

**STATE OF TEXAS**  
**DEPARTMENT OF INFORMATION RESOURCES**  
**CONTRACT FOR PRODUCTS AND RELATED SERVICES**  
**INTERNATIONAL BUSINESS MACHINES CORPORATION**

**1. Introduction**

**A. Parties**

This Contract for products and related services is entered into between the State of Texas, acting by and through the Department of Information Resources (hereinafter “DIR”) with its principal place of business at 300 West 15<sup>th</sup> Street, Suite 1300, Austin, Texas 78701, and International Business Machines (hereinafter “Vendor”), with its principal place of business at One New Orchard Road, New York, New York 10504.

**B. Compliance with Procurement Laws**

This Contract is the result of compliance with applicable procurement laws of the State of Texas. DIR issued a solicitation on the Comptroller of Public Accounts’ Electronic State Business Daily, Request for Offer (RFO) DIR-SDD-TMP-191, on August 6, 2012, for IBM Manufacturer Branded Hardware, Software and Related Services. Upon execution of this Contract, a notice of award for RFO DIR-SDD-TMP-191 shall be posted by DIR on the Electronic State Business Daily.

**C. Order of Precedence**

For hardware purchases and related hardware services transactions under this Contract, the order of precedence shall be as follows: this Contract; Appendix A, Standard Terms and Conditions For Products and Related Services Contracts; Appendix B, Vendor’s Historically Underutilized Businesses Subcontracting Plan; Appendix C, Pricing Index; Appendix F, IBM Agreement for Machines; Appendix D, IBM International Program License Agreement; Exhibit 1, Vendor’s Response to RFO DIR-SDD-TMP-191, including all addenda; and Exhibit 2, RFO DIR-SDD-TMP-191, including all addenda; are incorporated by reference and constitute the entire agreement between DIR and Vendor governing hardware purchase transactions. In the event of a conflict between the documents listed in this paragraph related to purchases, the controlling document shall be this Contract, then Appendix A, then Appendix B, then Appendix C, then Appendix F, then Appendix D, then Exhibit 1, and finally Exhibit 2. In the event of a conflict, any linked documents may not take precedence over the printed documents comprising this contract; provided further that any update to such linked documents may only apply to Vendor’s customers acquiring the associated Vendor product or service offering after the effective date of the update. In the event that different or additional terms and conditions result from accessing a linked document, agreement to said linked document shall not be effective until reviewed and approved in writing by Customer.

For software licensing transactions and support under this Contract, the order of precedence shall be as follows: this Contract; Appendix A, Standard Terms and Conditions For Products and Related Services Contracts; Appendix B, Vendor's Historically Underutilized Businesses Subcontracting Plan; Appendix C, Pricing Index; Appendix E, IBM International Passport Advantage Agreement; Appendix D, IBM International Program License Agreement; Exhibit 1, Vendor's Response to RFO DIR-SDD-TMP-191, including all addenda; and Exhibit 2, RFO DIR-SDD-TMP-191, including all addenda; are incorporated by reference and constitute the entire agreement between DIR and Vendor governing software license transactions. In the event of a conflict between the documents listed in this paragraph related to purchases, the controlling document shall be this Contract, then Appendix A, then Appendix B, then Appendix C, then Appendix E, then Appendix D, then Exhibit 1, and finally Exhibit 2. In the event of a conflict, any linked documents may not take precedence over the printed documents comprising this contract; provided further that any update to such linked documents may only apply to Vendor's customers acquiring the associated Vendor product or service offering after the effective date of the update. In the event that different or additional terms and conditions result from accessing a linked document, agreement to said linked document shall not be effective until reviewed and approved in writing by Customer.

In the event and to the extent any provisions contained in multiple documents address the same or substantially the same subject matter but do not actually conflict, the more recent provisions shall be deemed to have superseded earlier provisions.

## **2. Term of Contract**

The term of this Contract shall be one (1) year commencing on the last date of approval by DIR and Vendor. Prior to expiration of the original term, DIR and Vendor may extend the Contract, upon mutual agreement, for up to three (3) optional one-year terms. Protracted contract negotiations may, in DIR's sole discretion, result in fewer optional terms.

## **3. Product and Service Offerings**

### **A. Products**

Products available under this Contract are limited to the products as specified in Appendix C, Pricing Index. Vendor may incorporate changes to their product offering; however, any changes must be within the scope of products awarded based on the posting described in Section 1.B above. Vendor may not add a manufacturer's product line which was not included in the Vendor's response to the solicitation described in Section 1.B above.

