

**SCHEDULE 10.1
TO THE
COMPREHENSIVE INFRASTRUCTURE
AGREEMENT
FEES SCHEDULE**

Schedule 10.1

Fee Schedule

This is Schedule 10.1 to the Comprehensive Infrastructure Agreement between the Commonwealth and Vendor (the “Agreement”). Unless otherwise expressly defined herein, the capitalized terms used herein shall have the meaning assigned to them in the Agreement.

In addition to the provisions set forth below, this Schedule 10.1 includes the following attachments, which are incorporated herein by reference:

List of Attachments

<u>Attachment</u>	<u>Title</u>
10.1.1	Estimated Retained Costs
10.1.2	Transition Phase Fees and Corresponding Milestones and Expected Completion Dates
10.1.3	Definition of Resource Units
10.1.4	Initial Baselines
10.1.5	Post-Transition Phase Fees - Fixed Recurring Fees and Resource Unit Rates by Service Tower
10.1.7	Post-Transition Phase Fees – Additional Resource Charge (ARC) Rates by Service Tower
10.1.8	Post-Transition Phase Fees – Reduced Resource Credit (RRC) Rates by Service Tower
10.1.9	Hourly Rates
10.1.10	Exit Fees
10.1.11	Resolution Fees
10.1.12	Disentanglement Fees
10.1.13	Pricing Assumptions

1.0 Introduction

This Schedule 10.1 provides the basis for determining the Fees applicable to the Services being provided by Vendor to VITA and the other Eligible Customers pursuant to the Agreement. This Schedule describes the processes and methodologies as to how these Fees shall be calculated and how any adjustments to these Fees shall be made. This Schedule 10.1 also includes the Exit Fees

and Resolution Fees that are applicable to this Agreement. All Fees, Exit Fees and Resolution Fees shall be applicable to Vendor as set forth herein.

The Fees for Out-of-Scope Services will be as set forth in Section 6.5 of the Agreement. Material changes to the Agreement must be approved in writing by the Parties and will be subject to Fees as agreed to by the Parties.

Sections 3.0, 4.0 and 5.0 describe all Fees that shall be payable hereunder in consideration of the Services provided by the Vendor under this Agreement. Vendor's pricing assumptions, related to the Fees, are documented in Attachment 10.1.13 hereto (Pricing Assumptions).

2.0 Overall Fee Limitation

In no event may the total of the following items exceed two hundred thirty-six million dollars (\$236,000,000) in any given Contract Year: (a) the Retained Costs of the Commonwealth for the volume baseline described in Attachment 10.1.4 (Initial Baselines) and the Adjusted Baseline described in Section 5.1.7 of this Schedule; (b) the costs of the Managed Employees; and (c) all Fees for the volume baseline described in Attachment 10.1.4 (Initial Baselines) and the Adjusted Baseline described in Section 5.1.7 of this Schedule invoiced by Vendor to and payable by the Commonwealth under the Agreement. The calculation of the cost of the Managed Employees, which will vary in actual amount from month to month, is described in Section 7.0 below. The calculation of the actual Retained Costs of the Commonwealth will vary in actual amount from month to month. For illustration purposes only, Attachment 10.1.1 hereto (Estimated Retained Costs) sets forth an estimate of the Retained Costs of the Commonwealth by Contract Year. If in any Contract Year, the total of the items described in (a), (b) and (c) above exceeds two hundred thirty-six million dollars (\$236,000,000), then Vendor shall reduce its final invoice for Fees hereunder so as the total of the items described in (a), (b) and (c) no longer exceeds two hundred thirty-six million dollars (\$236,000,000), and, notwithstanding any other provision of this Schedule, the Commonwealth shall have no obligation to pay the amount by which the Fees were so reduced. The Parties shall review Vendor's Fees on a quarterly basis to compare how such Fees currently measure and are projected to measure against the above-described overall fee limitation and ensure that such amount is not exceeded on an annual basis.

3.0 Fees for Current Operations Phase

The Fees payable to Vendor during the Current Operations Phase for assuming operational responsibility for current operations after Service Commencement Date shall be equal to (a) the reasonable, actually incurred, and documented out-of-pocket Vendor costs (including both direct and indirect expenses as defined by GAAP and in accordance with Vendor's established accounting practices) for performing current operations (collectively, the "**Current Operations Phase Costs**"), plus (b) an administrative fee equal to seven percent (7%) of the Current Operations Phase Costs. The Parties agree that the indirect rates applicable to Vendor's lead business unit Commercial, State & Local Solutions, or its successor, for Contract Years one and two shall be 45% of direct labor (i.e., that portion of salary charged directly to the Services) for employee fringe benefits and 7% of total cost inputs for general and administrative. These Fees will be invoiced to the Commonwealth in accordance with the Agreement in the month following the month in which Vendor actually incurred the Current Operations Phase Costs. Vendor may not invoice the Commonwealth for any Current Operations Phase Costs for which Vendor does

not produce sufficient supporting documentation in accordance with Section 10.3 of the Agreement, including a general ledger summary (or equivalent report) of the Current Operation Phase Costs for the relevant month, documenting such Current Operation Phase Costs by Tower and element of cost. These Fees shall commence upon the Service Commencement Date and shall cease upon the conclusion of Contract Year Two (the “**Current Operations Phase**”).

