For example, if inflation was 4% in Year 2, 1% in Year 3, and 5% in Year 4, the Effective Rate of Inflation would be 3%, 1%, and 3% respectively, and the Inflation Factor would be 1.071509 (1.03 \* 1.01 \* 1.03).

If the Inflation Factor is equal to or less than one (1), then no ECAs shall be owed hereunder during the Contract Year that begins on the applicable ECA Adjustment Date (the “**ECA Adjusted Year**”). If the Inflation Factor is greater than one (1), then ECAs shall be applied during the ECA Adjusted Year as calculated in accordance with this Section.

The ECA adjustment amount shall be determined by multiplying the Inflation Factor by the amount of the Inflation Sensitive Charges, and then multiplying the difference between this calculated amount and the Inflation Sensitive Charge by the Inflation Sensitivity Factor. ECA changes shall be made on a prospective basis for the Inflation Sensitive Charges payable by DIR during the upcoming Contract Year (i.e. the ECA determined at the beginning of Contract Year 2 using the Current

Year Index shall be used for purposes of adjusting all of the Inflation Sensitive Charges payable by DIR during Contract Year 2).

Below are ECA example calculations based on the following assumptions:

ECA calculation begins in September, 2010;

The Inflation Sensitivity Factor is 70%;

The Base Year Index is July 2009, which equals 210.036;

The amount of the Inflation Sensitive Charges is \$500,000; and

The following CPI-U Index examples:

<b>CPI-U Inflation Indices</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Avg CPI-U Index, for six months ending July</b>	<b>210.036</b>	<b>218.437</b>	<b>221.325</b>

This results in the ECA calculated values depicted in the table below and described in the following text.

	<b>Stub Period</b>	<b>Contract Year 1</b>	<b>Contract Year 2</b>	<b>Contract Year 3</b>
Effective Rate of Inflation	N/A	N/A	3.0%	1.322%
Inflation Sensitivity Factor	N/A	N/A	70%	70%
Inflation Factor	N/A	N/A	1.03	1.04361

The ECA calculations for the Stub Period and Contract Year 1 are not applicable (the calculation does not commence until July, 2010). For Contract Year 1, the invoice amounts shall not be adjusted for Economic Change Adjustment.

In the example above, all invoice amounts for the Inflation Sensitive Charges for Contract Year 3 shall be multiplied by 1.04361. The difference between the Inflation Sensitive Charges (\$500,000) and the calculated amount ( $\$500,000 * 1.04361 = \$521,805$ ) is \$21,805, which is multiplied by the Inflation Sensitivity Factor of 70% for an ECA Adjustment of \$15,263.

For purposes of the ECA calculation, the Inflation Adjustment Cap is 3%.

Beginning with the start of Contract Year 2, New Services that result in a new Resource Unit Category with Base Charges, ARCs/RRCs, and a Resource Baseline, no ECA shall apply to those charges for the remainder of the Contract Year the New Service commenced.

Beginning in the Contract Year following the Year in which the Amendment is executed, DIR and Service Provider shall calculate an alternate ECA that shall apply only to the charges specified under the Amendment and shall be exclusive of any other ECA.

The alternate, Amendment-specific ECA shall be calculated in the same manner as above except that an alternate, amendment-specific baseline index shall be used. The alternate, amendment-specific baseline index for the purposes of calculating the alternate, amendment-specific ECA shall be the average of the monthly CPI-U for the six months ending in the month in which the Amendment is executed (the "Amendment Base Year Index").

DIR and the Service Provider shall update the Amendment-specific ECA annually in the same manner as described above except that the Amendment Base Year Index shall continue to apply.

DIR and the Service Provider shall follow the same Amendment-specific ECA calculation process as described above for any subsequent Amendments that incorporate new Resource Units, Base/Variable Charges, or Fixed Charges to the Contract.

## **15. Chargeback**

The MSI is responsible for developing, managing, and maintaining the Chargeback System as well as developing and coordinating the associated processes for all other DCS Service Providers. The Service Component Providers are responsible for data collection, data integrity, and providing data feeds to the MSI for Chargeback information. The MSI will manage the Chargeback unit rate development process in coordination with DIR. DIR will provide the methodology but the MSI will develop the calculations and maintain the process, which will include the allocation of some or all of a DCS Service Provider's Charges into another Service Component Provider's Resource Unit for Chargeback purposes.

The MSI will be the financial intermediary between the Service Component Providers and DIR. In this role, the MSI will provide all of the Services in **Exhibit 2.1** Section A.2.5, to include provision and management of the Chargeback and Utilization Tracking System, Chargeback and utilization reporting, Chargeback invoice consolidation, and management of the invoice dispute process. A component of the Chargeback invoice consolidation responsibility is the reconciliation of the cumulative total of all Service Providers' Monthly Invoices with the cumulative total of the DIR Customers' Chargeback invoices. The MSI

will provide DIR with the supporting detail necessary to facilitate DIR's payment of the Monthly Invoice to each Service Provider.

For all Charges that are billable on a Resource Unit basis, HSC/SSC, Transition and Transformation Charges, Pass-through Expenses, New Services, and all other services for which Service Provider is authorized to charge separately by DIR, Service Provider will provide data to the MSI to support the Charges by DIR Customer and DIR Customer account identifier that conforms with the requirements of **Section 12.1** of the Agreement. DIR will provide the MSI with the blended unit rate chargeback methodology and the MSI will make available to DIR and DIR Customers through the Portal the monthly chargeback volumes, rates, and extended charge per Resource Unit per DIR Customer and DIR Customer account identifiers. Except for the ASU allowance and the HSC/SSC, it is anticipated the DIR chargeback methodology will include the use of applying the chargeback unit rate (Base Charge plus or minus variable ARC/RRC charges divided by total volume consumed) to the DIR Customer volume plus the allocation of other charges including Transition and Transformation Charges on a weighted average basis. The MSI will implement chargeback in a phased approach. Chargeback detail for each DIR Customer should be made available in the chargeback system and on the Portal in a format that aligns with the form(s) of invoice described in **Attachment 4-E**.

At a minimum, DIR requires DCS Service Providers to provide detailed billing data by DIR Customer, DIR Customer account identifier, by project, by Resource Unit, and by such factors as requested by DIR, including the ability to track usage by major Application and Authorized User. Service Provider will be required to provide HSC and SSC chargeback information mapped to server instances for chargeback purposes. DIR will be responsible for providing DCS Service Providers with the factors to track, as well as the methodology to be used to indicate usage among such factors. The MSI will provide detailed billing information available online in a database that lends itself to searching, ad hoc reporting, and the ability to export data. This detailed billing information should include the current Contract Year and the previous two Contract Years' data. Billing detail beyond this time period should be archived and available upon request.

Service Provider will develop and implement changes to comply with OMB Circular A-87 based upon chargeback requirements provided by DIR. The chargeback unit rate methodologies may be adjusted as necessary to meet federal approval or to better facilitate effective and efficient charging of the Services to DIR and DIR Customers. It is anticipated the chargeback methodologies generally fall into three categories.

For most billable Resource Units, the chargeback methodology will distribute charges to the benefiting programs based upon proportionate usage. This approach requires that appropriate utilization data be captured for each of these resource units

and used to distribute charges to the benefiting programs identified by each DIR Customer.

For certain billable Charges, such as Transition and Transformation Charges, it may not be possible to determine utilization attributable to specific DIR Customers. In this case, the charges associated with each milestone are to be amortized and then distributed to the DIR Customers in the following manner, as directed by DIR. Charges directly attributable to a DIR Customer should be allocated to that DIR Customer. Charges that are not attributable to a specific DIR Customer should be allocated using cost data from the prior month. Mainframe related charges should be allocated based on each DIR Customer's Mainframe related costs as a proportion of total Mainframe related costs. Similarly, Server related charges should be allocated based on each DIR Customer's Server related costs as a proportion of total Server related costs. Finally, charges which cannot be attributable solely to a DIR Customer or as a Mainframe or Server related cost should be allocated based on each DIR Customer's total costs as a proportion of the total costs for all DIR Customers. The MSI will allocate the chargeback for the ASU Charges as instructed by DIR.

Service Provider will provide detailed billing data by DIR Customer for the co-location services monthly recurring charges, one-time charges for co-location transition services, one-time charges for migration services, and any allocation of build-out charges.

## **16. Financial Planning and Forecasting**

Service Provider shall provide DIR with a rolling quarterly forecast of Charges and Resource Unit usage trends by Resource Unit for the next four (4) quarters (aligned with the State's fiscal year). The Charges forecast should be inclusive of Transition and Transformation Charges, HSC and SSC, Projects, New Services, and Co-location Services. The forecast should include all known and expected changes captured as part of the Technology Plan and capacity planning and the data captured from project activities and requests. Such forecasts shall be delivered by Service Provider to DIR at least thirty (30) days prior to the end of each calendar quarter through the Portal, beginning in calendar quarter four (4) of 2012.

Service Provider shall provide DIR with a historical view of actual billed Resource Unit volumes per month as set forth in a standard report delivered through the Portal - the form and substance of which shall be approved by DIR within sixty (60) days after the Effective Date. This report shall provide a thirteen (13) month rolling view of billed Resource Unit volumes for the thirteen (13) months immediately prior to the month in which such report is provided. This report shall be available two (2) months following the Commencement Date and include historical data starting with the first month of Service.

## 17. Pass-Through Expenses

Service Provider shall administer and invoice DIR for Pass-Through Expenses in accordance with **Section 11.2** of the Agreement and pursuant to the applicable procedures in the Service Management Manual. No new Pass-Through Expenses may be added without DIR's prior written consent, which it may withhold in its sole discretion. The foregoing notwithstanding, Service Provider shall comply with the terms and conditions of **Section 11.2** of the Agreement with respect to the procurement and pricing of any goods or services which are designated for procurement on a Pass-Through Expense basis. The administration/processing of Pass-Through Expenses by Service Provider will be charged to DIR Customers as a 3% markup of the Pass-Through invoice amount.

## 18. Managed Third Parties

The Parties' respective financial responsibilities for the Third Party Contracts of Managed Third Parties are provided in **Section 6.6** of the Agreement. In accordance with the foregoing, unless otherwise specified in **Exhibit 22** or agreed in writing by the Parties, Service Provider shall be responsible for the payment of all costs and charges associated with the provision of In-Scope services by Managed Third Parties. In the case of Managed Third Parties for which the charges are not included in the Charges (as provided in **Exhibit 22**), the invoices of such Managed Third Parties shall be treated as Pass-Through Expenses in accordance with **Section 17**.

## 19. Resource Unit Categories

### 19.1 Mainframe Services - IBM

Mainframe Services - IBM are comprised of five (5) distinct Resource Unit Categories. Each of these Resource Unit Categories has a separate Annual Base Charge and Monthly Resource Baseline. These Annual Base Charges are set forth in **Attachment 4-A** and these Monthly Resource Baselines are set forth in **Attachment 4-D** and reflect the resources required to provide the Mainframe Services. Such Annual Base Charges, as adjusted by any ARCs and RRCs, for the Resource Unit Categories for Mainframe Services will fully compensate Service Provider for the performance of the Mainframe Services.

#### (a) CPU Hours

"CPU Hours" shall be a Resource Unit Category.

Resource usage shall be measured as the aggregate number of IBM Application CPU hours (normalized to and quoted in terms of equivalent 2064-1C1 hours) utilized during the measurement period.

CPU Hours consists of the following:

Application time;

- Authorized User usage;
- All time associated with data base management system and transaction system address spaces (for example, DB2, CICS, IMS, TSO);
- Authorized User usage of SAS, FOCUS, and other similar Software products; and
- Application driven backup time; and
- Application development and maintenance time for DIR or a third party hired by DIR.

