



FULLY EXECUTED / REPRINT
Contract Number: 4400006326
Contract Effective Date: 10/23/2013
Valid From: 10/30/2009 To: 10/30/2016

MAILED

All using Agencies of the Commonwealth, Participating Political Subdivision, Authorities, Private Colleges and Universities

Purchasing Agent

Name: OA Central
Phone: 717-787-8191
Fax: 717-783-4429

Your SAP Vendor Number with us: 165236

Supplier Name/Address:

MCI COMMUNICATIONS SERVICES INC
DBA VERIZON BUSINESS SERVICES
MCI WORLDCOM
979 E PARK DR
HARRISBURG PA 17111-2810 US

Supplier Phone Number: 717-565-7500

Please Deliver To:

To be determined at the time of the Purchase Order unless specified below.

Contract Name:

Telecommunications Managed Services OA

Payment Terms

NET 30

Solicitation No.: Issuance Date:

Supplier Bid or Proposal No. (if applicable): Solicitation Submission Date:

This contract is comprised of: The above referenced Solicitation, the Supplier's Bid or Proposal, and any documents attached to this Contract or incorporated by reference.

Item	Material/Service Desc	Qty	UOM	Price	Per Unit	Total
1	Telecom Managed Services	0.000	Each	0.00	1	0.00

General Requirements for all Items:

Header Text

This contract is written in reference to RFP 6100004339, Telecommunications Managed Services. The validity date of this contract is from 10/30/2009 through 10/30/2016 with the option for three one-year renewals. Agency Contact: Sean Crager 717-705-2508scrager@state.pa.us Vendor Contact: Cheryl Caplan 717-777-3960cheryl.caplan@verizonbusiness.com 10/16/2013 - Amendment No. 1 added to Contract. DJS
No further information for this Contract

Information:

Total Amount:

390,000,000.00

Currency: USD

Supplier's Signature _____

Title _____

Printed Name _____

Date _____

Amendment No. 1 to Contract between
Commonwealth of Pennsylvania
Governor's Office of Administration
and

MCI Communications Services, Inc. d/b/a Verizon Business Services
Contract No. 400006326 ^{UWP}

This Amendment No. 1 amends the Contract No. 400006326 ^{UWP} entered into on October 29, 2009, by and between the Commonwealth of Pennsylvania Governor's Office of Administration ("OA") and Verizon Business Network Services Inc. on behalf of MCI Communications Services, Inc. d/b/a Verizon Business Services ("Contractor"). This Amendment No. 1 will be effective the date the Amendment has been fully executed by the Licensor and by OA and all approvals required by Commonwealth of Pennsylvania contracting procedures have been obtained.

WHEREAS, OA and Contractor entered into Contract No. 400006326 ^{UWP} (the "Contract") for the provision of telecommunication services for Commonwealth of Pennsylvania ("Commonwealth") agencies, boards and commissions under the Governor's jurisdiction; and

WHEREAS, Verizon did not meet critical milestone dates as required by Schedule D-3 (Transition Critical Milestone Schedule) of the Contract; and

WHEREAS, OA notified Verizon that it had not met some critical milestone dates as required by Schedule D-3 (Transition Critical Milestone Schedule) of the Contract and that Schedule D-3 required the payment of Milestone Credits as a result of the failure of Contractor to meet the milestone dates; and

WHEREAS, Verizon agreed that it has missed some of the milestone dates as required by Schedule D-3 and as a result owed some Milestone Credits, but also disputed some claims as to Milestone Credits for a variety of reasons, such as various installation moratoriums being put in place; and

WHEREAS, Contractor and OA agree that a lengthy dispute over milestone credits would not be in the best interests of either party; and

WHEREAS, Contractor offered a telecommunication solution to OA which exceeded the requirements of the Contract, as well other additional benefits, such as an effective 10% rate reduction to all data circuit rates under the Contract; and

