

MASTER SERVICES AGREEMENT

between

**THE STATE OF TEXAS, ACTING BY AND THROUGH
THE TEXAS DEPARTMENT OF INFORMATION RESOURCES**

and

INTERNATIONAL BUSINESS MACHINES CORPORATION

DATED FEBRUARY 24, 2010

ELEVENTH AMENDMENT

EXHIBIT 6

GOVERNANCE MODEL

EXHIBIT 6

GOVERNANCE MODEL

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1.0 INTRODUCTION

- 1.1. The following Attachments are hereby incorporated into and deemed part of this Exhibit and all references in this Agreement including this Exhibit shall be read and understood to include the following attachments:
 - (a) Attachment 6-A: Committee Relationships & Memberships; and,
 - (b) Attachment 6-B: Policies and Procedures Manual Content.
- 1.2. The Department of Information Resources (DIR), an agency of the State of Texas, is responsible for strategic planning and coordination of the State's IT environment.
- 1.3. This Exhibit sets out the governance structure for the Agreement; the roles and responsibilities of both Parties to maintain a working relationship; and the type, content and frequency of the Agreement review meetings. The titles of roles, committees, and councils are working titles reflecting general functions, and titles may change for clarity during implementation of the Agreement.

2.0 ROLES AND RESPONSIBILITIES OF KEY GOVERNANCE TEAM MEMBERS

2.1 DIR

2.1.1 DIR Technology Center Operations Director

Primary responsibilities include:

1. Managing the overall relationship with the Service Provider.
2. Managing the overall relationship with DIR Customers.
3. Approving milestones and critical deliverables.
4. Providing leadership and guidance to the State of Texas governance organization.
5. Working with the Service Provider Account Executive and the Service Provider Account Manager to progress the goals and objectives of the State of Texas.
6. Resolving issues in accordance with the governance escalation procedures.
7. Acting as liaison with the Service Provider's corporate executive leadership and providing guidance on the strategic needs of State of Texas.
8. Approving New Services.
9. Reviewing and approving proposed contract amendments and forwarding to appropriate DIR division for final approval and execution.

2.1.2 DIR Data Center Services Manager

The DIR Data Center Services Manager has primary operational responsibility for the Agreement and monitoring all Service Provider deliverables and commitments.

Primary responsibilities include:

1. Overseeing the strategic and day-to-day delivery of services.
2. Overseeing Service Provider compliance with the obligations of the Agreement.
3. Establishing and maintaining strategic IT Architecture and Standards.
4. Supervising Service Provider deliverable commitments.
5. Overseeing the forecasting and tracking of resource demand.
6. Assuring that Service Provider processes conform to financial and audit standards and controls.
7. Participating in all benefit realization activities.
8. Overseeing Benchmarking activities.
9. Managing the State of Texas governance organization.
10. Resolving outstanding issues and disputes according to the escalation procedures.
11. Reviewing and approving requests that are in excess of pre-established limits.
12. Supervising the Service Provider's performance and compliance against Service Levels and addressing variances.
13. Evaluating Service Level defaults and approving any action plans resulting from service performance failures.
14. Reviewing and recommending for approval the Policies and Procedures Manual.
15. Facilitating long-term IT strategic planning.
16. Approving Data Center business continuity and disaster recovery plan and tests.
17. Supervising Service Provider's security and risk mitigation planning, implementation, and corrective action.

2.1.3 DIR Contract Administrator

The DIR Contract Administrator has primary administrative oversight responsibility for the Agreement, including the monitoring of all reporting and updates to the Agreement.

Primary responsibilities include:

1. Monitoring in detail the Service Provider's compliance with contract terms and conditions, statement of work, service level agreements, and status reporting requirements for critical deliverables.
2. Monitoring in detail the Service Provider's delivery and DIR acceptance of transition and transformation milestones.
3. Acting as the primary resource for answering contract related questions.
4. Developing standard reporting and communication requirements to support contract administration.
5. Coordinating approved contract amendments.
6. Assisting DIR Customers with interpretation of the intent of the Parties concerning the terms and conditions of the Agreement.

