

When both of us agree to change any Services statement of work other than as described above, we will prepare a written description of the agreed change (called a "Change Authorization"), which both of us must sign. The terms of a Change Authorization prevail over those of the statement of work and any of its previous Change Authorizations.

5.5 Renewal

Renewable Services renew automatically for a same length contract period unless either of us provides written notification (at least one month prior to the end of the current contract period) to the other of its decision not to renew.

5.6 Termination and Withdrawal

Either of us may terminate a Service if the other does not meet its obligations concerning the Service.

You may terminate a non-expiring Service, without adjustment charge, on one month's written notice to us provided you have met all minimum requirements specified in the applicable Attachments and Transaction Documents.

You may terminate a renewable Service or a non-expiring maintenance Service, without adjustment charge, on notice to us provided you have met all minimum requirements specified in the applicable Attachments and Transaction Documents and any of the following circumstances occur:

1. you permanently remove the eligible Product, for which the Service is provided, from productive use within your Enterprise;
2. the eligible location, for which the Service is provided, is no longer controlled by you (for example, because of sale or closing of the facility);
3. an increase in the Service charges, either alone or in combination with prior increases over the previous twelve months, is more than the maximum specified in the applicable Service Transaction Document. If no maximum is specified, then this circumstance does not apply; or
4. the Machine has been under maintenance Services for at least six months and you give us one month's written notice prior to terminating the maintenance Service.

For all other circumstances, you may terminate an expiring or renewable Service on one month's written notice to us but such termination will result in adjustment charges equal to the lesser of:

1. the charges remaining to complete the contract period; or
2. one of the following if specified in the Transaction Document —
 - a. the charges remaining to complete the contract period multiplied by the adjustment factor specified, or
 - b. the amount specified.

You agree to pay us for all Services we provide and any Products and Materials we deliver through Service termination and any charges we incur in terminating subcontracts.

We may withdraw a renewable or non-expiring Service or support for an eligible Product on three months' written notice to you. If we withdraw a Service for which you have prepaid and we have not yet fully provided it to you, we will give you a prorated refund.

Any terms which by their nature extend beyond termination or withdrawal remain in effect until fulfilled and apply to respective successors and assignees.

5.7 Service for Machines (during and after warranty)

We provide certain types of repair and exchange Service either at your location or at a service center to keep Machines in, or restore them to, conformance with their Specifications. We will inform you of the available types of Service for a Machine. We may repair the failing Machine or exchange it at our discretion.

When the type of Service requires that you deliver the failing Machine to us, you agree to ship it suitably packaged (prepaid unless we specify otherwise) to a location we designate. After we have repaired or exchanged the Machine, we will return it to you at our expense unless we specify otherwise. We are responsible for loss of, or damage to, your Machine while it is 1) in our possession or 2) in transit in those cases where we are responsible for the transportation charges.

You agree to:

1. obtain authorization from the owner to have us service a Machine that you do not own; and
2. where applicable, before we provide Service —
 - a. follow the problem determination, problem analysis, and service request procedures that we provide,
 - b. secure all programs, data, and funds contained in a Machine, and
 - c. inform us of changes in a Machine's location.

When Service involves the exchange of a Machine or part, the item we replace becomes our property and the replacement becomes yours. You represent that all removed items are genuine and unaltered. The replacement may not be new, but will be in good working order and at least functionally equivalent to the item replaced. The replacement assumes the warranty or maintenance Service status of the replaced item. Before we exchange a Machine or part, you agree to remove all features, parts, options, alterations, and attachments not under our service. You also agree to ensure that the item is free of any legal obligations or restrictions that prevent its exchange.

Any feature, conversion, or upgrade we service must be installed on a Machine which is 1) for certain Machines, the designated, serial-numbered Machine and 2) at an engineering-change level compatible with the feature, conversion, or upgrade.

Repair and exchange Services do not cover:

1. accessories, supply items, and certain parts, such as batteries, frames, and covers;
2. Machines damaged by misuse, accident, modification, unsuitable physical or operating environment, or improper maintenance by you;
3. Machines with removed or altered Machine or parts identification labels;
4. failures caused by a product for which we are not responsible; or
5. service of Machine alterations.

We manage and install engineering changes that apply to IBM Machines and may also perform preventive maintenance.

We provide maintenance Services for selected non-IBM Machines.

5.8 Maintenance Coverage

When you order Machine maintenance Services under this Agreement, we will inform you of the date on which the maintenance Services will begin. We may inspect the Machine within one month following that date. If the Machine is not in an acceptable condition for service, you may have us restore it for a charge. Alternatively, you may withdraw your request for maintenance Services. However, you will be charged for any maintenance Services which we have performed at your request.

