

Strongsville City Schools

ADMINISTRATIVE OFFICES

Cameron M. Ryba, Superintendent
cryba@scsmustangs.org

George K. Anagnostou, Treasurer
ganagnostou@scsmustangs.org



18199 Cook Avenue ♦ Strongsville, Ohio 44136

Phone 440.572.7010 ♦ Fax 440.572.7041

www.strongnet.org

REGULAR BOARD OF EDUCATION MEETING – WORK SESSION

May 4, 2017

7:00 p.m.

ADMINISTRATION BUILDING/MEETING ROOM

This meeting is a meeting of the Board of Education in public for the purpose of conducting the School District's business and is not to be considered a public community meeting. There is a time for public participation during the meeting as indicated in the agenda. Public comment is your opportunity to make a comment to the Board. The Board will listen and if necessary, someone from the administration will get back to you with an answer.

Fund Definitions

001 – General Fund – The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

002 – Bond Retirement – The bond retirement fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

003 – Permanent Improvement – The permanent improvement fund is used to account for all transactions related to the acquiring, construction, or improving facilities and/or capital assets.

004 – Building Fund – The building fund is used to account for monies received and expended in connection with the construction of the middle school and renovation of the high school.

009 – Uniform School Supplies – The uniform school supplies fund is used to account for class fees for the purchase of school supplies.

014 – Internal Service Rotary Fund – The internal service rotary fund is used to account for operations that provide goods and services on a cost reimbursement basis.

018 – Public School Support – The public school support, otherwise known as the Principal's building fund, is used to account for specific local revenue sources, other than taxes, that are restricted to expenditures for specified purposes.

Fund Definitions (continued)

019 – Other Grants – The other grants fund is used to account for proceeds of specific revenue sources, except for State and Federal grants that are legally restricted to expenditures for specified purposes.

022 – OHSAA Tournaments – The OHSAA Tournament fund is used to account for the revenues and expenditures of an OHSAA tournament game hosted at the District. After the event takes place, this fund should equal zero.

024 – Employee Benefits Self-Insurance – The employee benefits self-insurance fund is used to account for monies received from other funds as payment for providing employee healthcare.

035 – Termination Benefits – The termination benefits fund is used to pay employee termination benefits upon separation as prescribed within the District's negotiated contracts.

200 – Student Managed Activities – The student managed activities fund is used to account for student activity programs which have student participation in the activity and have students involved in the management of the program.

300 – District Managed Student Activity – The District managed student activity fund is used to account for those student activity programs which have student participation but do not have student management of the programs. (Usually athletic and band programs but could be other clubs that are District managed.)

401 – Auxiliary Service (NPSS) – The auxiliary service fund is used to account for monies which provide services and materials to pupils attending non-public school within the School District. (Sts. Joseph and John, Creative Playrooms, and Le Chaperon Rouge).

451 – Data Communications – The data communications fund is used to account for money appropriated for Ohio Educational Computer Network Connections.

463 – Alternative Schools – The alternative schools fund is used to account for alternative educational programs for existing and new at-risk and delinquent youth.

499 – Miscellaneous State Grants – The miscellaneous state grant fund is used to account for various monies received from state agencies which are not classified elsewhere.

516 – IDEA, Part B Special Education – Grants to assist states in providing an appropriate public education to all children with disabilities.

551 – Title III, Limited English Proficiency – Grants to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children with limited English proficiency.

572 – Title I-Disadvantaged Youth – Federal Monies used to assist the School District in meeting the special needs of economically and educationally deprived children.

587 – IDEA Preschool Grant for the Handicapped – Grants the improvement and expansion of services for handicapped children ages three to five years.

590 – Improving Teacher Quality – Grants for professional development and other programs to ensure teachers meet high quality standards.

AGENDA

1. CALL TO ORDER

2. ROLL CALL

Present

Not Present

Duke Evans

George A. Grozan

Jane L. Ludwig

Richard O. Micko

Carl W. Naso

3. PLEDGE OF ALLEGIANCE

4. DISTRICT GOALS

5. PUBLIC COMMENT

6. TREASURER'S REPORT

A. DISCUSSION ITEM

1. Review May, 2017 Five-Year Forecast

(Exhibit A)

7. SUPERINTENDENT'S REPORT

A. DISCUSSION ITEM

1. International Travel

B. BUSINESS SERVICES

- * 1. Resolution of Intent to Participate in the Winter Use Contract for the Ohio Department of Transportation ODOT Cooperative Purchasing Program for Sodium Chloride (Rock Salt) (001-General Fund)

Be it resolved upon the recommendation of the Superintendent that the Operations Manager enters into an agreement between Strongsville City Schools and the Ohio Department of Transportation for the purpose of bidding Sodium Chloride (Rock Salt). The contract effective date begins October 1, 2017 and terminates March 31, 2018. Funding to be from the General Fund – Supplies/Materials for Custodial.

(Exhibit B)

AGENDA

MAY 4, 2017

7. SUPERINTENDENT'S REPORTC. HUMAN RESOURCES* 1. Resignation – Administrative (001-General Fund)

Be it resolved upon the recommendation of the Superintendent that the following administrative resignation be accepted:

Stephen Breckner, Assistant Principal, assigned to Strongsville High School.
Effective end of day June 28, 2017.

* 2. Appointment – Administrative (001-General Fund)

Be it resolved upon the recommendation of the Superintendent that the following administrative personnel be hired:

Stephen Breckner, Operations Manager, 260 day administrative contract, salary to be PL 6 at \$99,000.00 per year with an educational incentive of \$1,750.00. Period June 29, 2017 to July 31, 2017 paid at \$380.77 per diem. Two-year contract effective from August 1, 2017 through July 31, 2019. Replacement for Mark Donnelly.

D. TECHNOLOGY* 1. Elementary Projectors, Whiteboards, and Supplies (001-General Fund)

Be it resolved upon the recommendation of the Superintendent that the Board of Education approves the purchase of elementary projectors, Whiteboards, and supplies, not to exceed \$148,000.00.

* 2. Strongsville High School Chromebook Purchase (001-General Fund)

Be it resolved upon the recommendation of the Superintendent that the Board of Education approves the purchase of Chromebooks, cases, and management licenses, not to exceed 135,000.00, to be used at Strongsville High School.

* 3. Strongsville Middle School Chromebook Purchase (001-General Fund)

Be it resolved upon the recommendation of the Superintendent that the Board of Education approves the purchase of 113 Chromebooks, 113 Google Chrome licenses, and 9 carts, not to exceed \$29,800.00, to be used at Strongsville Middle School. Funding to be from the Strongsville Middle School budget.

* 4. Surrarrer Elementary School Chromebook Purchase (001-General Fund)

Be it resolved upon the recommendation of the Superintendent that the Board of Education approves the purchase of 81 Chromebooks and 1 cart, not to exceed \$19,525.00, to be used at Surrarrer Elementary School. Funding to be from the Surrarrer Elementary School budget.

AGENDA

MAY 4, 2017

7. SUPERINTENDENT'S REPORTD. TECHNOLOGY* 5. AT&T Lit Fiber Network Contract (001-General Fund)

Be it resolved upon the recommendation of the Superintendent that the Board of Education approves a five (5) year contract with AT&T for Lit Fiber network connectivity for all data and voice transmissions between the Board Offices, the Support Services Complex, and all school buildings at a rate of \$7,968.00 per month. The contract will cover the period from July 1, 2017 to June 30, 2022 and includes the Master Agreement, an E-Rate Rider: Category 1 Services, and AT&T Dedicated Ethernet.

(Exhibit C)

* 6. E-Rate Brocade Switch Purchase (001-General Fund)

Be it resolved upon the recommendation of the Superintendent that the Board of Education approves the purchase of 7 Brocade 48 port PoE switches for 10Gps building connectivity, not to exceed \$39,743.28.

(Exhibit D)

8. CONSENT CALENDAR

Action by the Board of Education in "Adoption of Consent Calendar" at this point of the agenda means that all items appearing in this agenda with asterisks (*) (which items constitute the "consent calendar") are adopted by one single motion, unless a member of the Board or the Superintendent requests that such items be removed from the "consent calendar" and voted upon separately.

| | | | | |
|---------|---------|-------------------------|-----|----|
| Motion: | Second: | Roll Call: | Yes | No |
| | | <i>Duke Evans</i> | | |
| | | <i>George A. Grozan</i> | | |
| | | <i>Jane L. Ludwig</i> | | |
| | | <i>Richard O. Micko</i> | | |
| | | <i>Carl W. Naso</i> | | |

9. BOARD OF EDUCATION / OTHER10. MEETING NOTIFICATION – DATE CHANGE

A Regular Board of Education Meeting will be held **Tuesday, May 23, 2017, 7:00 p.m.** in the Auditorium of Strongsville Middle School, 13200 Pearl Road, Strongsville, Ohio. This represents a date change from Thursday, May 18, 2017.

AGENDA

MAY 4, 2017

11. EXECUTIVE SESSION

| Motion: | Second: | Roll Call: | Yes | No |
|---------|---------|-------------------------|-----|----|
| | | <i>Duke Evans</i> | | |
| | | <i>George A. Grozan</i> | | |
| | | <i>Jane L. Ludwig</i> | | |
| | | <i>Richard O. Micko</i> | | |
| | | <i>Carl W. Naso</i> | | |

Entered into Executive Session at _____ p.m.

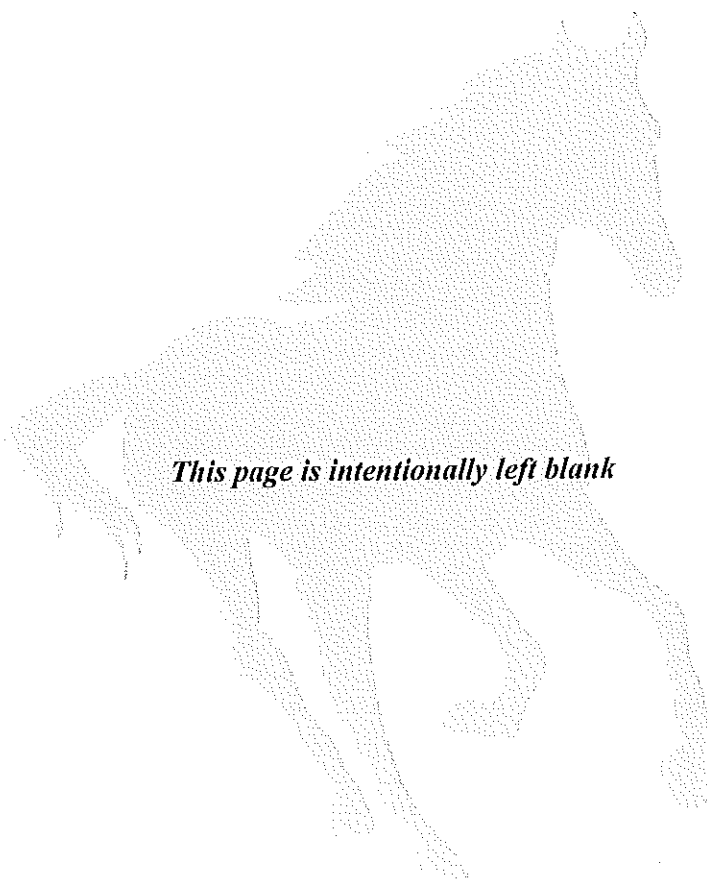
Resumed Public Session at _____ p.m.

