STATE OF TEXAS
DEPARTMENT OF INFORMATION RESOURCES
INFORMATION TECHNOLOGY SECURITY SERVICES CONTRACT

Southwestern Bell Telephone, L.P. (SBC Texas)

This Information Technology Security Services Contract is entered into between the State of Texas, acting by and through the Department of Information Resources with its principal place of business at 300 West 15th Street, Suite 1300, Austin, Texas 78701, and Southwestern Bell Telephone, L.P., with its principal place of business at 530 McCullough, San Antonio, Texas, 78205.

1. Contract Scope and Term

This Contract sets forth the terms and conditions governing the acquisition of information technology security services (services). Terms used in this document shall have the meanings set forth below in Section 2, Definitions. This Contract is available for use by all Customers.

The term of this Contract shall be two (2) years commencing on the date of the last party to sign. The parties may renew this contract, upon approval of DIR, for up to two (2) optional one-year terms. Upon termination of this Contract, all rights and obligations set forth herein shall survive in accordance with their terms as to Purchase Orders issued by Customers and Statements of Work executed prior to the effective date of termination.

2. Definitions

Terms used in this Contract shall have the following meanings:

A. **DIR** - the Department of Information Resources
B. **Vendor** – Southwestern Bell Telephone, L.P. (SBC Texas)
C. **Customer** - any State agency or unit of local government as defined in §2054.003, Texas Government Code; institutions of higher education as defined in §61.003, Texas Education Code; and state agencies purchasing through DIR pursuant to an Interagency Contract, as authorized by Chapter 771, Texas Government Code.
D. **Administrative Fee** – the fee used to defray DIR's cost of negotiating, executing, and administering this contract.
E. **Purchase Order** – the Customer's fiscal form or format, which is used when making a purchase (e.g., formal written Purchase Order, Procurement Card, Electronic Purchase Order, or other authorized instrument).
F. **Statement of Work** – a detailed description of services to be provided by Vendor to Customer.
G. **State** – the State of Texas
H. **Go DIRect Coordinator** – the individual appointed by DIR to administer and collect the contract reporting data on behalf of the State and the Customers.

3. Entire Agreement and Order of Precedence

This Contract; Appendix A, Standard Clauses for Texas DIR Contracts; and Appendix B, Vendor's Historically Underutilized Businesses Subcontracting Plan; constitute the entire agreement between the parties hereto and all prior understandings and agreements with regard to the subject matter hereof are merged herein. In the event of a conflict between the provisions of these documents listed in this paragraph, the controlling language shall be found in this Contract,

then Appendix A, and finally Appendix B. This Contract shall not be changed, modified or altered in any manner except by an instrument in writing executed by both parties hereto.

The terms and conditions set forth herein shall govern all transactions by Customers under this Contract. Customers shall not have the authority to modify the terms of this Contract, except as to receive better terms or pricing for a particular procurement than those set forth herein. In such event, Vendor shall furnish a copy of such better offerings to DIR upon request. No additional term or condition of a Purchase Order issued by a Customer or executed Statement of Work can weaken a term or condition of this Contract. The Contract term shall control in the event of: i) a conflict between a Customer's Purchase Order and this Contract, or ii) a conflict between a Statement of Work and this Contract.

4. Service Offering

Services offered under this Contract are limited to those awarded to Vendor based on Texas Marketplace, Electronic State Business Daily posting number DIR-TMP-02-033.

Services available under this Contract are as follows:

Category	Services
Policies & Procedures	HIPAA Compliance Planning and Implementation
Network Security	Selection, installation, configuration, testing, implementing firewalls
	Maintenance of firewalls
	Design, testing, implementation of network security access control lists and IP traffic filtering
	Maintenance of network security access control lists and IP traffic filtering
	Selection, installation, configuration, testing, implementing network and host-based intrusion detection systems
	Maintenance of network and host-based intrusion detection systems
	Design, testing, and implementation of network infrastructure security
	Maintenance of network infrastructure security
	Network infrastructure security audit and detailed specifications for vulnerability correction
	Design, testing, and implementation of VPN
	Maintenance of VPN
Managed Services	Firewall services
	Intrusion protection services
	VPN Services
Network infrastructure vulnerability testing	Vulnerability scan and analysis
	Penetration testing

Customers may not acquire hardware products or software licenses under this Contract.