### **B. Services**

Services available under this Contract are limited to software support and maintenance, hardware support and maintenance, and software-related or hardware-related installation and training as specified in Appendix C, Pricing Index. Vendor may incorporate changes to their service offering; however, any changes must be

within the scope of services awarded based on the posting described in Section 1.B above.

#### **4. Pricing**

##### **A. Manufacturer's Suggested Retail Price (MSRP)**

MSRP is defined as the product sales price suggested by the manufacturer or publisher of a product.

##### **B. Customer Discount**

The minimum Customer discount for all products and services will be the percentage off MSRP as specified in Appendix C, Pricing Index.

##### **C. Customer Price**

1) The price to the Customer shall be calculated as follows:

$$\text{Customer Price} = \text{MSRP} - \text{Customer Discount}$$

2) Customers purchasing products and services under this Contract may negotiate more advantageous pricing or participate in special promotional offers. In such event, a copy of such better offerings shall be furnished to DIR upon request.

3) If pricing for products available under this Contract are provided at a lower price to The Cooperative Purchasing Network of Houston, Texas ("TCPN"), the Western States Contracting Alliance ("WSCA") and its participating members through their WSCA participating member agreements, and the U.S. General Services Administration ("GSA"), then the available Customer Price in this Contract shall be adjusted to that lower price. This requirement applies only to Vendor's list prices (less any applicable discount) for products for a quantity of one (1) under like terms and conditions, and does not apply to volume discount/rebate purchase programs, special bidding, promotional offers, special pricing purchases, or the like. This provision does not apply to any discounts or pricing Vendor may offer to Vendor's "business partners," authorized dealers, VARs or other resellers. This Contract shall be amended within ten (10) business days to reflect the lower price, which will be available for future transactions only.

##### **D. DIR Administrative Fee**

The administrative fee specified in Section 5 below shall not be broken out as a separate line item when pricing or invoice is provided to Customer.

##### **E. Shipping and Handling Fees**

The price to the Customer under this Contract shall include all shipping and handling fees. Shipments will be Free On Board Customer's destination. No additional fees shall be charged to the Customer for standard shipping and handling. If the Customer requests expedited delivery, Customer will be responsible for any charges for expedited delivery.

**F. Tax-Exempt**

As per Section 151.309, Texas Tax Code, Customers under this Contract are exempt from the assessment of State sales, use and excise taxes. Further, Customers under this Contract are exempt from Federal Excise Taxes, 26 United States Code Sections 4253(i) and (j).

**G. Travel Expense Reimbursement**

Pricing for services provided under this Contract are exclusive of any travel expenses that may be incurred in the performance of those services. Travel expense reimbursement may include personal vehicle mileage or commercial coach transportation, hotel accommodations, parking and meals; provided, however, the amount of reimbursement by Customers shall not exceed the amounts authorized for state employees as adopted by each Customer; and provided, further, that all reimbursement rates shall not exceed the maximum rates established for state employees under the current State Travel Management Program (<http://www.window.state.tx.us/procurement/prog/stmp/>). Travel time may not be included as part of the amounts payable by Customer for any services rendered under this Contract. The DIR administrative fee specified in Section 5 below is not applicable to travel expense reimbursement. Anticipated travel expenses must be pre-approved in writing by Customer.

**H. Changes to Prices**

Vendor may change the price of any product or service at any time, based upon changes to the MSRP, but discount levels shall remain consistent with the discount levels specified in this Contract. Price decreases shall take effect automatically during the term of this Contract and shall be passed onto the Customer immediately.

**5. DIR Administrative Fee**

**A)** The administrative fee to be paid by the Vendor to DIR based on the dollar value of all sales to Customers pursuant to this Contract is one half of one percent (.50%). Payment will be calculated for all sales, net of returns and credits. For example, the administrative fee for sales totaling \$100,000 shall be \$500.00.

**B)** All prices quoted to Customers shall include the administrative fee. DIR reserves the right to change this fee upwards or downwards during the term of this Contract, upon written notice to Vendor without further requirement for a formal contract amendment. Any change in the administrative fee shall be incorporated in the price to the Customer.

**6. Notification**

All notices under this Contract shall be sent to a party at the respective address indicated below.

