

Contract #060331

For

**Microsoft Large Account Reseller
Services**

Between the

Center for Information Services

And

Software House International

Effective Date: _____

CONTRACT

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Exhibit A: Request for Quotation
Exhibit B: Vendor's Proposal

Note: *Exhibits A and B are not attached but are available upon request from the CIS Contract Administrator*

CONTRACT NUMBER 060331

PARTIES

This Contract is entered into by and between the State of Washington, acting by and through the Center for Information Services, an agency of Washington State government (hereinafter referred to as "CIS") located at 3101 Northup Way, Bellevue, WA 98004-1449 and Software House International, a corporation, with TIN 22-3009648 licensed to conduct business in the State of Washington under UBI 601-639-984 (hereinafter referred to as "Vendor"), located at 2 Riverside Drive, Somerset, NJ 08873 for the purpose of providing Microsoft Large Account Reseller (LAR) Services.

RECITALS

WHEREAS, the State of Washington, acting by and through CIS, conducted a Technology Assessment competitive solicitation (Exhibit A) as specified in the State of Washington Information Services Board (ISB) Information Technology Investment Standards to provide Microsoft LAR Services in accordance with its authority under chapter 43.105 RCW; and,

WHEREAS, Software House International submitted a timely proposal to CIS's competitive solicitation (Exhibit B); and,

WHEREAS, the Vendor Evaluation and Selection Team (VEST), consisting of representatives from several Colleges, evaluated all proposals properly submitted in response to the above-referenced competitive solicitation and has identified Software House International as the apparent successful Vendor; and,

WHEREAS, CIS has determined that entering into a Contract with Software House International will meet the needs of the Purchasers and will be in the Purchasers' best interest;

NOW THEREFORE, CIS awards to Software House International this Contract which shall govern Vendor's furnishing of Microsoft LAR Services as indicated on the schedule titled, Authorized Services and Price List (attached hereto as Schedule A), in accordance with the terms and conditions of this Contract. This Contract is not for personal use.

IN CONSIDERATION of the mutual promises as hereinafter set forth, the parties agree as follows:

1. DEFINITIONS

Definitions as used throughout this Contract shall have the meanings set forth below.

“Business Days and Hours” shall mean Monday through Friday, 8:00 a.m. to 5:00 p.m., Pacific Time, except for holidays observed by the State of Washington.

“CIS” shall mean the same as the Center for Information Services.

“CIS Contract Administrator” shall mean that person designated by the CIS to administer this Contract on behalf of Purchasers as further defined in the section titled CIS Contract Administrator.

“Contract” shall mean this document, all schedules and exhibits, and all amendments hereto.

“Delivery Date” shall mean the date by which the Software ordered hereunder must be delivered.

“Execution Date” shall mean the date of the last signature of a party to this Contract.

“Exhibit A” shall mean the competitive solicitation issued by the Center for Information Services on January 25, 2006.

“Exhibit B” shall mean the Vendor’s response dated February 21, 2006.

“FEIN” shall mean the Vendor’s Federal Employer Identification Number.

“License” shall mean the right to use the Software that is granted by this Contract and governed by its terms and conditions.

“Licensed Software” shall mean Software that is licensed pursuant to this Contract.

“Order Document” shall mean any official Purchaser document and attachments thereto specifying the Software to be purchased from the Vendor under this Contract.

“Purchaser” shall mean the State of Washington, CIS, and the Community and Technical Colleges, including the State Board for Community and Technical Colleges, and the four-year public higher education institutions of the State of Washington.

“RCW” shall mean the Revised Code of Washington (Washington State Law).

“Related Services/Services” shall mean those Services provided under this Contract that are appropriate to the scope of this Contract.

“Software” shall mean the object code version of computer programs and any related documentation, excluding maintenance diagnostics.

“Specifications” shall mean the technical and other specifications set forth in the Technology Assessment competitive solicitation, Exhibit A, and any additional specifications set forth in Vendor’s Response, Exhibit B, collectively.

“SSN” shall mean the Vendor’s Social Security Number if used in lieu of Federal Employer Identification Number as the Vendor’s Federal Tax Identification Number.

“TIN” shall mean the Vendor’s Federal Tax Identification Number which may be either FEIN or SSN.

“UBI” shall mean the Vendor’s Uniform Business Identifier issued by the Washington State Department of Revenue.

“Vendor” shall mean Software House International, its employees and agents. “Vendor” also includes any firm, provider, organization, individual, or other entity performing Services under this Contract. It shall also include any Subcontractor retained by Vendor as permitted under the terms of this Contract.

“Vendor Contract Administrator” shall mean a representative of the Vendor who is assigned as the primary contact person with whom the CIS Contract Administrator shall work for the duration of this Contract unless replaced, with advance CIS approval, by another representative.

CONTRACT TERM

2. License Grant

- 2.1. No software licenses are granted pursuant to this Contract. Instead, software licenses are governed exclusively by contracts that exist between CIS and Microsoft.
- 2.2. Vendor warrants that they are a certified Microsoft Large Account Reseller (LAR) and are able to provide to Purchaser non-exclusive, non-transferable, irrevocable licenses to use Microsoft Software and related documentation according to the terms and conditions of this Contract unless stated otherwise.
- 2.2. Purchaser will not decompile or disassemble any Software provided under this Contract or modify Software which bears a copyright notice of any third party.

3. Term of Contract

- 3.1. Initial Term. The initial term for purchases under this Contract shall be one (1) year, commencing upon the date of its execution by both the parties. The Execution Date of this Contract shall be the date of the last signature hereto.
- 3.2. Subsequent Term. The term of this Contract may be extended by additional one (1) year terms unless terminated by CIS by giving written notice of its decision not to renew to the Vendor not less than thirty (30) calendar days prior to the expiration of the then current Contract term. No change in terms and conditions shall be permitted during these extensions unless specifically set forth in this Contract.

4. Survivorship

All transactions executed pursuant to the authority of this Contract shall be bound by all of the terms, conditions, price discounts and rates set forth herein, notwithstanding the expiration of the initial term of this Contract or any extension thereof. Further, the terms, conditions, and warranties contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive. In addition, the terms of the sections titled Disputes, Limitation of Liability, Patent and Copyright Indemnification, and Protection of Purchaser's Confidential Information shall survive the termination of this Contract.

PRICING, INVOICE, AND PAYMENT

5. Pricing

- 5.1. The Vendor agrees to provide the Software and Related Services at the costs, rates, and fees set forth in the Authorized Product and Price List

attached as Schedule A to this Contract. No other costs, rates, or fees shall be payable to the Vendor.

- 5.2. At least one hundred-twenty (120) days before the end of the then current term of this Contract, license term, or term of maintenance and support, the Vendor may propose license fees and maintenance and support (Service) rate increases by written notice to the CIS Contract Administrator. Price adjustments will be taken into consideration by the CIS Contract Administrator when determining whether to extend this Contract.

6. Taxes

The Purchaser will pay sales and use taxes imposed on the Software, Maintenance or Related Services acquired hereunder. The Vendor must pay all other taxes including, but not limited to, Washington Business and Occupation Tax, taxes based on the Vendor's income, or personal property taxes levied or assessed on the Vendor's personal property to which the Purchaser does not hold title. Purchaser, as an agency of the Washington State government, is exempt from property tax.

7. Invoice and Payment

Invoices for work performed shall be submitted, in writing to the Purchaser, in a format designated by the Purchaser. Each college will submit a purchase order to vendor and be invoiced directly. In addition to agreed-upon charges, invoices shall include such information as is necessary for Purchaser to determine the exact nature of all expenditures and shall reference this Contract number **060331**. Additional payment terms or invoice instructions may be agreed upon by the Purchaser and the Vendor. Each college will submit a purchase order to vendor and be invoiced directly.