WHEREAS, OA is willing to apply the Milestone Credits related to the milestones that were missed to the cost of implementing the new telecommunication solution; and

WHEREAS, OA and Contractor agree that reducing the At Risk amount as defined in Schedule A (Defined Terms) to Appendix A (Terms and Conditions) is appropriate in response to the new telecommunications solution; and

WHEREAS, Verizon will accept the application of the Milestone Credits as a settlement of its dispute as to the failure to meet critical milestones; and

WHEREAS, OA and Contractor agree to amend the Contract as follows:

1. Transition Milestones. OA will not require payment of the Milestone credits which accrued as a result of Contractor's failure to meet Schedule D-3 (Transition Critical Milestone Schedule) of the Contract, in the total amount of \$5,075,000. OA acknowledges that Verizon disputed in writing that it missed certain of the milestones. The following is a list of the milestones in question and the milestone

2013_08_21

credit associated with each milestone. The parties agree that the milestone credits listed below will be applied to the implementation of the new solution, regardless of whether Verizon has disputed in writing that it missed the milestone. For purposes of clarity, the following list indicates those milestones related to which Verizon submitted a letter of dispute to OA.

M-003 (\$100,000) - disputed	M-018 (\$300,000)
M-004 (\$400,000)	M-020 (\$125,000)
M-005 (\$400,000) - disputed	M-022 (\$150,000)
M-009 (\$50,000)	M-024 (\$300,000)
M-011 (\$300,000)	M-025 (\$300,000) - disputed
M-013 (\$500,000)	M-026 (\$400,000)
M-015 (\$750,000)	M-028 (\$500,000)
M-016 (\$300,000)	M-029 (\$200,000)

2. **New Telecommunication Solution.** As provided under the provisions of the Contract, the new solution, including any associated termination fees or unamortized charges, have been or will be included in the service catalog via change requests.

3. **At Risk Amount.** In Schedule A (Defined Terms) to Appendix A (Terms and Conditions) of the Contract, the definition of "At Risk Amount" is amended to read as follows:

"At Risk Amount", means, notwithstanding any other provisions in the Contract, for any month during the Term, five percent (5%) of the monthly Base Charges for such month, which is the amount that the Contractor will have at risk for all Service Level Credits in such month. For each year of the Term beginning with the first anniversary of the Effective Date, the Service Level Credits shall not exceed \$1.5 million.

4. **Application of At Risk Amount.** As part of the consideration for the new telecommunication solution, OA waives any Service Level Credits in excess of the \$1.5 million At Risk amount, if any, which were incurred prior to the effective date of this amendment.

5. **Monthly Performance Reports.** From the effective date of this amendment, 1(b)(iii) of Schedule F – Service Level Methodology, is amended to read as follows:

Commencing with the Service Level Commencement Date, within seven (7) business days after the last day of each month during the Term, the Contractor will provide a monthly performance report for CPis and KPIs that reports various metrics, including:

6. **Definitions.** All capitalized terms used herein and not expressly defined herein shall have the respective meanings given to such terms in the Contract.

In witness whereof, the OA and Contractor, intending to be legally bound hereby, have executed this Amendment No. 1 through their respective duly-authorized representatives, as of the dates written below. Execution by OA will be through the issuance of a Purchase Order as described in Paragraph 2 of Attachment A to Contract Number 400006326.

Verizon Business Network
Services, Inc. on behalf of

MCI Communications Services, Inc. d/b/a
VERIZON BUSINESS SERVICES

Commonwealth of Pennsylvania
Governor's Office of Administration

[Redacted Signature]

Signature Anthony Recine
President

26 Aug 2013
Date

[Redacted Signature]

9-9-13
Date

47-0751768

165236
SAP Vendor Number

Approved For Form and Legality

[Redacted Signature]

Office of Chief Counsel

[Redacted Signature]

Office of General Counsel

10/3/13
Office of Attorney General

Certification of Funds

Comptroller