12. ADJOURNMENT

| Motion: | Second: | Roll Call: | Yes | No |
|---------|---------|-------------------------|-----|----|
| | | <i>Duke Evans</i> | | |
| | | <i>George A. Grozan</i> | | |
| | | <i>Jane L. Ludwig</i> | | |
| | | <i>Richard O. Micko</i> | | |
| | | <i>Carl W. Naso</i> | | |

Meeting adjourned at _____ p.m.

| Strongsville City Schools Schedule Of Revenue, Expenditures and Changes In Fund Balances Actual and Forecasted Operating Fund | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | ACTUAL | | | FORECASTED | | | | |
| | Fiscal Year 2014 | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 |
| Revenue: | | | | | | | | |
| 1.010 - General Property Tax (Real Estate) | 46,857,239 | 44,969,504 | 47,132,420 | 47,710,195 | 47,480,955 | 47,417,159 | 47,503,513 | 47,463,357 |
| 1.020 - Public Utility Personal Property | 2,325,044 | 2,487,339 | 2,629,579 | 2,728,201 | 2,783,740 | 2,811,577 | 2,825,557 | 2,825,557 |
| 1.030 - Income Tax | - | - | - | - | - | - | - | - |
| 1.035 - Unrestricted Grants-In-Aid | 9,920,308 | 9,932,508 | 11,052,774 | 11,931,102 | 9,865,295 | 9,401,298 | 8,938,508 | 8,935,377 |
| 1.040 - Restricted Grants-In-Aid | 42,076 | 69,999 | 60,887 | 71,695 | 66,051 | 65,027 | 64,046 | 63,288 |
| 1.045 - Restricted Federal Grants-In-Aid - SFSF | - | - | - | - | - | - | - | - |
| 1.050 - Property Tax Allocation | 9,735,080 | 9,766,953 | 8,305,124 | 6,936,384 | 6,121,365 | 6,160,929 | 6,185,238 | 6,185,238 |
| 1.060 - All Other Operating Revenues | 2,842,879 | 4,318,754 | 3,604,535 | 3,711,014 | 3,547,358 | 3,522,358 | 3,517,358 | 3,517,358 |
| 1.070 - Total Revenue | 71,722,626 | 71,545,057 | 72,785,319 | 73,088,591 | 69,864,764 | 69,378,348 | 69,034,219 | 68,990,175 |
| Other Financing Sources: | | | | | | | | |
| 2.010 - Proceeds from Sale of Notes | - | - | - | - | - | - | - | - |
| 2.020 - State Emergency Loans and Advancements | - | - | - | - | - | - | - | - |
| 2.040 - Operating Transfers-In | 52,583 | 47,582 | - | - | - | - | - | - |
| 2.050 - Advances-In | - | - | - | - | - | - | - | - |
| 2.060 - All Other Financing Sources | 145,519 | 258,418 | 97,239 | 30,176 | 22,000 | 22,000 | 22,000 | 22,000 |
| 2.070 - Total Other Financing Sources | 198,102 | 306,000 | 97,239 | 30,176 | 22,000 | 22,000 | 22,000 | 22,000 |
| 2.080 - Total Revenues and Other Financing Sources | 71,920,728 | 71,851,057 | 72,882,558 | 73,118,767 | 69,886,764 | 69,400,348 | 69,056,219 | 69,012,175 |
| Expenditures: | | | | | | | | |
| 3.010 - Personnel Services | 38,353,933 | 39,530,009 | 38,962,973 | 39,396,873 | 41,212,955 | 41,766,987 | 42,445,092 | 43,116,320 |
| 3.020 - Employees' Retirement/Insurance Benefits | 16,863,021 | 16,707,172 | 16,229,383 | 16,028,039 | 17,171,727 | 18,141,896 | 19,103,666 | 20,414,921 |
| 3.030 - Purchased Services | 5,653,625 | 6,174,920 | 6,562,467 | 8,130,289 | 8,371,258 | 8,577,358 | 8,788,225 | 9,003,086 |
| 3.040 - Supplies and Materials | 1,785,647 | 2,026,609 | 1,716,053 | 2,251,457 | 2,465,544 | 2,401,644 | 2,401,644 | 2,401,644 |
| 3.050 - Capital Outlay | 409,094 | 339,568 | 413,174 | 971,720 | 1,044,503 | 1,044,503 | 1,044,503 | 1,044,503 |
| 3.060 - Intergovernmental | - | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | |
| 4.010 - Principal-All Years | 516,901 | 356,284 | 374,604 | - | - | - | - | - |
| 4.020 - Principal - Notes | - | - | - | 343,554 | 358,164 | 373,468 | 389,497 | 368,745 |
| 4.030 - Principal - State Loans | - | - | - | - | - | - | - | - |
| 4.040 - Principal - State Advances | - | - | - | - | - | - | - | - |
| 4.050 - Principal - HB264 Loan | - | - | - | - | - | - | - | - |
| 4.055 - Principal - Other | - | - | - | - | - | - | - | - |
| 4.060 - Interest and Fiscal Charges | 216,477 | 196,754 | 180,209 | 163,274 | 146,828 | 129,669 | 111,928 | 92,176 |
| 4.300 - Other Objects | 1,305,212 | 1,066,411 | 1,316,532 | 1,400,759 | 1,313,187 | 1,324,755 | 1,341,027 | 1,357,061 |
| 4.500 - Total Expenditures | 65,103,910 | 66,397,727 | 65,755,395 | 68,685,965 | 72,084,166 | 73,760,280 | 75,625,582 | 77,798,456 |
| Other Financing Uses | | | | | | | | |
| 5.010 - Operating Transfers-Out | 3,356,404 | 313,617 | 1,117,624 | 1,234,500 | 1,222,835 | 1,131,147 | 1,039,434 | 1,038,697 |
| 5.020 - Advances-Out | - | - | - | - | - | - | - | - |
| 5.030 - All Other Financing Uses | 2,472 | - | - | - | - | - | - | - |
| 5.040 - Total Other Financing Uses | 3,358,876 | 313,617 | 1,117,624 | 1,234,500 | 1,222,835 | 1,131,147 | 1,039,434 | 1,038,697 |
| 5.050 - Total Expenditures and Other Financing Uses | 68,462,786 | 66,711,344 | 66,873,019 | 69,920,465 | 73,307,001 | 74,891,427 | 76,665,016 | 78,837,153 |
| Excess of Rev & Other Financing Uses Over (Under) | | | | | | | | |
| 6.010 - Expenditures and Other Financing Uses | 3,457,942 | 5,139,713 | 6,009,539 | 3,198,302 | (3,420,237) | (5,491,079) | (7,608,797) | (9,824,978) |
| Cash Balance July 1 - Excluding Proposed Renewal/ | | | | | | | | |
| 7.010 - Replacement and New Levies | 3,759,536 | 7,217,478 | 12,357,191 | 18,366,730 | 21,565,032 | 18,144,794 | 12,653,716 | 5,044,919 |
| 7.020 - Cash Balance June 30 | 7,217,478 | 12,357,191 | 18,366,730 | 21,565,032 | 18,144,794 | 12,653,716 | 5,044,919 | (4,780,059) |
| 8.010 - Estimated Encumbrances June 30 | 763,796 | 1,092,092 | 988,614 | 1,100,000 | 1,100,000 | 1,100,000 | 1,100,000 | 1,100,000 |
| Reservations of Fund Balance: | | | | | | | | |
| 9.010 - Textbooks and Instructional Materials | - | - | - | - | - | - | - | - |
| 9.020 - Capital Improvements | - | - | - | - | - | - | - | - |
| 9.030 - Budget Reserve | - | - | - | - | - | - | - | - |
| 9.040 - DPIA | - | - | - | - | - | - | - | - |
| 9.050 - Debt Service | - | - | - | - | - | - | - | - |
| 9.060 - Property Tax Advances | - | - | - | - | - | - | - | - |
| 9.070 - Bus Purchases | - | - | - | - | - | - | - | - |
| 9.080 - Subtotal | - | - | - | - | - | - | - | - |
| Fund Balance June 30 for Certification | | | | | | | | |
| 10.010 - of Appropriations | 6,453,682 | 11,265,099 | 17,378,116 | 20,465,032 | 17,044,794 | 11,553,716 | 3,944,919 | (5,880,059) |
| Rev from Replacement/Renewal Levies | | | | | | | | |
| 11.010 - Income Tax - Renewal | - | - | - | - | - | - | - | - |
| 11.020 - Property Tax - Renewal or Replacement | - | - | - | - | - | - | - | - |
| 11.030 - Cumulative Balance of Replacement/Renewal Levies | - | - | - | - | - | - | - | - |
| Fund Balance June 30 for Certification | | | | | | | | |
| 12.010 - of Contracts, Salary and Other Obligations | 6,453,682 | 11,265,099 | 17,378,116 | 20,465,032 | 17,044,794 | 11,553,716 | 3,944,919 | (5,880,059) |
| Revenue from New Levies | | | | | | | | |
| 13.010 - Income Tax - New | - | - | - | - | - | - | - | - |
| 13.020 - Property Tax - New | - | - | - | - | - | - | - | - |
| 13.030 - Cumulative Balance of New Levies | - | - | - | - | - | - | - | - |
| 14.010 - Revenue from Future State Advancements | - | - | - | - | - | - | - | - |
| 15.010 - Unreserved Fund Balance June 30 | 6,453,682 | 11,265,099 | 17,378,116 | 20,465,032 | 17,044,794 | 11,553,716 | 3,944,919 | (5,880,059) |
| ADM Forecasts | | | | | | | | |
| 20.010 - Kindergarten | - | - | - | 304 | 323 | 327 | 317 | 328 |
| 20.015 - Grades 1-12 | - | - | - | 5,078 | 4,912 | 4,797 | 4,694 | 4,605 |



STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES



FIVE YEAR FINANCIAL FORECAST

AND

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS

MAY 2017 UPDATE

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

NOTE 1 NATURE AND PURPOSE OF PRESENTATION

This financial projection presents, in accordance with mandates of Ohio Law, the expected revenues, expenditures, and fund balance of the General Fund of the Strongsville City School District (the "District") for each of the fiscal years ending June 30, 2017 through June 30, 2021, with historical data presented for the fiscal years ended June 30, 2014, 2015, and 2016.