5. **Statement of Work and Customer Purchase Order**

Customers acquiring services under this Contract shall work with the Vendor to develop and execute a Statement of Work between Customer and Vendor. The Statement of Work will contain a detailed description of services to be provided by Vendor to Customer, criteria for Customer acceptance of work products, pricing, payment milestones, timelines for service delivery, and a detailed description of the responsibilities of Vendor and Customer.

Customer's Purchase Order for the services described in the executed Statement of Work will be placed directly with the Vendor. Accurate Purchase Orders shall be effective and binding upon Vendor when accepted by the Vendor prior to the termination of this Contract.

6. **Pricing**

Pricing for services shall be determined by the specialized customer requirements. Except for the Managed Services, pricing may be quoted as a fixed-price or hourly basis at the request of the Customer. Pricing for the Managed Services will be according to the configuration and level of service provided by the Vendor. Customers shall contact Vendor to obtain pricing for Managed Services and maintenance services associated with the Network Security category.

If hourly pricing is requested, the hourly rates shall not exceed the following:

Policies & Procedures	
HIPAA Compliance Planning and Implementation	$225
Network Security	
Firewall selection / design	$225 - $250
Firewall installation, configuration, testing, and implementation	$206.25 - $309.38
Design, testing, implementation of network security access control lists and IP traffic filtering	$225 - $250
Selection, installation, configuration, testing, implementing network and host-based intrusion detection systems	$225 - $250
Design, testing, and implementation of network infrastructure security	$225 - $250
Network infrastructure security audit and detailed specifications for vulnerability correction	$250 - $300
Design, testing, and implementation of VPN	$225 - $250
Network infrastructure vulnerability testing	
Vulnerability scan and analysis	$250 - $300
Penetration testing	$250 - $300

The price to the Customer under this Contract shall be the lowest price offered to any new similarly situated government entities for like services. Any violation of this provision may result in this Contract being terminated.

A. DIR Administrative Fee

The DIR administrative fee specified in Section 10, Reporting and Administrative Fees, shall be included in the hourly rates or fixed price quoted to the Customer. The administrative fee shall not be broken out as a separate line item when pricing or invoice is provided to Customer.

B. Travel Expenses

Pricing for services set forth herein is exclusive of any travel expenses that may be incurred by Vendor in the performance of those services. Travel expense reimbursement may include personal vehicle mileage or commercial coach transportation, hotel accommodations, parking and meals; provided, however, the amount of reimbursement shall not exceed the amounts authorized by the current State Travel Regulations. The DIR administrative fee specified in Section 10, Reporting and Administrative Fees, is not applicable to travel expense reimbursement.

C. Sales Tax

Customers are exempt from all federal and state sales tax.

7. Payments

The Customer will be responsible for validating the accuracy and quality of the services, and to perform the acceptance or acceptance testing, if applicable, of any work products in accordance with the acceptance criteria specified in the Statement of Work.

Invoices shall be submitted by Vendor directly to the Customer in accordance with the payment milestones specified in the Statement of Work. Invoices must be timely and accurate. The Customer's Purchase Order number and a brief description of the payment milestone must be included on the invoice.

State agency Customers shall comply with Chapter 2251, Texas Government Code, in making payments to Vendor. Payment under this contract shall not foreclose the right to recover wrongful payments.

8. Contract Administration

DIR and Vendor will each provide a Contract Administrator to support this Contract. Information regarding the Contract Administrators will be posted on the Internet web site designated for this Contract.

9. Internet Access to Contract Information

Access by Customers to Contract terms and pricing information shall be made available and posted on the Internet. To that end, upon sixty (60) days from execution of this Contract, Vendor will be required to host the complete Contract service offering at Vendor's Internet site. Internet access to this information will be provided during the term of this Contract at no cost to DIR, the State, and Customers.