7. Assisting in monitoring and confirming that terms and conditions of the Agreement are met by the Parties.
8. Coordinating, documenting, and tracking all addendums and updates to the Agreement that are required during the Term.
9. Ensuring receipt and review of all Service Provider reports required per the Agreement.

2.1.4 DIR Transition/Transformation Manager

The DIR Transition/Transformation Manager has the overall responsibility for fulfilling DIR's obligations under the Transition and Transformation Plans and reports to the DIR Data Center Services Manager.

Primary responsibilities include:

1. Overseeing the Service Provider's development and completion of the Transition Plan and the Transformation Plan.
2. Overseeing implementation of the Transition Plan and the Transformation Plan including managing overall technical and personnel tasks related to Transition and Transformation.
3. Coordinating DIR's and DIR Customers' participation under the Transition Plan, including knowledge transfer and developing or providing application performance metrics.
4. Managing Transformation Plan tasks.
5. Overseeing development of contingency and risk mitigation plans for Transition and Transformation.
6. Reviewing and recommending for approval the Transition Plan and the Transformation Plan to the DIR Technology Center Operations Director and DIR Data Center Services Manager.
7. Managing resolution or escalation of outstanding issues related to Transition or Transformation.
8. Managing status reporting regarding Transition Services and Transformation Services.

2.1.5 DIR Transition/Transformation Representative

The DIR Transition/Transformation Representative(s) has responsibility for monitoring the Service Provider's obligations under the Transition and Transformation Plans and for coordinating DIR and DIR Customers' participation. The DIR Transition/Transformation Representative reports to the DIR Transition/Transformation Supervisor.

Primary responsibilities include:

1. Monitoring in detail the Service Provider's technical and personnel Transition and Transformation activities.
2. Acting as the primary liaison between the Service Provider and DIR Customer regarding Transition and Transformation planning and execution.
3. Assisting with Service Provider's development of the Transition Plan and the Transformation Plan, including facilitating DIR Customer participation.
4. Coordinating DIR Customer resources required for Transition and Transformation execution.
5. Assisting Service Provider in developing contingency and risk mitigation plans for Transition and Transformation.

6. Monitoring and reporting status of Transition and Transformation execution.

2.1.6 DIR Service Representative

The DIR Service Representative(s) has the responsibility for acting as the primary liaison between DIR Customers and the Service Provider.

Primary responsibilities include:

1. Assisting DIR Customers with development of requirements related to Services.
2. Advocating and communicating DIR Customer requirements, priorities, and plans to the Service Provider.
3. Providing support to DIR Customers concerning questions and issues arising from the delivery of Services.
4. Understanding the business requirements of DIR Customers in the context of the DIR Customers' business environments and facilitating translation of business requirements into effective technical solutions.
5. Acting as the primary liaison between DIR Customers and the Service Provider's organization regarding Service Level issues, management issues, and escalated performance issues.
6. Coordinating with DIR Customers and the Service Provider regarding problem analysis/resolution and change management

2.1.7 DIR DCS Financial Administrator

The financial management of the Agreement is critical to assure accuracy of all related financial transactions and that proper financial and audit controls are in place during the term of the Agreement. The DIR DCS Financial Administrator has overall coordination responsibilities for the DIR financial activities related to the Agreement and the delivery of services.

Primary responsibilities include:

1. Establishing and managing the overall budget in connection with the Agreement.
2. Monitoring to ensure that savings objectives for the Agreement are being met.
3. Participating in all benefit realization activities.
4. Reviewing financial analysis for all Service Provider sponsored initiatives to ensure financial viability.
5. Assisting in and supporting, as needed, the review of monthly charges to assure the accuracy of Service Provider charges, DIR or DIR Customer retained costs, and/or pass-through expenses.
6. Ensuring that anticipated and agreed-upon Service Provider financial responsibilities are not converted to DIR or DIR Customer retained and/or pass-through expenses.
7. Investigating variances in forecasted expenses or usage.
8. Providing financial analysis of all proposed New Services.
9. Coordinating the DIR charge back processes and systems.
10. Obtaining evidence that the Service Provider and all subcontractors of the Service Provider have the necessary internal financial controls in place to comply with the Sarbanes-Oxley Act of 2002.