4.0 Fees for Transition Phase

The Fees payable to the Vendor during the Transition Phase for the Transition Services shall be equal to the amounts set forth in Attachment 10.1.2 (Transition Phase Fees and Corresponding Milestones and Expected Completion Dates) and are contingent upon the successful completion by Vendor and acceptance by the Commonwealth of the Milestone that corresponds with each such amount. The Milestones and expected completion dates that correspond to each component of these Fees are also listed in Attachment 10.1.2 (Transition Phase Fees and Corresponding Milestones and Expected Completion Dates). These Fees will be invoiced to the Commonwealth in accordance with the Agreement in the first calendar month following successful completion by Vendor and acceptance by the Commonwealth of the corresponding Milestone(s). The “**Transition Phase**” shall commence upon Service Commencement Date and end upon the successful completion of the last Milestone. Following determination of the actual Service Commencement Date, the Parties shall adjust the Milestone payments in Attachment 10.1.2 (Transition Phase Fees and Corresponding Milestones and Expected Completion Dates), maintaining the total cost of Transition Services while complying with the Commonwealth’s annual budget constraints.

5.0 Fees for Post-Transition Phase

The Fees payable to the Vendor during the Post-Transition Phase for the Services include the following components: (a) the fixed, flat recurring Fees described in Section 5.2 below; and (b) the fixed rate, volume-based Fees described in Section 5.3 below and calculated by multiplying the Resource Units times by the Resource Unit rates. These Fees shall commence upon the beginning of Contract Year Three and continue thereafter throughout the Term (the “**Post-Transition Phase**”).

5.1 Definitions of Resource Units; Baseline; Measurement Methodology

5.1.1 Definition of Resource Units

The Resource Units for each Service Tower are described in Attachment 10.1.3 (Definition of Resource Units). The volume Baseline for each Resource Unit is contained in Attachment 10.1.4 (Initial Baseline).

5.1.2 Resource Unit Measurement

Vendor will measure, track and retain measurement data in a repository, and validate and report on the Commonwealth’s usage of Resource Units, utilizing the processes and procedures in the Procedures Manual. Vendor shall only use Resource Unit measurement processes and procedures that have received the express written approval of the Commonwealth, as may be updated from time to time, subject to the Commonwealth’s express written approval, which will not be unreasonably withheld, conditioned or delayed. Vendor will not alter its measurement process, procedures, data measurement, data collection or reporting without the

Commonwealth’s prior written approval, which will not be unreasonably withheld, conditioned or delayed. Vendor shall provide the Commonwealth with reporting of actual Resource Unit usage for each Resource Unit, with at least three months of such reports completed and validated by the Commonwealth prior to the commencement of Contract Year Three of the Agreement. Vendor shall provide the Commonwealth with ongoing reporting of actual Resource Unit usage for each Resource Unit for each month after the commencement of Contract Year Three.

5.1.3 Resource Unit Measurement Validation

Prior to Contract Year Three of the Agreement, the Commonwealth and Vendor 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. The Commonwealth’s express written approval will be required for all measurement tools and processes that are used to measure Resource Unit usage, which will not be unreasonably withheld, conditioned or delayed. The Commonwealth will have the right to access these measurement tools and the data produced as may be necessary from time to time. The Commonwealth will also have the right to audit the measurement tools and output results as a means to validate the data of Resource Unit usage. The Commonwealth may also require Vendor to utilize a designated measurement tool in the Resource Unit measurement process if audit results determine that the existing measurement tools are, unacceptable to the Commonwealth in its reasonable estimation. Additionally, the Commonwealth and Vendor will conduct a periodic validation process (in any event, at least once each Contract Year after the initial validation) to ensure that the measurement tools and processes remain accurate and are producing valid data. Any changes to the tools and/or processes shall require the express written approval of the Commonwealth, which shall not be unreasonably withheld, conditioned, or delayed. In the event that the Parties change either the measurement tool or the process for collecting Resource Unit data, the documentation of such measurement tools and processes shall be updated to accurately reflect the current process upon which the Parties have mutually agreed.

5.1.4 Baselines

The calculation of the fixed rate, volume-based Fees described in Section 5.3 below makes use of a Baseline quantity for each Resource Unit. A Baseline, unless otherwise noted, is expressed as the projected average annual or monthly volume of Resource Unit usage for each Contract Year of the Term of the Agreement.

The following table provides an example of Baselines:

Table 1. Baseline Example Table

Data Center Tower	(Example)	(Example)	(Example)	(Example)	(Example)
Resource Unit Name	Contract Year 1 Quantity	Contract Year 2 Quantity	Contract Year 3 Quantity	Contract Year 4 Quantity	Contract Year 5 Quantity
Unix Servers (example)	100	105	95	110	115
Wintel Servers (example)	500	490	480	470	460

5.1.5 Initial Baselines

As of the Service Commencement Date, the Baselines for each Resource Unit of each Service Tower for each Contract Year of the Term of the Agreement (collectively, the “**Initial Baselines**”) are set forth in Attachment 10.1.4 (Initial Baselines) hereto.

5.1.6 Asset Inventory

Beginning as soon as practicable after the Effective Date but not later than twelve months following the Service Commencement Date, Vendor will conduct an asset discovery to validate asset counts relating to the Resource Units included in the Baselines. The inventory captured and documented will serve as a confirmation by both Parties of the actual existence of an asset and the confirmation by both Parties that it is designated as an asset as part of the Services.

5.1.7 Adjustment of Baselines

The Parties will validate and adjust the Initial Baselines once within twenty-one (21) months following the Service Commencement Date using the results of the inventory described above (such adjusted Baselines, the “**Adjusted Baselines**”). The Adjusted Baseline for each Resource Unit shall be equal to (a) the Initial Baseline for such Resource Unit, plus or minus (b) any resulting variance between the volumes of that Resource Unit identified during the inventory described above and the Initial Baseline for such Resource Unit. If Vendor fails to complete the inventory and the associated adjustments to the Baselines on or before the date twenty-one (21) months after the Service Commencement Date, then the Baselines will be adjusted in accordance with this Section and the Baseline Resource Unit rates in accordance with Section 5.1.8 below when the inventory is completed.