ADDENDUM TO CUSTOMER AGREEMENT
FOR JANUARY 2001 SOWs

THIS ADDENDUM TO CUSTOMER AGREEMENT FOR JANUARY 2001 SOWs ("this Addendum") is made as of the date written below between the EL PASO INDEPENDENT SCHOOL DISTRICT ("EPISD" or "you") and INTERNATIONAL BUSINESS MACHINES CORPORATION, individually and on behalf of its division IBM GLOBAL SERVICES (collectively, "IBM" or "we"). For and in consideration of the mutual covenants herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereby agree the following terms and conditions apply within the scope of this Addendum:

1. The following language is added to the end of the "Conflicting Terms" sub-section of Section 1.2 of that certain IBM Customer Agreement dated as of January 1, 2001 between EPISD and IBM (the "Agreement"):

Notwithstanding the foregoing, the provisions of the Addendum to Customer Agreement between you and IBM dated as of January 1, 2001 control over this Agreement, any Attachment, and any Transaction Document;

2. The following language is added to the end of Section 1.2 of the Agreement:

Scope of Agreement

Notwithstanding anything in this Agreement, any Attachment, or any Transaction Document to the contrary, this Agreement addresses only those Products and Services described in or contemplated by those certain Statements of Work dated January 18, 2001 between IBM and you entitled Server Upgrade, Fiber Network Exclusive Internet Access Service, Cabling Services, Network Electronics, Web and File Server Project, Web Access for School Community Solutions, EMail, Video Solutions and Installation Services, and USF Maintenance Services (collectively, the "Statements of Work"). The Statements of Work are hereby ratified and approved, subject to the provisions of this Agreement, including without limitation Section 1.21 hereof.

Nothing herein alters or amends any IBM Customer Agreement between IBM and you with respect to other Products or Services.

3. The following sentence is added to the end of Section 1.6 of the Agreement:

You, as an independent school district under Texas law, are exempt from state sales and property taxes.

4. The following language is added to the end of Section 1.16 of the Agreement.

Additionally, you may without penalty terminate this Agreement at the end of any of your budget period(s) occurring during the term of this Agreement, if funds for the Agreement during the succeeding budget period have not been appropriated.

5. Section 1.18 of the Agreement is deleted in its entirety.

6. The following language is added as Section 1.19 of the Agreement:

1.19 Public Information.

IBM understands that documents and other materials relating to this Agreement are subject to the requirements of the Texas Public Information Act, Section 552.001 et. seq. of the Texas Government Code, and you may disclose the same in accordance therewith.

7. The following language is added as Section 1.20 of the Agreement:

1.20 Non-Appropriation

Notwithstanding anything herein to the contrary, IBM shall not be entitled to receive payments or amounts under this Agreement in excess of the amounts appropriated for your then-current budget period. IBM understands and agrees that this Agreement is contingent, unless otherwise agreed by the parties, upon receipt of E-Rate funding by you in an amount sufficient, in your reasonable discretion, to continue with all of the contemplated projects described, and to the full extent set forth, in the Statements of Work.

8. The following language is added as Section 1.21 of the Agreement:

1.21 Special Terms and Conditions

Notwithstanding anything else in this Agreement [except for the other provisions of the Addendum hereto] or the Statements of Work, the following provisions apply:

- (a) The Statements of Work shall not be deemed to, and shall not, include any goods, whether or not a Product, unless and to the extent IBM is hereafter selected as a provider of the particular Required Goods in accordance with the following.
- (b) The provider(s) of goods required for the projects contemplated by this

Agreement and the Statements of Work (the "Required Goods") shall be independently designated by you in accordance with procurement requirements of Texas law.

- (c) You agree to permit IBM to participate in any opportunity to bid or quote for such Required Goods under such procurement procedures.
- (d) A separate designation shall be made with respect to all Required Goods under each applicable Statement of Work; in other words, you will seek separate bids or quotes for all Required Goods, grouped together, with respect to each Statement of Work.
- (e) With respect to any Required Goods for which IBM is not the designated provider, it is agreed that such Required Goods will be acquired, though in accordance with procurement requirements of Texas law and the other provisions of this Section, through IBM as "general contractor" for you, without any additional commission or fee on the price thereof [except for a 1% surcharge, with a minimum of \$1,000 and a maximum of \$25,000, payable by you to IBM].
- (f) With respect to any Required Goods for which IBM is the designated provider, the acquisition of the same shall be in accordance with the Statement of Work to which such Required Goods apply.
- (g) Upon at least 30 days prior request by you, IBM shall provide you with the list and specifications of each of the Required Goods, itemized for each Statement of Work.
- (h) In the event that E-Rate funding for all of your projects is less than originally contemplated and requested, you reserve the right not to proceed with one or more of the projects. If, in such circumstances, you nevertheless intend to proceed with one or more of the projects, it is understood and agreed that the parties will use their good faith, best efforts to re-negotiate the scope, goods, services, purposes, prices, and other terms of those Statements of Work for the then-desired projects.
- (i) Except as provided in sub-section (j), the Statements of Work do, and are intended to, apply in their current form to all Services contemplated thereunder (the "Required Services").
- (j) The Required Services do not include repair or maintenance services for Products for which warranties cover such services [unless IBM is an

authorized provider of such services and agrees to seek payment from the warrantor alone], for which IBM is not an authorized provider of such services, or for which you have an existing contract for such services.

(k) Except as may be modified under sub-section (h) above, the price of the Required Services with respect to each Statement of Work shall be equal to the lesser of the following:

(i) the difference between the following: (I) total price of all goods and services set forth in such Statement of Work; and (II) the price of the Required Goods for such Statement of Work, as subsequently procured in accordance with sub-sections (b) through (e) above; or

(ii) the price for Required Services under such Statement of Work as set forth in the schedule on Exhibit "1", attached hereto and incorporated herein.

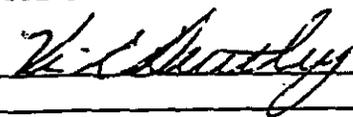
(l) Notwithstanding the foregoing, the parties agree and acknowledge the Statements of Work entitled USF Maintenance and Fiber Network Exclusive involve almost only services [and not any material amount of goods], do not have any material amount of Required Goods, and thus are not subject to the requirements of Sections 1.21 (a) - (k).