2.1.8 DIR Tower Lead(s)

The DIR Tower Lead(s) will have the primary responsibility to monitor and support the Service Provider's performance of the Services associated with each Tower within the scope of the Agreement.

Primary responsibilities include:

1. Monitoring all Service Levels and contractual commitments for the respective Tower.
2. Assisting both DIR and the Service Provider with forecasting resource requirements.
3. Providing support to DIR and DIR Customers in accordance with the Problem Management process, as described in the Exhibit 2.1 (Cross-Functional – General Services).
4. Reviewing, endorsing, and forwarding for approval specific plans as they relate to Change Management activities for a Tower.
5. Reviewing and validating disaster recovery tests and audits performed by the Service Provider.
6. Providing overall guidance to the Service Provider account team in regard to the technical and operational needs of DIR and DIR Customers.
7. Participating in Benchmarking activities.
8. Recommending modifications to DIR information technology infrastructure standards.

2.1.9 Customer Representative

The Customer Representative(s) (one primary per DIR Customer) is an employee of a DIR Customer and will have primary responsibility to interface with DIR's data center services organization (Statewide Technology Operations) for all contractual matters, Service Level matters, and escalated issues.

Primary responsibilities include:

1. Collaborating with DIR Service Representatives in developing and communicating DIR Customer requirements, priorities, and plans related to Services.
2. Coordinating DIR Customer questions and issues arising from the delivery of Services and communicating with the DIR Service Representative to address these matters.
3. Providing interface to the Service Provider concerning day-to-day operational matters.
4. Participating in problem resolution and change management activities and coordinating DIR Customer resources related to Services.
5. Coordinating DIR Customer resources to support Transition/Transformation, including knowledge transfer, application performance metrics, testing, and related activities.

2.2 Service Provider

2.2.1 Service Provider Account Executive

The Service Provider will delegate authority and responsibility to the Account Executive to deliver all Services from the Service Provider to DIR.

Primary responsibilities include:

1. Managing the overall relationship regarding the Service Provider and DIR.

2. Assuring the successful transition of the Agreement to operational status.
3. Ensuring that the Service Provider fulfills all of its obligations under the Agreement.
4. Working with the DIR to establish, manage, and meet commitments, requirements, and expectations.
5. Working with DIR executives to align the delivery of Services with the strategic needs of the State of Texas. Such activities will be performed with the full participation of the DIR Data Center Services Manager.
6. Informing DIR about new corporate capabilities and developments within the Service Provider's organization, and proposing ideas and solutions that will provide ongoing benefit to DIR. The Service Provider shall not market service directly to DIR Customers.

2.2.2 Service Provider Account Manager

The Service Provider Account Manager will have primary business operating performance responsibility for the account and will assure that all delivery commitments and deliverables required under the Agreement are provided to DIR. The Account Manager will have primary contract management oversight responsibility for the Agreement.

Primary responsibilities include:

1. Working with the DIR Data Center Services Manager to manage and meet commitments, requirements, and expectations.
2. Ensuring that all Service Levels are met.
3. Ensuring that the Service Provider's performance requirements as they relate to DIR and DIR Customer business requirements and business objectives are satisfied.
4. Assuring operational compliance with the Agreement and ensuring that the Service Provider fulfills its obligations under the Agreement, including all obligations relating to deliverables.
5. Establishing and executing the account management disciplines, business management processes, quality assurance processes, and associated reporting.
6. Ensuring prompt identification and resolution of Service delivery issues.
7. Ensuring that the Service Provider's performance meets requirements as they relate to the State of Texas strategic business planning (business and architecture, strategic options, business assessment, business operating plans).
8. Managing selection of subcontractors.
9. Managing communications with DIR.
10. Overseeing implementation of the performance reports and managing the monthly reporting.
11. Establishing Service Provider operational metrics including but not limited to monitoring, oversight, and benefit realization reporting.
12. Participating in benefit realization activities.
13. Establishing Service Provider Benchmarking methodology and executing Benchmarking in accordance with the Agreement.
14. Introducing the Service Provider's processes and delivery models to the account; modifying them to meet DIR standards; and implementing the modified processes and models.