Billable Resource Units for CPU - IBM 2064-1C1 equivalent application hours will not include Resource Units which are attributable to Systems Overhead or system level work, including CPU outage or unavailability; CPU wait time; CPU un-captured time; Service Provider system operations support and administrative personnel usage (including usage for billing functions and capacity planning studies) and other Service Provider initiated activities; Service Provider caused lost batch time, usage due to a runaway process that does not result in incremental cost to Service Provider, or other usage attributable to reruns which are due to the fault of Service Provider; and the following system services where controlled by Service Provider, including different products (or with different names) providing equivalent function:

- Basic operating system components (e.g., JES2, LLA, VLF, GRS, MSTJCL, IEESYSAS, TRACE, RASP, XCFAS, DUMPSRV, CONSOLE, ALLOCAS, CATALOG, MOUNT, IOSAS, PCAUTH);
- Service Provider system performance monitor, capacity management, and billing data collection tools (e.g., MICS, SMF, RMF, OMEGAMON, SLR, DCOLLECT, EREP);
- Service Provider system operation and support tools (e.g., SMP/E, JOB SCHEDULER, RERUN MANAGER, CONSOLE MANAGEMENT, SAR, RMDS, GDIF);
- Mainframe based network operations, support, access methods, and standard system print drivers (e.g., VTAM, TCP/IP, TCAM, BTAM, NETVIEW, NPM, JES328X, VPS, NETMASTER);
- Service Provider system-managed storage tools (e.g., DFSMS, ICKDSF, TAPE MANAGER); and

- Service Provider Problem Management and Change Management Software.

Mainframe CPU utilization will be measured over applicable usage periods and will include only the TCB and SRB components of Mainframe CPU time logged via System Management Facilities (“SMF”) Type 30 records for MVS systems, Power/VSE facilities for VM systems, or other applicable substitutes at the end of the month.

One (1) Application CPU hour equals one (1) RU. Resource usage for Mainframe CPU will be rounded to the nearest whole hour for measurement, tracking and reporting purposes. For billing purposes, the CPU hour should be rounded to the nearest minute. A more finite measurement may be used if agreed to in writing by DIR and Service Provider.

(b) **CPU Hours – Specialty Engine (SE)**

“CPU Hours – SE” shall be a Resource Unit Category. Specialty Engine processing includes special-purpose high-performance processors for the System z9 and System z10 Enterprise Class servers (e.g. zIIP (DB2), IFL (Linux) and zAAP (Java)).

Resource usage shall be measured as the aggregate number of Specialty Engine {Add definition to Exhibit 1} CPU hours (normalized to and quoted in terms of equivalent 2064-1C1 hours) utilized during the measurement period.

CPU Hours – Specialty Engine consists of the following:

- Application time;
- Authorized User usage;
- All time associated with data base management system and transaction system address spaces (for example, DB2, CICS, IMS, TSO);
- Application driven backup time; and
- Application development and maintenance time for DIR or a third party hired by DIR. Service Provider database management tools.

Billable Resource Units for CPU Hours – Specialty Engine will not include hours which are attributable to Systems Overhead or system level work, including CPU outage or unavailability; CPU wait time; CPU un-captured time; Service Provider system operations support and administrative personnel usage (including usage for billing functions and capacity planning studies) and other Service Provider initiated activities; Service Provider

caused lost batch time or other usage attributable to reruns which are due to the fault of Service Provider; and the following system services where controlled by Service Provider, including different products (or with different names) providing equivalent function:

- Basic operating system components (e.g., JES2, LLA, VLF, GRS, MSTJCL, IEESYSAS, TRACE, RASP, XCFAS, DUMPSRV, CONSOLE, ALLOCAS, CATALOG, MOUNT, IOSAS, PCAUTH);
- Service Provider system performance monitor, capacity management, and billing data collection tools (e.g., MICS, SMF, RMF, OMEGAMON, SLR, DCOLLECT, EREP);
- Service Provider system operation and support tools (e.g., SMP/E, JOB SCHEDULER, RERUN MANAGER, CONSOLE MANAGEMENT, SAR, RMDS, GDIF);
- Mainframe based network operations, support, access methods, and standard system print drivers (e.g., VTAM, TCP/IP, TCAM, BTAM, NETVIEW, NPM, JES328X, VPS, NETMASTER);
- Service Provider system-managed storage tools (e.g., DFSMS, ICKDSF, TAPE MANAGER); and
- Service Provider Problem Management and Change Management Software.
- Service Provider database management tools.

Mainframe CPU utilization will be measured over applicable usage periods and will include only the TCB and SRB components of Mainframe CPU time logged via System Management Facilities (“SMF”) Type 30 records for MVS systems, equivalent facilities for VM systems, or other applicable substitutes at the end of the month.

One (1) Application CPU hour equals one (1) RU. Resource usage for Mainframe CPU will be rounded to the nearest whole hour for measurement, tracking and reporting purposes. For billing purposes, the CPU hour should be rounded to the nearest minute. A more finite measurement may be used if agreed to in writing by DIR and Service Provider.

(c) **Mainframe Software Service Charge**

The Charges shall include any Software procured by Service Provider pursuant to the Software Charge methodology, to compensate Service Provider for the Software procured on DIR’s behalf as provided in this

provision. The Software Services Charge is a methodology for DIR to obtain Software for its dedicated use on Mainframe processors utilized by Service Provider in the provision of the Services. The types of Software which DIR may obtain pursuant to this methodology are listed as ‘Software Charge’ in the Financial Responsibilities Matrix and Exhibit 12. Software Charges shall be determined based on the Software Expenditures that are actually paid or incurred by Service Provider. Service Provider will use commercially reasonable efforts to obtain the lowest possible discounted prices for such Software for the benefit of DIR, including utilization of DIR purchase arrangements in accordance with the Agreement. Notwithstanding anything to the contrary herein, (a) DIR shall have the option of procuring such Software directly from Third Parties; (b) DIR shall have the option to pay upon delivery for such Software on a one time basis at cost with no markup, rather than spreading the payment over twelve months; and (c) DIR shall have the option of procuring such Software directly from Service Provider under this Agreement only to the extent DIR obtains Service Provider’s support of such Software pursuant to the terms of this Agreement (except to the extent otherwise mutually agreed).

The Software Charge should include the amounts actually paid or incurred by Service Provider. Such amounts actually paid or incurred and any other associated Software Charges must be approved in advance by DIR for license fees and the provision of maintenance and support Services in respect of the Software which is installed on a Mainframe and categorized in **Attachment 4-B** as “SSC”.

For purposes of this Section, the following terms shall have the following meanings:

**“Software Expenditures”** means the amounts actually paid or incurred by Service Provider and approved in advance by DIR for license fees and the provision of maintenance and support Services in respect of the Software which is installed on the Mainframe and is categorized in Attachment 4-B as “SSC.”

The Software Service Charge payable by DIR shall be calculated each month following the Commencement Date.

Software Expenditures shall be included in the Software Charge calculation on a prorated basis over a twelve (12) month period beginning in the month during which the applicable Software was installed in a DIR Customer’s Production Environment in accordance with the Service Management Manual. Software Costs shall be included in the calculation for the month during which such amounts are actually paid or incurred by Service Provider; provided, however, that where Service Provider pre-pays for a benefit that will be received over a period of time (e.g. pre-paid maintenance services), such amount shall be included in the calculation on a

prorated basis over such time period, but in no event greater than a twelve month period of time (e.g. if Service Provider pays \$120 in January for an annual software license or annual maintenance agreement, Service Provider will spread such cost over 12 months).

#### Software Charge Calculation:

The monthly charges for Software Charge acquisitions in a given month will equal the following:

Monthly Software Charge= Software Expenditures x 1.025 divided by twelve (12).

The Monthly Invoice will include the Software Expenditures that were actually paid or incurred during each month. Copies of relevant Third Party invoices and such other information reasonably requested by DIR will also be included with such invoices.

Service Provider shall obtain DIR's approval prior to incurring any Software Expenditures. If Service Provider does not obtain DIR's prior approval in respect of any Software Expenditures, then such costs shall not be included in the Software Charge and Service Provider shall be responsible for such costs. Any increase in Software Expenditures due to Service Provider solution changes (e.g., hardware consolidation or re-engineering) will be paid by Service Provider and not charged to DIR Customers unless prior approval is obtained.

If DIR requests Service Provider to remove Software from the DIR Customers' Production Environments prior to the end of its applicable twelve (12) month payment period (which includes DIR's partial or whole termination of the Agreement), such Software Charges shall continue until the end of the applicable twelve (12) month payment period for such Software, using a discount rate equal to the applicable service charge rate for that Software if paid at removal. DIR shall be responsible for paying all related Software Charges in full, no later than the last date on which such Software Charge is no longer applicable. To clarify, the provisions of this Section shall apply to Software procured pursuant to the Software Charge, and not the provisions governing the procurement of Software as set forth in **Section 6** of the Agreement.

(d) **IBM Mainframe Allocated Application DASD**

"IBM Mainframe Allocated Application DASD" shall be a Resource Unit Category. There will be a Resource Unit Category for IBM DASD and an RU for Unisys DASD. The Resource Unit for Mainframe Allocated Application DASD is one (1) gigabyte. Resource Unit usage for this category will be measured as the peak number of gigabytes of DASD

allocated by or to Applications and Authorized Users each month. One gigabyte will be equal to 1,073,741,824 bytes. The sum of partial Resource Unit usage in this Resource Category during a calendar month will be rounded to the nearest whole gigabyte for measurement, tracking, reporting and billing purposes. A more finite measurement may be used if agreed to in writing by DIR and Service Provider. Mainframe Allocated Application DASD will be measured using DCOLLECT, or another mutually agreeable substitute, where DASD is shared, and will include:

- (1) Application space;
- (2) Authorized User space;
- (3) Temporary data sets;
- (4) DASD migration space;
- (5) Spool space;
- (6) Application recovery logs/data sets; and
- (7) Application development and maintenance space.

Allocated Application DASD measured resource usage will exclude Systems Overhead and:

- (1) spare volumes;
- (2) flash copy volumes;
- (3) unallocated (free) space;
- (4) any initial DASD migration space for conversion from any bubble/one-time migration space for technology upgrades or refresh DASD technology and/or future conversions, as required;
- (5) system product libraries;
- (6) catalogues;
- (7) replicated volumes;
- (8) system space (e.g. temporary work space, page and swap space, spool space, system parameter and control data sets, and error analysis space); and
- (9) Service Provider-controlled system operation, support and administration data sets (e.g. scheduled system maintenance

and error analysis, DLIBS, console logs, contract measurement and billing, system monitors, and system service machine space).

Service Provider shall use proven storage management tools and other commercially reasonable measures to use DASD efficiently and to avoid or minimize usage spikes. As part of the Services, Service Provider shall perform ongoing capacity management and planning and shall notify DIR expeditiously if actual DASD usage exceeds 85% of the agreed upon level of installed DASD. Should this occur, Service Provider shall use commercially reasonable efforts to identify the root cause of such increased DASD usage and implement measures to avoid increasing the level of installed or allocated DASD to the extent possible.

(e) **IBM Application Tapes in Storage - Virtual Tape Storage (VTS)**

“IBM Application Tapes in Storage – VTS” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall equal one (1) gigabyte of (i) VTS internal high-speed cache storage of application data (disk or buffer), and/or (ii) VTS media storage. Replicated storage is to be excluded from the Resource Unit volume total. The Annual Base Charges, as adjusted by any ARCs and RRCs, for the Resource Unit Categories for IBM Application Tapes in Storage - VTS will fully compensate Service Provider for the performance of all IBM Mainframe tape and backup Services, including manual tape Services. This Resource Unit will be measured as of the last day of the applicable month for purposes of determining the Resource Unit count for such month. The sum of partial Resource Unit usage in this Resource Unit Category during a calendar month will be rounded to the nearest whole gigabyte for measurement, tracking, reporting and billing purposes. One GB will be equal to 1,073,741,824 bytes. A more finite measurement may be used if agreed to in writing by DIR and Service Provider.

(f) **IBM Off-site Tape Storage**

“IBM Off-site Tape Storage” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall be equal to one (1) tape device or cartridge utilized by DIR Customers and physically transported and stored at a DIR approved or pre-negotiated off-site (non-DIR Facility) location. This includes archived data stored for long term retention.