A. Accurate and Timely Contract Information

Vendor warrants and represents that Contract and related information will be accurately and completely posted, maintained and displayed in an objective and timely manner which

renders it clearly distinguishable from other, non-Contract offerings at Vendor's web site. Vendor shall indemnify DIR, the State, and Customers for damages resulting from errors or inaccuracies in such information, or from any failure to maintain or timely post Contract information in accordance with this paragraph.

B. Price Data Retention and Compliance Checks

Periodic compliance checks of the information posted for this Contract on Vendor's web site may be conducted by DIR. Upon request by DIR, Vendor shall provide verifiable documentation that pricing listed upon this site is uniform with the Pricing as stated in Section 6 herein.

C. Web Site Changes

Vendor hereby consents to a link from the DIR web site to Vendor's web site in order to facilitate access to Contract information. The establishment of the link is provided solely for convenience in carrying out the business operations of the State. DIR reserves the right to terminate or remove a link at any time, in its sole discretion, without advance notice, or to deny a future request for a link. DIR will provide Vendor with subsequent notice of link termination or removal. Vendor shall provide DIR with timely written notice of any change in URL or other information needed to access the site and/or maintain the link.

D. Use of Access Data Prohibited

If Vendor stores, collects or maintains data on Customers electronically as a condition of accessing this Contract, such data shall only be used internally by Vendor for the purpose of implementing or marketing this Contract, and shall not be disseminated to third parties or used for other marketing purposes. This Contract constitutes a public document under the laws of the State and Vendor cannot restrict access to the Contract terms and conditions including pricing, i.e., through use of restrictive technology or passwords.

E. Responsibility for Content

Vendor is solely responsible for administration, content, intellectual property rights, and all materials at Vendor's web site. Vendor is solely responsible for its actions and those of its agents, employees, or subcontractors, and agrees that neither Vendor nor any of the foregoing has any authority to act or speak on behalf of DIR or the State. DIR reserves the right to require a change of listed content if, in the opinion of DIR, it does not adequately represent this Contract.

10. Reporting and Administrative Fees

Vendor shall be responsible for reporting all services purchased under this Contract. The failure to file the monthly reports, subcontract reports, and pay the administrative fees on a timely basis will constitute grounds for suspension or termination of this Contract for cause. If Vendor submits three (3) consecutive monthly reports incorrectly, DIR reserves the right to suspend or terminate this Contract for cause. Vendor's liability for any breach of this section is limited to the amount of administrative fees owed to DIR by Vendor.

DIR shall have the right to verify required reports and to take any actions necessary to enforce its rights under this section, including but not limited to, compliance checks of Vendor's applicable Contract books.

A. Detailed Monthly Report

Vendor shall electronically provide DIR with a detailed monthly report in the format required by DIR showing the dollar volume of any and all invoices submitted to Customers under this

Contract for the previous month period. Reports shall be submitted to the DIR Go DIRect Coordinator. Reports are due on the fifteenth (15th) day after the close of the previous month period. The monthly report shall include Vendor's invoices for the period, each Customer name, invoice date, invoice amount, payment milestone description, Customer Purchase Order number, Customer's complete billing address, and other information as required by DIR. Each line item must contain all information listed above or the report will be rejected and returned to the Vendor for correction.

B. Historically Underutilized Business Subcontract Reports

Vendor shall electronically provide each Customer with their relevant Historically Underutilized Business Subcontracting Report, pursuant to this Contract, as required by Chapter 2161, Texas Government Code. Reports shall also be submitted to DIR.

Reports shall be due quarterly in compliance with the following schedule, or as requested by each ordering Customer:
September – November: due by December 5th
December – February: due by March 5th
March – May: due by June 5th
June – August: due by September 5th.

C. DIR Administrative Fee

An administrative fee shall be paid by Vendor to DIR to defray DIR's costs of negotiating, executing, and administering this Contract. All prices quoted to Customers shall include the administrative fee. DIR reserves the right to change this fee upward or downward during the term of this Contract, upon written notice to the Vendor. Any change in the administrative fee shall require a change in the prices specified in Section 6, Pricing, and shall be accomplished by an instrument in writing executed by both parties hereto. Vendor shall not unreasonably withhold consent to DIR initiated administrative fee changes.