15. Overseeing provision of training as required by the Agreement.
16. Implementing and managing an ongoing process of surveying customer satisfaction at intervals designated in the Agreement and reporting survey results and proposed actions.
17. Ensuring delivery of all data required to track and document the realization of the anticipated benefits of this Agreement as part of benefit realization reporting.
18. Staffing and leading the Service Provider management team and project staff.

2.2.3 Service Provider Transition/Transformation Manager

The Service Provider Transition/Transformation Manager has the overall responsibility for the successful transition of the Transitioned Personnel to the Service Provider account team while ensuring that Service Levels and DIR satisfaction are maintained.

Primary responsibilities include:

1. Establishing the account infrastructure necessary to operate the account including all financial, human resources, security, facilities, and communication.
2. Developing and implementing the Transition Plan and Transformation Plan.
3. Installing all Service delivery processes and ensuring that the Service Level reporting mechanisms are established and operational.
4. Managing selection of subcontractors related to Transition and Transformation.
5. Integrating all Transitioned Personnel seamlessly into the Service Provider's organization or its subcontractors' organizations.

2.2.4 Service Provider Service Delivery Representative(s)

The Service Provider Service Delivery Representative(s) will have the primary responsibility to deliver the Services associated with each Tower within the scope of the Agreement.

Primary responsibilities include:

1. Meeting all contractual commitments, including Service Levels, Statement of Work, reporting requirements, etc., for the respective Tower(s).
2. Providing support to DIR and Authorized Users in accordance with the Problem Management process, as described in the Exhibit 2.1 (Cross-Functional – General Services).
3. Providing all Service Level reporting to the applicable service control function.
4. Implementing and meeting the requirements of the business continuity and disaster recovery plans.

2.2.5 Service Provider Account Finance Manager

The Service Provider Account Finance Manager will have primary responsibility for financial, billing, finance related contractual compliance and management functions.

Primary responsibilities include:

1. Providing the monthly invoice and all account billing and reporting functions.

2. Providing all Service Provider contract administration to assure fulfillment of Service Provider deliverables.
3. Managing other administrative functions including security, facilities, contracts, and New Services as appropriate.
4. Providing all financial reporting, including exception reporting, to DIR, in accordance with Exhibit 4.
5. Ensuring that financial controls are in place to ensure Service Provider and all subcontractors comply with the Sarbanes-Oxley Act of 2002.
6. Participating in benefit realization activities.

2.2.6 Service Provider Human Resource Manager

The Service Provider Human Resource Manager for the DIR account will have account management responsibilities for all personnel policies and process administration.

Primary responsibilities include:

1. Administering all personnel administration and employment policies for the account.
2. Coordinating the transition of Affected Employees to employment with the Service Provider or its subcontractors.
3. Managing human resources issues related to the account.
4. Providing the recruitment and placement function for the account, either directly or in concert with a recruiter.
5. Coordinating the employment and HR related communication for the account.
6. Addressing personnel matters on the DIR account (serving as the point of contact to the DIR Data Center Services Manager and Transition/Transformation managers on personnel issues).

3.0 COMMITTEES AND TEAMS

1. The DIR Executive Steering Committee will provide strategic business oversight and ensure that the Agreement achieves the Service delivery objectives, working with Service Provider Executives to achieve these objectives. This committee will direct the DIR and Service Provider relationship and guide the DIR Data Center Services Manager and the Service Provider Account Manager in decisions that directly affect this Agreement.
2. The DIR Data Center Services Manager and the Service Provider Account Manager will act as liaisons with the DIR Executive Steering Committee and will monitor and resolve, where possible, any issues raised by the DIR Service Representative(s) or Tower Lead(s) and the Service Provider Service Delivery Representative(s).
3. The appropriate DIR Service Representative(s) and Service Provider Service Delivery Representative(s) will carry out the day-to-day coordination of Service delivery in collaboration with DIR Tower Lead(s), and will include other DIR representatives, including DIR Customer personnel as required.
4. As requested by the various governance committees and councils, the Service Provider will develop proposed processes for operations and performance management for review, comment, and approval, as appropriate.