5.1.8 Adjustment of Fees

The Fees described in Sections 5.2 and 5.3 below shall be adjusted once within twenty-four (24) months following the Service Commencement Date in accordance with this Section 5.1.8 (such Fees, the “Adjusted Fixed Recurring Fees” and “Adjusted Baseline Resource Unit Rates”) where the Adjusted Baseline is greater than the Initial Baseline resulting in a situation where the total of (a) the Retained Costs of the Commonwealth for the Adjusted Baseline volume; (b) the costs of the Managed Employees; and (c) all Fees for the Adjusted Baseline volume would exceed two hundred thirty-six million dollars (\$236,000,000) in the Contract Year. In such situations, the Vendor shall specify Fee adjustments resulting in (i) Adjusted Fixed Recurring Fees, (ii) Adjusted Resource Unit Rates, (iii) Adjusted Retained Costs of the Commonwealth, or (iv) if the Commonwealth grants its approval, an Adjusted Refresh Schedule (which shall not result in any adverse impact or change to the Service Levels) modifying the Appendices to Schedule 3.3 such that the total of (a) the Retained Costs of the Commonwealth for the Adjusted Baseline volume; (b) the costs of the Managed Employees; and (c) all Fees for the Adjusted Baseline volume do not exceed two hundred thirty-six million dollars (\$236,000,000) in the Contract Year. In addition, as part of the process set forth in Sections 5.1.7 and 5.1.8 of this Schedule, the Parties shall adjust the Baselines for the NT/Win & Other service category of the Mainframe & Services Tower to include Instance Baselines and to adjust the associated Resource Unit Rates accordingly and consistent with this Section 5.1.8. The Commonwealth and Vendor will meet to discuss what, if any, adjustment to the Initial Baseline Resource Unit Rate should be made for

those Resource Units where the Adjusted Baseline is less than or equal to the Initial Baseline for such Resource Unit. No adjustment for such Resource Units shall be made without the mutual agreement of the Parties.

5.2 Fixed Recurring Fees

The fixed, flat recurring Fees payable to the Vendor during the Post-Transition Phase for the Services are described in this Section 5.2.

5.2.1 Annual Services Fee (ASF)

The “Annual Services Fee” or “ASF” is the amount specified for Account Management & Administration Services by Contract Year in Attachment 10.1.5 (Post-Transition Phase Fees - Fixed Recurring Fees and Resource Unit Rates). Unless otherwise specified, the Annual Services Fee shall be invoiced in accordance with the Agreement for each month, using the monthly Fees provided in Attachment 10.1.5 (Post-Transition Phase Fees - Fixed Recurring Fees and Resource Unit Rates) hereto, during the applicable Contract Year.

5.2.2 Management Fees

The “Management Fees” is the fixed monthly fee specified for Management Services by Contract Year for each Service Tower in Attachment 10.1.5 (Post-Transition Phase Fees - Fixed Recurring Fees and Resource Unit Rates). If not clearly set forth in Attachment 10.1.5 (Post-Transition Phase Fees - Fixed Recurring Fees and Resource Unit Rates), the Management Fee is zero for those Service Towers where an express Management Fee is not identified.

5.2.3 Facilities Fees

The “Facility Fees” consist of two components: (a) a one-time fee during Contract Year One for the primary data center facility and backup data center, which is the amount specified for One-Time Data Center Build Costs in Attachment 10.1.6 (Post-Transition Phase Fees - Fixed Recurring Fees and Resource Unit Rates); and (b) an annual fee for the ongoing provision of the facilities (data centers and VITA offices), which is the amount specified by Contract Year for Annual Recurring Data Center Build Costs in Attachment 10.1.6 (Post-Transition Phase Fees – One-Time and Fixed Recurring Facilities Fees). Unless otherwise specified, one-twelfth of the applicable one-time Facility Fee shall be invoiced in accordance with the Agreement for each month during Contract Year One, and the annual recurring Facility Fee shall be invoiced in accordance with the Agreement for each month, using the monthly Fees provided for in Attachment 10.1.6 (Post-Transition Phase Fees – One-Time and Fixed Recurring Facilities Fees) hereto, during the applicable Contract Year.

5.3 Fixed Rate, Volume-Based Fees

The fixed rate, volume-based Fees payable to the Vendor during the Post-Transition Phase for the Services are equal to the Resource Unit Fees plus any applicable Additional Resource Charges for additional Resource Units consumed less any applicable Reduced Resource Credits for reductions in Resource Units consumed as described in this Section 5.3.

5.3.1 Resource Unit Fees

The Resource Unit Fees for recurring Services will be based upon a fixed Baseline Resource Unit rate multiplied by the Baseline (volume) for the Resource Unit to determine the Resource

Unit Fees. The Resource Unit Fee for each Resource Unit shall be equal to (a) the Baseline (volume) for such Resource Unit, multiplied by (b) the Resource Unit Rate for such Resource Unit. For purposes of this calculation, “Baseline” shall refer to the Initial Baseline or the Adjusted Baseline for the Resource Unit, as applicable. The Resource Unit Rates for each Service Tower are set forth in Attachment 10.1.5 (Post-Transition Phase Fees – Resource Unit Rates by Service Tower).