8. The capitalized or defined terms herein, except as expressly noted otherwise, shall have the same meaning as in the Agreement.

9. Except as expressly amended or added herein, the provisions of the Agreement remain in full force and effect according to their terms.

EXECUTED as of the 1st day of January, 2001.

INTERNATIONAL BUSINESS MACHINES
CORPORATION

By: 
Name: _____
Title: _____

EL PASO INDEPENDENT SCHOOL DISTRICT

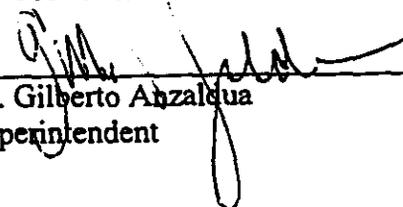
By: 
Dr. Gilberto Anzures
Superintendent

EXHIBIT 1

El Paso ISD E-Rate Round 4 Statements of Work: Identification of Required Goods

1. USF Maintenance

Total Charges	\$27,121,700
Required Goods	-none-
Total, Services	\$27,121,700

2. Fiber Network Exclusive Internet Access Services

Total Charges	\$ 4,736,700
Required Goods	-none-
Total, Services	\$ 4,736,700

3. Cabling Services

Total Charges	\$ 7,867,400
Required Goods	\$ 2,753,600
Total, Services	\$ 5,113,800

4. Network Electronics

Total Charges	\$11,636,600
Total, Required Goods	\$ 6,418,579
Total, Services	\$ 5,218,021

5. (Novell) Server Upgrade

Total Charges	\$ 2,919,700
Total, Required Goods	\$ 1,573,474
Total, Services	\$ 1,346,226

6. Web and File Server Project

Total Charges	\$ 6,500,600
Total, Required Goods	\$ 4,102,106
Total, Services	\$ 2,398,494

7. Video Solution and Installation Services

Total Charges	\$ 4,374,054
Total, Required Goods	\$ 1,903,053
Total, Services	\$ 2,471,001

8. Email

Total Charges	\$ 3,591,600
Total, Required Goods	\$ 570,413
Total, Services	\$ 3,021,187

9. Web Access for a School Community

Total Charges	\$ 2,825,700
Total, Required Goods	\$ 94,245
Total, Services	\$ 2,731,455

IBM
STATEMENT OF WORK FOR
EL PASO INDEPENDENT SCHOOL DISTRICT
FOR
FIBER NETWORK EXCLUSIVE INTERNET
ACCESS SERVICES



JANUARY 18, 2001



STATEMENT OF WORK

Statement of Work - Introduction

This section describes the Services that IBM will provide under the terms of the IBM Customer Agreement (ICA) and this Statement of Work (SOW). Specifically, IBM will provide El Paso Independent School District (El Paso ISD) with a set of customized services. The details of the Services to be provided are described in this section. These Services will be provided at existing and newly built El Paso ISD locations in El Paso, Texas.

This Statement of Work is comprised of the following sections:

- 1.0 Assumptions
- 2.0 IBM Responsibilities
- 3.0 El Paso ISD Responsibilities
- 4.0 Deliverable Materials
- 5.0 Project Schedule
- 6.0 Completion Criteria
- 7.0 Charges
- 8.0 Project Warranty

The following are incorporated in and made part of this Statement of Work:

- Appendix A, Deliverable Guidelines
- Appendix B, Project Change Control Procedure

Changes to this Statement of Work will be processed in accordance with the procedure described in Appendix B, "Project Change Control Procedure." The investigation and the implementation of changes may result in modifications to the Schedule, Charges or other terms of this Statement of Work.

This Statement of Work will expire December 31, 2001 unless this date is extended by IBM in writing.

1.0 Assumptions

This Statement of Work and IBM's estimates to perform the Statement of Work are based on the following assumptions. Deviations that arise during the proposed project will be managed through the procedure described in Appendix B, "Project Change Control Procedure."

1. The networking system environment consists of El Paso ISD's school sites for a total of up to ninety (90) sites.
2. No sites affected by IBM's performance under this SOW have been declared as "Historical Buildings."
3. El Paso ISD personnel who will be assigned to this project will have the technical skills necessary to participate in the project.
4. El Paso ISD IS and user personnel will be available as described in 3.0, "El Paso ISD Responsibilities."
5. El Paso ISD can provide a current and accurate listing of each site.
6. Work under this Statement of Work will be performed at sites within the El Paso ISD and will not require travel to sites outside district boundaries.
7. Only those services specified in this SOW are to be supplied by IBM. Additional services can be specified via the Project Change Control Procedure detailed in Appendix B.
8. Work to be performed at specific sites will be mutually agreed to and scheduled with IBM and El Paso ISD at least ten (10) business days prior to the commencement of the work.
9. IBM and our subcontractor will have unlimited, unrestricted access to all buildings. Any security requirements inclusive of guards, security codes/access codes, lighting and internal access and/or central monitoring are the responsibility of El Paso ISD.
10. IBM will be provided with access badges, keys and combinations or escorts to perform the work described in this SOW. Any delay encountered due to unavailability of buildings may result in additional charges being incurred by El Paso ISD. If this situation arises, it will be addressed via the Project Change Control Procedure detailed in Appendix B.
11. Adequate space will be made available to IBM for the purpose of placing equipment required to provide this service. It is understood by IBM and El Paso ISD that any delay encountered due to insufficient space may result in time delays and additional charges incurred by El Paso ISD. If this situation arises, it will be addressed via the Project Change Control Procedure detailed in Appendix B.
12. It is understood by El Paso ISD and IBM that this SOW is based upon the start date provided below. In the event this date is not achieved, IBM reserves the right to extend the projected project completion date on a working day for working day basis, and as mutually agreed upon by IBM and El Paso ISD via the Project Change Control Procedure detailed in Appendix B.
13. It is understood by El Paso ISD and IBM that this SOW and the pricing associated with this SOW are based upon the award of the total proposed SOW described in this document. The work described in this SOW will be performed during one continuous phase.