This forecast includes the impact on the State bi-annual budget for that was approved for fiscal years 2016 and 2017.

The assumptions disclosed herein are those that the District believes are significant to the projection. However, because circumstances and conditions assumed in projections frequently do not occur as expected, and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

A Basis of Accounting

This financial projection has been prepared on the cash receipts and disbursements basis, which is the required basis of accounting used for budgetary purposes. Under this system, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred. Under Ohio Law, the District is also required to encumber legally binding expenditure commitments and to make appropriations for the expenditure and commitment of funds.

B Fund Accounting

The District maintains its accounts in accordance with the principals of "fund accounting". Fund accounting is used by governmental entities, such as school districts, to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions and activities. The transactions of each fund are reflected in a self-balancing group of accounts, which presents an accounting entity that stands separate from the activities reported in other funds.

The forecast includes revenue and expenditure estimates for the general operating fund of the District (Fund 001).

NOTE 2 REVENUE ASSUMPTIONS

The District's primary sources of revenue are from the levying of property taxes on real property located within the District boundaries and the State of Ohio through the State Foundation program. The following provides information with respect to the revenue categories.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**A PROPERTY TAXES
LINE 1.010, 1.020 AND 1.050**

Property taxes, which are levied and assessed on a calendar year basis, include amounts levied against all real and public utility property in the school district.

The real property tax base is the taxable (assessed) value of land and buildings. The taxable value is 35% of true (market) value. Under state law, real property is reappraised every six years and property values are updated in the third year following each sexennial reappraisal.

In 1976, the Ohio General Assembly passed HB 920. This law provides real property owners tax credits equal to any increase caused by an increase in value of all real property as a result of reappraisal. This does not apply to inside non-voted millage. In effect, HB 920 removes inflationary revenue growth from the applicable real property by requiring an adjustment to the voted millage rate, thereby resulting in a lower effective millage rate.

HB 66 made provision to replace revenue lost due to the phase out of the Tangible Personal Property Tax. In FY 15, the District received \$3.6 million in Tangible Personal Property Tax hold harmless. In the most recent bi-annual budget, the Tangible Personal Property Tax will be phased out by \$1.4 million in FY 16, and additional phase out of \$1.4 million in FY 17 for a combine loss through FY 17 of \$2.8 million. In FY 18 the remaining \$800k will be phased out for a total reduction of funding of \$3.6 million each year in the years FY 18-20. The District will be held harmless for the FY 16 \$1.4 million reduction through a supplement through the State Foundation. For FY 17, the District will be held harmless for \$2.2 million of the \$2.8 million reduction through a supplement through the State Foundation. The net FY 17 reduction in Tangible Personal Property tax is \$600k, while the remaining \$3.0 million will be completely reduce in FY 18-20.

The forecast assumes the property tax collection rate and split as follows:

| Residential Collection Rate | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 Forecast | FY 17 Actual | FY 18 Forecast | FY 19 Forecast | FY 20 Forecast | FY 21 Forecast |
|------------------------------|--------|--------|--------|--------|--------|----------------|--------------|----------------|----------------|----------------|----------------|
| 2nd Half CY Collection % | | 97.28% | 97.28% | 98.27% | 97.65% | 98.18% | 98.36% | 98.36% | 98.50% | 98.00% | 98.00% |
| 1st Half CY Collection % | 97.28% | 98.27% | 97.65% | 98.18% | 98.36% | 98.00% | 98.50% | 98.00% | 98.00% | 98.00% | 98.00% |
| Residential Collection Split | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 Forecast | FY 17 Actual | FY 18 Forecast | FY 19 Forecast | FY 20 Forecast | FY 21 Forecast |
| 2nd Half CY Collection % | | 47.23% | 47.33% | 47.32% | 47.12% | 47.31% | 47.31% | 47.17% | 47.25% | 47.25% | 47.25% |
| 1st Half CY Collection % | 52.77% | 52.67% | 52.68% | 52.88% | 52.69% | 52.75% | 52.83% | 52.75% | 52.75% | 52.75% | 52.75% |
| Commercial Collection Rate | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 Forecast | FY 17 Actual | FY 18 Forecast | FY 19 Forecast | FY 20 Forecast | FY 21 Forecast |
| 2nd Half CY Collection % | | 94.63% | 92.97% | 95.09% | 89.38% | 97.34% | 97.34% | 98.50% | 95.71% | 95.71% | 95.71% |
| 1st Half CY Collection % | 94.63% | 92.97% | 95.09% | 89.38% | 97.34% | 93.88% | 98.50% | 95.71% | 95.71% | 95.71% | 95.71% |
| Commercial Collection Rate | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 Forecast | FY 17 Actual | FY 18 Forecast | FY 19 Forecast | FY 20 Forecast | FY 21 Forecast |
| 2nd Half CY Collection % | | 52.23% | 51.94% | 46.54% | 51.19% | 46.84% | 46.84% | 46.85% | 46.85% | 46.85% | 46.85% |
| 1st Half CY Collection % | 46.77% | 48.06% | 53.46% | 48.81% | 53.16% | 49.00% | 53.15% | 53.15% | 53.15% | 53.15% | 53.15% |

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

The Ohio Revised Code and Ohio Administrative Code mandate Cuyahoga County to conduct a re-appraisal every six years, an update every three years and annual valuation of improvements based upon building permits received from each city annually. The last re-appraisal was in 2012 and the triennial update was completed in 2015. All property values were updated for the 2016 collection year, which resulted in a 1.7% increase in values. The forecast assumes the following property valuations:

| Fiscal Year | Residential | Commercial | Public Utility | Total |
|----------------|-----------------|---------------|----------------|-----------------|
| CY 14 Actual | \$1,042,936,430 | \$341,829,830 | \$31,584,330 | \$1,416,350,590 |
| CY 15 Actual | \$1,049,626,620 | \$334,780,730 | \$33,230,900 | \$1,417,638,250 |
| CY 16 Actual | \$1,085,544,980 | \$327,009,910 | \$34,026,660 | \$1,446,581,550 |
| CY 17 Actual | \$1,099,063,440 | \$331,059,270 | \$36,099,090 | \$1,466,221,800 |
| CY 18 Forecast | \$1,104,555,202 | \$325,780,001 | \$36,460,081 | \$1,466,795,284 |
| CY 19 Forecast | \$1,132,151,306 | \$313,831,299 | \$36,824,682 | \$1,482,807,287 |
| CY 20 Forecast | \$1,132,151,306 | \$313,831,299 | \$36,824,682 | \$1,482,807,287 |
| CY 21 Forecast | \$1,132,151,306 | \$307,307,680 | \$36,824,682 | \$1,476,283,668 |

State law grants tax relief to property owners (property tax rollbacks) in the form of a 10% reduction in real property tax bills. In addition, a 2.5% rollback is granted for owner occupied homesteads (total of 12.5%). The State reimburses school districts for the loss of real property taxes as a result of the rollback provision.

The prior budget bill (HB 119) included a significant property tax reduction for senior citizens. This Homestead Exemption will allow senior citizen homeowners and permanently/totally disabled homeowners, regardless of income, to withhold \$25,000 of market value of their owner occupied home from property taxes.

In November 2016 residents renewed a 5 year 6 mill levy with collection beginning January 2018. The forecast assumes the levy will expire tax year December 31, 2021. Collections will continue through December 31, 2022.

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| General Property Tax (Real Estate) | \$ 50,438,396 | \$ 50,264,695 | \$ 50,228,736 | \$ 50,329,070 | \$ 50,288,914 |
| Property Tax Allocation: | | | | | |
| Property Tax Rollbacks | 6,078,952 | 6,121,365 | 6,160,929 | 6,185,238 | 6,185,238 |
| Tangible Personal Property | 857,432 | - | - | - | - |
| Total Tax Allocation | 6,936,384 | 6,121,365 | 6,160,929 | 6,185,238 | 6,185,238 |
| Total Tax Related Revenue | \$ 57,374,780 | \$ 56,386,060 | \$ 56,389,665 | \$ 56,514,308 | \$ 56,474,152 |

**B UNRESTRICTED/RESTRICTED STATE GRANTS-IN AID
LINE 1.035, 1.040**

This component of the financial forecast includes the State Foundation Program.

HB 59 has replaced the prior funding formulas, the bridge formula and the Ohio Evidence Based Funding Model. Under the current version of HB 59, calculations include funding for both the District and Charter School students. HB 59 mandates that all school districts pay tuition for all

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

students who reside in the District and attend a charter school. The District's charter school tuition payment is reflected in line 3.030 (Purchased Services) of the forecast.

For FY 16, the District will be held harmless for the \$1.4 million tangible personal property tax phase out which will be a supplement through the State Foundation Program.

For FY 17, the District will be held harmless for the \$2.2 million tangible personal property tax phase out which will be a supplement through the State Foundation Program.

The following are the estimated unrestricted/restricted state grants-in aid assumed in this five year forecast. It assumes that the district is on the "state guarantee" for FY17 – FY21. It is also assumed that a portion of the "state guarantee" will be phased out based on the current Governors budget proposal. A reduction of 5% or \$462,344 in fiscal years 2018 and 2019, compared to fiscal year 2017, and another reduction of 5% or \$458,123 in fiscal years 2020 and 2021, from fiscal 2019. For fiscal year 2017, the District's guarantee amount is \$3.5 million.