- 7.1. The Vendor will submit properly itemized invoices and/or vouchers to the Purchaser. Invoices shall provide and itemize, as applicable:
 - a) Contract number 060331;
 - b) Description of Software, including quantity ordered;
 - c) Net invoice price for each item;
 - d) Applicable taxes;
 - e) Shipping costs;
 - f) Other applicable charges;
 - g) Total invoice price; and
 - h) Payment terms including any available prompt payment discounts.
- 7.2. Such payments shall be due and payable within thirty (30) calendar days after receipt of properly prepared invoices.
- 7.3. Incorrect or incomplete invoices will be returned by the Purchaser to the Vendor for correction and reissue.
- 7.4. This Contract number 060331 must appear on all invoices, bills of lading, packages, and correspondence relating to this Contract. The Purchaser shall not honor drafts, nor Accept goods on a sight draft basis.

7.5. If the Purchaser fails to make timely payment, Vendor may invoice the Purchaser one percent (1%) per month on the amount overdue or a minimum of \$1.00. Payment will not be considered late if a check or warrant is postmarked within thirty (30) calendar days of receipt of Vendor's properly prepared invoice.

8. Overpayments to Vendor

Upon notice thereof, Vendor shall promptly refund to Purchaser the full amount of any erroneous payment or overpayment to which Vendor is not entitled pursuant to this Contract.

Vendor Responsibilities

9. Software Ownership

Purchaser does not acquire any rights, express or implied, in the Software, other than those specified in the Microsoft Master Academic Select Agreement or the Campus Agreement, which are administered by CIS. Vendor, as reseller, hereby warrants and represents to Purchaser as licensee that the Vendor's supplier is the owner of the Software licensed hereunder or otherwise has the right to grant to Purchaser the licensed rights to the Software provided by Vendor through this Contract without violating any rights of any third party, and that there is currently no actual or threatened suit by any such third party based on an alleged violation of such right by Vendor.

10. Software Delivery

10.1 The Vendor shall deliver the Software ordered pursuant to this Contract on or before the date specified in the Purchase Order. For any exception to this Delivery Date, the Vendor must notify the Purchaser and obtain prior approval in writing. Time is of the essence with respect to delivery and the Vendor may be subject to termination of this Contract and/or other damages available under law for failure to deliver on time.

10.2 All Software deliveries made pursuant to this Contract must be complete. Unless the Vendor has obtained prior written approval from Purchaser, which shall not be withheld unreasonably, incomplete deliveries or backorders will not be Accepted. All packages must be accompanied by a packing slip which identifies all items included with the shipment and the Purchaser's Purchase order number. The Vendor's delivery receipt must be signed by an authorized representative of Purchaser for all deliveries made hereunder.

11. Risk of Loss and Shipping

The Vendor shall ship all Software purchased pursuant to this Contract, freight prepaid, FOB Purchaser's destination. The method of shipment shall be consistent with the nature of the goods and hazards of transportation. Regardless of FOB point, Vendor agrees to bear all risks of loss, damage, or destruction of the Software ordered hereunder which occurs prior to delivery, except loss or damage attributable to the Purchaser's fault or negligence; and such loss, damage, or destruction shall not release Vendor from any obligation

hereunder. After delivery, the risk of loss or damage shall be borne by the Purchaser, except loss or damage attributable to the Vendor's fault or negligence.

12. Installation of Software by Purchaser

All installation of the Licensed Software purchased pursuant to this Contract for use by Purchaser will be by, and at the sole expense of Purchaser.

13. Software Maintenance and Support Services

Vendor shall provide a replacement copy or correction service at no additional cost to the Purchaser for any error, malfunction, or defect, if any, in the Vendor-supplied Software which, when used as delivered, fails to perform in accordance with Vendor's officially announced technical specifications or Vendor's proposal and which the Purchaser shall bring to Vendor's attention. Vendor shall undertake such correction service as set forth below and shall use its best efforts to make corrections in a manner that is mutually beneficial. Vendor shall disclose all known defects and their detours or workarounds to the Purchaser

In addition, Vendor shall provide the following Services:

13.1. Telephone Support. Vendor will provide telephone support, toll-free in the United States, to Purchaser during Business Days and Hours. Vendor's telephone service shall include but is not limited to the following Services:

- 13.1.1 Assistance related to questions on the use of the subject Software;
- 13.1.2 Other services to be determined.

14. Vendor Commitments, Warranties, and Representations

14.1 Any written commitment by the Vendor within the scope of this Contract shall be binding. Failure of either party to fulfill such a commitment may constitute breach.

14.2. For purposes of this Contract, a commitment by the Vendor, which must be in writing, includes:

- 14.2.1 Prices, discounts, and options committed to remain in force over a specified period of time;
- 14.2.2 Any warranty or representation made by the Vendor in a proposal as to Software performance or any other physical, design or functional characteristics of a machine, Software package, system, training, Services, or other products within the scope of this Contract;
- 14.2.3 Any warranty or representation made by the Vendor concerning the characteristics or items above, contained in any literature, descriptions, drawings or specifications accompanying or referred to in a proposal;
- 14.2.4 Any modification of or affirmation or representation as to the above which is made by Vendor in writing during the course of negotiation whether or not incorporated into a formal amendment to the proposal in question; and

14.2.5 Any representation by the Vendor in a proposal, supporting documents or negotiations subsequent thereto as to training to be provided, Services to be performed, prices and options committed to remain in force over a fixed period of time or any other similar matter regardless of the fact that the duration of such commitment may exceed the duration of this Contract.

15. Year 2000 Compliance Warranty

Vendor warrants that the Software provided pursuant to this Contract is Year 2000 compliant. This warranty includes a representation that dates on and after the year 2000 do not cause computational problems nor do these dates diminish the functionality of the Software including, but not limited to, date data century recognition, calculations that accommodate same century and multi-century formulas and date values, year 2000 leap year calculations, and date data interface values that reflect the century. Failure to comply with Year 2000 requirements shall entitle Purchaser to a refund of three (3) times the initial license fee. Vendor has no liability for any failure to comply with this provision that is caused solely by failure of an interconnected third-party product to be Year 2000 compliant.

16. Physical Media Warranty

16.1 Vendor warrants to Purchaser that each licensed copy of the Licensed Software provided by Vendor is and will be free from physical defects in the media that tangibly embodies the copy (the "Physical Media Warranty"). The Physical Media Warranty does not apply to defects discovered more than ninety (90) calendar days after the date of receipt of the Software copy by the Purchaser.

16.2 The Physical Media Warranty does not apply to defects arising from acts of non-Vendor employees, agents, or Subcontractors after the media has left Vendor's control in cases of theft, vandalism, fire, water, acts of God or other perils beyond the control of Vendor.

16.3 Purchaser shall be entitled to replacement by Vendor, at Vendor's expense including shipping and handling costs, of any Software copy provided by Vendor that does not comply with this warranty.

17. Protection of Confidential Information

17.1 Both parties acknowledges that some of the material and information which may come into its possession or knowledge in connection with this Contract or its performance, may consist of confidential data, the disclosure of which to, or use by, third parties could be damaging. Therefore, access to information concerning individual recipients of the parties' services or individual clients, among other items, shall not be granted except as authorized by law or agency rule. Both parties agree to hold all such information in strictest confidence, not to make use thereof for other than the performance of this Contract, to release it only to authorized employees or Subcontractors requiring such information, and not to release or disclose it to any other party. Both parties agree to release such

information or material only to Subcontractors who have signed a written agreement expressly prohibiting disclosure. Both parties further agree to either destroy or return all such information at the end of the term of this Contract.

- 17.2. This section does not impose any obligation on either party if the information is: (1) publicly known at the time of disclosure; (2) already known to the receiving party at the time it is furnished; (3) furnished by either party to others without restrictions on its use or disclosure; or (4) independently developed by the receiving party without use of the proprietary information.