If sent to the State:

Robin Abbott, Manager  
Contract and Vendor Management

Department of Information Resources  
300 W. 15<sup>th</sup> St., Suite 1300  
Austin, Texas 78701  
Phone: (512) 475-4700  
Facsimile: (512) 475-4759

If sent to the Vendor:

Carolyn Carlson  
International Business Machines Corporation  
1177 S. Belt Line Road  
Coppell, Texas 75019-4642  
Phone: (972) 387-3828  
Facsimile: (972) 280-3910  
Email: [cjglass@us.ibm.com](mailto:cjglass@us.ibm.com)

## 7. Software License and Service Agreements

### A. Software License Agreement

1) Customers acquiring software licenses under the Contract shall hold, use and operate such software subject to compliance with the IBM International Program License (“IPLA”) Agreement set forth in Appendix D of this Contract. No changes to the IPLA terms and conditions may be made unless previously agreed to between Vendor and DIR. Customers may not add, delete or alter any of the language in Appendix D. Order Fulfiller shall make the IPLA terms and conditions available to all Customers at all times.

2) Compliance with the IPLA is the responsibility of the Customer. DIR shall not be responsible for any Customer’s compliance with the IPLA. If DIR purchases software licenses for its own use under this Contract, it shall be responsible for its compliance with the IPLA terms and conditions.

### B. Shrink/Click-wrap License Agreement

Regardless of any other provision or other license terms which may be issued by Vendor after the effective date of this Contract, and irrespective of whether any such provisions have been proposed prior to or after the issuance of a Purchase Order for products licensed under this Contract, or the fact that such other agreement may be affixed to or accompany software upon delivery (shrink-wrap), the terms and conditions set forth in this Contract shall supersede and govern the license terms between Customers and Vendor. **It is the Customer’s responsibility to read the Shrink/Click-wrap License Agreement and determine if the Customer accepts the license terms as amended by this Contract. If the Customer does not agree with the license terms, Customer shall be responsible for negotiating with the reseller to obtain additional changes in the Shrink/Click-wrap License Agreement language from the software publisher.**

**C. Service Agreement**

Services provided under this Contract shall be in accordance with the Service Agreement as set forth in Appendix E of this Contract. No changes to the Service Agreement terms and conditions may be made unless previously agreed to by Vendor and DIR.

**8. Intellectual Property Matters**

This contract does not contemplate, authorize or support acquisition of custom software products or services. If Vendor and Customer seek to contract for such product or service, they must use a separate contract or seek amendment with DIR of this contract. If DIR and IBM decide to authorize customized software or hardware products; then the intellectual property language applies.

**9. Authorized Exceptions to Appendix A, Standard Terms and Conditions for Product and Related Services Contracts.**

**A. Section 8. Contract Administration, A. Contract Administrator, 2) Vendor Contract Administrator** is hereby restated in its entirety as follows:

Vendor shall provide a dedicated Contract Administrator whose duties shall include but not be limited to: i) supporting the marketing and management of the Contract, ii) facilitating dispute resolution between a Order Fulfiller and a Customer, and iii) advising DIR of Order Fulfillers performance under the terms and conditions of the Contract. DIR reserves the right to require a change in Vendor's then-current Contract Administrator if the assigned Contract Administrator is not, in the opinion of DIR, adequately serving the needs of the State. If vendor disagrees with the request, then within ten (10) business days vendor may state its reasons for such disagreement; however, vendor must replace the contract administrator if DIR so requires.

**B. Section 8. Contract Administration, B. Reporting and Administrative Fees, 2) Detailed Monthly Report** is hereby amended to add the following:

The term "sales" shall mean actual sales that have been invoiced.

**C. Section 8. Contract Administration, C. Records and Audit, subparagraph 3)** is hereby is hereby restated in its entirety as follows:

Vendor and/or Order Fulfillers shall grant access to all paper and electronic records, books, documents, accounting procedures, practices and any other items relevant to the performance of the Contract to the DIR Internal Audit department or DIR Contract Management staff, including the compliance checks designated by the DIR Internal Audit department, DIR Contract Management staff, the State Auditor's Office, and of the United States, and such other persons or entities designated by DIR for the purposes of inspecting, Compliance Checking and/or copying such books and