3.1 DIR Executive Steering Committee

Prior to the Effective Date, the Parties will establish a DIR Executive Steering Committee. The initial model for Data Center Services governance is represented in Attachment 6A.

The DIR Executive Steering Committee will have executive management and strategic oversight responsibility for the Agreement and for the relationship between the Parties.

The DIR Executive Steering Committee will meet internally on a monthly basis to address a broad range of DIR technology issues. On a quarterly basis, the DIR Executive Steering Committee, including the Service Provider Account Executive, Account Manager, the Chair of the Data Center Services Advisory Council, and the Co-chairs of the Data Center Services Technical Steering Committee, will meet to address matters specifically related to the Agreement.

3.1.1 Members

The DIR Executive Steering Committee when meeting to address Data Center Services matters shall be chaired by the DIR Deputy Executive Director – Operations and Statewide Technology Sourcing and will be comprised of the following:

- DIR Deputy Executive Director – Data Center Services
- DIR Deputy Executive Director – Operations & Statewide Technology Sourcing
- DIR Technology Center Operations Director,
- DIR Chief Financial Officer,
- DIR General Counsel,
- DIR Communications Technology Services Director,
- DIR E-Government and IT Policy Director,
- DIR Chief Information Security Officer
- Data Center Services Advisory Council Chair,
- Data Center Services Technical Steering Committee Co-chairs,
- Service Provider Account Executive,
- Service Provider Account Manager, and
- Other DIR and Service Provider personnel as deemed appropriate by the Parties.

3.1.2 Key Responsibilities

The responsibilities of the DIR Executive Steering Committee include:

1. Ensuring business alignment between the Parties, analysis of DIR and Service Provider business plans, and oversight of new or modified Services during the Term.
2. Approving strategic requirements and plans associated with the Services or New Services during the Term.
3. Delegating and periodically reviewing the authority and composition of the Data Center Services Management Committee (discussed in Section 3.2 below) and other committees.
4. Providing strategic direction and approving Data Center Services Management Committee reports and recommendations, including review and/or approval of the following:

- 4.1. Transition Plan and Transformation Plan implementation, including progress and achievement of Critical Deliverables and key activities.
- 4.2. Service Level reports, planned interventions to address deficiencies, status reports on intervention(s) underway, and proposed service improvements.
- 4.3. Continuous improvement initiatives and quality assurance processes.
- 4.4. Benefit realization status reports and recommendations for enhanced benefit realization.
- 4.5. Financial performance and outcomes.
- 4.6. Customer satisfaction survey results and proposed corrective action plans.
- 4.7. Audit results and proposed corrective action plans to address deficiencies.
- 4.8. Benchmarking results and proposed changes recommended in response to these results.
5. Resolving issues escalated by the Data Center Services Management Committee.

3.1.3 Reports

1. Ad-hoc Reports
2. Minutes

3.1.4 Meetings

The DIR Executive Steering Committee will meet quarterly (at a minimum), or such other regular intervals subsequently agreed between the Parties to address Data Center Services matters concerning the Services and Agreement.

3.2 Data Center Services Management Committee

Prior to the Effective Date, the Parties will establish a Data Center Services Management Committee and designate the members of the committee. The initial model for Data Center Services governance is represented in Attachment 6A.

3.2.1 Members

The Data Center Services Management Committee shall be chaired by the DIR Data Center Services Manager and will be comprised of the following:

DIR Data Center Services Manager,
DIR Transition/Transformation Manager,
DIR DCS Financial Administrator,
DIR Contract Administrator,
Service Provider Account Manager,
Service Provider Transition/Transformation Manager,
Service Provider Account Finance Manager, and
Other DIR and Service Provider personnel as deemed appropriate by the Parties.