18. Privacy Protection

- 18.1. Personal information collected, used or acquired in connection with this Contract shall be used solely for the purposes of this Contract. Vendor and its subcontractors agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the Purchaser or as provided by law. Vendor agrees to implement physical, electronic and managerial safeguards to prevent unauthorized access to personal information.
- 18.2. The Purchaser reserves the right to monitor, audit, or investigate the use of personal information collected, used or acquired by the Vendor through this Contract. The monitoring, auditing or investigating may include but is not limited to "salting" by the Purchaser. Vendor shall certify return or destruction of all personal information upon expiration of this Contract. Salting is the act of placing a record containing unique but false information in a database that can be used later to identify inappropriate disclosure of data contained in the database.
- 18.3. Any breach of this provision may result in termination of the Contract and the demand for return of all personal information. The Vendor agrees to indemnify and hold harmless the Purchaser for any damages related to the Vendor's unauthorized use of personal information. For purposes of this provision, personal information includes but is not limited to information identifiable to an individual that relates to a natural person's health, finances, education, business, use or receipt of governmental services, or other activities, names, addresses, telephone numbers, social security numbers, driver license numbers, financial profiles, credit card numbers, financial identifiers and other identifying numbers.

19. Subpoena

In the event that a subpoena or other legal process commenced by a third party in any way concerning the Software or Related Services provided pursuant to this Contract is served upon Vendor or Purchaser, such party agrees to notify the other party in the most expeditious fashion possible following receipt of such subpoena or other legal process. Vendor and Purchaser further agree to cooperate with the other party in any lawful effort by the other party to contest the legal validity of such subpoena or other legal process commenced by a third party.

Contract Termination

20. Termination for Default

- 20.1. If the Vendor violates any material term or condition of this Contract or fails to fulfill in a timely and proper manner its obligations under this Contract, then the CIS Contract Administrator or the affected Purchaser shall give Vendor written notice of such failure or violation which shall be corrected by Vendor within thirty (30) calendar days or as otherwise mutually agreed. If Vendor's failure or violation is not so corrected, this Contract may be terminated immediately by written notice from the CIS Contract Administrator to the Vendor or the Purchaser's order may be terminated by written notice from the Purchaser to the Vendor. The option to terminate this Contract shall be at the sole discretion of CIS.
- 20.2. If either CIS or the Purchaser violates any material term or condition of this Contract or fails to fulfill in a timely and proper manner its performance obligations under this Contract, then the Vendor shall give the CIS Contract Administrator or the Purchaser, whichever is appropriate, written notice of such failure that shall be corrected by CIS or the Purchaser within thirty (30) calendar days. If Vendor's failure to perform is not so corrected, this Contract may be terminated by written notice from the Vendor to the CIS Contract Administrator. The Vendor will notify the CIS Contract Administrator of any notices given to any Purchasers for violations of the material terms and conditions before taking any action.
- 20.3. If it is determined for any reason the failure to perform is without the defaulting party's control, fault, or negligence, the termination shall be deemed to be a Termination for Convenience.
- 20.4. This section shall not apply to any failure(s) to perform that result from the willful or negligent acts or omissions of the aggrieved party.

21. Termination for Convenience

- 21.1. When it is in the best interest of the Purchaser, the CIS Contract Administrator may terminate this Contract, in whole or in part, by thirty (30) calendar days written notice to the Vendor. Invocation of the Termination for Withdrawal of Authority or Termination for Non-Allocation of Funds sections shall be deemed a termination for convenience but will not require such thirty (30) calendar days notice.
- 21.2. If this Contract is so terminated, the Purchaser is liable only for payments required by the terms of this Contract for Software and Related Services received by the Purchaser prior to the effective date of termination.

22. Termination for Withdrawal of Authority

In the event that the authority of the Purchaser or CIS to perform any of its duties is withdrawn, reduced, or limited in any way after the commencement of this Contract and prior to normal completion, CIS may terminate this Contract under the Termination for Convenience section. This section shall not be construed so as to permit CIS to terminate this Contract in order to acquire similar Software from a third party.

23. Termination for Non-Allocation of Funds

If funds are not allocated to continue this Contract in any future period, the Purchaser will not be obligated to pay any further charges for Services including the net remainder of agreed to consecutive periodic payments remaining unpaid beyond the end of the then current period. The Purchaser or CIS agrees to notify the Vendor of such non-allocation at the earliest possible time. No penalty shall accrue to the Purchaser or CIS in the event this section shall be exercised. This section shall not be construed so as to permit the Purchaser or CIS to terminate this Contract in order to acquire similar Software or Services from a third party. In the event a Purchaser has Software or Services on order at the time of the termination of the Contract for convenience, the Purchaser shall have the option of taking delivery of the products on order at the original Contract price.

24. Termination for Conflict of Interest

24.2 CIS may terminate this Contract by written notice to the Vendor if it is found, after due notice and examination, that there is a violation by any of the parties hereto of:

24.2.1. Ethics in Public Service, chapter 42.52 RCW; or

24.2.2. Any other laws regarding ethics in public acquisitions and procurement and performance of contracts.

24.3. In the event this Contract is terminated as provided above pursuant to a violation by the Vendor, CIS shall be entitled to pursue the same remedies against the Vendor as it could pursue in the event of a breach of this Contract by the Vendor.

25. Termination Procedure

25.1. Upon termination of this Contract, CIS, in addition to any other rights provided in this Contract, may require the Vendor to deliver to the Purchaser or CIS any property or Software specifically produced or acquired for the performance of such part of this Contract as has been terminated. The sections for the Treatment of Assets shall apply in such property transfer.

25.2. Unless otherwise provided herein, the Purchaser shall pay to the Vendor the agreed-upon price, if separately stated, for the Software or Services received by the Purchaser: PROVIDED THAT, In no event shall the Purchaser pay to the Vendor an amount greater than the Vendor would

have been entitled to if this Contract had not been terminated. Failure to agree with such determination shall be a dispute within the meaning of the Disputes section of this Contract. Purchaser may withhold from any amounts due the Vendor for such completed work or Services such sum as the Purchaser determines to be necessary to protect the Purchaser from potential loss or liability.

- 25.3. After receipt of a notice of termination, and except as otherwise directed by the CIS Contract Administrator, the Vendor shall:
 - 25.3.1. Stop work under this Contract on the date, and to the extent specified, in the notice;
 - 25.3.2. If termination is to the Software license purchase sections of this Contract, then Purchaser shall place no further orders and Vendor shall accept no further orders for additional Software license;
 - 25.3.3. If termination is to the Software license, then except as otherwise agreed to by the parties, Purchaser shall, at its option, surrender to Vendor or destroy and provide Vendor with a certificate signed by the Purchaser attesting to the destruction of all copies of the Licensed Software purchased pursuant to this Contract and terminated by this section, remaining in the possession of Purchaser, its employees, or agents;
 - 25.3.4. If termination is to the Maintenance and Support sections, Vendor shall complete all maintenance and support requests made prior to the date of notice of termination, notwithstanding the effective date of termination;
 - 25.3.5. As soon as practicable, but in no event longer than thirty (30) calendar days after termination, terminate its orders and subcontracts related to the work which has been terminated and settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Purchaser to the extent required, which approval or ratification shall be final for the purpose of this section;
 - 25.3.6. Complete performance of such part of this Contract as shall not have been terminated by the CIS Contract Administrator;
 - 25.3.7. Take such action as may be necessary, or as the Purchaser or CIS Contract Administrator may direct, for the protection and preservation of the property related to this Contract which is in the possession of the Vendor and in which the Purchaser has or may acquire an interest;
 - 25.3.8. Transfer title, excluding Licensed Software, to Purchaser and deliver in the manner, at the times, and to the extent directed by the CIS Contract Administrator, any property which is required to be furnished to Purchaser; and
 - 25.3.9. Provide written certification to the Purchaser that the Vendor has surrendered to the Purchaser all said property.