The following table provides an example of a Resource Unit Rate:

Table 2. Resource Unit Rate Example Table

Data Center Tower	(Example)	(Example)	(Example)	(Example)	(Example)
Resource Unit Item	Contract Year 1 Price	Contract Year 2 Price	Contract Year 3 Price	Contract Year 4 Price	Contract Year 5 Price
Unix Server (example)	\$1,100.00	\$1,075.00	\$1,050.00	\$1,025.00	\$1,000.00
Wintel Server (example)	\$1,050.00	\$1,010.00	\$990.00	\$950.00	\$925.00

5.3.2 Additional Resource Charges (ARCs)

Fees for additional resources are applicable whenever the actual resource utilization rises above the Baseline (volume). Fees for additional resources are equal to (a) Fees for additional resource units below the Additional Resource Charge (ARC) Deadband Threshold and (b) Fees for additional resource units above the ARC Deadband Threshold. Fees for additional resource units below the ARC Deadband Threshold are equal to (c) the additional resource units below the threshold (volume), multiplied by (d) the Resource Unit Rate for such Resource Unit. Fees for additional resource units above the ARC Deadband Threshold are equal to (e) the additional resource units above the threshold (volume), multiplied by (f) the Additional Resource Charge (ARC) rate applicable to the Resource Unit. The ARC rates for each Resource Unit for each Service Tower are set forth in Attachment 10.1.7 (Post-Transition Phase Fees – Additional Resource Charge (ARC) Rates by Service Tower). The ARC Deadband Threshold is equal to (g) the Baseline (volume) for the Resource Unit, multiplied by the sum of 1.00 plus (h) the ARC Deadband Baseline (expressed as a percentage) as set forth in the ARC Deadband Table in Section 5.3.3 below for each Service Tower.

5.3.3 ARC Deadband Table

The following ARC Deadband Table identifies the ARC Deadband Baseline by Service Tower that shall apply to each Resource Unit under a given Service Tower.

Table 3. ARC Deadband Table

	ARC Deadband
	% of Baseline
Tower	
Mainframe & Server Services (all Resource	5%

Unit Rate Services, except for the following:)	
▪ Mainframe Processing – OS/390	0%
▪ Mainframe Processing -- Unisys	0%
Desktop Computing Services	5%
Messaging Services	5%
Data Network Services	5%
Voice & Video Telecom Services	5%
Help Desk Services	5%
Security Services	5%
Internal Applications Services	5%
Chargeback Applications Services	5%

5.3.4 Additional Resource Sample Calculation

The following additional resource sample table provides an example of the ARC calculation:

Table 4. Additional Resource Example Table

Description	Calculation Formula
ARC Deadband Threshold	RU Baseline x (1.00 + ARC Deadband Baseline) (the ARC Deadband Baseline is expressed as a percentage)
Fee for Additional Resources	Fee for Additional Resources below the Deadband Threshold + Fee for Additional Resources above the Deadband Threshold
Fee for Additional Resources below the Deadband Threshold	The lesser of (Actual RUs – RU Baseline) x RU Rate or (ARC Deadband Threshold – RU Baseline) x RU Rate
Fee for Additional Resources above the Deadband Threshold	If (Actual RUs – ARC Deadband Threshold) > 0, (Actual RUs – ARC Deadband Threshold) x ARC Rate
Description	Calculation Example
Calculation	RU Baseline = 2,000 units, Actual RUs = 2,200 units, ARC Deadband = 5%, RU Rate - \$200.00, ARC Rate = \$150.00
Calculation of ARC Deadband Threshold	= 2,000 x (1.00 + 0.05) = 2,100
Calculation of Fee for Additional Resources below the Deadband Threshold	= The lesser of (2,200 – 2,000) x \$200.00 or (2,100 – 2,000) x \$200.00 = The lesser of \$40,000.00 or \$20,000.00

	= \$20,000.00
Calculation of Fee for Additional Resources above the Deadband Threshold	= If $(2,200 - 2,100) \times \$150.00 > 0$, $(2,200 - 2,100) \times \$150.00$ = If $\$15,000.00 > 0$, $\$15,000.00$ = \$15,000.00
Calculation of Fee for Additional Resources	= \$20,000.00 + \$15,000.00 = \$35,000.00

5.3.5 Reduced Resource Credits (RRCs)

Credits for reduced resources are applicable whenever the actual resource utilization falls below the Baseline (volume). Credits for reduced resources are equal to (a) credits for reduced resource units above the Reduced Resource Credit (above the RRC) Deadband Threshold and (b) Credits for reduced resource units below the RRC Deadband Threshold. Credits for reduced resource units above the RRC Deadband Threshold are equal to (c) the reduced resource units above the threshold (volume), multiplied by (d) the Resource Unit Rate for such Resource Unit. Credits for reduced resource units below the RRC Deadband Threshold are equal to (e) the reduced resource units below the threshold (volume), multiplied by (f) the Reduced Resource Credit (RRC) rate applicable to the Resource Unit. The RRC rates for each Resource Unit for each Service Tower are set forth in Attachment 10.1.8 (Post-Transition Phase Fees – Reduced Resource Credits (RRC) Rates by Service Tower). The RRC Deadband Threshold is equal to (g) the Baseline (volume) for the Resource Unit, multiplied by the sum of 1.00 minus (h) the RRC Deadband Baseline (expressed as a percentage) as set forth in the RRC Deadband Table in Section 5.3.6 below for each Service Tower.

5.3.6 RRC Deadband Table

The following RRC Deadband Table identifies the RRC Deadband Baseline by Service Tower that shall apply to each Resource Unit under a given Service Tower.