14. El Paso ISD will provide remote access to the EPISD network for maintenance support.

Exclusions from this Statement of Work

1. IBM is not responsible under this SOW for the identification or correction of any existing safety and/or code violations, whether federal, state or local, including but not limited to fire and electrical codes. If IBM should discover any safety and/or code violations during the course of this project, IBM will notify El Paso ISD of the problem. IBM will not be required to proceed with its work under this SOW until El Paso ISD remedies such violation, nor will IBM be responsible for delays to the work caused by such violation.
2. On-going network operations and Coordination are not included in this Statement of Work. IBM would be pleased to respond to El Paso ISD for the addition of these services.
3. Relocation and testing of existing computers, telecommunications, or CCTV equipment(s) or systems are not required.
4. Removal of existing telecommunications or CCTV cabling is not required.
5. Services not specified in this SOW are the responsibility of El Paso ISD.

2.0 IBM Responsibilities

2.1 Project Coordination

Description: The objective of this task is to provide technical direction, maintain project control and to establish a framework for project communications, reporting, procedural, and contractual activity for the IBM tasks described. This task consists of the following activities:

- Establish and coordinate IBM efforts with the El Paso ISD Project Coordinator.
- Develop and maintain work plans for the performance of IBM responsibilities.
- Administer the Change Control Procedures.
- Maintain communications and review progress with the El Paso ISD Project Coordinator and team members during status meetings.
- Prepare and submit written Monthly Status Reports of IBM activities to the El Paso ISD Project Coordinator.

Completion Criteria: This task will be considered complete when the other tasks identified under IBM Responsibilities have been completed and the Final Status Report has been delivered to the El Paso ISD Project Coordinator.

Deliverables/Documentation: Monthly Status Reports.

2.2 Provide Exclusive Fiber Network Internet Access

Description: The objective of this task is to provide EPISD with high bandwidth used exclusively for access to the internet for up to ninety (90) campuses. This service will provide a minimum of a 100 Mbps full duplex Ethernet connection to each campus. The network topology for this service will consist of backbone hub sites as well as distribution hub sites.



Completion: This task will be complete when IBM has provided the EPISD fiber high speed optic cable or other digital media to be used for exclusive access to the Internet for the duration of the contract.

Deliverables: None

3.0 El Paso ISD Responsibilities

The responsibilities listed in this section are in addition to those responsibilities specified in the IBM Customer Agreement and are to be provided at no charge to IBM. IBM's performance is predicated upon the following responsibilities being fulfilled by El Paso ISD.

3.1 General Responsibilities

- Assign a Project Coordinator to represent El Paso ISD regarding this contract.
- Provide full access to all El Paso ISD school locations as required under this SOW.
- Communicate with appropriate El Paso ISD personnel at your location of the work to take place and obtain their approval if necessary.
- Provide all the necessary closet and/or equipment areas for location of network electronics, racks and cabinets as described within this SOW.
- Provide all necessary power and environmental support to accommodate all IBM and El Paso ISD provided equipment.
- Inform IBM of any change in network requirements in accordance with the IBM Project Change Control Procedure, Appendix B.

3.2 Project Coordination

Prior to the start of this Statement of Work under the Agreement, El Paso ISD will designate a person, called the El Paso ISD Project Coordinator, to whom IBM communications will be addressed and who has the authority to act for El Paso ISD in all aspects of the contract.

The El Paso ISD Project Coordinator's responsibilities include:

- Provide liaison between all project participants.
- Manage the Project Change Control Procedure for El Paso ISD.
- Attend project status meetings.
- Obtain and provide information, data, decisions and approvals, within three working days of IBM's request unless EPISD and IBM agree to an extended response time.
- Help resolve project issues and escalate issues within the EPISD organization, as necessary.

3.3 Space, Facilities and Utilities

Provide installation facilities for IBM provided equipment. El Paso ISD is responsible for space allocation, HVAC and electrical considerations. El Paso ISD is responsible for providing power, light and water necessary in performance of this project.

3.4 Security and Laws

El Paso ISD will identify and make the interpretation of any applicable federal, state, and local laws, regulations and statutes to see that the services provided by IBM comply.



4.0 Deliverables

The following items will be delivered to El Paso ISD under this Statement of Work. See Appendix A, "Deliverable Guidelines" for a description of each deliverable. Deliverable materials are Type II; there are no Type I deliverable materials.