Vendor will pay DIR, on the fifteenth (15th) day after the close of the previous month period, a two percent (2%) administrative fee based on the dollar value of all invoices, excluding travel expense reimbursement, submitted to Customers pursuant to this Contract. Payment will be calculated for all invoices, excluding travel expense reimbursement, net of any credits, if applicable. For example, the administrative fee for invoices, excluding travel expense reimbursement, totaling $100,000 shall be $2,000.

11. Notices

All notices, demands, designations, certificates, requests, offers, consents, approvals and other instruments given pursuant to this Contract shall be in writing and shall be validly given on i) the date of delivery if delivered by email, facsimile transmission, mailed by registered or certified mail, or hand delivered, or (ii) three business days after being mailed via United States Postal Service. The parties may from time to time, specify any address in the United States as its address for purpose of notices under this Contract by giving written notice in compliance with this paragraph to the other party.

If sent to the State:
Patrick W. Hogan
Department of Information Resources
300 W. 15th St., Suite 1300
Austin, Texas 78701
Phone: (512) 475-4700

If sent to Vendor:
William Penak, Global Account Director
SBC Texas
712 Huntland Dr., Rm 230
Austin, TX 78752
Phone: (512) 421-5055

Fax: (512) 475-4759
Email: patrick.hogan@dir.state.tx.us

Fax: (512) 870-4056
Email: wp1771@txmail.sbc.com

12. Captions

The captions contained in this Contract are intended for convenience and reference purposes only and shall in no way be deemed to define or limit any provision thereof.

13. Choice of Law

The law of the State of Texas shall govern the construction and interpretation of this Contract. Nothing herein shall be construed to waive the state's sovereign immunity.

IN WITNESS WHEREOF, the parties therefore hereby execute their mutual agreement to the terms of this Contract. This agreement shall be executed and shall be a binding Contract between the parties.

Southwestern Bell Telephone, L.P.

By: _____

Name: William F. Penak

Title: Global Account Director

Date: 5/28/03

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

By: _____

Name: Patrick W. Hogan

Title: Director of Business Operations

Date: 5/22/03

Legal: 5/22/03

Appendix A

Standard Clauses
For
Texas DIR Contracts

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STANDARD CLAUSES FOR TEXAS DIR CONTRACTS

The parties to the attached Contract, amendment or other agreement of any kind (hereinafter, "this Contract") agree to be bound by the following clauses which are hereby made a part of this Contract.

1. **INDEMNIFICATION CLAUSE.** Vendor shall defend, indemnify and hold harmless the State of Texas, its officers, agents, and employees from and against all claims, actions, suits, demands, proceeding, costs, damages and liabilities, including attorneys fees, arising out of, or resulting from any negligent or wrongful acts or omissions of the Vendor or its agents, employees, subcontractors, or suppliers of subcontractors in the execution or performance of this Contract, any Purchase Order issued, and executed Statement of Work under this Contract.

The Vendor shall defend, indemnify and hold harmless the State of Texas, its officers, agents and employees, from any and all claims involving infringement of patents, copyrights, trade and service marks, and any other intellectual or intangible property rights in connection with normal use of any service supplied by the Vendor. Vendor agrees to defend against any and all such claims at Vendor's expense, whether or not such claims become the subject of litigation. DIR will provide reasonable assistance in the defense of such claims if so requested by the Vendor. Vendor agrees to coordinate defense with the Texas Office of Attorney General, as may be requested by DIR.

2. **NON-ASSIGNMENT CLAUSE.** This Contract shall be entered into and be binding upon the successors of the parties. Except for assignment to any existing or future subsidiary, division or other corporate entity affiliated with Vendor (affiliate), Vendor may not assign this Contract without the prior written consent of DIR. Vendor must provide DIR with written notification of assignment to a Vendor affiliate. Any attempt to assign this Contract to an entity that is not a Vendor affiliate without the written consent of DIR is null and void.