Table 5. RRC Deadband Table

Tower	RRC Deadband
	% of Baseline
Mainframe & Server Services (all Resource Unit Rate Services, except for the following:)	5%
▪ Mainframe Processing – OS/390	0%
▪ Mainframe Processing -- Unisys	0%
Desktop Computing Services	5%
Messaging Services	5%

Data Network Services	5%
Voice & Video Telecom Services	5%
Help Desk Services	5%
Security Services	5%
Internal Applications Services	5%
Chargeback Applications Services	5%

5.3.7 Reduced Resource Sample Calculation

The following reduced resource sample table provides an example of the RRC calculation:

Table 6. RRC Example Table

Description	Calculation Formula
RRC Deadband Threshold	RU Baseline x (1.00 - RRC Deadband Baseline) (the RRC Deadband Baseline is expressed as a percentage)
Credit for Reduced Resources	Credit for Reduced Resources above the Deadband Threshold + Credit for Reduced Resources below the Deadband Threshold
Credit for Reduced Resources above the Deadband Threshold	The greater of (Actual RUs – RU Baseline) x RU Rate or (RRC Deadband Threshold – RU Baseline) x RU Rate
Credit for Reduced Resources below the Deadband Threshold	If (Actual RUs – RRC Deadband Threshold) < 0, (Actual RUs – RRC Deadband Threshold) x RRC Rate
Description	Calculation Example
Calculation	RU Baseline = 500 units, Actual RUs = 450 units, RRC Deadband = 5%, RU Rate = \$150.00, RRC Rate = \$80
Calculation of RRC Deadband Threshold	= 500 x (1.00 - 0.05) = 475
Calculation of Credit for Reduced Resources above the Deadband Threshold	= The greater of (450 – 500) x \$150.00 or (475 – 500) x \$150.00 = The greater of -\$7,500.00 or -\$3,750.00 = -\$3,750.00
Calculation of Credit for Reduced Resources below the Deadband Threshold	= If (450 – 475) x \$80.00 < 0, (450 – 475) x \$80.00 = If -\$2,000.00 < 0, -\$2,000.00 = -\$2,000.00
Calculation of Fee for Additional Resources	= -\$3,750.00 + -\$2,000.00 = -\$5,750.00

5.3.8 ARCs and RRCs Measurement Period and Reconciliation True-Up

The period for determining ARCs and RRCs will be performed on a calendar month basis commencing upon the beginning of Contract Year Three for each applicable Service Tower for which the Commonwealth receives Services. Commencing upon the beginning of Contract Year Three, at the end of every calendar month thereafter, the Commonwealth and the Vendor shall reconcile the Commonwealth's actual consumption of Resource Units for such calendar month against the Baselines applicable to such calendar month, and Vendor shall calculate ARCs and/or RRCs, as applicable for each Resource Unit, as set forth in this Schedule. Vendor shall ensure that all actual usage of Resource Units are measured and reported in accordance with the Resource Measurement provisions of this Schedule. The Commonwealth shall pay ARCs and Vendor shall credit (or refund if the Term has ended) RRCs in accordance with the terms and conditions of the Agreement.

Vendor shall complete its analysis and reporting of actual consumption of Resource Units to the Commonwealth no later than fifteen (15) days following the end of the calendar month in which the Services were delivered. In the event that there is discovery of inaccuracies in the measurement or reporting of actual Resource Unit usage, which discovery occurs after the ninety (90) day period following the end of such calendar month, the maximum amount of ARCs allowable will be limited to the quantities that have been reported by Vendor and received by the Commonwealth during the ninety (90) day period following the end of the calendar month.

5.4 Minimum Revenue Commitment

If at any time during the Term of the Agreement (a) the Commonwealth's use of the Services is reduced due to decline in the Eligible Customer's volume consumption of the Services or pursuant to the Commonwealth's exercise of its rights under Section 3.18 of the Agreement (other than for Vendor's Default and subject to the Commonwealth's other rights under the Agreement and this Schedule) and (b) such reductions result in the Post-Transition Fees in the aggregate for all Service Towers and the annual Facility Fees being lower than eighty-five percent (85%) (the "**Minimum Revenue Commitment**") of the amount equal to the sum of (i) the fixed, flat recurring Fees described in Section 5.2 above and (ii) the fixed rate, volume-based recurring Fees for the Baseline Resource Units described in Section 5.3.1 above, then the Commonwealth shall continue to pay the amount equal to the difference (if positive) between the Minimum Revenue Commitment minus the Post-Transition Fees plus the annual Facility Fees as calculated in accordance with Section 5.2.3 above.

6.0 Hourly Rates

The Hourly Rates that will apply to Vendor's performance of Out-of-Scope Work Requests, Initiatives, and In Scope Work Requests that the Parties have agreed in writing would be performed on a time-and-materials basis are set forth in Attachment 10.1.9 (Hourly Rates) hereto, as adjusted pursuant to Section 12 of this Schedule 10.1. For avoidance of doubt, the Hourly Rate, as adjusted pursuant to Section 12 of this Schedule 10.1, shall apply throughout the Term of the Agreement.

7.0 Managed Employees

In accordance with Section 8.1.2 of the Agreement, each month during the Term Vendor shall reimburse the Commonwealth for the cost to the Commonwealth of employing the Managed Employees and providing their services to Vendor, including salaries, incentive compensation and benefits (e.g., vacation and holiday accruals, VRS Retirement Contributions, Social Security, Medicare, Group Life, Annual Employer Health Insurance Premiums, Retiree Health Insurance Credit Premium, VSDP and Long-Term Disability Insurance, Defined Contribution Plan, and Deferred Compensation match Payments). The calculation of such reimbursement amount for each Managed Employee shall be done in the following manner: In the month following actual expenditure by the Commonwealth for such Managed Employees, the Commonwealth will take a credit on the then current invoice from the Vendor for such costs. The Commonwealth shall provide to Vendor, such supporting documentation that Vendor may reasonably request.

8.0 Exit Fees and Resolution Fees

8.1 Exit Fees

8.1.1 General Methodology

In any given Contract Year, where the Commonwealth is required to pay an Exit Fee, such Exit Fee shall be the lesser of (a) the Exit Fee set forth in Attachment 10.1.10 (Exit Fees) as calculated in accordance with this Schedule 10.1 or (b) the “Calculated Exit Fees”, which is to be calculated as described below. Depending upon the reason for the termination, the Commonwealth may pay the Exit Fee for the applicable Contract Year. There shall be no Exit Fee for any termination on or after the expiration of the initial ten (10) year Term, unless the Commonwealth has exercised Section 14.1.2 (Term Renewal) of this Agreement, in which instance the Exit Fees shall be applicable to that renewal Term, but not for any termination on or after the expiration of such renewal term. Amounts may be invoiced by Vendor as costs are incurred by Vendor or assumed as obligations of the Commonwealth as indicated in the respective Fee component in Attachment 10.1.10 (Exit Fees).