3.2.2 Authority

Subject to direction and approval from the DIR Executive Steering Committee and to the authority derived from the Change Control Procedures to be approved by DIR, the Data Center Services Management Committee will have general authority and responsibility regarding:

1. Recommending changes to the Agreement for approval by the DIR Executive Director.
2. Recommending to the DIR Executive Steering Committee additions, modifications, and/or removal of Services covered by the Agreement.
3. Operational, technical, financial, and general management oversight of the Agreement.
4. Resolving issues escalated by the DIR Service Representatives or Service Provider Service Representatives.
5. Forming subcommittees for any purpose deemed appropriate with the approval of the DIR Executive Steering Committee.

3.2.3 Key Responsibilities

The responsibilities and authorities of the Data Center Services Management Committee will be determined and delegated in each case in accordance with the authority outlined in Section 3.2.2 above.

The responsibilities of the Data Center Services Management Committee include:

1. Managing the performance of the Parties' respective roles and responsibilities under the Agreement.
2. Implementing the Agreement.
3. Managing risks and opportunities for improvement.
4. Monitoring Service delivery and Transition activities.
5. Considering and approving, where possible, operational and technical changes in accordance with the Change Management requirements set out in Exhibit 2.1 (Cross-Functional – General Services).
6. Considering and recommending changes to the Agreement and to the Services in accordance with the Change Control procedures to be approved by DIR.
7. Seeking to resolve escalated issues in accordance with Section 5.0 (Issue Escalation Procedures) in this Exhibit.
8. Approving summary reports prepared by the Service Provider as set out in Exhibit 13 (Reports) and submitting them for DIR Executive Steering Committee review.
9. Monitoring and reviewing the ongoing status of Third Party Contracts as appropriate.
10. Implementing recommendations of the DIR Executive Steering Committee relating to the Services and/or the Agreement.
11. Ensuring the implementation of process, infrastructure, financial, and resource plans.
12. Reviewing business proposals as submitted by DIR and DIR Customers and/or Service Provider personnel.
13. Recommending new proposals to the DIR Executive Steering Committee.

14. Providing advice and direction for performance improvement.
15. Delegating any powers it considers appropriate to subcommittees.
16. Reviewing and making recommendations regarding the following and reporting, as required, to the DIR Executive Steering Committee with respect to:
 - 16.1. Performance against Service Levels, as well as status of Service Level Credits and Earnback described in Exhibit 3 (Service Levels).
 - 16.2. Continuous improvement initiatives and quality assurance processes.
 - 16.3. Proposals for reset of Service Levels.
 - 16.4. Review of financial performance.
 - 16.5. Proposed pricing adjustments.
 - 16.6. Draft customer satisfaction surveys, survey results, and Service Provider proposed plans for mitigation.
 - 16.7. Audit results.
 - 16.8. Benchmarking results.
 - 16.9. Benefit realization results.

3.2.4 Reports

1. Summary Executive Reports.
2. Service Level Reports.
3. Transition Reports.
4. Minutes.

3.2.5 Meetings

The Data Center Services Management Committee initially will meet weekly, and subsequently at regular intervals agreed between the Parties, to review and address:

1. Contract management and Change Control.
2. Service delivery.
3. Transition management (as required).
4. Transformation management (as required).
5. Change Management.
6. Strategic technology plans proposed by the Data Center Services Technical Steering Committee.
7. Benefit realization.
8. Escalated issues.

3.3 Data Center Services Technical Steering Committee

As soon as reasonably practicable following the Effective Date, a Data Center Services Technical Steering Committee will be established by the Parties.

The Data Center Services Technical Steering Committee will meet quarterly, and at other times as agreed between the Parties.

It is agreed that the Data Center Services Technical Steering Committee shall not be involved in day-to-day operational issues.

3.3.1 Members

The Data Center Services Technical Steering Committee shall be co-chaired by the DIR Data Center Services Manager and a DIR Customer IT Director. The Data Center Services Technical Steering Committee shall be comprised of the following:

- DIR Data Center Services Manager,
- DIR Customer IT Director (selected as co-chair),
- DIR Customer IT Directors (5 - selected by Data Center Services Advisory Council members),
- DIR Data Center Services Advisory Council Chair,
- DIR E-Government and IT Policy Division Representative,
- DIR Chief Information Security Office Representative,
- DIR Communications Technology Services Division Representative,
- Service Provider Senior Technology Architect for the account,
- Service Provider Account Manager, and
- Other appropriate DIR and Service Provider subject matter experts as needed.