3. **NO QUANTITY GUARANTEES.** This Contract is not exclusive to the named Vendor. Customers may obtain services from other sources during the Contract term. DIR makes no express or implied warranties whatsoever that any particular number of Purchase Orders will be issued or that any particular quantity or dollar amount of services will be procured through the Contract.

4. **CONFIDENTIALITY CLAUSE.** Vendor acknowledges that DIR is a government agency subject to the Texas Public Information Act. Vendor also acknowledges that DIR will comply with the Public Information Act, and with all opinions of the Texas Attorney General's office concerning this Act.

Under the terms of this Contract, DIR may provide Vendor with information related to Customers. Vendor shall comply with all State of Texas privacy policy guidelines, including, but not limited to, the requirement that Vendor shall not re-sell or otherwise distribute or release to any party in any manner, Customer information.

5. **VENDOR CERTIFICATIONS.** Vendor certifies (i) it has not given, offered to give, and does not intend to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; (ii) it is not currently delinquent in the payment of any franchise tax owed the State of Texas and is not ineligible to receive payment under §231.006 of the Texas Family Code and acknowledges this Contract may be terminated and payment withheld if this certification is inaccurate; (iii) neither it, nor anyone acting for it, has violated the antitrust laws of the United States or the State of Texas, nor communicated directly or indirectly to any competitor or any other person engaged in such line of business for the purpose of obtaining an unfair price advantage; (iv) it has not received payment from DIR or any of its employees for participating in the preparation of this Contract; (v) it is not ineligible to receive this Contract under § 2155.004, Texas Government Code; (vi) it is in compliance with §618.003, Texas Government Code; (vii) it will comply with §2155.444 and §2155.4441, Texas Government Code, in fulfilling the terms of this Contract; and (viii) to the best of the Vendor's knowledge and belief, there are no suits or proceedings pending or threatened against or affecting the Vendor, which if determined adversely to the Vendor will have a material adverse effect on the ability of the Vendor to fulfill its obligations under this Contract.

6. **EQUAL OPPORTUNITY COMPLIANCE.** Vendor agrees to abide by all applicable laws, regulations, and executive orders pertaining to equal employment opportunity, including federal laws and the laws of the State in which its primary place of business is located. In accordance with such laws, regulations, and executive orders, the Vendor agrees that no person in the United States shall, on the grounds of race, color, religion, national origin, sex, age, veteran status or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed by Vendor under this Contract. If Vendor is found to be not in compliance with these requirements during the term of this Contract, Vendor agrees to take appropriate steps to correct these deficiencies. Upon request, Vendor will furnish information regarding its nondiscriminatory hiring and promotion policies, as well as specific information on the composition of its principals and staff, including the identification of minorities and women in management or other positions with discretionary or decision-making authority.

7. **SECURITY OF PREMISES, EQUIPMENT, DATA AND PERSONNEL** Vendor may, from time to time during the performance of this Contract, have access to the personnel, premises, equipment, and other property, including data, files and /or materials (collectively referred to as "Data") belonging to the Customer. Vendor shall use

its best efforts to preserve the safety, security, and the integrity of the personnel, premises, equipment, Data and other property of the Customer, in accordance with the instruction of the Customer. Vendor shall be responsible for damage to Customer's equipment, workplace, and its contents when such damage is caused by the negligence or wrongful misconduct of its employees or subcontractors, if any, or by equipment provided by the Vendor, if any. Vendor has the duty to ensure that all such equipment, property and Data are used only for official state business.

The Vendor shall be solely responsible and liable for the safety, injury, and health of its employees and subcontractors, if any, during the performance of this Contract. The Vendor shall establish a safety and health program that it manages for workplace safety and health to reduce injuries, illnesses and fatalities by systematically achieving compliance with OSHA standards and its General Duty Clause. The program must be appropriate to conditions in the workplace, such as the hazards to which employees and subcontractors are exposed and the number of employees and subcontractors present. Vendor is solely responsible for training its employees and subcontractors and monitoring its employees' and subcontractors' compliance with the program. Nothing herein shall be construed to create a duty in the Customer or DIR to monitor, inspect or report on the safety practices of any Vendor employees and subcontractors or their compliance with Vendor's safety program.