## **19.2 Mainframe Services - Unisys**

As of the Commencement Date, the Unisys Mainframe and associated support environment (“Unisys System”) is expected to be out of production and not part of Services provided by Service Provider. In the event the Unisys System is still in production at Commencement Date, Service Provider will provide Services and

DIR will be financially responsible to pay the Unisys extension pricing set forth in **Attachment 4-A** until the Unisys System is out of production.

The Charges for Mainframe Services – Unisys provided in **Attachment 4-A** will fully compensate Service Provider for the performance of the Mainframe Services – Unisys for the range of volumes set forth in the “Unisys – Tiered Fixed Charges” section of **Attachment 4-A**, including the Services associated with the support of the MSDOS Legacy Server environment. The monthly charges for Mainframe Services – Unisys will not fall below the price of the lowest tier assigned to each Resource Unit as described in **Attachment 4-A** until the Unisys System is out of production, at which point the Charges are removed. The IBM Off-site Tape Storage RU will be used to charge for off-site tape storage related to the Unisys environment and is subject to ARCs and RRCs and Service Provider will be fully compensated for the performance of that Service through the Annual Charges as adjusted by any ARCs and RRCs.

(a) **Unisys MIPS**

“Unisys MIPS” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category will be measured as MIPS, which is the monthly metered usage of the Unisys Mainframes based on MIPS. Unisys MIPS includes backup services (e.g. equipment, software, labor, and media). The Unisys configuration as of the Effective Date is a Unisys ClearPath Plus Dorado 390 System.

The monthly metered usage will consist of the average MIPS utilization during the month. This will be measured using a standard utility named Utilization Report Utility for OS2200, or another mutually agreeable substitute, which collects the usage data from each Unisys ClearPath Plus Dorado 390 System partition in use.

The monthly metered usage will not include any resource usage attributable to Systems Overhead or system level work, including CPU outage or unavailability; CPU wait time; CPU un-captured time; Service Provider system operations support and administrative personnel usage (including usage for billing functions and capacity planning studies) and other Service Provider initiated activities; Service Provider caused lost batch time or other usage attributable to reruns which are due to the fault of Service Provider; and the following system services where controlled by Service Provider: basic operating system components, system performance monitoring, capacity management, billing data collection tools, system operation and support tools, network operations, support, access methods and standard system print drivers, system-managed storage tools, data replication tools or processes, and components, and Service Provider’s problem management and change management software.

(b) **Unisys DASD**

“Unisys DASD” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall equal one (1) gigabyte. Resource Unit usage for Unisys DASD will be measured, tracked and reported as the total amount of DASD storage capacity installed on the Unisys Mainframes excluding gigabytes attributable to replicated data for disaster recovery purposes. One gigabyte will be equal to 1,000,000,000 bytes. The sum of partial Resource Unit usage in this Resource Category during a calendar month will be rounded to the nearest whole gigabyte for measurement, tracking, reporting and billing purposes. A more finite measurement may be used if agreed to in writing by DIR and Service Provider.

(c) **Unisys Application Tapes in Storage – VTS**

“Unisys Application Tapes in Storage - VTS” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall equal one (1) gigabyte of (i) Unisys VTS internal high-speed cache storage of application data (disk or buffer), and/or (ii) Unisys VTS media storage. One gigabyte will be equal to 1,073,741,824 bytes. This Resource Unit will be measured as of the last day of the applicable month for purposes of determining the Resource Unit count for such month. The sum of partial Resource Unit usage in this Resource Unit Category during a calendar month will be rounded to the nearest whole gigabyte for measurement, tracking, reporting and billing purposes. Application Tapes in Storage – Unisys Virtual Tape Storage will exclude gigabytes attributable to replicated data for disaster recovery purposes and gigabytes stored on media at an off-site media storage location.

(d) **MSDOS Legacy Servers**

Service Provider shall charge DIR for maintenance and support Services that are provided in respect of MSDOS Legacy Servers at the applicable rate set forth on **Attachment 4-A** on a per event basis each time that a MSDOS Legacy Server fails and such failure requires Service Provider to dispatch Service Provider Personnel to the site at which such Server is located in order to Resolve the underlying problem. There is no Annual Base Charge for MSDOS Legacy Servers. In addition, the applicable rates set forth on **Attachment 4-A** include all travel and travel-related expenses in connection with the provision of maintenance and support Services for MSDOS Legacy Servers, and such expenses shall not be separately charged to or reimbursed by DIR or any DIR Customer.

### **19.3 Server Services**

Server Services Resource Unit Categories each have a separate Annual Base Charge and Monthly Resource Baseline. These Annual Base Charges are set forth in **Attachment 4-A** and these Monthly Resource Baselines are set forth in **Attachment 4-D** and reflect the resources required to provide the Server Services.

Such Annual Base Charges, as adjusted by any ARCs and RRCs, for the Resource Unit Categories for Server Services will fully compensate Service Provider for the performance of the Server Services.

**19.3.1 Server Categories**

The categorization of a server will determine how the Server Services are charged through the Resource Unit Categories. The following **Table A** provides an overview of server categories and associated Resource Unit Categories, including the Service Tier Matrix (STM) and Hardware Service Charge (HSC). A server that provides multiple functions should be designated to a category based on the servers’ primary functionality. A description of the Resource Unit Categories is provided further in this **Section 19.3**.

Appliances in Consolidated Data Centers have been included in Attachment 4-D as Service Tier Matrix Intel Bronze instances and will only be categorized as Gold or Silver if the DIR Customer requests the increased service support. Appliances in Non-Consolidated Data Centers are not billable through a Resource Unit. The initial hardware purchase will be charged to the DIR Customer utilizing the HSC.

**Table A: Billable RU Server Categories**

Category Primary Capability	Description	Example	Resource Unit(s)
Application	Servers hosting agency business applications	Database, Middleware, Webhosting/Web Proxy, Security Apps, Reporting Services and Performance Monitoring Apps, Collaborative (e.g. Sharepoint)	STM, HSC
Email	Servers providing Email Services	Exchange, Groupwise, Remote email access proxy, Mail stores	Email Account, no HSC*
	Servers providing single sign-on (federated) access to Microsoft Office 365 Email Services	ADFS	No RU, no HSC; \$4,250 charge per server, incurred at stand up and refresh
Enterprise SMTP Relay	Servers providing SMTP relay services to internal Mail servers and Application Servers	SMTP Mail Relay host	Email Account, no HSC

File and Print	Servers hosting End User corporate file shares or print queue solutions not inclusive of the Enterprise File and Print solution.	File Shares, Print Queues	STM, HSC
Enterprise File and Print	Servers hosting End User corporate file shares or print queue solutions as part of the Enterprise File/Print Services RU.	File Shares, Print Queues	Consolidated File/Print Services RU, no HSC
Enterprise Gateway	Servers providing End User remote access, and external file sharing.	FTP, RAS, BES, Fax	STM, HSC
Presentation /Terminal	Servers provide for the processing of applications which have the presentation layer presented to connected thin PCs	Citrix, Terminal Server	STM, HSC
Identity Management Solutions	Systems independent from the Infrastructure Domain Services used to perform Identity Management functions such as define User access or to deliver services customized based on an “identity” or profile	Oracle Identity Management, Quest Identity and Access Management, IBM Tivoli Identity and Access Manager	STM, HSC
Software Distribution	Servers providing software distribution, remote management, asset inventory, and image development.	Marimba, SMS, Ghost, LanDesk, Altiris, Image Servers	Agency push to desktop – STM, HSC
			SP – Infrastructure – No RU, Provider overhead

\*During a migration from Consolidated email accounts or Non-Consolidated email accounts to Microsoft Office 365 email accounts, the Charges for Email Servers shall change as described in **Section 19.5(c)**

Infrastructure Servers and related disk and tape storage are not a billable Resource Unit and the cost to the Service Provider should be recovered through the other Server Resource Units. The following Table B provides the server categories and examples of servers considered Infrastructure Servers.

**Table B: Infrastructure Server Categories**

Category	Description	Example	Resource Unit(s)
<b>Primary Capability</b>			
Network	Servers and appliances that provide DCS network services	VPN, LoadBalancer	Consolidated Data Centers – Infrastructure – No RU, Provider overhead  DIR Customer-

			requested standalone devices – STM, HSC
			Non-DCS Network and Non Consolidated – out of scope
Domain Services	Servers providing End User enterprise authentication and IP/Name resolution.	DNS, DHCP, Radius, WINS, Domain Controllers, Active Directory, ISA	Infrastructure – No RU, Provider overhead
Enterprise Security	Servers providing End User enterprise security management (authentication, protection, logging).	Consolidated Data Center and Winters Data Center Firewall, Server Anti-Virus, Intrusion Detection	Infrastructure – No RU, Provider overhead
Enterprise Backup	Servers providing Third Party Vendor backup solutions.	TSM, Legato, Backup Exec, Veritas	Infrastructure – No RU, Provider overhead
Enterprise Monitoring	Servers providing Third Party Vendor monitoring, device fault management or capacity planning services for scope of services.	BMC, EMC, Cisco Works, HP OpenView	Infrastructure – No RU, Provider overhead
Enterprise Scheduling	Servers providing Third Party Vendor job scheduling solutions.	Maestro, Tivoli	Infrastructure – No RU, Provider overhead
Software Distribution	Servers providing software distribution, remote management, asset inventory, and image development.	Marimba, SMS, Ghost, LanDesk, Altiris, Image Servers	Agency push to desktop – STM, HSC
			SP – Infrastructure – No RU, Provider overhead

### 19.3.2 Service Tier Matrix (STM)

Servers categorized in Table A under a category that uses the Service Tier Matrix (STM) as an RU for support services are further classified by operating system type, by site type, and by support levels of Gold, Silver, or Bronze. Each of these Resource Unit Categories has separate Annual Base Charges, ARCs/RRCs and Monthly Resource Baselines. Resource Unit usage for these Server Services will be measured on a per Instance basis. The Annual Base Charges for such Services are set forth in **Attachment 4-A** and the Monthly Resource Baselines for such Services are set forth in **Attachment 4-D** and reflect the required resources to provide the Server Services. Depending on the Server’s configuration, one (1) or more Operating System Instances may run on a single Server. Operating System Instances in a clustered configuration shall be deemed to be discrete Operating System Instances, though each Instance within a cluster shall accommodate a different support level categorization, depending on DIR Customer requirements.

The charges for this Resource Unit are inclusive of all labor and systems management, including initial installation and setup, for the life cycle of the Services to support the specific environment. The Charges are also inclusive of software categorized as “Infrastructure Stack Software” described in **Attachment 4-B**, tab “Server Software”. One (1) Instance in service on the last day of a calendar month equals one RU. Instances shall be classified by DIR as Gold, Silver, or Bronze, each as determined using the Service Tier methodology described in **Attachment 4-E**, and shall remain in such classification for at least ninety (90) days. An Instance classified within a tier will receive the support services as defined by that tier. The level of support for these Instances is described in the Service Tier Matrix, including the entry requirements, monitoring, storage requirements to enable disaster recovery objectives, and service levels. The deployment of a new Server Instance must be approved by a DIR Customer in accordance with the established process and billing triggers aligned with the CMDB status fields prior to the inclusion of the new Server Instance in the DIR Customer’s monthly Charges. Service Provider will develop such processes and billing triggers for the deployment of new Server Instances, including during Refresh and Transformation, and for the simultaneous decommission of the existing Server Instance, for inclusion in the Service Management Manual. In particular, there shall be no overlap in billing when a new Server Instance replaces an existing Server Instance during Transformation or Refresh except where approved in advance by the DIR Customer (e.g. for extended user testing cycles or application remediation). The dates for commencement and/or cessation of billing shall all be recorded in the CMDB and validated by the DIR Customer. The decommission of the existing Server Instance will be set to the same date the new Server Instance is deployed, operational and in service for Customer use in the destination environment.

Service Provider will not charge duplicative Server Instance ARCs due to the planned Data Center and Server Consolidation projects, as support costs for such Instances are included in Transition and Transformation Charges set forth in **Attachment 4-A**. Server Equipment and Software installed during the consolidation projects shall be charged as set forth in **Section 10**.