8.1.2 Excluded Exit Fees

If the Commonwealth terminates any portion of the Services pursuant to Sections 14.3, 14.5.1, 14.7, or 14.8 of the Agreement, the portion of the Exit Fees as reflected on Attachment 10.1.10 (Exit Fees) that pertain to the terminated Services shall not ever be payable to Vendor.

8.1.3 Timing of Calculation

Exit Fees shall be calculated as of the Termination Date.

8.1.4 Calculated Exit Fees

If and to the extent an Exit Fee is applicable, Vendor shall calculate such Exit Fee (“**Calculated Exit Fees**”) for the respective Service Tower(s) (or subcomponent(s) thereof) as equal to the reasonable, actually incurred, and documented out-of-pocket Vendor costs (including both direct and indirect expenses as defined by GAAP and in accordance with Vendor’s established accounting practices) for as described in the subparagraphs to Section 8.1.5 of this Schedule. The Parties agree that the indirect rates applicable to Vendor’s lead business unit Commercial, State & Local Solutions, or its successor, shall be employee fringe benefits applied to direct

labor (i.e., that portion of salary charged directly to the Services) and general and administrative applied to total cost inputs.

8.1.5 Exit Fees

Exit Fees shall consist of the following to the extent reasonably incurred by Vendor as a direct result of the early termination of the Agreement in the aggregate, or the applicable Services:

8.1.5.1 Vendor Employees Severance and Outplacement Expenses

With respect to Vendor employees who were dedicated solely to the provision of Services to the Commonwealth (“**Eligible Vendor Employees**”), Exit Fees shall consist of the severance described below reasonably incurred by Vendor and related outplacement services provided to such employees. Eligible Vendor Employees shall not include Vendor employees who are assigned following the notice of termination to replace reassigned or terminating Vendor Personnel and/or to perform Disentanglement Services. The actual severance payments made to Eligible Vendor Employees pursuant to the then-current Vendor severance policy are allowable under this Section 8.1.5.1; provided that severance occurs within sixty (60) days after each such employee ceases to perform Services for the Commonwealth. Vendor shall use commercially reasonable efforts to minimize the severance and redeployment costs to be reimbursed by the Commonwealth.

8.1.5.2 Third Party Contract Termination Expenses

With respect to third party contracts used by Vendor solely for the benefit of the Commonwealth to provide the Services, Exit Fees shall consist of (i) any termination or cancellation fees that Vendor is contractually required to pay to a third party in connection with the early termination of such contract, (ii) any non-cancelable charges that Vendor is contractually required to pay to a third party during the remaining term of such contract, and (iii) any costs actually incurred by Vendor to third parties to resolve a contractual obligation under such third party contracts.

8.1.5.3 Legal Expenses

With respect to legal support utilized by Vendor to perform termination related activities described in Sections 8.1.5.1 and 8.1.5.2, Exit Fees shall consist of (a) labor and out-of-pocket costs for in-house counsel and (b) reasonable and customary legal fees plus documented out-of-pocket costs for outside counsel. For avoidance of doubt, such fees shall not include any such costs incurred with respect to any litigation or dispute between Vendor and the Commonwealth.

8.1.5.4 Travel Expenses

With respect to travel performed by Vendor or a third party to perform termination related activities, Exit Fees shall consist of reasonable travel costs (including transportation, lodging, car rental, and meals or per diem as applicable) incurred and documented pursuant to Vendor’s or third party’s established expense accounting practices, provided that such travel expenses are incurred in accordance with Commonwealth travel regulations.

8.1.5.5 Miscellaneous Expenses

With respect to any other unforeseen or other expenses incurred to perform termination related activities, Exit Fees shall consist of such miscellaneous expenses incurred and documented pursuant to Vendor’s or third party’s established accounting practices.

8.1.5.6 Vendor Mitigation

With respect to the Calculated Exit Fees described in this Schedule 10.1, Vendor shall use commercially reasonable efforts to avoid incurring the costs, minimize the costs incurred, and/or recover amounts previously paid. The commercially reasonable efforts to be employed by Vendor shall include, to the extent applicable and permissible under the agreements, (i) providing the Commonwealth with a list of all leases, contracts and/or equipment and the costs associated with each within thirty (30) days after Vendor's receipt of a notice of termination, (ii) working with the Commonwealth to identify all commercially reasonable means to avoid or minimize such costs, (iii) offering to make the equipment leases, Vendor owned equipment and third party contracts available to the Commonwealth or its designee in accordance with Section 15 of the Agreement, (iv) redeploying any remaining equipment and third party contracts within Vendor's organization if, and as soon as, commercially reasonable, (v) negotiating with the applicable third party to eliminate or reduce the fees or charges to be incurred, and/or (vi) selling, canceling or otherwise disposing of any equipment leases, Vendor owned equipment and third party contracts that cannot be redeployed. The costs to be reimbursed by the Commonwealth shall cease to accrue following the redeployment or use of such equipment and third party contract for any other purpose and shall be reduced by the net proceeds received from any sale or other disposition. In addition, Vendor shall use commercially reasonable efforts to avoid agreeing in any of its subcontracts or other third party contracts to termination or cancellation fees or non-cancelable charges and, to the extent it is unable to avoid agreeing to such terms, Vendor shall fully disclose such terms to the Commonwealth in seeking the Commonwealth's approval of such Subcontractor pursuant to the Agreement. Notwithstanding the foregoing, Calculated Exit Fees shall not include any amounts with respect to equipment and third party contracts to the extent the Commonwealth or its designee elects to purchase any Vendor owned equipment or assume any Vendor held equipment leases or third party contracts pursuant to Disentanglement. However, the Commonwealth will pay any transfer fees due those third parties.