8. ALCOHOL AND DRUG FREE WORKPLACE Possession, use, or being under the influence of alcohol or controlled substances by Vendor employees and subcontractors expected to regularly report to Customer premises while in the performance of this Contract is prohibited.

9. BACKGROUND AND/OR CRIMINAL HISTORY INVESTIGATION Prior to commencement of any Statement of Work, background and/or criminal history investigation of the Vendor's employees and subcontractors may be performed by certain Customers having legislative authority to require such investigations.

10. RECORDS. The Vendor shall maintain adequate records to establish compliance with this Contract until the later of a period of four years after termination of this Contract or until full, final and unappealable resolution of all Compliance Check or litigation issues that arise under this Contract. Such records shall include identification of the procuring Customer, documentation of the Customer's ordering date, Customer Purchase Order number, service delivery date, full invoice address, price, Vendor invoice number, record of procuring Customer payment and/or balance due, the calculations supporting each administrative fee owed DIR under this Contract, Historically Underutilized Businesses Subcontracting reports, and such other documentation as DIR may request.

Vendor shall grant access to all paper and electronic records, books, documents, accounting procedures, practices and any other items relevant to the performance of this Contract to DIR, the compliance checks designated by DIR, including compliance checks by auditors of the State Auditor' Office and of the United States, and such other persons or entities designated by DIR for the purposes of inspecting, Compliance Checking and/or copying such books and records. Copies and printouts requested by DIR shall be provided by Vendor without charge. DIR shall provide Vendor ten (10) business days' notice prior to inspecting, Compliance Checking, and/or copying Vendor's records. Vendor's records, whether paper or electronic, shall be made available during regular office hours. Vendor personnel familiar with the Vendor's books and records shall be available to DIR staff and designees as needed. Vendor shall provide adequate office space to DIR staff during the performance of Compliance Check.

If any inspection or Compliance Check performed hereunder reveals an aggregate overcharge to a Customer of 5% or greater, or an aggregate underpayment to DIR of its administrative fee of 5% or greater, then the proportionate cost of such Compliance Check or inspection attributable to such under/overcharge, including, but not limited to, the salary and associated overhead of DIR staff performing the Compliance Check or inspection, shall be reimbursed to DIR within thirty (30) days from receipt of an invoice from DIR reflecting the cost of the Compliance Check or inspection.

For procuring State Agencies whose payments are processed by the Texas Comptroller of Public Accounts, the volume of payments made to Vendor through the Texas Comptroller of Public Accounts and the administrative fee based thereon shall be presumed correct unless Vendor can demonstrate to DIR's satisfaction that Vendor's calculation of DIR's administrative fee is correct.

11. ABILITY TO CONDUCT BUSINESS IN TEXAS. The Vendor is an entity authorized and validly existing under the laws of its state of organization, and is authorized to do business in the State of Texas. The Vendor is a "Qualified Information Systems Vendor" as defined in §2157.001, Texas Government Code. All services offered to Customers under this Contract are listed in Vendor's catalogue on file with the Texas Building and Procurement Commission.

12. INVALID TERM OR CONDITION. If any term or condition of this Contract shall be held invalid or unenforceable, the remainder of this Contract shall not be affected and shall be valid and enforceable.

13. ENFORCEMENT OF CONTRACT AND DISPUTE RESOLUTION. Vendor and DIR agree to the following (i) a party's failure to require strict performance of any provision of this Contract shall not waive or diminish that party's right thereafter to demand strict compliance with that or any other provision; (ii) for disputes not resolved in the normal course of business, the dispute resolution process provided for in Chapter 2260, Texas Government Code, shall be used; (iii) the laws of the State of Texas shall govern this Contract; (iv) actions

or proceedings arising from this Contract shall be heard in a court of competent jurisdiction in Travis County, Texas; and (v) nothing herein shall be construed to waive the State's sovereign immunity.

14. ENTIRETIES. The Contract supercedes all prior agreements, representations or promises, whether oral or written, made by the parties regarding the subject matter of this Contract.