- Status Report

5.0 Schedule

5.1 Project Dates

- Start Date - July 1, 2001.
- End Date - June 30, 2002

5.2 Project Delays

IBM will not be responsible for delays or additional requirements imposed by any government agencies or unforeseen conditions such as delays in the progress of the project by your acts or neglect or the acts or neglect of your employees or separate contractors employed by you, by changes ordered in the project not caused by the fault of IBM, by labor disputes, fire, unusual delays in transportation, adverse weather conditions not reasonably anticipatable, unavoidable casualties or other causes beyond IBM's control or by another cause which you and IBM agree is justifiable, the contract time shall be reasonably extended and the charges adjusted, if necessary, by Change Authorization.

6.0 Completion Criteria

IBM shall have fulfilled its obligations under this Statement of Work when any one of the following occurs:

- IBM accomplishes the tasks described in section 2.0, "IBM Responsibilities."
- El Paso ISD terminates the Project in accordance with the provisions of the IBM Customer Agreement.
- The End Date for the contract is reached.

7.0 Charges

TOTAL CHARGES:

\$4,736,700

This price does not include the charges for:

- Items involving, but not limited to tests, inspections, concealed or unknown conditions or other unanticipated events beyond our control.
- Increases in the Work due to plan checks or field inspections by building or planning department. In addition to the charge described above, you agree to pay us for any additional charges resulting from changes to this project scope, when approved via the Project Change Control Procedure detailed in Appendix B. IBM will submit invoices per the payment schedule as stated in Section 7.1.



IBM understands that the decision to implement this project is contingent upon award to the District of funding under the E-Rate program. IBM will not begin work on this project without written notification from EPISD that funding has been approved and that work should begin. If such notification has not been received by December 31, 2001, at Vendor's option, Vendor may terminate this Statement of Work or implement an extension of this Statement of Work, as well as changes in pricing or other terms and conditions as may be required, via the Project Change Control Procedure outlined in Appendix B.

7.1 Payments Schedule

IBM will invoice EPISD upfront for a one time non-recurring charge and monthly thereafter for the Internet access services provided. Invoices are payable upon receipt by the El Paso ISD Accounts Payable Department.

8.0 Project Warranty

IBM warrants to the Owner that materials and equipment furnished under this Agreement will be new and that Work will be of good quality, free from improper workmanship and defective materials in conformance to applicable drawings and specifications.

IBM does not guarantee or warrant, either express or implied, the materials used in workmanship of supplies, materials, equipment or machinery manufactured by third parties and furnished and installed under this Agreement. IBM shall endeavor to obtain from all vendors and suppliers and assign to Owner the customary warranties and guaranties of such vendors and suppliers with respect thereto. IBM shall render reasonable assistance to Owner when requested in order to enable the Owner to enforce such warranties and guaranties by third party manufacturers and suppliers.

There are no other warranties, express or implied, including but not limited to the implied warranties of merchantability and fitness for a particular purpose.

Appendix A

Deliverable Guidelines

A1. Documentation: Monthly Status Reports

Purpose: IBM will provide Status Reports monthly during the project to describe the activities, which took place during that period. Significant accomplishments, milestones and problems will be described.

Delivery: One (1) hard copy will be delivered to the EPISD Project Coordinator within five (5) working days following the reporting period.

Content: The report will consist of the following, as appropriate:

- Activities performed during the reporting period
- Activities planned for the next reporting period
- Project change control summary
- Problems, concerns, and recommendations
- Billing summary

Appendix B

Project Change Control Procedure

When both of us agree to a change in this Statement of Work, a written description of the agreed change (called a "Change Authorization") will be prepared, which both parties must sign. The Change Authorization will describe the change, the rationale for the change, and specify any change in the charges, schedule or other terms. Depending on the extent and complexity of the requested changes, IBM may charge for the effort required to analyze it. When charges are necessary in order to analyze a change, IBM will provide a written estimate and begin the analysis on written authorization. The terms of a mutually agreed upon Change Authorization will prevail over those of this Statement of Work or any previous Change Authorization.



EXECUTED at El Paso, Texas on the day and year first above mentioned:

IBM

EL PASO INDEPENDENT SCHOOL
DISTRICT





Don Kaiser

Yiuo Du

Principal

Executive Director

IBM Global Services

Technology and Information Systems

Houston, Texas

El Paso, Texas

1-18-01

1-18-01

Date

Date



Contract

for the provision of

USF Maintenance Services

Prepared for

El Paso Independent School District (EPISD)

January 18, 2001

The information in this Statement of Work shall not be disclosed outside El Paso Independent School District (EPISD) and shall not be duplicated, used or disclosed in whole or in part for any purpose other than to evaluate the proposal, provided that if a contract is awarded to IBM as a result of or in connection with the submission of this Statement of Work, EPISD shall have the right to duplicate, use or disclose the information to the extent provided by the contract. This restriction does not limit the right of EPISD to use information contained in the Statement of Work if it is obtained from another source without restriction.