25.3.10. The Vendor shall pay within thirty (30) calendar days of notice the damages due Purchaser or CIS as the result of termination.

Disputes and Remedies

26. Disputes

Disputes arising between any Purchaser and Vendor shall be referred to the CIS Contract Administrator for resolution. In the event the CIS Contract Administrator cannot resolve the dispute, then the dispute will be forwarded to the formal dispute resolution process:

- CIS shall appoint a member to the Dispute Panel.
- Vendor shall appoint a member to the Dispute Panel.
- CIS and the Vendor shall jointly appoint a member to the Dispute Panel.
- The Dispute Panel shall evaluate the dispute and make a determination of the dispute.
- The determination of the Dispute Panel shall be final and binding on the parties hereto.
- Each party shall bear the cost of its panel member and share equally the cost of the third panel member.

27. Attorneys' Fees and Costs

27.1. If any litigation is brought to enforce any term, condition, or section of this Contract, or as a result of this Contract in any way, the prevailing party shall be awarded its reasonable attorneys' fees together with expenses and costs incurred for such litigation, including necessary fees, costs, and expenses for Services rendered at both trial and appellate levels, as well as subsequent to judgment in obtaining execution thereof.

27.2. In the event that the parties engage in arbitration, mediation or any other alternative dispute resolution forum to resolve a dispute in lieu of litigation, both parties shall share equally in the cost of the alternative dispute resolution method, including cost of mediator or arbitrator. In addition, each party shall be responsible for its own attorneys' fees incurred as a result of the alternative dispute resolution method.

28. Non-Exclusive Remedies

The remedies provided for in this Contract shall not be exclusive but are in addition to all other remedies available under law.

29. Failure to Perform

If the Vendor fails to perform any substantial obligation under this Contract, the Purchaser shall give the Vendor written notice of such failure to perform. If after thirty (30) calendar days from the date of the written notice Vendor still has not performed, then the Purchaser may withhold all monies due and payable to

Vendor, without penalty to the Purchaser, until such failure to perform is cured or otherwise resolved.

30. Limitation of Liability

- 30.1. The parties agree that neither the Vendor nor the Purchaser shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages except for a claim or demand based on patent or copyright infringement, in which case liability shall be as set forth elsewhere in this Contract. This section does not modify any sections or any other such conditions as are elsewhere agreed to herein between the parties. The damages specified in the sections titled OSHA/WISHA, Termination for Default and Review of Vendor's Records are not consequential, incidental, indirect, or special damages as that term is used in this section.
- 30.2. Neither the Vendor nor the Purchaser shall be liable for damages arising from causes beyond the reasonable control and without the fault or negligence of either the Vendor or the Purchaser. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of a governmental body other than Purchaser acting in either its sovereign or contractual capacity, war, explosions, fires, floods, earthquakes, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case the delays must be beyond the reasonable control and without fault or negligence of the Vendor, the Purchaser, or their respective Subcontractors.
- 30.3. If delays are caused by a Subcontractor without its fault or negligence, neither the Vendor nor the Purchaser shall be liable for damages for delays, unless the Software or Services to be furnished by their Subcontractors were obtainable on comparable terms from other sources in sufficient time to permit the Vendor or the Purchaser to meet its required performance schedule.
- 30.4. Neither party shall be liable for personal injury to the other party or damage to the other party's property except personal injury or damage to property proximately caused by such party's respective fault or negligence.

Contract Administration

31. Notices

Any notice or demand or other communication required or permitted to be given under this Contract or applicable law (except notice of malfunctioning Software) shall be effective if and only if it is in writing, properly addressed, and either delivered in person, or by a recognized courier service, or deposited with the United States Postal Service as first-class certified mail, postage prepaid and return receipt requested, to the parties at the following addresses:

to **Vendor** at: Software House International
Attention: John Ackerson
Account Executive -Education
SHI
2 Riverview Drive
Somerset, NJ 08873
P: (732) 868-5952

to CIS at: CIS
Attention: Procurement Services Manager
12401 SE 320th Street
3101 Northup Way
Bellevue, WA 98004-1449
425-803-9783
425-803-9650 fax
dpoarch@cis.ctc.edu

Notwithstanding RCW 1.12.070, such communications shall be effective upon the earlier of receipt or four (4) calendar days after mailing. The notice address as provided herein may be changed by written notice given as provided above.

32. Section Headings, Incorporated Documents, and Order of Precedence

The headings used herein are inserted for convenience only and shall not control or affect the meaning or construction of any of the sections.

Each of the documents listed below is, by this reference, incorporated into this Contract as though fully set forth herein. In the event of any inconsistency in this Contract, the inconsistency shall be resolved in the following order of precedence:

- 32.1. Applicable federal and state statutes, laws, and regulations;
- 32.2. Sections of this Contract 060331;
- 32.3. Schedule A - Authorized Product and Price List, to this Contract;
- 32.4. Exhibit A - State of Washington, CIS Technology Assessment competitive solicitation dated January 25, 2006;
- 32.5. Exhibit B - Vendor's Response to the Purchaser, dated February 21, 2006, including all written information provided with Vendor's response and presentation dated March 13, 2006;
- 32.6. All Vendor or manufacturer publications, written materials and schedules, charts, diagrams, tables, descriptions, and other written representations the Vendor made available to the Purchaser and used to effect the sale of Software to the Purchaser, or purports the Software is fit for a particular purpose or attests to the Software's engineering level, operating condition, functions, capabilities, or merchantability.

33. Entire Agreement

This Contract sets forth the entire agreement between the parties with respect to the subject matter hereof and except as provided in the section titled Vendor

Commitments, Warranties, and Representations, understandings, agreements, representations, or warranties not contained in this Contract or a written amendment hereto shall not be binding on either party. Except as provided herein, no alteration of any of the terms, conditions, delivery, price, quality, or Specifications of this Contract will be effective without the written consent of both parties.

34. Additional Services and Software

Purchaser and Vendor agree that additional Services and/or Software, which are appropriate to the scope of this Contract, may be added to this Contract (Schedule A hereto) by an instrument in writing, with the mutual consent of both parties. Such writing shall include a specific description of the additional Services and/or Software, pricing and additional terms and conditions as relevant. The additional Services and/or Software shall be available under the same terms and conditions established herein, unless otherwise agreed to in a signed writing.

35. Authority for Modifications and Amendments

No modification, amendment, alteration, addition, or waiver of any section or condition of this Contract shall be effective or binding unless it is in writing and signed by an authorized representative of the Vendor and the CIS Contract Administrator. Only the CIS Contract Administrator or delegate by writing shall have the express, implied, or apparent authority to alter, amend, modify, add, or waive any section or condition of this Contract on behalf of the Purchaser.

36. CIS Contract Administrator

CIS shall appoint a Contractor Administrator who will be the CIS Contract Administrator for this Contract and will provide oversight of the activities conducted hereunder. The CIS Contract Administrator will manage this Contract on behalf of the Purchaser and will be the principal point of contact for the Vendor concerning Vendor's performance under this Contract.

37. Vendor Contract Administrator

The Vendor shall appoint a Vendor Contract Administrator for the Purchaser's account. The Vendor Contract Administrator will be the principal point of contact for the CIS Contract Administrator concerning the Vendor's performance hereunder and for receipt of notices. The Vendor Contract Administrator will also serve as the focal point for business matters, support coordination, and administrative activities.

38. Independent Status of Vendor

The parties hereto, in the performance of this Contract, will be acting in their individual, corporate or governmental capacities and not as agents, employees, partners, joint ventures, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever, nor will the Vendor make any claim

of right, privilege or benefit which would accrue to an employee under chapter 41.06 RCW, chapter 23B.16 RCW, or Title 51 RCW.

39. Governing Law

This Contract shall be governed in all respects by the law and statutes of the state of Washington. The jurisdiction for any action hereunder shall be the Superior Court for the state of Washington. The venue of any action hereunder shall be in the Superior Court for King County, Washington.