Vendor Contract No. \_\_\_\_\_

records. Vendor and/or Order Fulfillers shall provide copies and printouts requested by DIR without charge. DIR shall provide Vendor and/or Order Fulfillers ten (10) business days' notice prior to inspecting, Compliance Checking, and/or copying Vendor's and/or Order Fulfiller's records. Vendor's and/or Order Fulfillers records, whether paper or electronic, shall be made available during regular office hours. Vendor and/or Order Fulfiller personnel familiar with the Vendor's and/or Order Fulfiller's books and records shall be available to the DIR Internal Audit department, or DIR Contract Management staff and designees as needed. Vendor and/or Order Fulfiller shall provide adequate office space to DIR staff during the performance of Compliance Check. If Vendor is found to be responsible for inaccurate reports resulting in improper charges, DIR may invoice Vendor for the reasonable costs of the audit, upon which Vendor will either provide DIR with a credit for the agreed upon charges, or must pay DIR within thirty (30) days of receipt of the invoice, at DIR's option.

- D. Section 8. Contract Administration, C. Records and Audit, new subparagraph 5)** is hereby added as follows:

**PERSONS PERFORMING AUDITS WILL COMPLY WITH REASONABLE AND NECESSARY SECURITY PROCEDURES TO THE EXTENT THAT THESE DO NOT INTERFERE WITH PERFORMANCE OF AUDITORS' FUNCTIONS. FOR THE AVOIDANCE OF DOUBT, THE FOREGOING DOES NOT PERMIT A DIR CUSTOMER TO ACCESS RECORDS RELATED TO VENDOR'S PERSONNEL, PROFITS, INTERNAL COST DATA, OR OTHER CUSTOMERS.**

- E. Section 9. Vendor Responsibilities, A. Indemnification,** is hereby restated in its entirety as follows:

**A1. Independent Contractor**

1) INDEPENDENT CONTRACTOR VENDOR AGREES AND ACKNOWLEDGES THAT DURING THE EXISTENCE OF THIS CONTRACT, IT IS FURNISHING PRODUCTS AND SERVICES IN THE CAPACITY OF AN INDEPENDENT CONTRACTOR AND THAT VENDOR IS NOT AN EMPLOYEE OF THE CUSTOMER OR THE STATE OF TEXAS.

**A2. Acts or Omissions**

Vendor shall indemnify and hold harmless the State of Texas and Customers, AND/OR THEIR OFFICERS, AGENTS, EMPLOYEES, REPRESENTATIVES, CONTRACTORS, ASSIGNEES, AND/OR DESIGNEES FROM ANY AND ALL THIRD PARTY LIABILITY, ACTIONS, CLAIMS, DEMANDS, OR SUITS, AND ALL RELATED COSTS, ATTORNEY FEES, AND EXPENSES that a court finally awards or that are included in a settlement approved in writing by Vendor arising out of, or resulting from any acts or omissions of the Vendor or its agents, employees, subcontractors, Order Fulfillers, or suppliers of subcontractors in the execution or performance of the Contract and any Purchase Orders issued under the Contract.

THE DEFENSE SHALL BE COORDINATED BY VENDOR WITH THE OFFICE OF THE ATTORNEY GENERAL WHEN TEXAS STATE AGENCIES ARE NAMED DEFENDANTS IN ANY LAWSUIT AND VENDOR MAY NOT AGREE TO ANY SETTLEMENT WITHOUT FIRST OBTAINING THE CONCURRENCE FROM THE OFFICE OF THE ATTORNEY GENERAL. VENDOR AND THE CUSTOMER AGREE TO FURNISH TIMELY WRITTEN NOTICE TO EACH OTHER OF ANY SUCH CLAIM. Vendor retains the right to raise any and all defenses that may apply. Such indemnification obligation shall be subject to the following limitation of liability: Other than claims for personal injury (including death), damage to real or tangible personal property, infringement or breach of security or confidentiality, Vendor shall only be liable for direct damages up to the value of two (2) times the cost to the Customer for the products or services giving rise to the third party claim up to a cap of five million dollars (\$5,000,000); if the charges are recurring charges, 12 months' charges apply. Vendor and each DIR customer may agree to a higher limitation of liability on a transaction by transaction basis. In addition, if the Indemnified Party is subject to a limitation of liability for such third party claims, such limitation of liability will apply to Vendor as well. For the avoidance of doubt, the defense of sovereign immunity is not available to Vendor.