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|----------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| Unrestricted State Funding | \$11,663,672 | \$9,604,144 | \$9,145,672 | \$8,688,531 | \$8,689,288 |
| Casino Receipts | 269,586 | 261,151 | 255,626 | 249,977 | 246,089 |
| Restricted State Funding | 71,695 | 66,051 | 65,027 | 64,046 | 63,288 |
| Total State Foundation | <u>\$12,004,953</u> | <u>\$9,931,346</u> | <u>\$9,466,325</u> | <u>\$9,002,554</u> | <u>\$8,998,665</u> |

C ALL OTHER REVENUE
Line 1.060

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Payments in Lieu of Taxes (PILOT) and Tax Increment Financing Payments (TIF) | \$2,107,444 | \$2,100,000 | \$2,100,000 | \$2,100,000 | \$2,100,000 |
| Tuition - Prek, Full Day Kindergarten | 376,257 | 350,000 | 350,000 | 350,000 | 350,000 |
| Tuition - Court Placed | 319,530 | 310,000 | 310,000 | 310,000 | 310,000 |
| Dues and Fees | 343,711 | 326,000 | 326,000 | 326,000 | 326,000 |
| Catastrophic Aid | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Interest Income | 70,830 | 50,000 | 25,000 | 20,000 | 20,000 |
| All Other | 373,418 | 283,358 | 283,358 | 283,358 | 283,358 |
| Total Other Revenue | <u>\$3,741,190</u> | <u>\$3,569,358</u> | <u>\$3,544,358</u> | <u>\$3,539,358</u> | <u>\$3,539,358</u> |

- Payment in Lieu of Taxes (PILOT) and Tax Increment Financing Payments (TIF) is the largest source of other revenue.
- Tuition is collected for the Preschool program, Full Day Kindergarten, and Summer School.
- Tuition is collected from other districts for students that are placed in the District by the court system in foster homes with Strongsville residents.
- Dues and Fees are collected for pay to participate and other fees.
- Catastrophic Aid is a supplemental payment to districts for special education students. This reimbursement is available to the financially responsible district for any child whose educational and related expenses exceed certain limits.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

NOTE 3 EXPENDITURE ASSUMPTIONS

**A PERSONAL SERVICES – SALARIES AND WAGES
LINE 3.010**

The District reached a three year agreement with the SEA union effective August 1, 2016 through July 31, 2019. The District reached a three year agreement with the OAPSE union effective July 1, 2014 through June 30, 2017.

Staffing assumptions (General Fund):

FY 17 – 655
FY 18 – 657
FY 19 – 644
FY 20 – 644
FY 21 – 644

Since 2009, there are 206 less positions compared to FY 2017, a 23% decline which is keeping pace with declining enrollment. If enrollment decline continues, the School District projects to reduce 13 positions in FY 2019. In fiscal year 2018, the School District will be increasing by two positions, a kindergarten teachers and a 1st grade teacher to due to recent increased enrollment in those grades. Below is a summary of staffing changes included in the forecast:

FY 16 – Less 20 positions
FY 17 – Less 17 positions
FY 18 – Add 2 positions
FY 19 - Less 13 positions

If possible, the District will make the reductions with the retirement of current staff, prior to any reductions in force.

The forecast assumes the stated reduction of position along with any step and column increases.

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services | | | | | |
| Salaries and Wages | \$39,396,873 | \$41,212,955 | \$41,766,987 | \$42,445,092 | \$43,116,320 |

**B FRINGE BENEFITS
Line 3.020**

This component of the financial forecast includes the following items:

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Employee Insurance Benefits | \$8,785,627 | \$9,656,804 | \$10,330,997 | \$11,380,644 | \$12,579,772 |
| Medicare | 543,966 | 600,095 | 608,128 | 617,961 | 627,694 |
| Worker's Compensation | 393,053 | 469,814 | 472,112 | 475,126 | 478,105 |
| State Teacher/ State Employees Retirement Benefits | 6,234,105 | 6,415,014 | 6,499,158 | 6,599,935 | 6,699,350 |
| Other Benefits | 71,288 | 30,000 | 231,501 | 30,000 | 30,000 |
| | <u>\$16,028,039</u> | <u>\$17,171,727</u> | <u>\$18,141,896</u> | <u>\$19,103,666</u> | <u>\$20,414,921</u> |

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

- (1) Health care costs are based on estimated staffing levels. Health care rates increased by 3% in FY 16 and 5% in FY 17. For FY 18-21, health care rates are projected to increase 10% each year. Health care rates are based on projections provided by the DS Benefits Group which are in line to industry standards..

During FY 14, the District switched to a fully insured health care plan. Since the switch, the District has saved \$2.8 million through fiscal year 2016 by being on a self-funded plan compared to a fully insured plan.

- (2) The projection assumes the State's mandated retirement contribution rate of 14% will not change during the forecast period.
- (3) See staffing levels under personnel services.
- (4) Increase to Workers Compensation is due to increase claims in recent years. The increase from FY 17 to FY 18 is based on FY 17 reported claims and projections.
- (5) Medicare costs are projected to remain constant over the forecast period.

C PURCHASED SERVICES
Line 3.030

This component of the financial forecast includes the following items:

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Charter School Tuition | \$749,938 | \$850,000 | \$850,000 | \$850,000 | \$850,000 |
| College Credit Plus | 303,372 | 299,367 | 299,367 | 299,367 | 299,367 |
| Out of District Tuition | 1,887,461 | 2,141,390 | 2,241,390 | 2,341,390 | 2,441,390 |
| Utilities | 1,702,117 | 1,830,400 | 1,903,616 | 1,979,760 | 2,058,951 |
| Other Purchased Services | 3,487,401 | 3,250,101 | 3,282,985 | 3,317,708 | 3,353,378 |
| | <u>\$8,130,289</u> | <u>\$8,371,258</u> | <u>\$8,577,358</u> | <u>\$8,788,225</u> | <u>\$9,003,086</u> |

- (1) Under HB 59, charter school students are counted (for State Foundation Funding Calculations) in the District of residence. Strongsville City School District charter school tuition payment is reflected in line 3.030 (purchased services) of the forecast.
- (2) Out of District Tuition costs are based on budgeted projections. For the College Credit Plus program, these payments are currently made a year in arrears. For the upcoming school year, The Ohio Department of Education is going to be making the payments for the current year, so there will be an additional payment in FY 17 to be caught up. Also there has been additional 25% increase in participation in the program from FY 15 to FY 16 and currently an additional 20% increase in students are registered for the upcoming school year, FY 17.
- (3) Utility costs are based on current payments and historical increases.
- (4) Other purchased service accounts include allocations for contract student transportation, maintenance, telephone services, postage, printing, school bus lease payments, outside legal fees, and other related items.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**D SUPPLIES, MATERIALS AND TEXTBOOKS
LINE 3.040**

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Supplies and Textbooks | \$2,251,457 | \$2,465,544 | \$2,401,644 | \$2,401,644 | \$2,401,644 |

Supply and Textbook allocations are projected consistent with current budget estimates. The textbook and instructional supplies budget is \$1.1 million. The remaining budget is made of transportation fuel, bus parts, and custodial supplies.

**E CAPITAL OUTLAY
LINE 3.050**

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|----------------|-----------|-------------|-------------|-------------|-------------|
| Capital Outlay | \$971,720 | \$1,044,503 | \$1,044,503 | \$1,044,503 | \$1,044,503 |

For FY17-21, the District increased the technology capital equipment budget by \$500,000 annually for Chromebooks for the implementation of the 1:1 device to student ratio.

**F DEBT SERVICE
LINE 4.010 THROUGH LINE 4.060**

This component of the financial forecast includes the following items:

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|---|-----------|-----------|-----------|-----------|-----------|
| School Improvements & Bus Acquisitions, Series 2005 | \$79,775 | \$78,375 | \$76,975 | \$75,575 | \$78,275 |
| Energy Conservation Bonds, Series 2006 | 85,077 | 85,077 | 85,077 | 85,077 | 42,538 |
| HB 264 Energy Conservation Bonds, Series 2008 | 341,975 | 341,541 | 341,085 | 340,772 | 340,108 |
| Total Debt Service | \$506,827 | \$504,993 | \$503,137 | \$501,424 | \$460,921 |

The forecast includes only those outstanding debt issuances that are funded by the General Fund. Therefore, District general obligations that are paid by the District's Debt Service Fund, which are funded by a separate dedicated property tax, are excluded from this forecast. A brief description of the debt issuances related specifically to the General Fund is as follows:

1. School Improvements & Bus Acquisitions, Series 2005

In August 2005, The Board of Education adopted two resolutions authorizing the issuance of two series of bonds in the respective amounts of \$1,260,000 for the renovation of the Strongsville Early Learning Preschool and \$415,000 for the acquisition of school buses. The final amount for the Strongsville Early Learning Center is on December 1, 2035. The final payment for the acquisition of buses is on December 1, 2015.

2. Energy Conservation Bonds, Series 2006

In April 2006, The Board of Education adopted a resolution authorizing the issuance and sale of bonds, in the aggregate principal amount of \$895,000, for the purpose of paying costs of installations, modifications and remodeling of school buildings to conserve energy. The final payment of the debt is on December 1, 2020.

**STRONGSVILLE CITY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

3. Energy Conservation Bonds (House Bill 264)

In June 2008, The Board of Education adopted a resolution authorizing the issuance and sale of bonds, in the aggregate principal amount of \$3,645,000 for the purpose of paying costs of installations, modifications and remodeling of school buildings to conserve energy.

**G OTHER OBJECTS
LINE 4.300**

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Other Miscellaneous Expenditures | \$1,400,759 | \$1,222,835 | \$1,131,147 | \$1,341,027 | \$1,357,061 |

The main component of this category is County Auditor and Treasurer fee's for the collection of tax receipts. Other components include bank charges, insurance, judgments, and other miscellaneous expenses.

**H TRANSFERS AND ADVANCES IN AND OUT
LINES 2.040, 2.050, 5.010, AND 5.020**

Transfers are need to cover deficits in the following funds:

009 Uniform School Supplies in the amount of \$120,000 annually.

035 Termination Benefits, to cover employee severance payments in the amount of \$1,055,000 for FY 17. Beginning in FY 18 this number will begin to decrease as policy changes have been made to the District early retirement incentives.