TABLE OF CONTENTS

1.0 Executive Overview	3
2.0 Statement of Work	7
2.1 Project Scope.....	8
2.2 Key Assumptions.....	8
2.3 IBM Responsibilities.....	9
2.3.1 Maintenance Project Coordination.....	10
2.3.2 Call-in Dispatch / Technical Maintenance Support (multiple levels)	11
2.3.3 Systems Maintenance Function Implementation.....	12
2.3.3.1 Network Maintenance System Design.....	13
2.3.3.2 Detailed Implementation Design and Test Environment Installation.....	14
2.3.3.3 Deployment of Network Maintenance Framework	14
2.3.3.4 Deployment of Server and Network Monitoring.....	15
2.3.3.5 Inventory.....	15
2.3.3.6 Maintenance Event Consolidation & Automation.....	16
2.3.3.7 Help Desk Problem and Change Maintenance Function.....	16
2.3.3.8 User Administration.....	16
2.3.3.9 Remote Control.....	17
2.4 EPISD Responsibilities.....	17
2.4.1 EPISD Project Management.....	17
2.4.2 Additional Responsibilities.....	17
2.4.3 Federal, State, and Local Laws.....	18
2.5 Deliverables/Documentation.....	18
2.6 Completion Criteria.....	19
2.7 Estimated Schedule.....	19
2.8 Year 2000 Provisions.....	19
2.9 Charges	20
Appendix A. Project Change Control Procedure	22
Appendix B. Systems Maintenance Function Implementation Estimated Timeline for Phased Approach.....	23
Appendix C. Signature Page.....	24

1.0 EXECUTIVE OVERVIEW

The El Paso Independent School district (EPISD) has committed to implement a strategic vision that delivers a superior education environment to its students. IBM's proposal is to provide systems maintenance to EPISD. IBM has provided EPISD with a complete set of assumptions used in this response to provide further definition of our approach. For a detailed explanation of our compliance, please reference the "Solution Overview" and "IBM Response" sections.

The team IBM has assembled is uniquely and exceptionally qualified to assist EPISD to maximize the E-rate eligible components of EPISD's systems maintenance services. With our proven E-rate track record, IBM offers EPISD a dependable and capable partner for Year 4 E-rate.

Our proposed solution plays into the district's long-term *vision*: to be a leader in instructional technology. Elements of EPISD's technological vision as represented in the various RFPs:

- fiber to the classroom
 - infrastructure support for new instructional applications
 - limited two-way and interactive video
 - Internet-based access and applications
 - distance learning

The *guiding principles* of our solution are:

- preparation for migration to a network supporting voice, video and data
- instructional content delivered whenever, wherever needed: to classrooms, desktops, & students
- scalability /modularity
- availability
- maintainability
- industry-leading, dependable, long-term supportable video hardware

Commitment to service and customer satisfaction

IBM takes great pride in being recognized as a leader in delivering high customer satisfaction across all areas of our business. In the Integrated Technology Services organization, IBM performed over 6,000 contracts in 1999 with an average customer satisfaction rating of 92.1%. IBM has demonstrated repeatedly and consistently that our core competency of delivering large, multi-element, complex infrastructure and program management projects results in industry leading customer satisfaction year after year.

IBM's commitment to quality assurance and customer satisfaction is second to none. This commitment is backed by a mature service and support system, developed in over 60 years of business:

- international recognition of our quality processes through ISO 9001 registration
- internal quality measures that provide ongoing analysis of processes and personnel
- continual assessment of customer satisfaction
- corrective and preventive procedures for identifying and resolving problems
- customer satisfaction programs that empower employees to meet customer needs
- global quality commitment.

IBM's well-earned reputation for dependability, reliability, and commitment is unmatched.

Extensive K-12 knowledge and experience

IBM is actively involved in the Schools and Library Division (SLD) E-rate program, both as an industry participant in the development of the fund, and in assisting hundreds of small, medium, and large urban school districts to implement technology plans with E-rate discounts. IBM provides consulting, strategic

planning, design, implementation, and program management services for school districts, including several members of the Council of Great City Schools. The IBM Global Education K-12 web site (<http://www.solutions.ibm.com/k12>) includes SLD program information, news, tips, customer testimonials and references, and pertinent support materials. Our core team of SLD subject matter experts provides EPISD with knowledge and experience drawn from hundreds of IBM personnel and subcontractors who are leveraging SLD today. IBM's knowledge and experience in K-12 education is the collective accumulation of thousands of hours of hands-on involvement between IBMers and the schools they work with across the country, including EPISD .

We have experience at Memphis City Schools, Cleveland Municipal School District, Gallup McKinley County School District and many other E-rate funded school projects. In addition, we are very familiar with the work and the team at EPISD .

IBM's extensive experience in delivering large, complex implementation projects, coupled with our subject matter knowledge of K-12 education, the SLD program, and the El Paso Independent School District , offers El Paso Independent School District a unique advantage in seeking and securing SLD E-rate funding.

Experience in managing large, complex projects

IBM is the largest IT Services company in the world based on our strength of capability and our accountability for the success of the projects we have been engaged to deliver. IBM is usually contracted to be a Systems Integrator, or General Contractor, for the implementation of a technology project.

Specific examples of our experience include large projects such as the Memphis City Schools, Gwinnett County Schools, New York City Board of Education, Cleveland Municipal School District and Edison Schools.

National and global reach, organization structure, processes and presence

To fulfill on EPISD's needs in Systems Maintenance, IBM brings extensive company resources, subcontractors, existing Systems Integration processes and procedures, and the financial strength required to be responsible for this engagement during the E-rate approval and payment processes.