8.2 Resolution Fees

Pursuant to Section 14.11 of the Agreement, upon termination of the Agreement by the Commonwealth, the Resolution Fees that the Commonwealth shall be required to assume shall be the Resolution Fees set forth in Attachment 10.1.11 (Resolution Fees) as calculated in accordance with this Schedule 10.1. Resolution Fees shall be calculated as of the Termination Date.

8.2.1 Unpaid Transition Costs

Upon a termination of the Agreement where Resolution Fees apply, the Commonwealth shall pay the "unpaid transition costs" amount specified in Attachment 10.1.11 (Resolution Fees). This amount reflects the unpaid portion of transition costs previously incurred by Vendor related to the Services and amortized over the Contract term. This amount shall be invoiced by Vendor as a lump sum on the Termination Date and shall be payable by the Commonwealth in accordance with Section 10.3.3 of the Agreement.

8.2.2 Infrastructure Lease Costs

Upon a termination of the Agreement where Resolution Fees apply, the Commonwealth shall execute a lease agreement with Vendor for continued use and acquisition of hardware and software infrastructure of the Services over a five year period. Such successor agreement shall be in a form mutually agreeable to the Parties based upon commercial leasing terms and conditions, and contain a provision similar to Section 14.7 (Termination by the Commonwealth for Lack of Funds). The payments under such lease agreement commencing the month following the Termination Date shall be those specified as “infrastructure lease costs” Attachment 10.1.11 (Resolution Fees).

Alternatively, the Commonwealth may elect an early buyout of the infrastructure lease described above which would fulfill the obligation and transfer title to the hardware and software infrastructure upon payment of the “infrastructure lease early buyout costs” amount specified in Attachment 10.1.11 (Resolution Fees). This amount shall be invoiced by Vendor as a lump sum on the Termination Date and shall be payable by the Commonwealth in accordance with Section 10.3.3 of the Agreement.

8.2.3 Facility Occupancy Costs

Upon a termination of the Agreement where Resolution Fees apply, the Commonwealth shall execute a successor agreement with Vendor for continued use of the Primary Data Center Facility through the remainder of the Initial Term and any exercised Renewal Term of this Agreement. Such successor agreement shall be in a form mutually agreed to by the Parties and contain provisions consistent with those in Section 4.2 of this Agreement. The payments under such successor agreement shall be those specified as “facility occupancy costs” Attachment 10.1.11 (Resolution Fees). In addition, the Commonwealth shall assume responsibility for all utilities and operating expenses other than the “facility occupancy costs” (i.e., electricity, heat, etc.) for such portion of the Primary Data Center Facility.

8.2.4 Calculated Resolution Fees

The Fees described in Attachment 10.1.11 (Resolution Fees) are specified as of the last day of each Contract Year. The Fees payable at an end of month, other than the end of a Contract Year, shall be calculated by linear interpolation between the amounts specified in Attachment 10.1.11 (Resolution Fees) for the prior and succeeding Contract Years. The following equation, where *Month#* represents the ordinal month of the Contract Year, shall be used for this interpolation:

$$ResolutionFee_{Calculated} = ResolutionFee_{Prior} + \left[\frac{ResolutionFee_{Succeeding} - ResolutionFee_{Prior}}{12} \right] \times Month\#$$

8.2.5 Excluded Resolution Fees

If the Commonwealth terminates any portion of the Services pursuant to Sections 14.5.1, 14.7, or 14.8 of the Agreement, the portion of the Resolution as reflected on Attachment 10.1.11 (Resolution Fees) that pertain to the terminated Services shall not ever be payable to Vendor.

9.0 Disentanglement Fees

Pursuant to Section 15 (Disentanglement) of the Agreement, upon termination of the Agreement by the Commonwealth, Commonwealth may elect to acquire the following infrastructure equipment, facilities, or Services at the Disentanglement Fees described below and set forth in Attachment 10.1.12 (Disentanglement Fees).

9.1 Infrastructure Lease Fees

Upon a termination of the Agreement where Resolution Fees do not apply, the Commonwealth may execute a lease agreement with Vendor for continued use and acquisition of hardware and software infrastructure of the Services over a five year period. Such successor agreement shall be in a form mutually agreeable to the Parties based upon commercial leasing terms and conditions, and contain a provision similar to Section 14.7 (Termination by the Commonwealth for Lack of Funds). The payments under such lease agreement shall be those specified as “infrastructure lease fees” Attachment 10.1.12 (Disentanglement Fees).

Alternatively, the Commonwealth may elect an early buyout of the infrastructure lease described above which would fulfill the obligation and transfer title to the hardware and software infrastructure upon payment of the “infrastructure lease early buyout fees” amount specified in Attachment 10.1.12 (Disentanglement Fees). This amount shall be invoiced by Vendor as a lump sum on the Termination Date and shall be payable by the Commonwealth in accordance with Section 10.3.3 of the Agreement.

9.2 Facility Occupancy Fees

Upon a termination of the Agreement where Resolution Fees do not apply, the Commonwealth may execute a successor agreement with Vendor for continued use of the Primary Data Center Facility through the remainder of Vendor’s underlying fifteen year lease for the facility. Such successor agreement shall be in a form mutually agreed to by the Parties and contain provisions consistent with those in Section 4.2 of this Agreement. The payments under such successor agreement shall be those specified as “facility occupancy fees” Attachment 10.1.11 (Disentanglement Fees). In addition, if the Commonwealth elects to enter into such successor agreement, the Commonwealth shall assume responsibility for all utilities and operating expenses other than the “facility occupancy costs” (i.e., electricity, heat, etc.) for such portion of the Primary Data Center Facility.