15. MODIFICATION OF CONTRACT TERMS AND/OR AMENDMENTS. The terms and conditions set forth in the Contract shall govern all transactions by Customers under this Contract. The Contract may only be modified or amended upon mutual agreement of DIR and Vendor. Additional Customer terms and conditions, which do not conflict with the contract, may be added by a Purchase Order and given effect. For individual Purchase Orders, however, the Vendor may offer Customers more advantageous pricing and/or payment options than those set forth in the Contract. In such event, Vendor shall furnish a copy of such better offerings to DIR upon request.

16. DIR LOGO. Vendor may use the DIR logo in the promotion of this Contract to Customers with the following stipulations; (i) the logo may not be modified in any way; (ii) when displayed, the size of the DIR logo must be equal to or smaller than the Vendor logo; (iii) the DIR logo is only used to communicate the availability of services under this Contract to Customers; and (iv) any other use of the DIR logo requires prior written permission from DIR.

17. VENDOR LOGO. DIR may use the Vendor's name and logo in the promotion of this Contract to communicate the availability of services under this Contract to Customers. Use of the logo may be on the DIR Web Site or on printed materials. Any use of Vendor's Logo by DIR must comply with and be solely related to the purposes of this Contract and any usage guidelines communicated to DIR from time to time. Nothing contained in this Contract will give DIR any right, title, or interest in or to Vendor's trademarks or the goodwill associated therewith, except for the limited usage rights expressly provided by Vendor.

18. SITE PREPARATION. Customer(s) shall prepare and maintain its site in accordance with written instructions furnished by Vendor prior to the scheduled delivery date of any service and shall bear the costs associated with the site preparation.

19. TRADE SHOW PARTICIPATION. Vendor understands and agrees that it must participate by providing a manned booth display or similar presence at no less than two (2) trade shows or similar functions sponsored by DIR each calendar year at the Vendor's expense. Vendor must display the DIR logo at all trade shows. DIR reserves the right to approve or disapprove of the location of the use of the DIR logo in or on the Vendor's booth.

20. ORIENTATION MEETING. Upon 60 days from execution of the Contract, DIR may require the Vendor to attend an orientation meeting to discuss the Contract content and procedures. The meeting will be held within the Austin, Texas area at a date and time mutually acceptable to DIR and the Vendor. DIR shall bear no cost in the time and travel of the Vendor for attendance at the meeting.

21. USE OF SUBCONTRACTORS. Vendor may subcontract any services offered under the Contract. However, Vendor shall remain solely responsible for the performance of its obligations under this Contract. If Vendor uses any subcontractors, Vendor shall satisfy DIR that it has complied and maintains compliance with the DIR HUB Subcontracting Plan.

22. FORCE MAJEURE. DIR, Customer, or Vendor may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, epidemic, or court order, provided that the party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the party's control to ensure performance and to shorten the duration of the event of Force Majeure. The party suffering an event of Force Majeure shall provide notice of the event to the other parties immediately. Subject to this provision, such non-performance shall not be deemed a default or a ground for termination. However, a Customer may terminate a Purchase Order and Statement of Work if it is determined by the Customer that Vendor will not be able to deliver services in a timely manner to meet the business needs of the Customer.

23. TERMINATION FOR NON-APPROPRIATION. Customer may terminate a Purchase Order and Statement of Work, and DIR may terminate this Contract, if funds sufficient to pay obligations hereunder are not appropriated by the legislative body on behalf of local governments, or by the Texas legislature on behalf of state agencies. In the event of non-appropriation, Vendor will be provided ten (10) days written notice of intent to terminate.

24. TERMINATION FOR CONVENIENCE. Either party may terminate this Contract, in whole or in part, by giving the other party thirty (30) days written notice. A Customer may terminate a Purchase Order and Statement of Work if it is determined by the Customer that Vendor will not be able to deliver services in a timely manner to meet the business needs of the Customer.