When Service Provider establishes duplicative Instances during a Server consolidation or Data Center consolidation, Service Provider will provide DIR with reasonable notice of the testing period to accept such Instance. DIR or DIR Customers shall exercise commercially reasonable efforts to test the new Instance promptly, which shall be within fifteen (15) calendar days if Service Provider provided at least thirty (30) calendar days’ notice, or otherwise within no greater than thirty (30) calendar days.

### **19.3.3 Hardware Maintenance for DIR Customer-Owned STM Servers**

“Hardware Maintenance for DIR Customer-Owned STM Servers” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall be equal to one (1) DIR Customer-owned server installed in the DIR

Customers' Production Environments as of the Effective Date. These charges will fully compensate Service Provider for hardware maintenance and support for servers owned by a DIR Customer where the support Service is being recovered through the Service Tier Matrix (STM) described in **Attachment 4-E**. For purposes of this Resource Unit Category, each partial Resource Unit usage in this Resource Unit Category during a calendar month shall be considered one (1) Resource Unit for measurement, tracking, reporting and billing purposes.

#### **19.3.4 Server Installation Fee**

"Server Installation Fee" shall be a unit rate charge billable to a DIR Customer for installation services for new Servers associated with the Service Tier Matrix and dedicated to a single DIR Customer. The Server Installation Fee is only applicable for new Server installations as a result of growth and not applicable for Servers installed as a result of Refresh, Transition Activities or Transformation Activities including stabilization, seed Equipment, or Server consolidation.

#### **19.3.5 Server Asset Plan**

Service Provider shall present a Server Asset Plan to DIR 30 days after the completion of the initial wall to wall inventory and on an annual basis at least one hundred twenty (120) days prior to the end of each Contract Year. Such plan shall forecast Service Provider's purchases of Servers, by DIR Customer, during the subsequent Contract Year and be consistent with the "Hardware Services Charges" Base Charges set forth in **Attachment 4-A**, or, if not, Service Provider and DIR shall discuss and agree in writing upon any deviations. Assets purchased as part of the Server Asset Plan shall be owned or leased by Service Provider in Service Provider's name.

The Server Asset Plan shall include all costs associated with the Server Equipment and System Software purchases including asset costs and applicable maintenance; shipping and handling costs including those associated with repair and replacement of distributed assets; Equipment disposal costs; and the costs of any other service that is ordinarily provided by an OEM or hardware dealer including, as applicable, burn-in, installation, setup, initial configuration and physical connection costs. Service Provider personnel that are providing any of the foregoing services must not be included in the Server Asset Plan, but instead shall be included in the Server Support RU charges.

#### **19.3.6 Server Consolidation**

Service Provider shall credit DIR for any ARCs above the applicable Resource Baselines for the Service Tier Matrix Resource Unit Category and not invoice for any incremental Server Hardware Service Charges that is attributable to Service Provider's failure to achieve the targeted Server consolidation, as contemplated by the Resource Baselines for the Service Tier Matrix Resource Unit Category and the capital plan shown on the "HSC Support" tab of **Attachment 4-A**, except if and to

the extent that such failure is caused by (a) DIR’s direction to Service Provider that specific Servers targeted for consolidation shall not be so consolidated or (b) DIR’s failure to perform those DIR obligations that are expressly identified as consolidation dependencies in the portion of the final detailed Transformation Plan (and then only to the extent that such consolidation is so prevented), provided in each case that: (i) (A) Service Provider advises DIR in advance of such decision or expeditiously upon becoming aware of such failure to perform that such decision or failure to perform would result in additional Charges and identifies such Charges for DIR, (B) such Charges would not have been applicable had such Servers been consolidated as contemplated by the Resource Baselines for the Service Tier Matrix Resource Unit Category and the capital plan shown on the “Provider Investments” tab of **Attachment 4-A**, (C) Service Provider identifies and suggests for DIR’s consideration reasonable alternatives to address and avoid the circumstances giving rise to such Charges and (D) Service Provider uses commercially reasonable efforts to accomplish the planned consolidation and avoid the circumstances giving rise to such Charges; and (ii) with respect to clause (a) of this Subsection, such decision is not based on any change in the standards, processes, procedures and controls or associated technologies, architectures, standards, products, Materials, Equipment, Systems or services provided, operated, managed, supported or used in connection with the Services (but only to the extent that such decision is not based on any such change). The credit will be equal to the difference in ARC/RRC rates between the Consolidated and Non-Consolidated Service Tier Matrix Resource Unit Category for each Instance that Service Provider fails to consolidate each month.

## 19.4 Capacity on Demand

### Pricing Methodology:

Pricing is based on a thirty day minimum resource commitment. A one-time configuration and set-up fee payable as a Transition and Transformation Milestone covers all Charges associated with initiating the Service for all DIR Customers who chooses to utilize this Service.

Service Component	Small	Medium	Large	Extra Large
<b>Virtual Server</b>				
VCPU	1	4	6	8
GB Memory	2	4	8	15
GB Storage (Base Performance)	75	75	75	75
Internet	Mgt Only	Mgt Only	Mgt Only	Mgt Only
<b>OS</b>				
Suse Linux (Standard)	\$140	\$230	\$363	\$563
Window (2008 Standard)	\$162	\$274	\$429	\$651
Suze Linux (Enterprise Edition)	\$146	\$241	\$380	\$586
<b>Database (Base instance charge +)</b>				
SQL Server Standard	\$55	\$109	\$164	\$219

SQL Server Enterprise	\$226	\$451	\$903	\$1,805
<b>Storage</b>				
Base Performance (NFS/CIFS)			\$0.24 GB/Month	
High Performance (FC)			\$0.60 GB/Month	
<b>Network</b>				
Internet Bandwidth Usage*			\$55 per Mb/s/Month	
Load Balancing (500 Mb/s outbound metered)			\$350/Month	
Load Balancing (Unlimited outbound)			\$750/Month	
Public IP Address			\$10/Month	

\* Internet usage of the application or web-server. Administrator access over SSH or RDP has no charge.

### Configuration and Set-Up:

The on-boarding process involves setting up users with various roles (workload owner, approver and workload access) for access to the portal (Compass) for provisioning and managing resources in the capacity on demand environment. The DIR Customers will have the ability to configure available workload templates and setup contracted services. On-boarding also involves setting up customer-specific Network VLANs, firewall rules and policy groups.

### 19.5 Utility Server Services

There are ten (10) distinct Resource Unit Categories for Utility Server Services. Four of these Resource Unit Categories (Consolidated Email Accounts, Non-Consolidated Email Accounts, Enterprise File and Print, and Enhanced Security Hosted Email Accounts) have separate Annual Base Charges, ARCs/RRCs, and Monthly Resource Baselines. These Annual Base Charges are set forth in **Attachment 4-A** and these Monthly Resource Baselines are set forth in **Attachment 4-D** and reflect the required resources to support DIR and the DIR Customers. Such Annual Base Charges for the Resource Unit Categories for the Utility Server Services, as adjusted by any ARCs or RRCs, will fully compensate Service Provider for the performance of these Utility Server Services.

Six (6) of these Resource Unit Categories (the “**Microsoft Office 365 Email Accounts**”) have no base charges, base volume or ARC/RRC rate. Instead, they have a unit rate multiplied by the total volume of the Microsoft Office 365 Email Accounts, calculated as described in **Section (c)** below. The rates charged in a given month are based on the aggregate volume of Microsoft Office 365 Email Accounts, as per the Microsoft Office 365 Tier Pricing tab of **Attachment 4-A**. The initial volumes of Microsoft Office 365 Email Accounts are described in **Attachment 4-D**.

(a) **Utility Server Services -- Email Accounts**

Email Accounts are inclusive of all labor, Utility Server Infrastructure Stack Software including Email Software (e.g. Microsoft Exchange), Equipment, maintenance and Systems management to support services and project activities (including installation and discontinuance) required to manage, maintain, and enhance the email services environments. Storage and backup for email is not included in the email service, but are part of Server storage RU's. Usage will be provided by running a maintained script against the directory services and providing valid counts at the end of the month utilizing a mutually agreeable tool. A migration from an existing email platform to a different platform will be provided through a Request for Service with labor requirements funded through the Project Pool Hours. Once the email platform migration is complete, ongoing support and related costs will be recovered by Service Provider through the Email Accounts Base Charges and ARC/RRC charges.

One (1) Resource Unit for this Resource Unit Category shall equal one discrete email identification approved by DIR, and shall exclude any account not tied to a unique end user (e.g. distribution lists, alias accounts, conference room or resource calendar reservation IDs, email addresses without directly associated mail storage, etc.). There are two (2) Resource Unit Categories for Email Accounts:

1. Consolidated Email Accounts – Discrete email identifications approved by DIR and hosted on a Server at the Consolidated Data Centers.
2. Non-Consolidated Email Accounts – Discrete email identifications approved by DIR and hosted on a Server at a Non-Consolidated Service Location.

(b) **Utility Server Services – Enterprise File/Print Services**

Enterprise File and Print Server Services in the Consolidated Data Centers are managed utilizing a virtual environment utilizing shared storage. The servers and storage will be engineered and managed to meet the Gold Service Tier Matrix described in **Attachment 4-E** and are optimized to provide easy to manage File storage and print queues with no other DIR Customer executing code. Each Instance's file system security is integrated with a distinct DIR Customer's directory service for authorization.

Resource Unit usage for these Server Services will be measured on a per Instance basis. The Annual Base Charges for such Services are set forth in **Attachment 4-A** and the Monthly Resource Baselines for such Services are set forth in **Attachment 4-D** and reflect the required resources to provide the Consolidated File and Print Services. Depending on the Server's configuration, one (1) or more Operating System Instances may run on a

single Server. Operating System Instances in a clustered configuration shall be deemed to be discrete Operating System Instance.

The charges for this Resource Unit are inclusive of all labor, Utility Server Infrastructure Stack Software, Equipment, maintenance, setup, authorization system integration and quota management services, and Systems management to support services and project activities (including installation and discontinuance) required to manage, maintain, and enhance the file and print services. One (1) Instance in service on the last day of a calendar month equals one RU. The deployment of a new Server Instance must be approved by a DIR Customer in accordance with the established process and billing triggers aligned with the CMDB status fields. A new Instance is considered operational when available and approved by Authorized Users. Disk and tape storage quantities are charged separately via the defined disk storage and tape storage RUs.

(c) **Utility Server Services – Microsoft Office 365 Email Accounts**

There are six (6) Resource Unit Categories for Microsoft Office 365 Email Accounts,

1. Kiosk Worker Plan 1
2. Exchange Online Plan 1
3. Exchange Online Plan 2
4. Office 365 Suite E1
5. Office 365 Suite E3
6. Office 365 Educational Plan A3

The features of each Resource Unit Category are described in the Microsoft Exchange Online for Enterprises Service Description document, which is located on the Microsoft.com web site.

Microsoft Office 365 Email Accounts Resource Units are inclusive of support (i.e., unified administration center, Microsoft-provided 24/7 support, and always up-to-date software) and migration software, provided that a DIR Customer must migrate before July 1, 2013 to receive migration software as part of the RU. After July 1, 2013, DIR Customers who use the migration software shall be charged the maintenance and support for such software via the SSC. Active Directory Federation Services will be billed as a charge of \$4,250 per server. Such charge shall cover installation and support for five (5) years and shall be incurred again at the five (5) year refresh point if the DIR Customer wishes to continue receiving ADFS. ADFS, DirSync and proxy servers supporting Microsoft Office 365 will be

provisioned with up to 100 GB of allocated disk space (including the OS volume) to support federation services and directory synchronization. Additional disk space will be billed at the applicable Server Storage RU rate. Optional migration services labor (migration from existing solutions and application remediation support) can be performed on a rate card basis, through the use of pool hours at a rate of two (2) hours per mailbox, or by a third party, at the DIR Customer's election.