40. Assignment

With the prior written consent of CIS, which consent shall not be unreasonably withheld, the Vendor may assign this Contract including the proceeds hereof: PROVIDED, That such assignment shall not operate to relieve the Vendor of any of its duties and obligations hereunder, nor shall such assignment affect any remedies available to the Purchaser or CIS that may arise from any breach of the sections of this Contract, its supplements, or warranties made herein including but not limited to, rights of setoff.

With the prior written consent of the Vendor, which consent shall not be unreasonably withheld, CIS may assign this Contract to any public agency, commission, board, or the like, within the political boundaries of the state of Washington: PROVIDED, That such assignment shall not operate to relieve CIS of any of its duties and obligations hereunder.

41. Publicity

The Vendor agrees to submit to CIS all advertising, sales promotion, and other publicity matters relating to this Contract or any Product furnished by the Vendor wherein the Purchaser's or CIS's name is mentioned or language used from which the connection of the Purchaser's or CIS's name therewith may, in CIS's judgment, be inferred or implied. The Vendor further agrees not to publish or use such advertising, sales promotion, or publicity matter without the prior written consent of CIS.

42. Review of Vendor's Records

The Vendor and its Subcontractors shall maintain books, records, documents and other evidence of accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature invoiced in the performance of this Contract and shall retain all such records for six (6) years after the expiration or termination of this Contract. Records involving matters in litigation related to this Contract shall be kept for one (1) year following the termination of litigation, including all appeals if the litigation has not terminated within five (5) years from the date of expiration or termination of this Contract.

All such records shall be subject at reasonable times and upon prior notice to examination, inspection, copying, or audit by personnel so authorized by the CIS Contract Administrator and/or the Office of the State Auditor and federal officials so authorized by law, rule, regulation or contract, when applicable. During the

term of this Contract, access to these items will be provided within King County. During the six (6) year period after this Contract term or five (5) year term following litigation, delivery of and access to these items will be at no cost to the State. The Vendor shall be responsible for any audit exceptions or disallowed costs incurred by the Vendor or any of its Subcontractors.

The records retention and review requirements of this section shall be incorporated by the Vendor in any of its subcontracts.

It is agreed that books, records, documents and other evidence of accounting procedures and practices related to the Vendor's cost structure, to include overhead, general and administrative expenses, and profit factors shall be excluded from the Purchaser's review unless the cost or any other material issue under this Contract is calculated or derived from these factors.

General

43. Patent and Copyright Indemnification

43.1. Vendor will, at its expense, defend or settle any claim against the Purchaser that Software or work products supplied hereunder infringe any patent, copyright, utility model, industrial design, mask work or trademark. Vendor will pay resulting costs, damages and attorneys' fees finally awarded provided that Purchaser:

43.1.1. Promptly notifies Vendor in writing of the claim; and

43.1.2. Cooperates with and agrees to use its best efforts to encourage the Office of the Attorney General of Washington to grant Vendor sole control of the defense and all related settlement negotiations.

43.2. Vendor will pay all costs of such defense and settlement and any costs and damages awarded by a court or incurred by Purchaser, except costs paid to the Office of the Attorney General as legal fees. If such claim has occurred, or in Vendor's opinion is likely to occur, Purchaser agrees to permit Vendor at its option and expense, either to procure for Purchaser the right to continue using the Software or to replace or modify the same so that they become non-infringing and functionally equivalent. If use of the Software is enjoined by a court and the Vendor determines that none of these alternatives is reasonably available, Vendor, at its risk and expense, will take back the Software and refund its depreciated value. No termination charges will be payable on such returned Software.

Depreciated value shall be calculated on the basis of a useful life of five (5) years commencing on the date of purchase and shall be an equal amount per year over said useful life. The depreciation for fractional parts of a year shall be prorated on the basis of 365 days per year. In the event the Software has been installed less than one (1) year, transportation to the initial installation site paid by Purchaser shall be refunded by Vendor.

- 43.3. Vendor has no liability for any claim of infringement arising from:
- 43.3.1. Vendor's compliance with any designs, specifications or instructions of the Purchaser;
 - 43.3.2. Modification of the Software by Purchaser or a third party without the prior knowledge and approval of Vendor; or
 - 43.3.3. Use of the Software in a way not specified by Vendor; unless the claim arose against Vendor's Software or Services independently of any of these specified actions.
- 43.4. Vendor passes through and assigns to CIS and Purchaser any and all Patent and Copyright Indemnification provided by [Vendor Name].

44. Indemnification

Vendor shall indemnify and hold harmless purchaser and CIS from and against any damage, cost, or liability, including reasonable attorneys' fees resulting from any claim, and for any or all injuries to persons or damage to property arising from intentional, willful or negligent acts or omissions of its officers, employees, agents, or subcontractors.

45. Industrial Insurance Coverage

Prior to performing work under this Contract, the Vendor shall provide or purchase industrial insurance coverage for its employees, as may be required of an "employer" as defined in Title 51 RCW, and shall maintain full compliance with Title 51 RCW during the course of this Contract. The Purchaser will not be responsible for payment of industrial insurance premiums or for any other claim or benefit for the Vendor, or any Subcontractor or employee of the Vendor, which might arise under the industrial insurance laws during the performance of duties and Services under this Contract.

46. Licensing Standards

The Vendor shall comply with all applicable local, state, and federal licensing requirements and standards necessary in the performance of this Contract. (See, for example, chapter 19.02 RCW for state licensing requirements and definitions.)

47. OSHA/WISHA

Vendor represents and warrants that its products, when shipped, are designed and manufactured to meet then current federal and state safety and health regulations. Vendor further agrees to indemnify and hold CIS and Purchaser harmless from all damages assessed against the CIS and Purchaser as a result of the failure of the items furnished under this Contract to so comply.

48. UCC Applicability

Except to the extent the sections of this Contract are clearly inconsistent, this Contract shall be governed by any applicable sections of the Uniform Commercial Code (UCC) as set forth in Title 62A RCW.

To the extent this Contract entails delivery or performance of Services, such Services shall be deemed "goods" within the meaning of the UCC, except when to do so would result in an absurdity.

Notwithstanding the Section Headings, Incorporated Documents and Order of Precedence section of this Contract, in the event of any clear inconsistency or contradiction between this Contract and the UCC, the terms and conditions of this Contract take precedence and shall prevail unless otherwise provided by law.

49. Antitrust Violations

Vendor and CIS recognize that in actual economic practice overcharges resulting from antitrust violations are in fact usually borne by the Purchaser. Therefore, the Vendor hereby assigns to CIS any and all claims for such overcharges as to goods and Services purchased in connection with this Contract, except as to overcharges not passed on to the Purchaser resulting from antitrust violations commencing after the date of the bid, quotation, or other event establishing the price under this Contract.

50. Compliance with Civil Rights Laws

During the performance of this Contract, the Vendor shall comply with all federal and applicable state nondiscrimination laws, including but not limited to: Title VII of the Civil Rights Act, 42 U.S.C. 12101 et seq.; the Americans with Disabilities Act (ADA); and Title 49.60 RCW, Washington Law Against Discrimination. In the event of the Vendor's noncompliance or refusal to comply with any nondiscrimination law, regulation or policy, this Contract may be rescinded, canceled or terminated in whole or in part under the Termination for Default section of this Contract, and the Vendor may be declared ineligible for further contracts with the Purchaser. The Vendor shall be given a reasonable time in which to cure noncompliance. In addition to the cancellation of this Contract, Vendor may be subject to penalties under federal and state law.

51. Quiet Possession and Usage

Vendor warrants that the Purchaser, upon paying the amounts due hereunder and performing all other covenants, terms, and conditions on its part to be performed hereunder, may and shall peacefully and quietly have, hold, possess, and enjoy the Software for the term provided without suit, molestation, or interruption.