25. TERMINATION FOR CAUSE. Either DIR or Vendor may issue a written notice of default to the other upon the occurrence of a material breach of any covenant, warranty or provision of this Contract or a Purchase Order or a Statement of Work arising hereunder. The non-defaulting party shall give the defaulting party thirty (30) days from receipt of notice to cure said default. If the defaulting party fails to cure said default within the timeframe allowed, the non-defaulting party may, at its option and in addition to any other remedies it may have available, cancel and terminate this Contract. Customers hereunder have no power to terminate this Contract for

default. Customer's rights are exclusively based on their Purchase Order and Statement of Work.

26. CUSTOMER RIGHTS UNDER TERMINATION. In the event this Contract expires or is terminated for any reason, a Customer shall retain its rights under the Purchase Order issued and executed Statement of Work with respect to all services ordered prior to the effective termination date and ultimately accepted.

27. VENDOR RIGHTS UNDER TERMINATION. In the event this Contract expires or is terminated for any reason, a Customer shall pay all amounts due for services ordered prior to the effective termination date and ultimately accepted.

28. SURVIVAL. All service agreements that were entered into between Vendor and a Customer under the terms and conditions of this Contract shall survive the termination of this Contract.

29. HANDLING OF WRITTEN COMPLAINTS. In addition to other remedies contained in this Contract, a person contracting with DIR may direct their written complaints to the following office:

Public Information Office
Department of Information Resources
Attn: Matt Kelly
300 W. 15th Street, Suite 1300
Austin, TX 78701
(512) 936-6550, voice
(512) 475-4759, fax
Email: matt.kelly@dir.state.tx.us

Appendix B

Vendor's Historically Underutilized Businesses Subcontracting Plan

Historically Underutilized Businesses
Subcontracting Plan (Form 1)

This form is required as part of the Historically Underutilized Businesses (HUB) Subcontracting Plan. Failure to include this form and the applicable forms specified herein will result in automatic disqualification of your response to the offering document.

Vendor Company Name: **SBC Southwestern Bell**

Vendor Identification Number: **43-0529710**

Department of Information Resources Offering Document Number: **DIR-TMP-02-033**

1. The Department of Information Resources has determined that HUB subcontracting opportunities are probable. Is your company proposing to subcontract any portion of this contract?

   ( ) Yes – Complete the following forms:
   Determination of Good Faith Effort (Form 2)
   Solicitation of HUB Subcontractors (Form 3)
   Selected Subcontractors (Form 4)
   What percentage of the proposed work is to be performed by your company? ___

   (**X**) No – Complete the Statement of Intent (Form 5)

2. Is your company certified as a HUB by the State of Texas?

   ( ) Yes (**X**) No

I have read and understand the Department of Information Resources' Policy on Utilization of HUBs.

Marcus Montemayor
Authorized Representative Name

Strategic Account Director
Authorized Representative Title

Marcus Montemayor
Authorized Representative Signature

May 8, 2002
Date

HUB Subcontracting Plan
Statement of Intent (Form 5)

Vendor Company Name: **SBC Southwestern Bell** [VENDOR]

Department of Information Resources Offering Document Number: **DIR-TMP-02-033**

By completing the following Statement of Intent, the potential vendor HUB Subcontracting Plan is considered responsive, qualified, and/or valid.

Statement of Intent:

I **Marcus Montemayor**, an authorized representative of VENDOR have reviewed
(Vendor Authorized Representative)

the offering document and have determined that the entire work of the contract will be completed with VENDOR's own employees and resources without subcontracting any portion of the contract.

If, after award of the contract, circumstances necessitate the use of any subcontractors, the Department of Information Resources will be notified in writing. VENDOR will comply with the provisions of 1 TAC §111.14(b) relating to developing and submitting a subcontracting plan before any modifications to the HSP can be considered by the Department of Information Resources. If VENDOR subcontracts any of the work under the awarded contract without prior Department of Information Resources authorization and compliance of 1 TAC §111.14(b), VENDOR may be considered in breach of the awarded contract an subject to any remedial actions provided by state law and HUB rules, possibly including termination of the contract.

Marcus Montemayor
Vendor Authorized Representative Signature

May 8, 2002
Date