### **A3. Infringements**

a) Vendor shall indemnify and hold harmless the State of Texas and Customers, AND/OR THEIR EMPLOYEES, AGENTS, REPRESENTATIVES, CONTRACTORS, ASSIGNEES, AND/OR DESIGNEES from any and all third party claims that a product or service acquired under this Agreement infringes any United States patents, copyrights, and trade and service marks in the PERFORMANCES OR ACTIONS OF VENDOR PURSUANT TO THIS CONTRACT. VENDOR AND THE CUSTOMER AGREE TO FURNISH TIMELY WRITTEN NOTICE TO EACH OTHER OF ANY SUCH CLAIM. VENDOR SHALL BE LIABLE TO PAY ALL COSTS, DAMAGES, AND ATTORNEYS' FEES FINALLY AWARDED BY A COURT AGAINST CUSTOMER, OR AS INCLUDED IN A SETTLEMENT AGREED APPROVED BY VENDOR. THE DEFENSE SHALL BE COORDINATED BY VENDOR WITH THE OFFICE OF THE ATTORNEY GENERAL WHEN TEXAS STATE AGENCIES ARE NAMED DEFENDANTS IN ANY LAWSUIT AND VENDOR MAY NOT AGREE TO ANY SETTLEMENT WITHOUT FIRST OBTAINING THE CONCURRENCE OF THE OFFICE OF THE ATTORNEY GENERAL.

b) Vendor shall have no liability under this section if the alleged infringement is caused in whole or in part by: (i) use of the product or service for a purpose or in a manner for which the product or service was not designed, (ii) any modification made to the product without Vendor's written approval, (iii) any modifications made to the product by the Vendor pursuant to Customer's specific instructions, (iv) any intellectual property right owned by or licensed to Customer, (v) any use of the product or service by Customer that is not in conformity with the terms of any



applicable license agreement; or (vi) the distribution, operation or use of the product for the benefit of a third party outside Customer's entity.

c) If Vendor becomes aware of an actual or potential claim, or Customer provides Vendor with notice of an actual or potential claim, Vendor may (or in the case of an injunction against Customer, shall), at Vendor's sole option and expense; (i) procure for the Customer the right to continue to use the affected portion of the product or service, or (ii) modify or replace the affected portion of the product or service with functionally equivalent or superior product or service so that Customer's use is non-infringing.

**F. Section 9, Vendor Responsibilities, I. Security of Premises, Equipment, Data and Personnel** is hereby restated in its entirety as follows:

Vendor and/or Order Fulfiller may, from time to time during the performance of the Contract, have access to the personnel, premises, equipment, and other property, including data, files and /or materials (collectively referred to as "Data") belonging to the Customer. Vendor and/or Order Fulfiller shall use their best efforts to preserve the safety, security, and the integrity of the personnel, premises, equipment, Data and other property of the Customer, in accordance with the advance instruction of the Customer. Vendor and/or Order Fulfiller shall be responsible for damage to Customer's equipment, workplace, and its contents when such damage is caused by its employees or subcontractors. If a Vendor and/or Order Fulfiller fails to comply with Customer's security requirements, then Customer may immediately terminate its Purchase Order and related Service Agreement/Statement of Work.

**G. Section 9. Vendor Responsibilities, K. Limitation of Liability**, is hereby restated in its entirety as follows:

For any claim or cause of action arising under or related to the Contract: i) except for Vendor's indemnification obligations (addressed above), to the extent permitted by the Constitution and the laws of the State of Texas, none of the parties shall be liable to the other for punitive, special, or consequential damages, even if it is advised of the possibility of such damages; and ii) Vendor's liability for damages of any kind to the Customer shall be limited to two times the total amount paid to Vendor (if recurring, 12 months' charges apply) under each Statement of Work or Purchase Order to this Contract, except for claims arising from death, personal injury, or real or tangible personal property damage, or Vendor's indemnification obligations. IN NO EVENT, SHALL VENDOR BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, CLAIMS FOR LOST BUSINESS PROFITS OR REVENUE, LOSS OF DATA, INTERRUPTION IN USE, UNAVAILABILITY OF DATA, OR THE COST OF THE PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES) OR FOR PUNITIVE OR EXEMPLARY DAMAGES. However, this limitation of Vendor's liability shall not apply to claims of patent, trademark, or copyright infringement or indemnification obligation for acts and omissions.