52. Severability

If any term or condition of this Contract or the application thereof to any person(s) or circumstances is held invalid, such invalidity shall not affect other terms, conditions or applications which can be given effect without the invalid term, condition, or application; to this end the terms and conditions of this Contract are declared severable.

53. Waiver

Waiver of any breach of any term or condition of this Contract shall not be deemed a waiver of any prior or subsequent breach. No term or condition of this Contract shall be held to be waived, modified or deleted except by a written instrument signed by the parties hereto.

54. Treatment of Assets

Title to all property furnished by the Purchaser shall remain in the Purchaser. Title to all property furnished by the Vendor, for which the Vendor is entitled to reimbursement, other than rental payments, under this Contract, shall pass to and vest in the Purchaser pursuant to the section titled Software Ownership. As used in this section Treatment of Assets, if the "property" is the Vendor's proprietary, copyrighted works, only the applicable license, not title, is passed to and vested in the Purchaser.

Any property of the Purchaser furnished to the Vendor shall, unless otherwise provided herein or approved by the Purchaser, be used only for the performance of this Contract.

The Vendor shall be responsible for any loss or damage to property of the Purchaser which results from the negligence of the Vendor or which results from the failure on the part of the Vendor to maintain and administer that property in accordance with sound management practices.

Upon loss, or destruction of, or damage to any Purchaser property, the Vendor shall notify the Purchaser thereof and shall take all reasonable steps to protect that property from further damage.

The Vendor shall surrender to the Purchaser all property of the Purchaser prior to settlement upon completion, termination, or cancellation of this Contract.

All reference to the Vendor under this section shall also include Vendor's employees, agents, or Subcontractors.

55. Vendor's Proprietary Information

Vendor acknowledges that CIS is subject to chapter 42.17 RCW, the Public Disclosure Act defined in RCW 42.17.250 through 42.17.340. Any specific information that is claimed by the Vendor to be confidential or proprietary, must be clearly identified as such by the Vendor. To the extent consistent with chapter 42.17 RCW, CIS shall maintain the confidentiality of all such information marked confidential or proprietary. If a request is made to view Vendor's proprietary information, CIS will notify Vendor of the request and of the date that such records will be released to the requester unless Vendor obtains a court order enjoining that disclosure. If Vendor fails to obtain the court order enjoining disclosure, CIS will release the requested information on the date specified.

Contract Execution

56. Authority to Bind

The signatories to this Contract represent that they have the authority to bind their respective organizations to this Contract.

57. Counterparts

This Contract may be executed in counterparts or in duplicate originals. Each counterpart or each duplicate shall be deemed an original copy of this Contract signed by each party, for all purposes.

In Witness Whereof, the parties hereto, having read this Contract in its entirety, including all attachments, do agree in each and every particular and have thus set their hands hereunto.

Approved

State of Washington,
Center for Information Services

Approved

Software House International

Signature

Corey Knutsen

Print or Type Name

Executive Director

Title Date

Signature

Print or Type Name

Title Date

Approved as to Form

Signature

Print or Type Name

Assistant Attorney General

Title Date

SCHEDULES

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Schedule A
Authorized Product, Services, and Price List
as of March 31, 2006
for
Contract No. 060331
with
Software House International

Vendor is required to sell the Products and provide the Services in this Schedule A at the prices set forth below.

Products Available Under this Contract:

All Microsoft Select and Campus Agreement Software.

Pricing:

Microsoft Campus Agreement: 20.6% discount from MSRP

Microsoft Select Program: 17.2% discount from MSRP

Software House International Account Executive:

John Ackerson
Account Executive
Phone: 1-800-527-6389 x 5952
Fax: 732-868-5953
Email: John.Ackerson@shi.com

Hours of Availability :

8am to 5pm PT

Ordering Procedures :

SHI accepts orders by phone, fax, Email, EDI, mail, Web, and B2B Commerce Systems. Regardless of the order submission method, we take responsibility for each order from receipt through delivery.

Order Processing - Colleges submit their Purchase Orders to the Account Executive. The PO is reviewed to insure that it is complete and meets the College's requirements, i.e. that all approvals have been received or that the product conforms to the standards list. Once SHI deems that the order is correct and complete, SHI will enter the order into SHI's Order Entry System (SHOES). If SHI is unable to fulfill the order because of missing or incorrect information, or any other reason, the Account Executive will contact the College within 4 hours.

Order Acknowledgment - At College request, SHI will confirm via Email each order that the College places with SHI. During order entry, SHI will enter an Email address for College representative(s) who should receive order confirmation, up to an unlimited number. Within 1 hour of processing the order, SHI's servers will automatically send the order confirmation.

Response Time: 4 Hours

SHI provides the Colleges with a Dedicated Sales Team that supports their daily requirements. The Sales Team is responsible for understanding the Colleges' requirements and meeting or exceeding their expectations. Whether an inquiry comes by way of phone, fax, or email, for a product request, request for quote, program use question or order, Colleges will receive a 4 hour response from their Dedicated Sales Team. The Sales Team has support from SHI's Licensing Team, our distribution centers, and the manufacturer to receive timely responses to questions. The Sales Team is equipped with tools to assist the Colleges in getting answers to their questions, creating quick and accurate quotes, and researching program questions.

Campus Agreement Processing:

SHI will begin the renewal process at least 3 months in advance of the Campus Agreement renewal deadline (April 1). SHI will host a conference call and invite all of the colleges to attend where we will review the Campus Agreement paperwork, products and renewal process. SHI will send out a questionnaire if necessary to collect data from all of the participating entities. SHI will work with CIS to make sure that all the necessary forms and information will be easily accessible to all member institutions well in advance of the actual renewal date. All forms and pricing will be made available on the CIS website as well as on SHI.com. The SHI Account Executive will be available to answer any questions that Colleges may have. Additionally, SHI's Microsoft Licensing Team is available for conference calls, which provides a further resource for getting fast, efficient answers to Campus Agreement questions.

SHI offers several invoicing options to meet the specific needs of each College. Campus Agreement purchase orders need to be processed on or prior to the renewal date of June 30 with Microsoft. Once the orders are placed, SHI has the ability to provide invoices immediately to Colleges who need to be invoiced prior to June 30th, and hold the invoices

for Colleges who need to be invoiced after July 1. SHI will work with the individual Colleges to accommodate their fiscal year budgets.

License Planning:

SHI will assist Colleges in the evaluation of licensing needs and help determine the most efficient, least cost approach. For instance, SHI will provide the decision making criteria a College needs to use to determine whether they should purchase Software Assurance or not. SHI will also provide decision making criteria used in determining whether licenses should be purchased under the Campus Agreement or Select programs. SHI commits to maintaining Microsoft licensing knowledge sufficient to help Colleges plan for and purchase licenses for complex server configurations and uses that will result in the most efficient and least cost solutions.

MVLS Support:

The SHI Account Executive will manage the MVLS site under both the Campus and Select Agreements. These duties include, but are not limited to:

- Administering MSDN and TechNet subscriptions.
- Assisting new users to obtain access to the MVLS site.
- Retrieve volume license product keys.
- Assist with product downloads.

When a question or problem arises with the use of the MVLS site, the Account Executive will walk the user through the login process and use of this tool over the phone. The Account Executive will set up a conference call with an SHI licensing specialist or Microsoft MVLS Help to help resolve questions or problems. The Account Executive will walk users through the systems until problems are resolved and follow up to ensure complete resolution.

Dedicated Account Team:

SHI will maintain the following or similar resources to provide support and answer any of the Colleges' questions about Microsoft licensing.