019 Excellence in Athletics Campaign – As part of the Excellence in Athletics Campaign, Southwest Hospital has agreed to reduce the athletic trainer fee's for the next 10 years and the difference be applied to the Excellence in Athletics Campaign. Beginning in FY 17, the amounts are \$24,500, FY 18 \$23,835, FY 19 \$23,147, and FY 20 \$22,434. The District will also be transferring \$35,000 annually from the General Fund to the Excellence in Athletics funds which is the result of annual savings from maintenance of a natural grass field to help offset replacement turf in the future.

| | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|------------------------|------------------|------------------|------------------|------------------|------------------|
| Transfers and Advances | \$1,234,500 | \$1,222,835 | \$1,131,147 | \$1,039,434 | \$1,038,697 |

**I ENCUMBRANCES
LINE 8.010**

The District uses the encumbrance method as part of formal budgetary and management control. Under this method, purchase orders, contracts, and other commitments for expenditure of funds are recorded to reserve that portion of the applicable appropriation for future payment. Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The estimated encumbrances in FY17-21 are \$1,100,000.

**J PROPERTY TAX – RENEWAL OR REPLACEMENT
LINE 11.020**

In March 2012 residents renewed a 5 year 6 mill levy with collection beginning January 2013. The forecast assumes the levy will expire tax year December 31, 2016. Collections will continue through December 31, 2017. In November 2016, residents renewed this levy with collection beginning January 2018. The forecast assumes the levy will expire tax year December 31, 2021. Collections will continue through December 31, 2022.

EXHIBIT B

**RESOLUTION AUTHORIZING PARTICIPATION
IN THE ODOT WINTER CONTRACT (018-18) FOR ROAD SALT**

WHEREAS, the (INSERT POLITICAL SUBDIVISION NAME, COUNTY LOCATION) (hereinafter referred to as the "Political Subdivision") hereby submits this written agreement to participate in the Ohio Department of Transportation's (ODOT) annual winter road salt bid (018-18) in accordance with Ohio Revised Code 5513.01(B) and hereby agrees to all of the following terms and conditions in its participation of the ODOT winter road salt contract:

- a. The Political Subdivision hereby agrees to be bound by all terms and conditions established by ODOT in the winter road salt contract and acknowledges that upon award of the contract by the Director of ODOT it shall be bound by all such terms and conditions included in the contract; and
- b. The Political Subdivision hereby acknowledges that upon the Director of ODOT's signing of the winter road salt contract, it shall effectively form a contract between the awarded salt supplier and the Political Subdivision; and
- c. The Political Subdivision agrees to be solely responsible for resolving all claims or disputes arising out of its participation in the ODOT winter road salt contract and agrees to hold the Department of Transportation harmless for any claims, actions, expenses, or other damages arising out of the Political Subdivision's participation in the winter road salt contract; and
- d. The Political Subdivision hereby requests through this participation agreement a total of (INSERT TOTAL NUMBER OF TONS REQUESTED) tons of Sodium Chloride (Road Salt) of which the Political Subdivision agrees to purchase from its awarded salt supplier at the delivered bid price per ton awarded by the Director of ODOT; and
- e. The Political Subdivision hereby agrees to purchase a minimum of 90% of its above-requested salt quantities from its awarded salt supplier during the contract's effective period of October 1, 2017 through April 30, 2018; and
- f. The Political Subdivision hereby agrees to place orders with and directly pay the awarded salt supplier on a net 30 basis for all road salt it receives pursuant to ODOT winter salt contract; and
- g. The Political Subdivision acknowledges that should it wish to rescind this participation agreement it will do so by written, emailed request by no later than Thursday, June 1, 2017. The written, emailed request to rescind this participation agreement must be received by the ODOT Office of Contract Sales, Purchasing Section email: Contracts.Purchasing@dot.ohio.gov by the deadline. The Department, upon receipt, will respond that it has received the request and that it has effectively removed the Political Subdivision's participation request. Furthermore, it is the sole responsibility of the Political Subdivision to ensure ODOT has received this participation agreement as well as the receipt of any request to rescind this participation agreement. The Department shall not be held responsible or liable for failure to receive a Political Subdivision's participation agreement and/or a Political Subdivision's request to rescind its participation agreement.

NOW, THEREFORE, be it ordained by the following authorized person(s) that this participation agreement for the ODOT winter road salt contract is hereby approved, funding has been authorized, and the Political Subdivision agrees to the above terms and conditions regarding participation on the ODOT winter salt contract:

| | | | |
|-------|------------------------|-------|---------------|
| _____ | (Authorized Signature) | _____ | Approval Date |
| _____ | (Authorized Signature) | _____ | Approval Date |
| _____ | (Authorized Signature) | _____ | Approval Date |
| _____ | (Authorized Signature) | _____ | Approval Date |
| _____ | (Authorized Signature) | _____ | Approval Date |

**THIS RESOLUTION MUST BE UPLOADED TO THE WINTER SALT PARTICIPATION WEBSITE
BY NO LATER THAN WEDNESDAY, MAY 10, 2017.**

PLEASE NOTE: THE DEPARTMENT WILL NOT ACCEPT TYPED SIGNATURES. PARTICIPATION AGREEMENTS SUBMITTED WITH TYPED SIGNATURES WILL BE INVALID AND INELIGIBLE FOR APPROVAL. YOU CANNOT SUBMIT A WORD DOCUMENT VERSION OF THIS PARTICIPATION AGREEMENT. NO EXCEPTIONS.

AT&T MA Reference No.



MASTER AGREEMENT

| | |
|--|---|
| Customer | AT&T |
| Strongsville City School District Street Address: 18199 Cook Ave City: Strongsville State/Province: Ohio Zip Code: 44136 Country: USA | AT&T Corp. |
| Customer Contact (for notices) | AT&T Contact (for notices) |
| Name: Jim Hamelic Title: Network Manager Street Address: 18199 Cook Ave City: Strongsville State/Province: Ohio Zip Code: 44136 Country: USA Telephone: (440) 572-7033 Fax: Email: jhamelic@scsmustangs.org | Street Address: 301 W Whaley City: Longview State/Province: Tx Zip Code: 75601 Country: USA With a copy to: AT&T Corp. One AT&T Way Bedminster, NJ 07921-0752 ATTN: Master Agreement Support Team Email: mast@att.com |

This Master Agreement ("Master Agreement"), between the customer named above ("Customer") and the AT&T entity named above ("AT&T"), is effective when signed by both Customer and AT&T.

| | |
|---|---|
| Customer (by its authorized representative) | AT&T (by its authorized representative) |
| By: | By: |
| Name: | Name: |
| Title: | Title: |
| Date: | Date: |

1. INTRODUCTION

1.1 Overview of Documents. This Master Agreement and the following additional documents (collectively, the "Agreement") shall apply to all products and services AT&T provides Customer pursuant to this Agreement ("Services") and shall continue in effect so long as Services are provided under this Agreement:

- (a) **Pricing Schedules.** A "Pricing Schedule" means a pricing schedule (including related attachments) or other document that is attached to or is later executed by the parties and references this Master Agreement. A Pricing Schedule includes the Services, the pricing (including discounts and commitments, if applicable) and the pricing schedule term ("Pricing Schedule Term").
- (b) **Tariffs and Guidebooks.** "Tariffs" are documents containing the descriptions, pricing and other terms and conditions for a Service that AT&T or its Affiliates file with regulatory authorities. "Guidebooks" are documents (designated as Guidebooks or Price Lists) containing the descriptions, pricing and other terms and conditions for a Service that were but no longer are filed with regulatory authorities. Tariffs and Guidebooks can be found at att.com/servicepublications or other locations AT&T may designate.
- (c) **Acceptable Use Policy.** AT&T's Acceptable Use Policy ("AUP") applies to (i) Services provided over or accessing the Internet and (ii) wireless (i.e., cellular) data and messaging Services. The AUP can be found at att.com/aup or other locations AT&T may designate.
- (d) **Service Guides.** The descriptions, pricing and other terms and conditions for a Service not covered by a Tariff or Guidebook may be contained in a Service Guide, which can be found at att.com/servicepublications or other locations AT&T may designate.

1.2 Priority of Documents. The order of priority of the documents that form this Agreement is: the applicable Pricing Schedule or Order; this Master Agreement; the AUP; and Tariffs, Guidebooks and Service Guides; provided that Tariffs will be first in priority in any jurisdiction where applicable law or regulation does not permit contract terms to take precedence over inconsistent Tariff terms.

1.3 Revisions to Documents. Subject to Section 8.2(b) (Materially Adverse Impact), AT&T may revise Service Publications at any time.

1.4 Execution by Affiliates. An AT&T Affiliate or Customer Affiliate may sign a Pricing Schedule in its own name, and such Affiliate contract will be a separate but associated contract incorporating the terms of this Agreement. Customer and AT&T will cause their respective Affiliates to comply with any such separate and associated contract.

2. AT&T DELIVERABLES

2.1 Services. AT&T will either provide or arrange to have an AT&T Affiliate provide Services to Customer and its Users, subject to the availability and operational limitations of systems, facilities and equipment. Where required, an AT&T Affiliate authorized by the appropriate regulatory authority will be the service provider. If an applicable Service Publication expressly permits placement of an order for a Service under this Master Agreement without the execution of a Pricing Schedule, Customer may place such an order using AT&T's standard ordering processes (an "Order"), and upon acceptance by AT&T, the Order shall otherwise be deemed a Pricing Schedule under this Master Agreement for the Service ordered.

2.2 AT&T Equipment. Services may be provided using equipment owned by AT&T that is located at the Site ("AT&T Equipment"), but title to the AT&T Equipment will remain with AT&T. Customer must provide adequate space and electric power for the AT&T Equipment and keep the AT&T Equipment physically secure and free from liens and encumbrances. Customer will bear the risk of loss or damage to the AT&T Equipment (other than ordinary wear and tear), except to the extent caused by AT&T or its agents.

2.3 Purchased Equipment. Except as specified in a Service Publication, title to and risk of loss of Purchased Equipment shall pass to Customer on delivery to the transport carrier for shipment to Customer's designated location.

2.4 License and Other Terms. Software, Purchased Equipment and Third-Party Services may be provided subject to the terms of a separate license or other agreement between Customer and either the licensor, the third-party service provider or the manufacturer. Customer's execution of the Pricing Schedule for or placement of an Order for Software, Purchased Equipment or Third-Party Services is Customer's agreement to comply with such separate

agreement. Unless a Service Publication specifies otherwise, AT&T's sole responsibility with respect to Third-Party Services is to place Customer's orders for Third-Party Services, except that AT&T may invoice and collect payment from Customer for the Third-Party Services.