The Microsoft Office 365 Email Accounts Charges and the applicable tiered adjustment methodology fully compensate Services Provider for the provision of Microsoft Office 365 Email Services. The parties acknowledge that the Charges for Microsoft Office 365 Email Accounts are based on the pricing provided to Service Provider under the Microsoft Office 365 Outsourcer Enrollment Agreement and may change upon notice from Microsoft or its reseller. In such case, the parties will mutually agree to equitably adjust the Charges based on the underlying price change, regardless of the direction of such change. Service Provider will use commercially reasonable efforts to minimize any price increases to DIR and the DIR Customers.

One (1) RU is equal to one (1) provisioned end user mailbox and shall exclude any Microsoft Office 365 resource not tied to a unique end user (e.g., distribution lists, alias accounts, conference room or resource calendar reservation IDs, email addresses without directly associated mail storage, etc.). An end user mailbox is provisioned when DIR Customer requests it and Service Provider makes it available for configuration and use by a DIR Customer.

A DIR Customer's billable volume in any month is equal to the email services volumes that are being provisioned to a DIR Customer as of that billing month. The Microsoft Office 365 Annual Minimum Volume Commitment Date shall occur each year on the 1<sup>st</sup> of July. At least sixty (60) days prior to this date, a DIR Customer shall provide Service Provider with notice, via a Remedy ticket, of the volume of licenses it requests for the coming enrollment year. In the event that no notice is given of a volume change as described above, then a DIR Customer's volume shall be set at the same value as the previous year. A DIR Customer may increase or decrease its volume order in any amount at the Microsoft Office 365 Annual Minimum Volume Commitment Date.

For volume changes that occur at any other time during the year, a DIR Customer may increase or decrease its volume of email services by providing Service Provider with sixty (60) days' notice, via a Remedy ticket, of the increase or decrease in volume that it requests. For the avoidance of doubt, a DIR Customer may reduce its volume during the year only if and to the degree such volume decrease is offset by an order for additional mailboxes from another DIR Customer, and the DIR Customer

provides Service Provider with at least sixty (60) days' notice. DIR Customers who elect Educational Plan A3 mailboxes may only offset decreases against orders for additional Educational Plan A3 mailboxes by other DIR Customers.

For example, a DIR Customer orders 5,000 mailboxes on July 1, 2012. It notifies Service Provider on September 1 that it needs to add 500 mailboxes by November 1. The enterprise billable volume would then be 5,500 mailboxes in November and subsequent months. On February 1, the DIR Customer notifies Service Provider that it would like to decrease its volume by 300 mailboxes. The decrease cannot be offset by an additional order from another DIR Customer, and the volume stays at 5,500. On March 15, another DIR Customer wishes to order 200 mailboxes in the same RU. The first DIR Customer may then decrease its volume by an equal amount, and the billable volume is 5,300 mailboxes in March and subsequent months. On May 1, 2013, the DIR Customer places an order for 5,200 mailboxes for the coming year, and the billable volume in July 2013 is 5,200 mailboxes.

Additionally, a DIR Customer on the Exchange Online Plan 1 may increase its volume of licenses by up to two percent (2%) of its then-current base volume for a minimum one hundred twenty (120) day commitment without committing to such increase for the remainder of the enrollment year. For avoidance of doubt, the DIR Customer shall remain financially responsible for the increased volume during this adjustment period, which is meant to account for seasonal fluctuations (e.g., assigning e-mail accounts to summer interns).

For example, a DIR Customer has a base volume of 5,000 mailboxes. On February 1, it hires 100 interns and notifies Service Provider that it will need an additional 100 mailboxes starting April 1. The additional 100 mailboxes will be provisioned for at least 120 days, after which time the DIR Customer may return to its original base volume of 5,000 mailboxes without offsetting the decrease as described above.

For the avoidance of doubt, the volume reduction provisions of this subsection do not apply to the Office 365 Suite E3 Resource Unit, and DIR Customers who elect such a plan may only reduce their volumes on the Office 365 Annual Minimum Volume Commitment Date.

Billing for Microsoft Office 365 Email Accounts shall commence on September 1, 2012 for those DIR Customers who have elected to receive Microsoft Office 365 Services and for whom licenses are available to be provisioned. Billing for DIR Customers who elect to receive services after this date or for whom licenses will be provisioned at a later date shall

commence in the month when the licenses are provisioned. A DIR Customer's Charges for existing Consolidated and Non-Consolidated Email Account RUs will cease upon the commencement of billing for Microsoft Office 365; however, legacy email servers will become billable STM instances until migration can be completed and the servers are decommissioned, and legacy incremental software costs (e.g., Groupwise maintenance renewal costs) will be billed via the SSC. Service Provider will use commercially reasonable efforts to minimize such costs, including letting support agreements expire where appropriate during a migration period and negotiating with the legacy email software provider. The legacy email STM instances and email SSC charges described above shall not be billed in the event that migration is delayed by the acts or omissions of Service Provider.

(d) Utility Server Services – Enhanced Security Hosted Email Accounts

Enhanced Security Hosted Email Resource Units include enhanced security features designed to meet regulatory compliance for those DIR Customers whose security needs exceed those of the Consolidated, Non-Consolidated or Microsoft Office 365 email solutions. This Resource Unit Category also includes all of the labor necessary for the ongoing support and maintenance of this solution, as well as all of the hardware and hardware maintenance necessary to host this email solution (excluding storage as described below), the operating systems and any other software and software maintenance required to operate this solution (excluding the email software, as described below).

Design, installation, and deployment of this Enhanced Security Hosted Email are excluded from this Resource Unit Category; such costs will be billed as a separate, upfront, one-time fee. At the DIR Customer's option, Service Provider will provide migration tools and services (migration from existing solutions and application remediation support only), which shall be performed on a rate card basis, through the use of pool hours, or by a third party, at the DIR Customer's election.

Storage and backup for Enhanced Security Hosted Email are not included in this Enhanced Security Hosted Email Resource Unit but are billed separately as part of the Server Storage RU Categories.

Email software licenses and annual software support are not included in this Resource Unit and will be charged through the Software Services Charge methodology to the extent that they are purchased through this Agreement. The SSC and the Enhanced Security Hosted Email Accounts Charges and applicable ARC/RRC charges fully compensate Service Provider for the provision of Enhanced Security Hosted Email Services. Billing for all of a DIR Customer's Enhanced Security Hosted Email Account RUs will begin when the solution has been deployed and is usable by that DIR Customer.

Charges for existing Consolidated and Non-Consolidated Email Account RUs will cease upon the commencement of billing for Enhanced Security Hosted Email Accounts; however, legacy email servers will become billable STM instances until migration can be completed and the servers decommissioned, and legacy incremental software costs (e.g., Groupwise maintenance renewal costs) will be billed via the SSC. Service Provider will use commercially reasonable efforts to minimize such costs, including letting support agreements expire where appropriate during a migration period and negotiating with the legacy email software provider.

One (1) Resource Unit for this Resource Unit Category shall equal one discrete email identification approved by DIR, and shall exclude any account not tied to a unique end user (e.g. distribution lists, alias accounts, conference room or resource calendar reservation IDs, email addresses without directly associated mail storage , etc.).

## **19.6 Server Storage Services**

There are ten (10) distinct Resource Unit Categories for Server storage Services. Each of these Resource Unit Categories has separate Annual Base Charges, ARCs/RRCs, and Monthly Resource Baselines. These Annual Base Charges are set forth in **Attachment 4-A** and these Monthly Resource Baselines are set forth in **Attachment 4-D** and reflect the required resources to support DIR and the DIR Customers. Such Annual Base Charges, as adjusted by any ARCs and RRCs, for the Resource Unit Categories for Server storage Services will fully compensate Service Provider for the performance of the Server storage Services. The sum of partial Resource Unit usage during a calendar month for each of the Resource Unit Categories using gigabyte as a measure described in this Section shall be rounded to the nearest whole gigabyte for measurement, tracking, reporting and billing purposes. A more finite measurement may be used if agreed to in writing by DIR and Service Provider. The methodology for determining the amount of system overheads to exclude from the total allocated storage will be documented in the Service Management Manual. At a minimum, the exclusions will include:

- Non-allocated storage – Unassigned storage available for use
- System overhead data – Storage for tools and operational management (e.g., hot spares, RAID protection)
- Operating system and associated files (e.g. logs, configuration files, pagefiles, swapfiles)
- Intermediate storage – Backup pools
- Replicated storage – Capacity identified as a copy and extra measure of redundancy for the main backup environment

**19.6.1 Consolidated Data Centers Storage – Enterprise Storage**

“Enterprise Storage” shall mean: (i) application storage excluding system overheads used in connection with STM Server Operating Instances and/ or (ii) the storage used in connection with Email Services or File and Print Services. Enterprise Storage consists of the storage components set forth below in Tier 1-3 and includes direct attached and shared storage. Storage totals include only the “Allocated” portion of Enterprise Storage as set forth in Table C. Storage attached to backup servers to make a temporary backup (intermediate storage) must be excluded from the RU volume. Tier 1 storage is used for replicated storage requirements with one (1) gigabyte of billable resource volume inclusive of the replicated storage.

**Table C: Enterprise Storage Components Table**

<i>Raw—100% of the physical capacity of the storage frame.</i>			
<i>Usable—space available after appropriate RAID configuration.</i>			
		<i>Allocated—GBs of space allocated for use</i>	
		<i>Utilized—actual space consumed</i>	

RUs will be measured, reported and billed for each of the three (3) Enterprise storage RU categories below:

(a) **Tier 1 through Tier 3 Resource Baselines**

There are three Resource Unit Categories associated with Enterprise Storage:

- (i) Tier 1 – Transactional data storage with replicated copy
  - High availability / scalability
  - Business critical systems
  - Replicated copy
- (ii) Tier 2 – Transactional data storage
  - High availability / scalability
  - Business critical systems
- (iii) Tier 3 – Static, “write once, read many” data storage
  - High availability / scalability

- Fixed content
- Preconfigured and self-managing

### **19.6.2 Non-Consolidated Disk Storage**

There is one (1) distinct Resource Unit Category for Non-Consolidated Disk Storage Services with a separate Annual Base Charge, ARCs/RRC, and Monthly Resource Baseline. These Annual Base Charges are set forth in **Attachment 4-A** and these Monthly Resource Baselines are set forth in **Attachment 4-D** and reflect the required resources to support DIR and the DIR Customers. Such Annual Base Charges, as adjusted by any ARCs and RRCs, for the Resource Unit Categories for the Storage Services will fully compensate Service Provider for the performance of the Services. The sum of partial Resource Unit usage during a calendar month shall be rounded to the nearest whole gigabyte for measurement, tracking, reporting and billing purposes. One GB will be equal to 1,073,741,824 bytes. Storage attached to backup servers to make a temporary backup (intermediate storage) and storage for system overhead including storage from Hardware Management Consoles must be excluded from the RU volume. A more finite measurement may be used if agreed to in writing by DIR and Service Provider.

#### **(a) Allocated Disk Storage – Dedicated and Shared**

“Allocated Disk Storage – Dedicated and Shared” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall be equal to one (1) GB of storage that is located at a Non-Consolidated Service Location and either:

- i. Dedicated storage on a Server that is allocated to a specific Application or function (i.e. not considered available as free space) allocated to DIR Customers and unavailable for re-allocation to Service Provider for other purposes, or
- ii. Shared by multiple Servers (e.g. SAN, NAS) allocated to DIR and unavailable for re-allocation to Service Provider for other purposes

### **19.6.3 Server Tape and Backup**

The following “Tape and Backup” Resource Unit Categories shall fully compensate Service Provider for the performance of server tape and backup Services including the required infrastructure costs and management of intermediate storage. Storage for system overhead including storage from Hardware Management Consoles will be excluded. For clarity, tape and backup infrastructure, support costs and related volumes cannot be included in any other Resource Unit Category or Resource Unit Baseline. All data backed up is billable only once, regardless of the number of intermediate copies produced as a result of

the backup process. The methodology for determining the amount of system overheads to exclude for system overhead will be documented in the Service Management Manual. At a minimum, the exclusions will include:

- Hardware Management Console Storage – Internal capacity used for backup operation
- Multiple copies of backup data – Copy pools and secondary copies
- Intermediate backup data – Media server storage
- Backups of system overhead data – storage for tools and operational management (e.g., monitoring tools, hot spares, RAID protection)
- Backups of operating system and associated files (e.g., logs, configuration files, pagefiles, swapfiles)

(a) **Server Tape Stored - TSM**

“Server Tape Stored - TSM” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall equal one (1) gigabyte of application data on a tape reel or cartridge utilized by DIR Customers for agency business application data storage and stored by Service Provider in active rotation at Data Centers or at off-site storage during the calendar month of measurement, excluding Tape Storage attributable to Systems Overhead. One GB will be equal to 1,073,741,824 bytes. This Resource Unit will be measured as of the last day of the applicable month for purposes of determining the Resource Unit count for such month. The same data stored on tape in both the on-site storage pool and the off-site storage pool cannot be counted twice for purposes of measuring the RU volume. Server Tape Stored - TSM is counted for each gigabyte of application data on a reel or cartridge and includes:

1. transactions, data, applications backups, journals and archives;
2. tape correspondence; and
3. application development and maintenance tapes.