**H. Section 9. Vendor Responsibilities, N. Required Insurance Coverage,** is hereby amended to restate in its entirety as follows:

As a condition of this Contract with DIR, Vendor shall provide the listed insurance coverage within 5 days of execution of the Contract if the Vendor is awarded services which require that Vendor's employees perform work at any Customer premises and/or use employer vehicles to conduct work on behalf of Customers. In addition, when engaged by a Customer to provide services on Customer premises, the Vendor shall, at its own expense, secure and maintain the insurance coverage specified herein, and shall provide proof of such insurance coverage to the related Customer within five (5) business days following the execution of the Purchase Order. Vendor may not begin performance under the Contract and/or a Purchase Order until such proof of insurance coverage is provided to, and approved by, DIR and the Customer. All required insurance must be issued by companies that are A- financially rated and duly licensed, admitted, and authorized to do business in the State of Texas. The Customer and DIR will be named as Additional Insureds on Commercial General Liability coverage and Business Automobile Liability Insurance. Required coverage must remain in effect through the term of the Contract and each Purchase Order issued to Vendor there under. The minimum acceptable insurance provisions are as follows:

**1) Commercial General Liability**

Commercial General Liability must include a combined single limit of \$500,000 per occurrence for coverage A, B, & C including products/completed operations, where appropriate, with a separate aggregate of \$500,000. The policy shall contain the following provisions:

- a) Blanket contractual liability coverage for liability assumed under the Contract;
- b) State of Texas, DIR and Customer listed as an additional insured;
- c) 30-day Notice of Termination in favor of DIR and/or Customer, which will be provided directly by Vendor should such termination occur; and
- d) Waiver of Transfer Right of Recovery Against Others in favor of DIR and/or Customer.

**2) Workers' Compensation Insurance**

Workers' Compensation Insurance and Employers' Liability coverage must include limits consistent with statutory benefits outlined in the Texas Workers' Compensation Act (Art. 8308-1.01 et seq. Tex. Rev. Civ. Stat) and minimum policy limits for Employers' Liability of \$250,000 bodily injury per accident, \$500,000 bodily injury disease policy limit and \$250,000 per disease per employee.

**3) Business Automobile Liability Insurance**

Business Automobile Liability Insurance must cover all owned and long-term leased vehicles with a minimum combined single limit of \$500,000 per occurrence for

Vendor Contract No. \_\_\_\_\_

bodily injury and property damage. Where vendor rents vehicles on a short-term basis, Vendor shall acquire appropriate insurance through such rental companies. Alternative acceptable limits are \$250,000 bodily injury per person, \$500,000 bodily injury per occurrence and at least \$100,000 property damage liability per accident. The policy shall contain the following endorsements in favor of DIR and/or Customer:

- a) Waiver of Subrogation;
- b) 30-day Notice of Termination; and
- c) Additional Insured.

**K. Section 9, Vendor Responsibilities, T. Deceptive Trade Practices; Unfair Business Practices** is hereby restated in its entirety as follows:

a) Vendor represents and warrants that during the preceding five (5) years, Vendor certifies that there are no Subcontractors and has not been (i) found liable in any administrative hearing, litigation or judicial or administrative proceeding of Deceptive Trade Practices violations as defined under Chapter 17, Texas Business & Commerce Code, or (ii) has outstanding allegations of any Deceptive Trade Practice pending in any administrative hearing, litigation or other judicial or administrative proceeding within the State of Texas.

b) Vendor certifies that during the preceding five (5) years, Vendor has no officers who have served as officers of other entities who (i) have been found liable in any administrative hearing, litigation or other judicial or administrative proceeding of Deceptive Trade Practices violations as defined under Chapter 17, Texas Business & Commerce Code or (ii) have outstanding allegations of any Deceptive Trade Practice pending in any administrative hearing, litigation or other judicial or administrative proceeding.

**L. Section 10, Contract Enforcement, B Termination, 3) Termination for Convenience** is hereby restated in its entirety as follows:

DIR may terminate the Contract, in whole or in part, by giving the other party thirty (30) calendar days written notice. A Customer may terminate a Purchase Order if it is determined by the Customer that Vendor will not be able to deliver product or services in a timely manner to meet the business needs of the Customer by giving Vendor thirty (30) days written notice.

This Contract is executed to be effective as of the date of last signature.

**INTERNATIONAL BUSINESS MACHINES CORPORATION**

**Authorized By:** Signature on File

**Name:** Mila Rios

**Title:** Software Manager / IBM

**Date:** 10/1/13

**The State of Texas, acting by and through the Department of Information Resources**

**Authorized By:** Signature on File

**Name:** Karen Robinson

**Title:** Executive Director

**Date:** 10/4/13

**Office of General Counsel:** Signature on file 10/2/13