3. CUSTOMER'S COOPERATION

3.1 Access Right. Customer will in a timely manner allow AT&T access as reasonably required for the Services to property and equipment that Customer controls and will obtain at Customer's expense timely access for AT&T as reasonably required for the Services to property controlled by third parties such as Customer's landlord. AT&T will coordinate with and, except in an emergency, obtain Customer's consent to enter upon Customer's property and premises, which consent shall not be unreasonably withheld. Access rights mean the right to construct, install, repair, maintain, replace and remove access lines and network facilities and the right to use ancillary equipment space within a building for Customer's connection to AT&T's network. Customer must provide AT&T timely information and access to Customer's facilities and equipment as AT&T reasonably requires for the Services, subject to Customer's reasonable security policies. Customer will furnish any conduit, holes, wireways, wiring, plans, equipment, space, power/utilities and other items as AT&T reasonably requires for the Services and will obtain any necessary licenses, permits and consents (including easements and rights-of-way). Customer will have the Site ready for AT&T to perform its work according to a mutually agreed schedule.

3.2 Safe Working Environment. Customer will ensure that the location at which AT&T installs, maintains or provides Services is a safe working environment, free of Hazardous Materials and reasonably suitable for the Services. "Hazardous Materials" mean any substance or material capable of posing an unreasonable risk to health, safety or property or whose use, transport, storage, handling, disposal or release is regulated by any law related to pollution, to protection of air, water or soil or to health and safety. AT&T shall have no obligation to perform work at a location that is not a suitable and safe working environment or to handle, remove or dispose of Hazardous Materials.

3.3 Users. "User" means anyone who uses or accesses any Service provided to Customer. Customer will cause Users to comply with this Agreement and is responsible for Users' use of any Service unless expressly provided to the contrary in an applicable Service Publication.

3.4 Resale of Services. Customer may not resell the Services or rebrand the Services for resale to third parties without AT&T's prior written consent.

4. PRICING AND BILLING

4.1 Pricing and Pricing Schedule Term; Terms Applicable After End of Pricing Schedule Term. The prices listed in a Pricing Schedule are stabilized until the end of the Pricing Schedule Term and will apply in lieu of the corresponding prices set forth in the applicable Service Publication. No promotion, credit, discount or waiver set forth in a Service Publication will apply. Unless the Pricing Schedule states otherwise, at the end of the Pricing Schedule Term, Customer may continue Service (subject to any applicable notice or other requirements in a Service Publication for Customer to terminate a Service Component) under a month-to-month service arrangement at the prices, terms and conditions in effect on the last day of the Pricing Schedule Term. AT&T may change such prices, terms or conditions on 30 days' prior notice to Customer.

4.2 Additional Charges and Taxes. Prices set forth in a Pricing Schedule are exclusive of and Customer will pay all taxes (excluding those on AT&T's net income), surcharges, recovery fees, customs clearances, duties, levies, shipping charges and other similar charges (and any associated interest and penalties resulting from Customer's failure to timely pay such taxes or similar charges) relating to the sale, transfer of ownership, installation, license, use or provision of the Services, except to the extent Customer provides a valid exemption certificate prior to the delivery of Services. To the extent required by law, Customer may withhold or deduct any applicable taxes from payments due to AT&T, provided that Customer will use reasonable commercial efforts to minimize any such taxes to the extent allowed by law or treaty and will furnish AT&T with such evidence as may be required by relevant taxing authorities to establish that such tax has been paid so that AT&T may claim any applicable credit.

4.3 Billing. Unless a Service Publication specifies otherwise, Customer's obligation to pay for a Service Component begins upon availability of the Service Component to Customer. Customer will pay AT&T without deduction, setoff or delay for any reason (except for withholding taxes as provided in Section 4.2 - Additional Charges and Taxes or in Section 4.5 - Delayed Billing; Disputed Charges). At Customer's request, but subject to AT&T's consent (which may not be unreasonably withheld or withdrawn), Customer's Affiliates may be invoiced separately, and AT&T will accept payment from such Affiliates. Customer will be responsible for payment if Customer's Affiliates do not pay charges in accordance with this Agreement. AT&T may require Customer or its Affiliates to tender a deposit if AT&T

determines, in its reasonable judgment, that Customer or its Affiliates are not creditworthy, and AT&T may apply such deposit to any charges owed.

4.4 Payments. Payment is due within 30 days after the date of the invoice (unless another date is specified in an applicable Tariff or Guidebook) and must refer to the invoice number. Charges must be paid in the currency specified in the invoice. Restrictive endorsements or other statements on checks are void. Customer will reimburse AT&T for all costs associated with collecting delinquent or dishonored payments, including reasonable attorneys' fees. AT&T may charge late payment fees at the lowest of (a) 1.5% per month (18% per annum), (b) for Services contained in a Tariff or Guidebook at the rate specified therein, or (c) the maximum rate allowed by law for overdue payments.

4.5 Delayed Billing; Disputed Charges. Customer will not be required to pay charges for Services initially invoiced more than 6 months after close of the billing period in which the charges were incurred, except for calls assisted by an automated or live operator. If Customer disputes a charge, Customer will provide notice to AT&T specifically identifying the charge and the reason it is disputed within 6

months after the date of the invoice in which the disputed charge initially appears, or Customer waives the right to dispute the charge. The portion of charges in dispute may be withheld and will not be considered overdue until AT&T completes its investigation of the dispute, but Customer may incur late payment fees in accordance with Section 4.4 (Payments). Following AT&T's notice of the results of its investigation to Customer, payment of all properly due charges and properly accrued late payment fees must be made within ten (10) business days. AT&T will reverse any late payment fees that were invoiced in error.

4.6 Credit Terms. AT&T retains a lien and purchase money security interest in each item of Purchased Equipment and Vendor Software until Customer pays all sums due. AT&T is authorized to sign and file a financing statement to perfect such security interest.

4.7 MARC. Minimum Annual Revenue Commitment ("MARC") means an annual revenue commitment set forth in a Pricing Schedule that Customer agrees to satisfy during each 12-consecutive-month period of the Pricing Schedule Term. If Customer fails to satisfy the MARC for any such 12-month period, Customer will pay a shortfall charge in an amount equal to the difference between the MARC and the total of the applicable MARC-Eligible Charges incurred during such 12-month period, and AT&T may withhold contractual credits until Customer pays the shortfall charge.

4.8 Adjustments to MARC.

- (a) In the event of a business downturn beyond Customer's control, or a corporate divestiture, merger, acquisition or significant restructuring or reorganization of Customer's business, or network optimization using other Services, or a reduction of AT&T's prices, or a force majeure event, any of which significantly impairs Customer's ability to meet a MARC, AT&T will offer to adjust the affected MARC to reflect Customer's reduced usage of Services (with a corresponding adjustment to the prices, credits or discounts available at the reduced MARC level). If the parties reach agreement on a revised MARC, AT&T and Customer will amend the affected Pricing Schedule prospectively. This Section 4.8 will not apply to a change resulting from Customer's decision to use service providers other than AT&T. Customer will provide AT&T notice of the conditions Customer believes will require the application of this provision. This provision does not constitute a waiver of any charges, including monthly recurring charges and shortfall charges, Customer incurs prior to amendment of the affected Pricing Schedule.
- (b) If Customer, through merger, consolidation, acquisition or otherwise, acquires a new business or operation, Customer and AT&T may agree in writing to include the new business or operation under this Agreement. Such agreement will specify the impact, if any, of such addition on Customer's MARC or other volume or growth discounts and on Customer's attainment thereof.

5. CONFIDENTIAL INFORMATION

5.1 Confidential Information. Confidential Information means: (a) information the parties or their Affiliates share with each other in connection with this Agreement or in anticipation of providing Services under this Agreement (including pricing or other proposals), but only to the extent identified as Confidential Information in writing; and (b) except as may be required by applicable law or regulation, the terms of this Agreement.

5.2 Obligations. A disclosing party's Confidential Information will, for a period of 3 years following its disclosure to the other party (except in the case of software, for which the period is indefinite): (a) not be disclosed, except to the receiving party's employees, agents and contractors having a need-to-know (but only if such agents and contractors are not direct competitors of the other party and agree in writing to use and disclosure restrictions as restrictive as

this Section 5) or to the extent authorized to be revealed by law, governmental authority or legal process (but only if such disclosure is limited to that which is so authorized and prompt notice is provided to the disclosing party to the extent practicable and not prohibited by law, governmental authority or legal process); (b) be held in confidence; and (c) be used only for purposes of using the Services, evaluating proposals for new services or performing this Agreement (including in the case of AT&T to detect fraud, to check quality and to operate, maintain and enhance the network and Services).

5.3 Exceptions. The restrictions in this Section 5 will not apply to any information that: (a) is independently developed by the receiving party without use of the disclosing party's Confidential Information; (b) is lawfully received by the receiving party free of any obligation to keep it confidential; or (c) becomes generally available to the public other than by breach of this Agreement.

5.4 Privacy. Each party is responsible for complying with the privacy laws applicable to its business. AT&T shall require its personnel, agents and contractors around the world who process Customer Personal Data to protect Customer Personal Data in accordance with the data protection laws and regulations applicable to AT&T's business. If Customer does not want AT&T to comprehend Customer data to which it may have access in performing Services, Customer must encrypt such data so that it will be unintelligible. Customer is responsible for obtaining consent from and giving notice to its Users, employees and agents regarding Customer's and AT&T's collection and use of the User, employee or agent information in connection with a Service. Customer will only make accessible or provide Customer Personal Data to AT&T when it has the legal authority to do so. Unless otherwise directed by Customer in writing, if AT&T designates a dedicated account representative as Customer's primary contact with AT&T, Customer authorizes that representative to discuss and disclose Customer's customer proprietary network information to any employee or agent of Customer without a need for further authentication or authorization.