Server Tape Stored - TSM will be measured using TSM records and will exclude Tape Storage attributable to Systems Overhead and:

- scratch tapes;
- tapes to support Service Provider-controlled system services, operations, maintenance, and administration.

Server Tape Stored - TSM excludes application data stored on “Do Not Destroy” archive tapes.

There are two Resource Unit Categories associated with Server Tape Stored - TSM, based on site type:

- (i) Consolidated Data Centers (ADC/SDC)
- (ii) Non Consolidated Service Locations

(b) **Server Tape – Other**

“Server Tape - Other” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall equal one (1) gigabyte of application data written during a calendar month to a tape reel or cartridge utilized by DIR Customers for agency business application data storage and stored by Service Provider in active rotation at Non-Consolidated Service Locations or at off-site storage during the calendar month of measurement, excluding Tape Storage attributable to Systems Overhead. This Resource Unit will be measured as of the last day of the applicable month for purposes of determining the Resource Unit count for such month. Server Tape - Other is counted for each gigabyte of application data on a reel or cartridge and includes:

- 1. transactions, data, applications backups, journals and archives;
- 2. tape correspondence; and
- 3. application development and maintenance tapes.

Server Tape - Other will be measured using a mutually agreeable tool and will exclude Tape Storage attributable to Systems Overhead and:

- scratch tapes;
- tapes to support Service Provider-controlled system services, operations, maintenance, and administration.

(c) **Server Off-site Tape Storage**

“Server Off-site Tape Storage” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall be equal to one (1) tape device or cartridge utilized by DIR Customers and physically transported and stored at a DIR approved or pre-negotiated off-site (non-DIR Facility) location. This includes archived data stored for long term retention.

There are two Resource Unit Categories associated with Server Off-site Tape Storage, based on site type:

- (i) Consolidated Data Centers (ADC/SDC)
- (ii) Non-Consolidated Service Location

## 19.6.4 Other Server Storage

### (a) Optical Storage

“Optical Storage” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall equal one (1) gigabyte of optical storage capacity for any platter inside the optical storage device or on-site (excluding blank platters outside the optical storage device) each month. The sum of partial Resource Unit usage in this Resource Category during a calendar month will be rounded to the nearest whole gigabyte for measurement, tracking, reporting and billing purposes. One GB will be equal to 1,073,741,824 bytes. A more finite measurement may be used if agreed to in writing by DIR and Service Provider.

## 19.7 Project Pool Hours

The Base Charges include Project Pool Hours for Server Services which shall be requested by DIR through a Solution Request or a Service Request.

Service Provider will provide DIR with a project activity pool per month (collectively, the “Project Pool” or individually, a "Project Hour").

1. The Project Pool hours applicable to the Server Services will be 5,460 in July of 2012 (6,420 hours minus 960 hours that have been executed for Oracle Exadata training), 6,420 hours per month in August of 2012 and the first ten (10) months of Contract Year 1, and 4,500 hours per month in month 11 and 12 of Contract Year 1, and Contract Years 2 through 8.
  - (i) Any unused balance of Project Pool Hours up to 4,500 hours per month will be allowed to accumulate and apply to all Projects in all remaining months in the Contract Year until the unused pool is depleted, provided however, unless otherwise agreed, no more than 8,400 hours during the stub period and the first ten months of Contract Year 1, and 6,480 hours thereafter may be utilized in a given month.
  - (ii) Unused Project Pool Hours balances carry over to the following Contract Year during the biennial budget two year period and are consumable for only that year. Unused Project Pool Hours expire at the end of the biennium budget period.
2. Service Provider will deliver a monthly report showing the accrual, draw and balance of the hours applied against the Project Pool Hours.
3. A “Project Hour” is a measurement of actual time expended by an employee, contractor, or consultant in direct support of a pre-approved billable project. Any effort for indirect support (e.g. management,

administration, systems support, and other overheads) should be included within the Base Charges.

4. Project Pool Hours are to be used on discrete units of work that do not recur on a regular or periodic basis and has each of the following characteristics:
  - a) A defined start and end date
  - b) Requested and approved by DIR or DIR Customers
  - c) Not an inherent, necessary or customary part of the day-to-day (i.e. regular, not daily) Services
  - d) Not required by Service Provider to meet the existing Service Levels
  - e) Not otherwise part of the Services to be provided within the Monthly Base Charge, and
  - f) Requires more than 8 hours of effort (excluding hours for Project management of the work)
5. Project Pool Hours shall not include:
  - a. Performing activities associated with normal technology refresh;
  - b. Performing activities as part of a project covered by Service Provider's commitment to deliver the Services;
  - c. Performing contracted Transition Services and Transformation Services activities;
  - d. Performing activities to upgrade or replace Hardware and Software assets;
  - e. Functions performed by a member of Service Provider's management, finance or accounting team;
  - f. Performing Service Level administration, monitoring, metrics and measurement implementation, and regular reporting of all types in a format and level of detail acceptable to DIR and DIR Customers;
  - g. Performing resource management or administration, staffing and HR-related functions;
  - h. Performing management reporting (both internal and to DIR management);
  - i. Performing planning-related activities, including technology planning, business planning, financial and budget planning and capacity planning;
  - j. Units of work performed by resources used to provide "business as usual" effort or other Services described in **Exhibit 2**;
  - k. Project scoping, solutioning, and proposal activities;
  - l. Nonproductive time (whether or not conducted on DIR or DIR Customer premises), such as holidays, vacation time, sick leave, time spent consuming meals, or other personal time;
  - m. Education, training, travel, administrative or management time (for example: Service Provider internal meetings, internal reporting, time and expense accounting, performance reviews, knowledge transfer, etc.);

- n. Project management methodology implementation, training development and customization of standard project management processes, and other HR development activities.

6. Examples of activities not subject to the Project Pool Hours:

- a. Maintenance
  - i. Upgrade SAN microcode
  - ii. Daily activities such as hanging tape, running backup
  - iii. N upgrades of O/S software per the refresh cycle
  - iv. Upgrades / expansions to existing utility servers
  - v. CMDB updates
  - vi. Co-location requests
  - vii. Requests to make changes to ticketing system
  - viii. Security requests
  - ix. Software renewals
  - x. Disaster Recovery testing
  - xi. Capacity management
- b. Refresh
  - i. Equipment refresh per the cycle
- c. Break/Fix
  - i. Responding to outages
  - ii. RCA
- d. Required Modifications
  - i. Application of security patches
- e. Installation of new infrastructure
  - i. Installation/upgrade of infrastructure stack software
  - ii. Storage frames
  - iii. Network devices inside Consolidated Data Centers
  - iv. Cabinets
  - v. Power
  - vi. Facilities

7. Examples of activities included in the Project Pool Hours:

- i. New server / instances, outside refresh schedule, Transformation or Service Provider infrastructure
- ii. Upgrades / expansions to existing STM Servers when requested by DIR Customer
- iii. DIR Customer-initiated special request related to In-Scope Services
- iv. Installation / upgrade of DIR Customer applications, database, application utility, development tools, compilers, middleware, DIR Customer-requested network software
- v. DIR Customer-requested N upgrades of O/S software in advance of the refresh cycle
- vi. Implementation of DIR Customer reorganizations

8. At DIR's request, Service Provider shall provide resources in excess of the Project Pool Hours to perform Services at the applicable rates set forth in **Attachment 4-A**, "7 - Project Pool Hours" tab. In the event that the position does not exist in **Attachment 4-A**, then the Service Provider shall provide staffing at the rates described in the State of Texas Information Technology Staff Augmentation Contract (DIR-SDD-390). If a specialized resource is required that does not align with the skill set descriptions provided in **Attachment 4-A**, "7 - Project Pool Hours" tab or DIR-SDD-390, Service Provider will charge for those resources on a Pass-Through basis if the resources are staffed from a third party or as a New Service if they are Service Provider personnel.
9. Service Provider shall provide a monthly report showing all hours worked by individual, including each project for which such work was done. In addition, Service Provider shall include in such report the identity of all Service Provider Personnel who are assigned to perform work on Project Pool Hour activities.
10. Service Provider shall not be entitled to reimbursement of travel and living expenses in connection with Project Pool Hours Services except for travel between DIR Sites for the provision of Services and such other travel and living expenses that are expressly approved in advance by DIR on a case-by-case basis. Any travel and living expenses to which Service Provider is entitled to reimbursement must be reasonable and limited to out-of-pocket expenses pre-approved by DIR.
11. For Project Pool Hour Services, if DIR authorizes the addition of resources with respect to any future work, Service Provider shall use commercially reasonable efforts to provide such additional resources in accordance with DIR's authorization, but in any case within thirty (30) days of the date of DIR's authorization. Service Provider shall accommodate DIR's needs for shorter notification periods for ramp up of resources in accordance with the governance process agreed upon by the Parties. Service Provider's Charges to DIR shall reflect the addition of any resource as of the date such resource commences performance of Project Pool Hour Services.
12. For the avoidance of doubt, Service Provider shall under no circumstances charge for Project Pool Hour resources utilized to remedy Service Provider performance failures, and any such resources so utilized shall be excluded from any calculation of Charges.
13. Service Requests that meet the standards of New Services but have a defined start and end date must be priced using labor rates not exceeding those provided in **Attachment 4-A** for Project Pool Hours and **Section**

**19.7.8.** Equipment and Software Charges for these requests must be priced in accordance with **Sections 19.8(a), 19.8(b), and Section 17.**

## **19.8 Miscellaneous Server Services**

Miscellaneous Server Services includes Resource Unit-based services, optional services, and the Software Service Charge (SSC).

There are three (3) distinct Resource Unit Categories for miscellaneous server services. Each of these Resource Unit Categories has separate Annual Base Charges, ARCs/RRCs, and Monthly Resource Baselines. These Annual Base Charges are set forth in **Attachment 4-A** and these Monthly Resource Baselines are set forth in **Attachment 4-D** and reflect the required resources to support DIR and the DIR Customers. Such Annual Base Charges, as adjusted by any ARCs and RRCs, for the Resource Unit Categories for these Services will fully compensate Service Provider for the performance of these Services.

### **(a) Hardware Service Charge (HSC) (Service Provider-owned assets)**

The Charges shall include a Hardware Service Charge (HSC) to compensate Service Provider for Server Asset Plan purchases as provided in this provision. This Charge applies to Service Provider purchases of new Servers for DIR Customers' dedicated use where the support is charged by the Service Tier Matrix RU (STM Servers). The HSC shall be determined based on the Capital Expenditures, hardware maintenance, and software costs that are actually paid by Service Provider. The HSC shall be charged to DIR based on the prorated monthly Capital Expenditures made for STM Server Equipment, either new or refresh, required by Service Provider following the Effective Date, specifically excluding STM Servers that are part of the existing Equipment in service as of the Effective Date. Service Provider will use commercially reasonable efforts to obtain the lowest possible discounted prices for Servers and related equipment for the benefit of DIR, including utilization of DIR purchase arrangements in accordance with the Agreement. Notwithstanding anything to the contrary herein, (a) DIR shall have the option of procuring STM Servers directly from Third Parties and Service Provider shall perform the Services with such STM Servers without charging any HSC with respect to such STM Servers, subject to the Operational Change Control Procedures to ensure such STM Servers are of the same character and functionality as then-utilized by Service Provider, and are covered by appropriate full parts, warranty and maintenance coverage for the full sixty (60) month Term of the Server; and (b) DIR shall have the option of procuring STM Servers directly from Service Provider under this Agreement only to the extent DIR obtains Service Provider's support of such STM Server pursuant to the terms of this Agreement except to the extent otherwise mutually agreed.