3.3.2 Key Responsibilities

The responsibilities of the Data Center Services Technical Steering Committee include:

1. Reviewing and recommending alignment of the Service Provider's technology plans and strategic direction with the State Strategic Plan for Information Resources Management, DIR's Information Technology (IT) strategy and policies, and State of Texas enterprise needs. This committee will escalate all issues arising from reviews to the Data Center Services Management Committee and/or the DIR Executive Steering Committee for review and resolution.
2. Researching, developing, reviewing and recommending technical initiatives to address business problems and opportunities as agreed by the DIR Executive Steering Committee and/or the Data Center Services Management Committee.
3. Providing advice and recommendations to the Data Center Services Management Committee for technical improvement related to delivery of Services. Making recommendations directly to DIR and Service Provider on issues affecting the technical infrastructure that supports the State of Texas business operations under the Agreement.
4. Reviewing technical policy standards and making recommendations to the Data Center Services Management Committee
5. Reviewing any proposals for reductions in the costs of the Services driven by new technology.

3.4 Business Leadership Council

As soon as practicable following the Effective Date, the DIR Executive Director will establish a Business Leadership Council. Executive Directors/Commissioners of DIR Customers will be invited to participate in Business Leadership Council meetings. With the approval of the DIR Executive Director, a State Agency Executive Director/Commissioner may designate a senior-level agency executive to act as a representative on the Council.

3.4.1 Key Responsibilities

The Business Leadership Council will be a vehicle for effective communication between DIR Customer executive business leaders and the State's Chief Technology Officer to address advancing business objectives through technology and exploring the full range of DIR services, including Data Center Services.

The Service Provider Account Executive and Account Manager will attend Business Leadership Council meetings at the request of the DIR Executive Director and fully participate, whenever Data Center Services related matters are on the meeting agenda.

3.4.2 Meetings

The Business Leadership Council will meet quarterly or at intervals scheduled by the DIR Executive Director.

3.5 DIR Stakeholder Forum

Within one year of the Commencement Date, DIR will hold a DIR Stakeholder Forum open to representatives from all DIR Customers, including those using Data Center Services. The Forum will convene annually and will provide overview and update information oriented to the executive and program leaders of DIR Customers or potential DIR Customers on a broad range of technology related topics, including Data Center Services.

In coordination with DIR staff, the Service Provider Account Executive, Account Manager and other knowledgeable Service Provider staff will offer informational and educational presentations to the Forum.

3.6 Data Center Services Advisory Council

As soon as reasonably practicable following the Effective Date, DIR and DIR Customers will establish a Data Center Services Advisory Council.

3.6.1 Members

The Chair of the Data Center Services Advisory Council will be elected by the Council from among its members. The Data Center Services Advisory Council will be comprised of the following:

- DIR Customer IT Directors from participating state agencies

- DIR Technology Center Operations Division Director

- DIR Data Center Services Manager

Service Provider Account Manager

3.6.2 Meetings

The Data Center Services Advisory Council will meet bi-weekly to monthly, or at intervals agreed to by members of the Council.

3.6.3 Key Responsibilities

The key responsibilities of the Data Center Services Advisory Council will include the following:

1. The Data Center Services Advisory Council will offer advice and counsel to DIR as the contracting entity on behalf of the State of Texas as well as the DIR Executive Steering Committee, the Data Center Services Management Committee, and the Data Center Services Technical Steering Committee.
2. Data Center Services Advisory Council meetings will provide a communication forum for DIR Customers to offer input and feedback to joint DIR and Service Provider presentations addressing plans, overview status reports, outcome reports, and other timely topics concerning the Services.
3. The Service Provider will make appropriate and knowledgeable staff available to participate in Data Center Services Advisory Council meetings and presentations and to discuss matters of interest to DIR Customers.

4.0 POLICIES AND PROCEDURES MANUAL

This Section sets out the requirements for the Policies and Procedures Manual and the process by which the Policies and Procedures Manual will be finalized.