IBM has been working with numerous school districts across the country on large, medium and small projects for internal connections implementation. In pricing these projects, IBM has learned through our experience that projects need to be priced at maximums, or not to exceed prices, rather than minimum prices. We understand that once the 471 application(s) have been made to the SLD that there are no change orders to increase funding allowed. This puts additional pressure on the district, and on a responsible vendor, to provide pricing that ensures the project can be completed, with the services and products defined, on time and within the budget defined through the 471 application. IBM believes that by assuring the district that we can complete the services defined in our response at the price point we've identified, well in advance of when services will actually be delivered, and with significant unknowns, we try to position ourselves as the lowest AND MOST RESPONSIBLE respondent to the district's needs. We recognize this does not always lead to IBM being the lowest priced respondent at first pass of the responses. We've witnessed districts selecting the lowest respondent for services and then be told, once the project has started, that they can't complete the project without additional funds. This puts the district in a position of a) coming up with additional district funds, or b) having the project not be completed. The new rules of SPIN substitutions by the SLD looks like a fix to this dilemma of vendors undersizing or underpricing projects to get the business. Based on our analysis, this rule change does not correct this problem. School districts will now have more flexibility to substitute one vendor's SPIN for another, thus avoiding the feeling of being held 'hostage' by the present SPIN holder. However, to substitute, a new vendor must be willing to provide the services for equal to or less money than was originally applied for. If the first vendor undersized the requirement, the new vendor is even less likely to sign up for the price, given they have less time to implement than the original vendor.

Thus, IBM's position is to price the original scope fairly, accurately, and with an appropriate amount of risk so the district is protected, the project is protected, and IBM's ability to deliver the services the district requires is not compromised.

IBM has agreements in place with national, regional, and local contractors and equipment providers who are ready to perform defined tasks and responsibilities at EPISD . In reviewing our references, you will see how IBM has leveraged this breadth, depth, and reach to perform similar responsibilities for companies and education institutions across the country.

Superior technology skills

IBM Global Services has deployed systems maintenance solutions similar in size and complexity that would meet EPISD's requirements as defined in the RFP. IBM brings to this project the mix of Cisco and Network Specialists necessary to deliver the design, planning, testing, and implementation support defined in the RFP.

Commitment to open standards and multi-vendor solution perspectives

IBM Global Services has deployed extensive solutions for education and commercial clients to solve a wide range of business and instructional requirements. In each case, one of the most important requirements has been for the solutions to support industry-recognized standards and to be completely open and nonproprietary. The industry-standard requirement gives clients access to the greatest amount of technical skills and talent, the best investment protection available, and maximum flexibility to work with any and all vendors / suppliers of technology to meet their requirements. IBM Global Services is completely vendor-neutral when it comes to selection of products and services to meet our clients' needs.

MAINTENANCE OVERVIEW

Your organization depends on system and network availability. Lost system time translates directly into higher operating costs and loss of responsiveness. Many times, loss of service can reflect directly on the Information Technology Division. Efficient service is a necessity. Dedicated, technically-superior service is critical to maintain productivity. IBM proposes to offer the services and maintenance outlined in the following pages through the IBM Global Services group. IBM Global Services is real people solving real problems that help you make sense of technology and help ensure that the business solution you want is the one you get. Our people provide assessment, strategy, design, implementation and operational services to help you manage your host-centric, distributed, desktop and network environments. We also offer performance optimization, capacity planning, testing services, help desk, and a complete set of services for maintenance using appropriate tools and network products. Our expertise and proven methodologies can help you manage your data environment, improve operation and performance and achieve your availability objectives.

IBM Global Services is offering a Total Systems Maintenance (TSM) customized services solution in this proposal for El Paso Independent School District that can supplement EPISD's IT organization by taking on the operational maintenance tasks. The TSM solution provides an operational support plan that is linked directly to your business imperatives. IBM provides the people, the processes and the tools to keep your district in peak performance mode. As the largest services organization in the world, IBM has an extensive amount of experience working with complex, multifaceted projects. Our success stems from our capability and accountability for the success of the projects we have been engaged in. This is true for large engagements and complete system projects, and includes significant experience in the Maintenance Support Office model -- not only in corporate environments, but also specifically in education environments.

In our experience, specifically in large projects such as the State of Ohio SchoolNet Plus project, Memphis City Schools Technology Business Partnership project, Gwinnett County Schools Strategic Technology Partnership project, Austin Independent School District Infrastructure project, Clark County School District (Las Vegas, NV), to name a few. The Maintenance Support Office model, like the one proposed for EPISD, is most useful when:

- v Complex dependencies exist
- v Rigorous quality standards need to be applied
- v Time frames are critical
- v State-of-the-art maintenance function is used
- v Large or disparate groups of people are involved, highlighting the requirement for effective communications
- v Multiple funding sources are involved (including government funding such as USF)
- v Total costs are expected to be high due to the creation and maintenance of an increasingly complex network that integrates older, existing networks with a new state-of-the-art network
- v There are numerous sub-processes which require coordination and the application of consistent planning and delivery standards
- v Technology expertise at the implementation organization/site is limited
- v There is a wide range of technology readiness and requirements within each organization/site
- v Multiple communications vendors/sub-contractors may be selected to provide maintenance goods/services
- v There are both budgetary and skill constraints within the overseeing organization
- v There is a desire to aggregate the buying power of a number of disparate organizations

The key challenges for any large multi-faceted project are that it completes on time, stays within budget and results in a high quality product which satisfies the user. IBM is committed to achieving these objectives for El Paso Independent School District, and will do this by implementing a strong maintenance project coordination approach. We believe the Maintenance Support Office approach, which we have used successfully in each of the references, is uniquely well suited to support and deliver the solutions required by El Paso Independent School District in a cohesive and well-managed environment.