6. LIMITATIONS OF LIABILITY AND DISCLAIMERS

6.1 Limitation of Liability.

- (a) EITHER PARTY'S ENTIRE LIABILITY AND THE OTHER PARTY'S EXCLUSIVE REMEDY FOR DAMAGES ON ACCOUNT OF ANY CLAIM ARISING OUT OF AND NOT DISCLAIMED UNDER THIS AGREEMENT SHALL BE:
 - (i) FOR BODILY INJURY, DEATH OR DAMAGE TO REAL PROPERTY OR TO TANGIBLE PERSONAL PROPERTY PROXIMATELY CAUSED BY A PARTY'S NEGLIGENCE, PROVEN DIRECT DAMAGES;
 - (ii) FOR BREACH OF SECTION 5 (Confidential Information), SECTION 10.1 (Publicity) OR SECTION 10.2 (Trademarks), PROVEN DIRECT DAMAGES;
 - (iii) FOR ANY THIRD-PARTY CLAIMS, THE REMEDIES AVAILABLE UNDER SECTION 7 (Third Party Claims);
 - (iv) FOR CLAIMS ARISING FROM THE OTHER PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, PROVEN DAMAGES; OR
 - (v) FOR CLAIMS OTHER THAN THOSE SET FORTH IN SECTION 6.1(a)(i)-(iv), PROVEN DIRECT DAMAGES NOT TO EXCEED, ON A PER CLAIM OR AGGREGATE BASIS DURING ANY TWELVE (12) MONTH PERIOD, AN AMOUNT EQUAL TO THE TOTAL NET CHARGES INCURRED BY CUSTOMER FOR THE AFFECTED SERVICE IN THE RELEVANT COUNTRY DURING THE THREE (3) MONTHS PRECEDING THE MONTH IN WHICH THE CLAIM AROSE.
- (b) EXCEPT AS SET FORTH IN SECTION 7 (Third Party Claims) OR IN THE CASE OF A PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, RELIANCE OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS, ADVANTAGE, SAVINGS OR REVENUES OR FOR INCREASED COST OF OPERATIONS.
- (c) THE LIMITATIONS IN THIS SECTION 6 SHALL NOT LIMIT CUSTOMER'S RESPONSIBILITY FOR THE PAYMENT OF ALL PROPERLY DUE CHARGES UNDER THIS AGREEMENT.

6.2 Disclaimer of Liability. AT&T WILL NOT BE LIABLE FOR ANY DAMAGES ARISING OUT OF OR RELATING TO: INTEROPERABILITY, ACCESS OR INTERCONNECTION OF THE SERVICES WITH APPLICATIONS, DATA, EQUIPMENT, SERVICES,

CONTENT OR NETWORKS PROVIDED BY CUSTOMER OR THIRD PARTIES; SERVICE DEFECTS, SERVICE LEVELS, DELAYS OR ANY SERVICE ERROR OR INTERRUPTION, INCLUDING INTERRUPTIONS OR ERRORS IN ROUTING OR COMPLETING ANY 911 OR OTHER EMERGENCY RESPONSE CALLS OR ANY OTHER CALLS OR TRANSMISSIONS (EXCEPT FOR CREDITS EXPLICITLY SET FORTH IN THIS AGREEMENT); LOST OR ALTERED MESSAGES OR TRANSMISSIONS; OR UNAUTHORIZED ACCESS TO OR THEFT, ALTERATION, LOSS OR DESTRUCTION OF CUSTOMER'S (OR ITS AFFILIATES', USERS' OR THIRD PARTIES') APPLICATIONS, CONTENT, DATA, PROGRAMS, INFORMATION, NETWORKS OR SYSTEMS.

6.3 Purchased Equipment and Vendor Software Warranty. AT&T shall pass through to Customer any warranties for Purchased Equipment and Vendor Software available from the manufacturer or licensor. The manufacturer or licensor, and not AT&T, is responsible for any such warranty terms and commitments. ALL SOFTWARE AND PURCHASED EQUIPMENT IS OTHERWISE PROVIDED TO CUSTOMER ON AN "AS IS" BASIS.

6.4 Disclaimer of Warranties. AT&T MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT AND SPECIFICALLY DISCLAIMS ANY WARRANTY ARISING BY USAGE OF TRADE OR BY COURSE OF DEALING. FURTHER, AT&T MAKES NO REPRESENTATION OR WARRANTY THAT TELEPHONE CALLS OR OTHER TRANSMISSIONS WILL BE ROUTED OR COMPLETED WITHOUT ERROR OR INTERRUPTION (INCLUDING CALLS TO 911 OR ANY SIMILAR EMERGENCY RESPONSE NUMBER) AND MAKES NO GUARANTEE REGARDING NETWORK SECURITY, THE ENCRYPTION EMPLOYED BY ANY SERVICE, THE INTEGRITY OF ANY DATA THAT IS SENT, BACKED UP, STORED OR SUBJECT TO LOAD BALANCING OR THAT AT&T'S SECURITY PROCEDURES WILL PREVENT THE LOSS OR ALTERATION OF OR IMPROPER ACCESS TO CUSTOMER'S DATA AND INFORMATION.

6.5 Application and Survival. The disclaimer of warranties and limitations of liability set forth in this Agreement will apply regardless of the form of action, whether in contract, equity, tort, strict liability or otherwise, of whether damages were foreseeable and of whether a party was advised of the possibility of such damages and will apply so as to limit the liability of each party and its Affiliates and their respective employees, directors, subcontractors and suppliers. The limitations of liability and disclaimers set out in this Section 6 will survive failure of any exclusive remedies provided in this Agreement.

7. THIRD PARTY CLAIMS

7.1 AT&T's Obligations. AT&T agrees at its expense to defend and either to settle any third-party claim against Customer, its Affiliates and its and their respective employees and directors or to pay all damages that a court finally awards against such parties for a claim alleging that a Service provided to Customer under this Agreement infringes any patent, trademark, copyright or trade secret, but not where the claimed infringement arises out of or results from: (a) Customer's, its Affiliate's or a User's content; (b) modifications to the Service by Customer, its Affiliate or a third party, or combinations of the Service with any non-AT&T services or products by Customer or others; (c) AT&T's adherence to Customer's or its Affiliate's written requirements; or (d) use of a Service in violation of this Agreement.

7.2 Customer's Obligations. Customer agrees at its expense to defend and either to settle any third-party claim against AT&T, its Affiliates and its and their respective employees, directors, subcontractors and suppliers or to pay all damages that a court finally awards against such parties for a claim that: (a) arises out of Customer's, its Affiliate's or a User's access to or use of the Services and the claim is not the responsibility of AT&T under Section 7.1; (b) alleges that a Service infringes any patent, trademark, copyright or trade secret and falls within the exceptions in Section 7.1; or (c) alleges a breach by Customer, its Affiliate or a User of a Software license agreement.

7.3 Infringing Services. Whenever AT&T is liable under Section 7.1, AT&T may at its option either procure the right for Customer to continue using, or may replace or modify, the Service so that it is non-infringing.

7.4 Notice and Cooperation. The party seeking defense or settlement of a third-party claim under this Section 7 will provide notice to the other party promptly upon learning of any claim for which defense or settlement may be sought, but failure to do so will have no effect except to the extent the other party is prejudiced by the delay. The party seeking defense or settlement will allow the other party to control the defense and settlement of the claim and will reasonably cooperate with the defense. The defending party will use counsel reasonably experienced in the

subject matter at issue and will not settle a claim without the written consent of the party being defended, which consent will not be unreasonably withheld or delayed, except that no consent will be required to settle a claim where relief against the party being defended is limited to monetary damages that are paid by the defending party under this Section 7.

7.5 AT&T's obligations under Section 7.1 shall not extend to actual or alleged infringement or misappropriation of intellectual property based on Purchased Equipment, Software, or Third-Party Services.

8. SUSPENSION AND TERMINATION

8.1 Termination of Agreement. This Agreement may be terminated immediately upon notice by either party if the other party becomes insolvent, ceases operations, is the subject of a bankruptcy petition, enters receivership or any state insolvency proceeding or makes an assignment for the benefit of its creditors.

8.2 Termination or Suspension. The following additional termination provisions apply:

- (a) **Material Breach.** If either party fails to perform or observe any material warranty, representation, term or condition of this Agreement, including non-payment of charges, and such failure continues unremedied for 30 days after receipt of notice, the aggrieved party may terminate (and AT&T may suspend and later terminate) the affected Service Components and, if the breach materially and adversely affects the entire Agreement, terminate (and AT&T may suspend and later terminate) the entire Agreement.
- (b) **Materially Adverse Impact.** If AT&T revises a Service Publication, the revision has a materially adverse impact on Customer and AT&T does not effect revisions that remedy such materially adverse impact within 30 days after receipt of notice from Customer, then Customer may, as Customer's sole remedy, elect to terminate the affected Service Components on 30 days' notice to AT&T, given not later than 90 days after Customer first learns of the revision to the Service Publication. "Materially adverse impacts" do not include changes to non-stabilized pricing, changes required by governmental authority, or assessment of or changes to additional charges such as surcharges or taxes.
- (c) **Internet Services.** If Customer fails to rectify a violation of the AUP within 5 days after receiving notice from AT&T, AT&T may suspend the affected Service Components. AT&T reserves the right, however, to suspend or terminate immediately when: (i) AT&T's suspension or termination is in response to multiple or repeated AUP violations or complaints; (ii) AT&T is acting in response to a court order or governmental notice that certain conduct must be stopped; or (iii) AT&T reasonably determines that (a) it may be exposed to sanctions, liability, prosecution or other adverse consequences under applicable law if AT&T were to allow the violation to continue; (b) such violation may harm or interfere with the integrity, normal operations or security of AT&T's network or networks with which AT&T is interconnected or may interfere with another customer's use of AT&T services or the Internet; or (c) such violation otherwise presents an imminent risk of harm to AT&T, AT&T's customers or its or their respective employees.
- (d) **Fraud or Abuse.** AT&T may terminate or suspend an affected Service or Service Component and, if the activity materially and adversely affects the entire Agreement, terminate or suspend the entire Agreement, immediately by providing Customer with as much advance notice as is reasonably practicable under the circumstances if Customer, in the course of breaching the Agreement: (i) commits a fraud upon AT&T; (ii) uses the Service to commit a fraud upon another party; (iii) unlawfully uses the Service; (iv) abuses or misuses AT&T's network or Service; or (v) interferes with another customer's use of AT&T's network or services.
- (e) **Infringing Services.** If the options described in Section 7.3 (Infringing Services) are not reasonably available, AT&T may at its option terminate the affected Services or Service Components without liability other than as stated in Section 7.1 (AT&T's Obligations).
- (f) **Hazardous Materials.** If AT&T encounters any Hazardous Materials at the Site, AT&T may terminate the affected Services or Service Components or may suspend performance until Customer removes and remediates the Hazardous Materials at Customer's expense in accordance with applicable law.

8.3 Effect of Termination.

- (a) Termination or suspension by either party of a Service or Service Component does not waive any other rights or remedies a party may have under this Agreement and will not affect the rights and obligations of the parties regarding any other Service or Service Component.

- (b) If a Service or Service Component is terminated, Customer will pay all amounts incurred prior to the effective date of termination.