Attachment 6-B (Policies and Procedures Manual Content) to this Exhibit contains the general content and high-level description of the Policies and Procedures Manual. It is provided to indicate the proposed content and organization of the Policies and Procedures Manual.

The requirements related to the Policies and Procedures Manual are as follows:

1. The Parties and DIR Customers will develop and follow specific procedures during the Term, which are to be set out in a Policies and Procedures Manual.
2. The Policies and Procedures Manual will not contradict the provisions of this Agreement. If there is any discrepancy between the Policies and Procedures Manual and the Agreement, the terms in the Agreement will prevail.
3. The Service Provider, DIR, and DIR Customers will jointly use the Policies and Procedures Manual to enable close cooperation and communication.
4. The Policies and Procedures Manual will address checkpoint reviews, testing, acceptance, and other procedures for DIR to assure the quality of the Service Provider's performance.
5. The Service Provider will indicate its compliance with the general content and organization of the Policies and Procedures Manual as described in Attachment 6-B (Policies and Procedures Manual Content), or describe any proposed modifications.

4.1 Content Required Prior to the Commencement Date

The Service Provider's responsibilities include:

1. Developing, with the assistance and approval of DIR, the content of the Policies and Procedures Manual that is required prior to the Commencement Date as indicated in Attachment 6-B (Policies and Procedures Manual Content) to this Exhibit.
2. Completing draft one at least thirty (30) days prior to the Commencement Date.
3. Providing DIR with fifteen (15) business days to make comments and changes to the content.
4. Making changes requested by DIR prior to the Commencement Date.
5. Receiving DIR's final approval prior to the Commencement Date.

4.2 Content Required After the Commencement Date

The Service Provider's responsibilities include:

1. Developing the remainder of the Policies and Procedures Manual that is required after the Commencement Date as indicated in Attachment 6-B (Policies and Procedures Manual Content) to this Exhibit with the assistance and approval of DIR.
2. Completing the content in the remaining phases within three months and six months of the Commencement Date as designated by DIR.
3. Providing DIR with thirty (30) business days to make comments and changes to the content of each of the subsequent phases.
4. Making changes requested by DIR within fifteen (15) business days after receipt from DIR, and submitting the changes for approval from DIR.

5.0 ISSUE ESCALATION PROCEDURES

From time to time, issues will arise that cannot be resolved at the various levels of management within the DIR and Service Provider teams. These issues may involve obligations of a Party, performance, commercial issues, personnel, etc.

It is the intent of DIR and the Service Provider to resolve issues in a constructive way that reflects the concerns and interests of each Party. Both Parties' primary objective and intent is to have issues resolved by the appropriate levels of authority without the need for escalation. With this in mind, the following steps are to be followed:

1. **Notification:** Either Party may decide that escalation is desirable when resolution of an issue appears unachievable at the current management or organizational level. In this case, the Party desiring escalation provides written notice via email of its intention to the member(s) of the other Party currently involved in the dispute. At either Party's request, the Parties currently engaged in attempting to resolve the issue shall meet again to attempt resolution of the issue prior to escalation to the next level. When and if the issue cannot be resolved at the current management or organizational level, the issue will then be escalated after good faith attempts by both Parties to resolve the issue at the current level.
2. **Documentation:** Both Parties will jointly develop a short briefing document called *Statement of Issue for Escalation* that describes the issue, relevant impact and positions of both Parties.
3. **Request for Assistance:** A meeting will be scheduled with appropriate individuals as described below (phone or videoconference in most cases). *The Statement of Issue for Escalation* will be sent in advance to the participants.

4. It is the intention of DIR and Service Provider that issues are escalated for review and resolution to the next level of management as follows:
 - 4.1. The DIR Data Center Services Manager and the Service Provider Account Manager.
 - 4.2. The DIR Technology Center Operations Director and the Service Provider Account Executive.
 - 4.3. If either Party believes that resolution is not possible without further escalation, the issue may be further escalated to the formal dispute resolution process set forth in the Agreement.
5. **Issue Review:** Following review and resolution the decision shall be documented and returned to both Parties.