With IBM responsible for maintaining a Maintenance Support Office and overall coordination of the project, EPISD's highly skilled team can be used more effectively in monitoring the overall project and ensuring the schools are using the technology to its maximum effectiveness. IBM will work with EPISD existing Help Desk personnel meeting on a regularly scheduled basis (and as needed) to discuss overall progress, concerns, and to plan improvements to the project as a whole. The Maintenance Support Office will be placed in the Help Desk Center area already designated at EPISD.

2.0 STATEMENT OF WORK

This section defines the Scope of Work to be accomplished by IBM under the terms and conditions of the *IBM Customer Agreement ("Agreement")*. The tasks to be performed by IBM are defined and an estimated schedule is provided. In addition, the responsibilities of El Paso independent school district (EPISD) are listed.

Changes to this Statement of Work will be processed in accordance with the procedure described in "Appendix A, Project Change Control Procedure".

The investigation and the implementation of changes may result in modifications to the Estimated Schedule, Charges, and/or other terms of the *Agreement*.

IBM Overall Maintenance Project Coordinator - Overall responsibility for the Maintenance Support Office. This resource will establish a framework for project communications, reporting, procedural, and contracted activity. Coordination of the execution of the Work Plan staffing requirements, staff coordination, client and project communications is also included in the responsibilities.

IBM Maintenance Support Office Administrative Assistant - This resource will provide documentation to the EPISD team and IBM project team, assist in coordination of schedules, customized invoicing requirements, and generate working reports, as needed.

IBM Dispatch / Level One Call-in Support - This resource will be the initial point of contact and the first to receive calls for EPISD incoming requests. Problem logging, first level troubleshooting and support, warm transfer to level two support functions and dispatch of on-site technical resources for network problem resolution, as required.

IBM Level Two Advanced Network Maintenance Support - This type of resource will act as backup resource for dispatch / level one resources, provide second level advanced technical support for EPISD end users. Additionally, these resources may transfer more technical support issues to more advanced technically skilled /level three resources and / or dispatch of on-site technical resources for network problem resolution. This resource can provide telephone or on-site technical support.

IBM Level Three Advanced Network Maintenance Support - This type of resource functions as an extension of level one and level two technical support resources. This resource will be highly skilled in networking, connectivity and network operating system methodologies and provide both telephone and on-site support, as required to support EPISD's network service level expectations.

IBM Field Technical Network & Web Maintenance Support - The primary responsibility of this type of resource is to provide on-site network problem diagnosis and resolution. Specifically, this resource will be skilled in EPISD installed network related products and software, as well as Cisco products and the installed EPISD environment.

Extended Field Technical Network Support - These resources function as an extension of MSO and IBM Field Technical Network Support. They will take direction from IBM Project Coordination to support EPISD. On-site telephone support includes network, PC's, telecommunications, cellular phones, pagers, web maintenance and voice mail Audix. On-site dispatched technicians provide software and network maintenance support coverage including computer systems, PC's, Networks, and T1 network connectivity throughout the school district.

IBM believes the aforementioned services represent our core competencies, and we look forward to helping EPISD support its network.

The following are incorporated in and made part of this Statement of Work:

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- Appendix A -Project Change Control Procedure
 - Appendix B -Systems Maintenance Function Implementation Estimated Timeline for Phased Approach
 - Appendix C - Signature Document

2.1 Project Scope

The Scope of this project includes assistance with the following activities relating to the El Paso Independent School District (EPISD) Maintenance Support Office (MSO) functions, including:

1. IBM Project Coordination of Maintenance Operations Center and Maintenance Support Office
2. Site and Connectivity Networking services support
3. Network infrastructure support
4. Web Maintenance Support
5. Local Area Network (LAN) maintenance, including network hardware
6. Maintenance procedures supporting networking systems and maintenance, including design, installation, implementation, and customization of network functions.
7. Dedicated technical resources for network maintenance support

2.2 Key Assumptions

This Statement of Work, including charges and schedule estimates, is based on the key assumptions documented within this section. Any changes to these assumptions or other assumptions listed within this SOW, will be processed in accordance with the Project Change Control Procedure in Appendix A.

1. EPISD will provide suitable office space for the Maintenance Support Office (MSO). Desk space, telephones, LAN connections and storage space to properly support the Scope of Work (SOW) should be made available prior to IBM's initiation of the support scoped in this SOW.
2. The Maintenance Support Office (MSO) will use any existing, EPISD owned, problem resolution support software until such time as the support function proposed in this Statement of Work are implemented and tested.
3. IBM will utilize existing warranties and extended warranties on IBM, OEM, and networking equipment. This SOW does not include extended warranties on IBM, OEM, or networking equipment. IBM will provide diagnosis and necessary parts for IBM hardware under warranty as related to network support.
4. This Response contains products that are not manufactured by IBM. All non-IBM products must comply with IBM's safety standards. Should IBM deem that any of the proposed non-IBM products do not meet IBM's safety standards, IBM reserves the right to substitute alternative products as available at equal or better quality subject to EPISD coordination.
5. The Maintenance Support Office (MSO) will operate during normal business hours, 8AM through 5 PM, Monday through Friday. Nights, weekends and holidays are not considered normal business hours, and will be addressed separately.
6. The IBM Overall Maintenance Project Coordinator will be responsible for all project communications related to this scope of work.
7. Travel required to support this SOW is included and will not be charged separately.
8. IBM staffing assumptions are based on this Statement of Work. EPISD will make available appropriate EPISD resources for interaction, feedback, advise so as to allow IBM's ability to respond to scope requirements efficiently as the environment changes over the course of this Statement of Work.