SHI Account Executive for CIS – John Ackerson 1-800-527-6389 x 5952 -

John.Ackerson@shi.com will be the single point person for all of the Colleges' inquiries. SHI will assign back-up personnel during his absences who possess a level of knowledge about Microsoft licensing that equals John's. Should he leave this position, SHI will replace him with personnel who possess a level of knowledge about Microsoft licensing that equals John's. SHI will maintain the following personnel to support the Account Executive:

Microsoft Licensing Executives — Four representatives on this team are available to assist with understanding current agreements, assisting with negotiating renewals, analyzing program options, understanding Software Assurance Benefits, answering contract questions, answering questions regarding product use rights and licensing.

Licensing Response Team — The four representatives on this team are responsible for answering College program and product questions; for processing College agreements and ensuring that the agreements are completed correctly before submission to Microsoft; for processing change of address forms and CD change forms; Software Assurance benefits administration; responding to license scenario questions, and for maintaining the database of information that the Account Team Members use to answer questions and obtain information.

Operations Team — The three representatives on this team are responsible for processing Colleges' orders with Microsoft, responding to ordering questions, linking the customer agreement numbers to the customer account keys for accurate order entry and use of the License Management System, responding to accounting issues, processing credits and adjustments as needed, and for administering and managing the Microsoft Select CD orders.

Marketing — The two representatives on this team provide assistance with obtaining evaluation software, introduction of new Microsoft products, and creating marketing pieces and promotions for Microsoft products and agreements.

Product Champions — The four representatives on this team answer product questions, licensing questions for specific products, and create marketing pieces for specific Microsoft products.

Anyone hired into the Licensing Teams has at least 1 year tenure within SHI. Currently the average tenure at SHI for the Microsoft licensing team is 4.5 years. The SHI Microsoft Product Support & Marketing team has an average SHI tenure of 6.5 years.

Each of these team members has completed Microsoft Sales Certification (Microsoft Partner University) and has passed the Licensing Solutions Competency exams.

Purchase and License Tracking:

SHI will provide assistance to the Colleges in tracking their software purchases and aid in documenting license compliance. SHI will also provide ad hoc reporting capabilities.

Report Data - SHI captures custom data on a customer-by-customer basis. Once the information is captured within the order entry system, it is available for inclusion in the reports. SHI never charges for the reports, both standard and custom.

Tracking - SHI links the customer's account to the applicable Agreement and Enrollment numbers, reducing the risk of error during order entry and reporting to Microsoft. Because the program and agreement identification takes place at the time of order entry, SHI is able to report cleanly and consistently to both customers and manufacturers license acquisitions against the Volume Purchase Agreements. Additionally, Maintenance Expiration Dates are tracked, to give prompt, pro-active notification to the end client for Maintenance Renewal purposes. SHI supports and tracks Maintenance Programs that have co-terminus expiration and are pro-rated, or non co-terminus programs.

Automated License Confirmation - Many customers require a deliverable with all purchases or require their end users to maintain license confirmations. SHI will provide automatic license confirmations to our customers. At the time of order placement, the Account Executive can enter the Email address of the end user (or other College representative who should receive the license confirmation, i.e. IT Manager). SHI's systems will automatically send the license confirmation to that Email address. Many of our customers use this service to "receive" the product, so the accounting department can pay the invoice or to archive the file as a back-up copy of their proof of license.

On-Line Reporting - Reports are available to both the Colleges and the Colleges' sales team through SHI's web site. The Colleges' ability to run reports is based on permissions assigned to the user names; so only authorized users within the College system will be permitted to run reports. Users may run the reports themselves, or the Account Executive will run the reports for delivery directly to the requestor.

SHI provides a report request form on our web site. The user may select the report type, the date range for the report, and enter the Email address for delivery, up to an unlimited number. In addition, users may select the format in which they want the reports, i.e. Microsoft Excel, html, tab delimited text file, or fixed width text file. Once the form is complete, SHI's server will run the report and send the Email with an attachment in the requested format. SHI's web-based reporting tool delivers 95% of all reports within 5 minutes.

In addition, SHI supports report subscriptions. The user may request a report once for delivery at regular intervals. The user may select the report parameters once for delivery at the selected interval forever, or until the subscription is removed. Typically, users select report subscriptions to run in the middle of the night, so it will be waiting in their inbox for the morning.

Sales History Reports -Three standard reports provide an overview of College purchases from SHI in these formats: detail of all transactions, summary by part number, or summary by manufacturer name. Each of these reports may be sorted by College.

Proactive Communication:

The Account Executive will maintain proactive communication in the following ways:

On-Line Licensing Information —The Account Executive will post informational documents on Colleges' home page at SHI.COM. The documents will include general information about the Microsoft Enterprise and Select Agreements including how to make purchases and where to obtain media. The Account Executive will continue to update these documents as needed.

Meetings —The Account Executive will work with the Colleges to establish a schedule for review meetings. During these on-site meetings, the Account Executive will review all product changes, upgrade releases, available maintenance releases, changes to the licensing programs, software fixes, and other services and resources that are available to the Colleges.

Web Seminar Presentations —SHI hosts a series of Web Seminars. These seminars cover a variety of topics. SHI announces the schedule quarterly. Please see our web site (www.shi.com) for the most the current schedule.

Marketing Pieces — SHI will provide marketing pieces to key contacts at each College campus. The marketing pieces will include those that SHI receives from Microsoft, those that SHI creates for a general audience, and those that SHI creates specific to the College system.

On-Line News and Announcements — A portion of SHI's web site is dedicated to providing the Colleges with information regarding new product releases, maintenance, software fixes, and other announcements from the manufacturer. Users of www.shi.com may subscribe to the news and announcements pages. When a new news article is posted, the subscriber will receive an Email with a link to the web page containing the article. This information is updated as needed.

Customer Service Quality Assurance:

Auditing for Quality - SHI will maintain their ISO9001:2000 registration. The scope of the registration is as follows:

- The domestic sale and distribution of computer software, software licensing, computer hardware and peripherals and computer related services
- The configuration of computer systems
- The pre and post sales support of our customers

A separate document with ISO procedures has been included as (Attachment E) to SHI's response to the RFQQ attached to this Contract as Exhibit B. These pages come from SHI's ISO Quality Manual.

Audits by an independent third party "Registrar" occur on a semi-annual basis. ISO Registrars have all been approved by ISO to perform the audits. SHI's Quality Manual and daily processes are reviewed and observed during this audit. The Registrar submits the findings to ISO and our registration is maintained. Companies may lose their registration status if the audits are failed.

The ISO audits ensure that employees are abiding by the standards. The auditors choose employees randomly to observe the employee's working habits. New hires are introduced to the ISO quality manual during the training period and made aware of the auditing procedures.

Quality Objectives - SHI's Quality Policy is to meet or exceed our customers' expectations by incorporating the following into our daily business activities:

- Delivering to our customers the correct item or service
- Delivering to our customers, items or services to the correct location
- Delivering to our customers, items or services at the correct quantity
- Delivering to our customers, within the customer-specified timeframe
- Delivering to our customers, items or services at the correct price

The key departments and processes that allow SHI to realize our Quality Policy and our Objectives are:

- Sales — in the receipt and processing of customer requests/orders and in maintaining customer relationships.
- Purchasing/Licensing/Duplicated Media — in the placement of orders with the SHI suppliers and in ensuring the on-time delivery of products to SHI or the customer.
- Warehouse — in their receipt of products and shipment of orders.
- Configuration — in their configuration of products to the customer's specifications.
- Return Merchandise Authorization (RMA) — in their processing of customer returns accurately and in insuring the application of credit to the customer's account.

All of the departments must work together in order to meet SHI's Quality Objective. A breakdown in one area may result in a delay in other areas. When all departments meet their individual objectives, then SHI is able to meet or exceed our customers' expectations.

Employee Training - SHI's Quality Manual is posted on SHI's intranet, where it is accessible by all SHI employees. The manual contains the following information:

- o SHI's Return Merchandise Authorization Policy
- o Flowcharts of the various processes
- o SHI's Organizational Chart
- o Customer Escalation Flowchart
- o SalesCenter Quoting—how to create quotes, step-by-step

SHI's Inside Sales Trainer uses the manual to train our new employees. Subsequently, the new employees use the manual as a resource for finding answers to questions.