For purposes of this Section, the following terms shall have the following meanings:

“**Capital Expenditures**” means the amounts actually paid by Service Provider and approved in advance by DIR for STM Servers acquired or leased by Service Provider after the Effective Date for dedicated use by DIR, any DIR Customer(s), or Other Recipients, including all associated peripheral Equipment, applicable sales and use taxes, freight and, only for new STM Servers (and not STM Server Upgrades or refreshed STM Servers), installation charges. For purposes of the HSC, lease payment streams under leases for STM Servers that are procured by Service Provider after the Effective Date for dedicated use by any DIR Customer(s) shall be converted to a single Capital Expenditure by taking the net present value of such lease payments, using the then-current value of “s” defined for the calculation below as the applicable service charge rate.

“**Maintenance Costs**” means the amounts actually paid by Service Provider and approved in advance by DIR for the provision of maintenance and support Services in respect of STM Servers and peripheral Equipment used in connection with such STM Servers that are acquired by Service Provider after the Effective Date.

The HSC payable by DIR shall be calculated each month following the Commencement Date, and shall replace the base charge amounts HSC found in **Attachment 4-A**.

Capital Expenditures shall be included in the HSC calculation on a prorated basis over a sixty (60) month period beginning in the month following the month during which the applicable STM Server was installed and available for DIR Customer’s business processing in a DIR Customer’s Production Environment in accordance with the Service Management Manual. Maintenance Costs shall be included in the calculation beginning in the month following the month in which the the applicable STM Server was installed and available for DIR Customer’s business processing in a DIR Customer’s Production Environment in accordance with the Service Management Manual; provided, however, that where Service Provider pre-pays for a benefit that will be received over a period of time (e.g. pre-paid maintenance services), such amount shall be included in the calculation on a prorated basis over such time period, but in no event greater than a twelve month period of time (e.g. if Service Provider pays \$120 in January for annual maintenance agreement, Service Provider will spread such cost over 12 months). No Capital Expenditures or Maintenance Costs shall be included in the calculation with respect to any STM Server (a) that is not installed in a DIR Customer’s Production Environment (e.g. the applicable order for such Server is cancelled), (b) that remains installed in a DIR Customer’s Production Environment following the end of its applicable sixty (60) month payment period

(except as expressly provided in this Section below) or (c) that is not dedicated to use by DIR or DIR Customer except to the extent otherwise agreed, subject to DIR's responsibility to pay cancellation fees as set forth below.

**HSC Calculation:**

The monthly charges for asset acquisitions in a given month (HSC) will equal the following:

$$\text{Monthly HSC} = ( P * [(s/12*(1+s/12)^n)/((1+(s/12))^n-1)] + [(xx/12) * 0.5P] + M )$$

Where:

- Monthly HSC = the monthly Hardware Service Charge
- P = the prorated monthly amount of actual Capital Expenditures. Service Provider will use commercially reasonable efforts to obtain the lowest possible commercially available discounted prices for the Capital Expenditures, including through DIR's contracts as set forth in the Agreement
- M = the total amount of Maintenance Costs that were actually paid during the applicable month, to the extent required beyond the warranty period
- n = equals 60 months (the finance term)
- s = equals the service charge rate of 7% for a 60 month lease;
- XX = the then-applicable personal property tax at time of purchase; and
- Current benchmark rates can be found at:  
<http://www.federalreserve.gov/releases/h15/update/>

For any STM Server which supports a single DIR Customer, whether it is single or multi-instance, the calculation above is made per Server, each of which is billed to the applicable DIR Customer. HSC for STM Servers that support multiple DIR Customers are handled as follows:

“Multi-DIR Customer Servers” means any STM Server that has instances from at least two DIR Customers or is installed with the intent to host instances from two or more DIR Customers.

“Multi-DIR Customer HSC Cost Pool” means the sum of the Monthly HSC for all Multi-DIR Customer Servers.

“Multi-DIR Customer Memory Allocation Pool” The greater of i) the sum of the total memory in all Multi-DIR Customer Servers in production, multiplied by 80%, or ii) The sum of the total dedicated memory allocated to DIR Customer instances that reside on Multi-DIR Customer Servers.

“Multi-DIR Customer Memory Unit Rate” The Multi-DIR Customer HSC Cost Pool divided by the Multi-DIR Customer Memory Allocation Pool (for example, if the Multi-DIR Customer HSC Cost Pool was \$100,000 in a month, and the Multi-DIR Customer Memory Allocation Pool was 10,000 GB, then the Multi-DIR Customer Memory Unit Rate would be \$10 per GB)

Each DIR Customer pays for the Multi-DIR Customer Server hardware that it uses based on the amount of dedicated memory allocated to that DIR Customers instances which reside on Multi-DIR Customer Servers. The amount of computing resources (e.g., CPU) that an instance receives at a given level of memory is further described in the SMM.

It is the Service Provider’s responsibility to manage the underlying pool of hardware to be as close to 80% utilized as possible to ensure recovery of Service Provider costs. Utilization of individual Servers above 80% requires the approval of DIR.

At DIR’s direction, Service Provider will separate both the Multi-DIR Customer Cost Pool and Multi-DIR Customer Memory Allocation Pool into subsets in order to calculate separate Multi-DIR Customer Memory Unit Rate for different categories of Multi-DIR Customer Servers. At a minimum, DIR anticipates separate Multi-DIR Customer Memory Unit Rates for Unix and Intel instances.

The Monthly Invoice will include the HSC calculation for each month and shall also identify the amount of Capital Expenditures and Maintenance Costs that were actually paid during each month. Copies of relevant Third Party invoices and such other information reasonably requested by DIR will also be included with such invoices.

Service Provider shall obtain DIR’s approval prior to incurring any Capital Expenditures (including the Capital Expenditure amounts for leased Servers) or Maintenance Costs. If Service Provider does not obtain DIR’s prior approval in respect of any Capital Expenditures or Maintenance Costs, then such costs shall not be included in the HSC and Service Provider shall be responsible for such costs.

If DIR requests Service Provider to remove a STM Server that is not a Multi-DIR Customer Server from the DIR Customers’ Production Environments prior to the end of its applicable sixty (60) month payment period, Service Provider shall use commercially reasonable efforts to re-deploy such STM Server in any environment, including in Service Provider’s environment (internally or in support of other customers), and DIR and Service Provider shall jointly exercise commercially reasonable efforts to redeploy such STM Server for use by DIR Customers. Any remaining HSC for that STM Server shall continue until the earlier of (a) such time as Service Provider is able to re-deploy such Server or (b) end of the applicable sixty (60) month payment period for such Server, using a discount rate equal to the applicable service charge rate for that Server as included

in the HSC calculation, provided that Service Provider continues to use commercially reasonable efforts to re-deploy such Server as set forth above, or (c) in the event such asset is no longer being used because of a termination of this Agreement, at such time that DIR is no longer using the asset for receipt of Services from Service Provider, in which case DIR shall purchase the asset as set forth in (b) hereof. To clarify, the provisions of this Section shall apply to HSC, and not the provisions governing the procurement of Equipment as set forth in **Section 6** of the Agreement. With respect to any STM Server that DIR elects, in DIR's sole discretion, to keep installed in a DIR Customer's Production Environment following the end of its applicable sixty (60) month payment period, only the personal property taxes actually paid by Service Provider in respect of such STM Server (and not any other Capital Expenditures) and any ongoing Maintenance Costs that are actually paid by Service Provider in respect of such STM Server shall continue to be included in the HSC calculations until such STM Server is refreshed or is removed from the DIR Customers' Production Environments.

If DIR cancels an order for a previously approved HSC asset, and such products cannot be returned to the vendor, Service Provider shall assist DIR with the redeployment of the HSC asset, as appropriate, within either DIR or within Service Provider (internally or for its other customers), as set forth above. In the event such asset cannot either be returned to the vendor or redeployed, DIR shall be responsible for any commercially reasonable restocking fees or other charges resulting from the cancellation request (i.e. freight). The designated DIR representative must approve all requests for the cancellation of approved purchases in writing. One-time charges (other than those incurred upon the initial procurement, as set forth above) are not included in the monthly HSC calculation and will be invoiced separately, to the extent mutually agreed.

(b) **Server Software Services Charge (SSC)**

The Charges shall include any Software procured by Service Provider pursuant to the Software Charge methodology, to compensate Service Provider for the Software procured on DIR's behalf as provided in this provision. The Software Services Charge is a methodology for DIR to obtain Software for its dedicated use on STM Servers utilized by Service Provider in the provision of the Services. The types of Software which DIR may obtain pursuant to this methodology are listed as 'Software Charge' in the Financial Responsibilities Matrix and **Exhibit 12**. Software Charges shall be determined based on the Software Expenditures that are actually paid or incurred by Service Provider, in addition to the uplift charged for spreading the payment of such Software Expenditures over twelve months. Service Provider will use commercially reasonable efforts to obtain the lowest possible discounted prices for such Software for the benefit of DIR, including utilization of DIR purchase arrangements in accordance with the Agreement. Notwithstanding anything to the contrary herein, (a) DIR shall have the option of procuring such Software directly from Third Parties; (b)

DIR shall have the option to pay upon delivery for such Software on a one time basis at cost with no markup, rather than spreading the payment over twelve months; and (c) DIR shall have the option of procuring such Software directly from Service Provider under this Agreement only to the extent DIR obtains Service Provider's support of such Software pursuant to the terms of this Agreement (except to the extent otherwise mutually agreed).

The Software Charge should include the amounts actually paid or incurred by Service Provider. Such amounts actually paid or incurred and any other associated Software Charges must be approved in advance by DIR for license fees and the provision of maintenance and support Services in respect of the Software which is installed on STM Servers and categorized in the "Server Software" tab of **Attachment 4-B** as "Service Tier Matrix Servers - DIR Customer Request" and "Utility Servers – DIR Customer Request."

For purposes of this Section, the following terms shall have the following meanings:

**"Software Expenditures"** means the amounts actually paid or incurred by Service Provider and approved in advance by DIR for license fees and the provision of maintenance and support Services in respect of the Software which is installed on STM Servers and is categorized in the "Server Software" tab of **Attachment 4-B** as "DIR Customer Request."

**"Software Maintenance Period"** means the number of months over which a Software Expenditure provides software maintenance

The Software Service Charge payable by DIR shall be calculated each month following the Commencement Date.

Software Expenditures shall be included in the Software Charge calculation on a prorated basis over a twelve (12) month period (or at DIR's option the Maintenance Period) beginning in the month during which the applicable Software was installed in a DIR Customer's Production Environment in accordance with the Service Management Manual. Software Costs shall be included in the calculation for the month during which such amounts are actually paid or incurred by Service Provider; provided, however, that where Service Provider pre-pays for a benefit that will be received over a period of time (e.g. pre-paid maintenance services), such amount shall be included in the calculation on a prorated basis over such time period, but in no event greater than a twelve month period of time (e.g. if Service Provider pays \$120 in January for an annual software license or annual maintenance agreement, Service Provider will spread such cost over 12 months).

### **Software Charge Calculation:**

For Software Licenses purchases and Maintenance contracts that are in effect for twelve (12) months, the monthly charges for Software Charge acquisitions in a given month will equal the following:

Monthly Software Charge= Software Expenditures x 1.025 divided by twelve (12).

For software maintenance expenditures that have a time period longer than 12 months the monthly charges will equal:

Monthly Software Charge = Software Expenditures x 1.025 x (Software Expenditure Months/12) divided by Software Expenditures Months.