9.3 Other Disentanglement Fees

Fees payable for continued performance of Services of a Service Tower(s) during a Disentanglement shall be the Fees charged for such Service Tower(s) under this Agreement applicable to the Disentanglement Period. The Fees payable to Vendor for any other Disentanglement Services (including the continued provision of the Services being terminated) other than those identified in Sections 9.1 and 9.2 above shall be the lesser of (i) the fees charged for such Services under this Agreement applicable to the Disentanglement Period, or (ii) the hours expended at the hourly rates specified in Exhibit 10.1.9 (Hourly Rates) or (iii) an amount equal to (a) the reasonable, actually incurred, and documented out-of-pocket Vendor costs (including both direct and indirect expenses as defined by GAAP and in accordance with Vendor’s established accounting practices and Commonwealth travel regulations) for performing

Disentanglement Services (collectively, the “**Disentanglement Costs**”), plus (b) an administrative fee equal to seven percent (7%) of the Disentanglement Costs. These Fees will be invoiced to the Commonwealth in accordance with the Agreement in the month following the month in which Vendor actually performed the Disentanglement Services or incurred the Disentanglement Costs. Vendor may not invoice the Commonwealth for any Disentanglement Costs for which Vendor does not produce sufficient supporting documentation in accordance with Section 10.3 of the Agreement, including a general ledger summary (or equivalent report) of the Disentanglement Costs for the relevant month, documenting such Disentanglement Costs by Tower and element of cost.

10.0 Critical Milestone Credits

Credits payable to the Commonwealth by Vendor for the failure to timely achieve Critical Milestones and the earn-back of such credits shall be governed by Section 6.6 (Critical Milestones) of this Agreement.

11.0 Performance Credits

Credits payable to the Commonwealth by Vendor for the failure to achieve Service Levels and the earn-back of such credits shall be governed by Schedule 3.12 of this Agreement.

12.0 Cost of Living Adjustment (COLA)

The Vendor shall notify the Commonwealth whether current costs have increased or decreased from those in effect on September 30, 2006 based upon reporting of the Employment Cost Index (ECI), Wages and Salaries, Professional and Technical Workers (ECIWSPWP&TNS) for the Richmond, Virginia MSA as reported by Global Insights (formerly DRI-WEFA), or another third party mutually agreed to by the Parties. This reporting shall be made at least 60 days and not more than 90 days prior to the annual anniversary of the contract execution. The notice shall include the Vendor's proposal for an adjustment in Fees and supporting data explaining the requested adjustment.

Promptly after receiving the notice and supporting data, but not later than the annual anniversary of the contract execution, the Commonwealth and Vendor shall negotiate and execute a contract modification adjusting the Fees specified in this Schedule effective on the anniversary date.

This adjustment shall be calculated for the Fees specified in Attachments 10.1.5 (Post-Transition Fees – Fixed Recurring Fees and Resource Unit Rates), 10.1.7 (Post-Transition Fees – Additional Resource Charge Rates), and 10.1.8 (Post-Transition Fees – Reduced Resource Credit Rates) according to the following formula:

$$Fees_{Adjusted} = Fees_{PriorPeriod} \times \left[1 + 35\% \times \frac{(EmploymentCostIndex_{Current} - EmploymentCostIndex_{September2006})}{EmploymentCostIndex_{Current}} \right]$$

This adjustment shall be calculated for the Fees specified in Attachment 10.1.9 (Hourly Rates) according to the following formula:

$$Fees_{Adjusted} = Fees_{PriorPeriod} \times \left[1 + 100\% \times \frac{(EmploymentCostIndex_{Current} - EmploymentCostIndex_{September2006})}{EmploymentCostIndex_{Current}} \right]$$

Such adjustment shall not apply to any services that are required to be delivered or performed before the effective date of the adjustment, unless the Vendor's failure to deliver or perform according to the delivery schedule results from causes beyond the Vendor's control and without its fault or negligence.

13.0 No Security Interests

Notwithstanding anything to the contrary in the Agreement, Vendor shall not grant any security interest inconsistent with this Agreement in any of the assets used to perform the Services, or otherwise take any similar or other action that encumbers, impedes, hinders, or otherwise adversely impacts the Commonwealth's ability to receive the full benefit of the Services contemplated under this Agreement, or to exercise any of its rights or remedies to the full extent permitted under this Agreement; without first obtaining in each instance the express, prior written consent of the Commonwealth, which may be withheld in the Commonwealth's sole discretion. If the Commonwealth so grants its consent, such consent shall be conditioned on: (i) the third party to which Vendor assigns such rights or grants such interests agreeing in writing to never exercise such rights in a manner that would encumber, impede, hinder, or otherwise adversely impact the Commonwealth's ability to receive the full benefit of the Services contemplated under this Agreement or to exercise any of its rights or remedies to the full extent permitted under this Agreement, and (ii) Vendor being fully responsible for all administrative costs and burdens related to such assignment of rights or grant of interest, or required by the third party to which Vendor assigns such rights or grants such interests.

14.0 VOIP

For avoidance of doubt, the Parties acknowledge that the Commonwealth may elect not to implement the voice-over internet protocol Services if it is not satisfied with the architecture for such Services. If the Commonwealth does not accept the Milestone identified as “Voice over Internet Protocol (VoIP) Arch Design and Recommendations” in Attachment 10.1.2 (Transition Phase Fees and Corresponding Milestones and Expected Completion Dates), the Management Services monthly recurring fee for Voice Network set forth in Attachment 10.1.5 (Post-Transition Phase Fees - Fixed Recurring Fees and Resource Unit Rates by Service Tower) for Contract Years 6-13 would be the same as such monthly recurring fee set forth therein for Contract Year 5.