Quality Assurance Monitoring - SHI's metrics reports provide data regarding the speed and accuracy with which each task is performed. The metric reports are run on a monthly basis and given to the Director of Quality. The Director of Quality analyzes the data and provides an overview of each area of measurement. The information is formatted to allow the analysis of month-to-month trends. If the Director of Quality identifies a particular area that was not performed well, the root cause is identified and a corrective action request is submitted to the appropriate department manager. The Director of Quality presents results to the Top Managers and Mid-Level Managers during the Quarterly Management Review Meetings. If the Director of Quality identifies a serious problem through the metrics reports, the department manager is notified immediately rather than waiting for the Quarterly Meeting. The Director of Quality compares the data from month-to-month. This assists the Director of Quality and Top Management in identifying both corrective actions and continual improvements.

Customer Feedback - SHI will survey the Colleges for feedback about the level of customer service they receive from SHI. SHI will work with CIS to determine which questions should be included in the surveys, and the method of sampling and distribution.

Feedback from customers is forwarded to the Director of Quality at SHI. Issues are forwarded to the appropriate account teams at SHI for resolution. The Account Executive must identify the corrective action to be taken in order to avoid a recurrence of the problem. Positive feedback is also sent to the appropriate sales teams and top management at SHI. The director of Quality reviews all corrective action plans and identifies areas for possible improvement to SHI's processes and brings the ideas to all SHI managers for review and discussion. The improvements are implemented whenever possible.

Each time an order acknowledgement is emailed to a customer the following statement is included at the bottom:

We want to hear from you. If you have any comments regarding the service that you have received from SHI, please Email our Director of Quality at: Quality_Director@shi.com.

This ensures customers have a way to provide feedback 24 hours a day, 7 days a week.

Problem Escalation - The members of the Colleges' Dedicated Account Team have the autonomy to resolve most issues that will arise without the need for management intervention. The Account Executive has the responsibility for insuring customer satisfaction and for insuring that SHI is meeting all contract requirements. The Account Executive has the authority to make decisions that affect the support of the Colleges'. In the rare instances when the Account Executive is unable to resolve the problem, it will be escalated to the Director of Sales, Al Fitzgerald or the President, Thai Lee.

Other Services:

SHI has developed tools to assist our customers with software asset management. These are just a few of the services offered to SHI's customers:

License Redeployment Management Services - Most large organizations are looking for solutions to reduce the total cost of ownership of their computer hardware and software. In an effort to assist our customers in this task, SHI has a program that will manage the redeployment of unused software licenses. This Service/Tool allows an end-user to "turn-in" a software license that they no longer use. SHI will warehouse this license under a specific sku and will advertise its availability to other buyers on the College campus. If another employee decides to take the unused license, SHI will "re-deploy" that software License. The customer may also choose to purchase any necessary media and documentation available to supplement the license.

License Allocation System – This new tool was created specifically for the "Enterprise Agreements" with the purpose of helping a customer manage their large pool of licenses. SHI understands that campuses have their own internal structures with various departments, etc. We also understand that managing licenses across geographical locations can become challenging. The License Allocation System allows for 3 organizational levels and 2 geographic allocations. This tool provides functionality for Microsoft's True-up system and can be accessed by the Account Team or by the College directly. This tool can be used to help manage the Campus Agreement.

Software Distribution:

SHI utilizes a variety of distribution sources to obtain all of the IT products our customers require. We work with the largest software and hardware distributors: TechData, Ingram, and Synnex. SHI also maintains our own warehouse in Somerset, NJ for our customers' specific requirements that require configuration services, stocking products, and bundled shipments.

Electronic Software Distribution — SHI provides two options for Colleges to receive their software packages electronically:

1. Electronic Media Fulfillment – This “pull technology” will allow Colleges to receive the data required to feed into their internal electronic software distribution servers or to create their own CD's. SHI can make files available on the server as CD Images, or as Compressed File archives. These can be used to burn a CD at the College, or load a College's internal servers or software distribution systems.

2. Electronic Application Distribution (EAD) – This “push technology” allows SHI to integrate with the Colleges' IT departments to develop a process that could deliver code to an end-user. This offering sends a secure download key for a specific product.

This Schedule A may only be modified in writing by the CIS Contract Administrator.

Schedule B
Authorized Purchasers
Center for Information Services
Member Institutions
and
Four Year Public Higher Education Institutions

College	Address	City, State Zip
Bates Technical College	1101 S Yakima Avenue	Tacoma WA 98405
Bellevue Community College	3000 Landerholm Circle SE	Auburn WA 98007
Bellingham Technical College	3028 Lindbergh Avenue	Bellingham WA 98225
Big Bend Community College	7662 Chanute Street	Moses Lake WA 98837
Cascadia Community College	19017 120th Avenue NE, Suite 102	Bothell WA 98011
Centralia College	600 W Locust Street	Centralia WA 98531
Clark College	1800 E McLoughlin	Vancouver WA 98663
Clover Park Technical College	4500 Steilacoom Boulevard SW	Tacoma WA 98499
Columbia Basin College	2600 N 20 th	Pasco WA 99301
Center for Information Technology	3101 Northup Way, Suite 100	Auburn WA 98004
Edmonds Community College	20000 68 th Avenue W	Lynnwood WA 98036
Everett Community College	2000 Tower Street	Everett WA 98201
Grays Harbor College	1620 Edward P. Smith Drive	Aberdeen WA 98520
Green River College	12401 SE 320th Street	Auburn WA 98092
Highline Community College	PO Box 98000	Des Moines WA 98198
Lake Washington Technical College	11605 132nd Avenue NE	Kirkland WA 98034
Lower Columbia College	PO Box 3010	Longview WA 98632
North Seattle Community College	9600 College Way N	Seattle WA 98103
Olympic College	1600 Chester Avenue	Bremerton WA 98337
Peninsula College	1502 E Lauridsen Boulevard	Port Angeles WA 98362
Pierce College District	9401 Farwest Drive SW	Lakewood WA 98498
Renton Technical College	3000 NE 4th Street	Renton WA 98056
Seattle Central Community College	1701 Broadway	Seattle WA 98122
Seattle District	1500 Harvard Road	Seattle WA 98122
Shoreline Community College	16101 Greenwood N	Shoreline WA 98133
Skagit Valley College	2405 E College Way	Mount Vernon WA 98273
South Puget Sound Community College	2011 Mottman Road SW	Olympia WA 98512
South Seattle Community College	6000 16th Avenue SW	Seattle WA 98106
Spokane Community College	1810 N Greene Street	Spokane WA 99217
Spokane District	2000 N Greene Street	Spokane WA 99217
Spokane Falls Community College	W 3410 Fort George Wright Drive	Spokane WA 99224
State Board for Community & Technical Colleges	319 7th Avenue	Olympia WA 98504
Tacoma Community College	6501 S 19 th Street	Tacoma WA 98466
Walla Walla Community College	500 Tausick Way	Walla Walla WA 99362
Wenatchee Valley College	1300 Fifth Street	Wenatchee WA 98801
Whatcom Community College	237 W Kellogg Road	Bellingham WA 98226
Yakima Valley College	PO Box 22520	Yakima WA 98907
Central Washington University	400 East 8th Avenue	Ellensburg WA 98926
Eastern Washington University	526 5th Street	Cheney WA 99004
The Evergreen State College	2700 Evergreen Parkway NW	Olympia WA 98505
University of Washington	4014 University Way NE	Seattle WA 98105
Washington State University	1 SE Stadium Way	Pullman WA 99164
Western Washington University	516 High Street	Bellingham WA 98225
Institute for Extended Learning	3305 W Fort George Wright Drive	Spokane WA 99224
Seattle Vocational Institute	2120 South Jackson Street	Seattle WA 98144