The Monthly Invoice will include the Software Expenditures that were actually paid or incurred during each month. Copies of relevant Third Party invoices and such other information reasonably requested by DIR will also be included with such invoices.

Service Provider shall obtain DIR's approval prior to incurring any Software Expenditures. If Service Provider does not obtain DIR's prior approval in respect of any Software Expenditures, then such costs shall not be included in the Software Charge and Service Provider shall be responsible for such costs.

If DIR requests Service Provider to remove Software from the DIR Customers' Production Environments prior to the end of its applicable twelve (12) month payment period (which includes DIR's partial or whole termination of the Agreement), such Software Charges shall continue until the end of the applicable twelve (12) month payment period for such Software, using a discount rate equal to the applicable service charge rate for that Software. DIR shall be responsible for paying all Software Charges on such Servers in full, no later than the last date on which such Software Charge is no longer applicable. To clarify, the provisions of this Section shall apply to Software procured pursuant to the Software Charge, and not the provisions governing the procurement of Software as set forth in **Section 6** of the Agreement.

(c) **Exadata Services Charge (ESC)**

The Charges shall include an Exadata Services Charge to compensate Service Provider for Oracle Exadata purchases as provided in this provision. This Charge applies to Service Provider purchases of Oracle Exadata for DIR and DIR Customers' dedicated use. The ESC is a methodology for DIR to obtain Exadata Equipment, Materials, and services to be utilized by Service Provider in the provision of the Services.

Service Provider will use commercially reasonable efforts to obtain the lowest possible discounted prices for such Equipment, Materials, and services for the benefit of DIR, including utilization of DIR purchase arrangements in accordance with the Agreement. Notwithstanding anything to the contrary herein, DIR shall have the option to pay upon delivery for such Equipment, Materials, and services on a one time basis at cost with no uplift. All support labor as it relates the Exadata platform will be billed using the appropriate STM Instance Resource and storage GB Resource Units. Migration services to the Exadata platform will be treated as a Project. The parties agree that there will be no instance consolidation during the migration to the Oracle Exadata platform during the first twelve (12) months of the agreement, provided however that Service Provider uses commercially reasonable efforts to provide standard Exadata configurations for Memory, CPU, and Storage that are sufficient to accommodate the various Instance sizes required by the State and do not unnecessarily waste hardware resources.

The ESC is inclusive of all Exadata Capital Expenditures, Exadata Maintenance Expenditures, and Exadata Incidental Costs, as such term is defined herein, associated with the Exadata systems that are actually paid by Service Provider. Additionally, beginning at Commencement and ending on June 30, 2013, the ESC will be inclusive of all Exadata Capital Expenditures, Exadata Maintenance Expenditures and Exadata Incidental Costs , as such term is defined herein.

For the purposes of this Section, the following terms shall have the following meanings:

**“Exadata Capital Expenditures”** means the annual Software and hardware expenditures associated with the purchase of the Oracle Exadata systems that are actually paid by Service Provider.

**“Exadata Maintenance Expenditures”** means the annual maintenance amounts associated with the Oracle Exadata systems that are actually paid by Service Provider.

**“Exadata Incidental Costs”** means the one time training, installation, and shipping amounts associated with the purchase of the Exadata systems that are actually paid by Service Provider

#### **Exadata Charge Calculation:**

Beginning at Commencement and ending on June 30, 2013, the monthly charges for Exadata acquisition will equal the following:

$$\text{Monthly ESC} = \{(\text{Exadata Capital Expenditures} * 1.025 + \text{Exadata Maintenance Expenditure}) / 12\} + \text{Exadata Incidental Costs}$$

The Monthly Invoice will include the Monthly ESC beginning at Commencement. Copies of relevant Third Party invoices and such other information reasonably requested by DIR will also be included with such invoices.

Notwithstanding anything to the contrary herein, the parties may agree to work together in good faith to mutually amend such charging methodology.

## **19.9 Co-location Services**

Co-location Services are comprised of three (3) distinct Resource Unit Categories. Each of these Resource Unit Categories has a separate Annual Base Charge and Monthly Resource Baseline. These Annual Base Charges and Monthly Resource Baselines are set forth in **Attachment 4-A** and reflect the resources required to provide the Co-location Services. Such Annual Base Charges, as adjusted by any ARCs and RRCs, for the Resource Unit Categories for Co-location Services will fully compensate Service Provider for the performance of the Co-location Services.

### **(a) Facility Charges**

Facility charges are inclusive of data center floor space, overhead labor components for physical security, Project Management Office (e.g. financial billing, utility calculations, Change Management, Disaster Recovery Plan, Problem Management, and business controls), and all services described in **Exhibit 2** that are not identified in this **Section 19.9** as having separate charges.

Facility charges are based on the number of co-located equipment cabinets comprising the DIR Customer IT environments. It is understood the DIR Customer IT environments may be dynamic in nature and the number of cabinets may vary and that additional cabinets may be needed for DIR Customers receiving co-location services. Therefore, facility charges will be calculated based on the actual number of cabinets co-located at the Consolidated Data Centers. If a cabinet is co-located at a Consolidated Data Center for a portion of a calendar month, then the charges will be calculated on a prorated basis.

### **(b) Utility Charges**

Utility charges are inclusive of all electrical, heating and cooling costs. It is understood the DIR Customer IT environments may be dynamic in nature and additional equipment may be needed. Therefore, utility charges will be calculated based on the actual utility consumption for the DIR Customer IT environments co-located at the Consolidated Data Centers.

Prior to the start of each Contract Year, Service Provider will review the electric utility rates in effect at the Consolidated Data Centers and the utility

consumption for each co-located environment therein. Based on any changes in the aforementioned electric utility rates and/or utility consumption, Service Provider will provide DIR with the proposed adjustments to the utility charges 60 days in advance of the upcoming Contract Year. Utility charges for the upcoming Contract Year will be adjusted accordingly upon DIR's approval. The annual utility rate and consumption adjustment will be effective at the Commencement Date and will be adjusted each Contract Year thereafter, subject to the approval of DIR.

The electric utility rates in effect at the time any new DIR Customer IT environment is co-located at the Consolidated Data Centers or any additions are made to any existing co-located DIR Customer IT environment therein, shall apply to the new or changed environment. For co-location of new DIR Customer IT environments at the Consolidated Data Centers, Service Provider will provide DIR with the utility usage amounts as part of the initial pricing proposal. Prior to the addition of equipment to any existing co-located DIR Customer IT environment at the Consolidated Data Centers, Service Provider will provide DIR with the additional utility usage for such equipment.

(c) **Media Charges**

Media charges are fixed monthly charges based on the following factors for each DIR Customer IT environment: media type, the number of daily tape changes, the number of tapes sent to/retrieved from off-site storage, all labor, off-site storage, destruction or disposal of tapes, and new or replacement tapes.

The off-site storage volume, average daily quantity of tapes sent off-site, and average daily tape changes may increase by 25% of the annual baseline volumes for each DIR Customer IT environment.

Service Provider may revise the media charges, upon DIR's approval, for the applicable DIR Customer IT environment in the case where a "Do Not Destroy" order is imposed.

For co-location of new DIR Customer IT environments, Service Provider will provide DIR with the monthly media charge as part of the initial pricing proposal.

(d) **Co-location Services One-Time Charges**

(i) **Transition Services**

The Charges may include a one-time charge for co-location transition services that are described in **Exhibit 2**. Prior to the commencement of any co-location transition services, Service Provider shall submit a Project proposal to DIR and obtain DIR's approval in accordance with

**Section 4.7** of the Agreement. The one-time charges shall be billed to DIR upon DIR's Acceptance of the completion of such services.

(ii) **Migration Services**

The Charges may include a one-time charge for installing electrical power drops and LAN/WAN/SAN cabling at the rates as set forth in **Attachment 4-A**. In addition to the installation of power drops and LAN/WAN/SAN cabling, Service Provider may provide additional co-location migration services as requested by DIR Customer or Third Party.

Prior to the commencement of any co-location migration services, Service Provider shall submit a Project proposal to DIR and obtain DIR's approval in accordance with **Section 4.7** of the Agreement. The one-time charges shall be billed to DIR upon DIR's Acceptance of the completion of such services.

**19.10 Optional Server Services**

There are three (3) option services available to DIR Customers. These optional services do not have Annual Base Charges or Monthly Resource Baselines. These services are exclusively billed as a unit of service on a monthly basis when elected by the DIR Customer. The ARC charge will fully compensate Service Provider for these optional Services. The volume of units will be applied against the optional service unit rate to determine the Charge for the month.

These optional services are for additional monitoring services as required by DIR Customers for server support services procured through the Service Tier Matrix as described in **Attachment 4-E**. The optional service measurement is on an operating system instance basis where one operating system that requires any of these additional services will equal one (1) billable unit. These monitoring services are included as standard services in some tiers but available as optional services in the lower tiers. There are three types of optional monitoring available:

- (a) Optional Database Monitoring
- (b) Optional Middleware Monitoring
- (c) Optional Application Up/Down Monitoring

**20. ASU Volumes and Allowance for ASU Services**

In exchange for the use of the State Data Center, an allowance for services in support of Angelo State University shall be calculated each month in accordance with this Section. Charges for services in excess of such allowance shall be calculated after the completion of each month as follows:

**ASU Billable Charges = (ASU Charges – ASU Allowance)**

Where:

“**ASU Billable Charges**” is the total monthly amount of the Resource Unit-based services provided to ASU in excess of the ASU Allowance;

“**ASU Charges**” is the total monthly amount of the ASU Resource Volumes multiplied by the Chargeback Blended Rates for each applicable Resource Unit Category; and

“**ASU Allowance**” is the total monthly amount of the ASU Allowance Volumes multiplied by the Chargeback Blended Rates for each applicable Resource Unit Category.

For purposes of calculating the ASU Charges and ASU Allowance, the following shall apply:

“**ASU Allowance Volumes**” is the pre-defined Resource Unit allowance volumes for certain Resource Unit Categories set forth in the “ASU” tab of **Attachment 4-D**;

“**ASU Resource Volumes**” is the number of Resource Units for each Resource Unit Category actually used by ASU during the month for which ASU Charges are calculated; and

“**Chargeback Blended Rate**” is the unit rate for each Resource Unit Category calculated by dividing the actual chargeback charges for each Resource Unit Category by the quantity of Resource Units actually used for each Resource Unit Category, excluding the ASU Resource Volumes. The actual chargeback charges for each Resource Unit Category are the Monthly Base Charges, excluding ASU Charges, plus Additional Resource Charges minus Reduced Resource Charges.

Service Provider shall only invoice DIR for the ASU Billable Charges that are greater than zero. In the event the ASU Billable Charges are less than zero, no charges, adjustments or credits shall be issued by the Service Provider to DIR. For any additional services requested by ASU which meet the definition of New Services, Service Provider shall submit a proposal in accordance with **Section 11.5** of the Agreement.

The following example for calculating the ASU Billable Charges is provided for illustrative purposes.

Resource Unit Category	Chargeback Blended Rate	ASU Allowance Volumes	ASU Resource Volumes
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		<b>(Attachment 4-D)</b>	
Data Center: UNIX: High Complexity Service Level	\$937.60	6	7
Data Center: UNIX: Medium Complexity Service Level	\$849.06	9	15
Server Storage: Allocated Disk Storage - Shared GB	\$1.30	6,000	3,000
Server Storage: Allocated Disk Storage – Dedicated GB	\$1.60	0	2,000

- Calculate the ASU Allowance  
 $\$21,067.14 = (\$937.60 * 6) + (\$849.06 * 9) + (\$1.30 * 6,000)$
- Calculate the ASU Charges  
 $\$26,399.10 = (\$937.60 * 7) + (\$849.06 * 15) + (\$1.30 * 3,000) + (\$1.60 * 2,000)$
- Calculate the ASU Billable Charges  
 $\$5,331.96 = \$26,399.10 - \$21,067.14.$

In the event that DIR makes changes to its Chargeback Blended Rate methodology which would adversely impact the amounts collected by Service Provider under this provision, the Parties will mutually agree to equitably modify this provision.