8.4 Termination Charges.

- (a) If Customer terminates this Agreement or an affected Service or Service Component for cause in accordance with the Agreement or if AT&T terminates a Service or Service Component other than for cause, Customer will not be liable for the termination charges set forth in this Section 8.4.
- (b) If Customer or AT&T terminates a Service or Service Component prior to Cutover other than as set forth in Section 8.4(a), Customer (i) will pay any pre-Cutover termination or cancellation charges set out in a Pricing Schedule or Service Publication, or (ii) in the absence of such specified charges, will reimburse AT&T for time and materials incurred prior to the effective date of termination, plus any third party charges resulting from the termination.
- (c) If Customer or AT&T terminates a Service or Service Component after Cutover other than as set forth in Section 8.4(a), Customer will pay applicable termination charges as follows: (i) 50% (unless a different amount is specified in the Pricing Schedule) of any unpaid recurring charges for the terminated Service or Service Component attributable to the unexpired portion of an applicable Minimum Payment Period; (ii) if termination occurs before the end of an applicable Minimum Retention Period, any associated credits or waived or unpaid non-recurring charges; and (iii) any charges incurred by AT&T from a third party (*i.e.*, not an AT&T Affiliate) due to the termination. The charges set forth in Sections 8.4(c)(i) and (ii) will not apply if a terminated Service Component is replaced with an upgraded Service Component at the same Site, but only if the Minimum Payment Period or Minimum Retention Period, as applicable, (the "Minimum Period") and associated charge for the replacement Service Component are equal to or greater than the corresponding Minimum Period and associated charge for the terminated Service Component, respectively, and if the upgrade is not restricted in the applicable Service Publication.
- (d) In addition, if Customer terminates a Pricing Schedule that has a MARC, Customer will pay an amount equal to 50% of the unsatisfied MARC for the balance of the Pricing Schedule Term.

9. IMPORT/EXPORT CONTROL

Neither party will use, distribute, transfer or transmit any equipment, services, software or technical information provided under this Agreement (even if incorporated into other products) except in compliance with all applicable import and export laws, conventions and regulations.

10. MISCELLANEOUS PROVISIONS

10.1 Publicity. Neither party may issue any public statements or announcements relating to the terms of this Agreement or to the provision of Services without the prior written consent of the other party.

10.2 Trademarks. Each party agrees not to display or use, in advertising or otherwise, any of the other party's trade names, logos, trademarks, service marks or other indicia of origin without the other party's prior written consent, which consent may be revoked at any time by notice.

10.3 Independent Contractor. Each party is an independent contractor. Neither party controls the other, and neither party nor its Affiliates, employees, agents or contractors are Affiliates, employees, agents or contractors of the other party.

10.4 Force Majeure. Except for payment of amounts due, neither party will be liable for any delay, failure in performance, loss or damage due to fire, explosion, cable cuts, power blackout, earthquake, flood, strike, embargo, labor disputes, acts of civil or military authority, war, terrorism, acts of God, acts of a public enemy, acts or omissions of carriers or suppliers, acts of regulatory or governmental agencies or other causes beyond such party's reasonable control.

10.5 Amendments and Waivers. Any supplement to or modification or waiver of any provision of this Agreement must be in writing and signed by authorized representatives of both parties. A waiver by either party of any breach of this Agreement will not operate as a waiver of any other breach of this Agreement.

10.6 Assignment and Subcontracting.

- (a) Customer may, without AT&T's consent but upon notice to AT&T, assign in whole or relevant part its rights and obligations under this Agreement to a Customer Affiliate. AT&T may, without Customer's consent, assign in whole or relevant part its rights and obligations under this Agreement to an AT&T Affiliate. In no

other case may this Agreement be assigned by either party without the prior written consent of the other party (which consent will not be unreasonably withheld or delayed). In the case of any assignment, the assigning party shall remain financially responsible for the performance of the assigned obligations.

- (b) AT&T may subcontract to an Affiliate or a third party work to be performed under this Agreement but will remain financially responsible for the performance of such obligations.
- (c) In countries where AT&T does not have an Affiliate to provide a Service, AT&T may assign its rights and obligations related to such Service to a local service provider, but AT&T will remain responsible to Customer for such obligations. In certain countries, Customer may be required to contract directly with the local service provider.

10.7 Severability. If any portion of this Agreement is found to be invalid or unenforceable or if, notwithstanding Section 10.11 (Governing Law), applicable law mandates a different interpretation or result, the remaining provisions will remain in effect and the parties will negotiate in good faith to substitute for such invalid, illegal or unenforceable provision a mutually acceptable provision consistent with the original intention of the parties.

10.8 Injunctive Relief. Nothing in this Agreement is intended to or should be construed to prohibit a party from seeking preliminary or permanent injunctive relief in appropriate circumstances from a court of competent jurisdiction.

10.9 Legal Action. Any legal action arising in connection with this Agreement must be filed within two (2) years after the cause of action accrues, or it will be deemed time-barred and waived. The parties waive any statute of limitations to the contrary.

10.10 Notices. Any required notices under this Agreement shall be in writing and shall be deemed validly delivered if made by hand (in which case delivery will be deemed to have been effected immediately), or by overnight mail (in which case delivery will be deemed to have been effected one (1) business day after the date of mailing), or by first class pre-paid post (in which case delivery will be deemed to have been effected five (5) days after the date of posting), or by facsimile or electronic transmission (in which case delivery will be deemed to have been effected on the day the transmission was sent). Any such notice shall be sent to the office of the recipient set forth on the cover page of this Agreement or to such other office or recipient as designated in writing from time to time.

10.11 Governing Law. This Agreement will be governed by the law of the State of New York, without regard to its conflict of law principles, unless a regulatory agency with jurisdiction over the applicable Service applies a different law. The United Nations Convention on Contracts for International Sale of Goods will not apply.

10.12 Compliance with Laws. Each party will comply with all applicable laws and regulations and with all applicable orders issued by courts or other governmental bodies of competent jurisdiction.

10.13 No Third Party Beneficiaries. This Agreement is for the benefit of Customer and AT&T and does not provide any third party (including Users) the right to enforce it or to bring an action for any remedy, claim, liability, reimbursement or cause of action or any other right or privilege.

10.14 Survival. The respective obligations of Customer and AT&T that by their nature would continue beyond the termination or expiration of this Agreement, including the obligations set forth in Section 5 (Confidential Information), Section 6 (Limitations of Liability and Disclaimers) and Section 7 (Third Party Claims), will survive such termination or expiration.

10.15 Agreement Language. The language of this Agreement is English. If there is a conflict between this Agreement and any translation, the English version will take precedence.

10.16 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to its subject matter. Except as provided in Section 2.4 (License and Other Terms), this Agreement supersedes all other agreements, proposals, representations, statements and understandings, whether written or oral, concerning the Services or the rights and obligations relating to the Services, and the parties disclaim any reliance thereon. This Agreement will not be modified or supplemented by any written or oral statements, proposals, representations, advertisements, service descriptions or purchase order forms not expressly set forth in this Agreement.

11. DEFINITIONS

"Affiliate" of a party means any entity that controls, is controlled by or is under common control with such party.

"API" means an application program interface used to make a resources request from a remote implementer program. An API may include coding, specifications for routines, data structures, object classes, and protocols used to communicate between programs.

"AT&T Software" means software, including APIs, and all associated written and electronic documentation and data owned by AT&T and licensed by AT&T to Customer. AT&T Software does not include software that is not furnished to Customer.

"Customer Personal Data" means information that identifies an individual, that Customer directly or indirectly makes accessible to AT&T and that AT&T collects, holds or uses in the course of providing the Services.

"Cutover" means the date Customer's obligation to pay for Services begins.

"Effective Date" of a Pricing Schedule means the date on which the last party signs the Pricing Schedule unless a later date is required by regulation or law.

"MARC-Eligible Charges" means the recurring and usage charges (including amounts calculated from unpaid charges that are owed under Section 8.4(c)(i)), after deducting applicable discounts and credits (other than outage or SLA credits), that AT&T charges Customer for the Services identified in the applicable Pricing Schedule as MARC-contributing. The following are not MARC-Eligible Charges: (a) charges for or in connection with Customer's purchase of equipment; (b) taxes; and (c) charges imposed in connection with governmentally imposed costs or fees (such as USF, PICC, payphone service provider compensation, E911 and deaf relay charges).

"Minimum Payment Period" means the Minimum Payment Period identified for a Service Component in a Pricing Schedule or Service Publication during which Customer is required to pay recurring charges for the Service Component.

"Minimum Retention Period" means the Minimum Retention Period identified for a Service Component in a Pricing Schedule or Service Publication during which Customer is required to maintain service to avoid the payment (or repayment) of certain credits, waived charges or amortized charges.

"Purchased Equipment" means equipment or other tangible products Customer purchases under this Agreement, including any replacements of Purchased Equipment provided to Customer. Purchased Equipment also includes any internal code required to operate such Equipment. Purchased Equipment does not include Software but does include any physical media provided to Customer on which Software is stored.

"Service Component" means an individual component of a Service provided under this Agreement.

"Service Publications" means Tariffs, Guidebooks, Service Guides and the AUP.

"Site" means a physical location, including Customer's collocation space on AT&T's or its Affiliate's or subcontractor's property, where AT&T installs or provides a Service.

"Software" means AT&T Software and Vendor Software.

"Third-Party Service" means a service provided directly to Customer by a third party under a separate agreement between Customer and the third party.

"Vendor Software" means software, including APIs, and all associated written and electronic documentation and data AT&T furnishes to Customer, other than AT&T Software.



E-rate Rider

Category 1 Services, Facilities and/or Equipment

ATTACHMENT TO AT&T Dedicated Ethernet (IntraState Access/Private Line) Pricing Schedule Provided Pursuant to Custom Terms (Agreement") FOR

SERVICES AND/OR PRODUCTS SUBJECT TO UNIVERSAL SERVICES ("E-RATE") FUNDING

This Attachment ("Attachment"), entered into by AT&T Ohio ("AT&T") and Strongsville City School District ("Customer") and effective as of the date last signed below ("Effective Date"), is an attachment to the Agreement. This Attachment shall have the same term as the Agreement. If there are any inconsistencies between the Agreement and this Attachment with respect to the Service for which E-rate funding is sought, the terms and conditions of this Attachment shall control.

This Attachment provides additional terms and conditions that apply when Customer obtains an end-to-end solution involving the use of terminating equipment ("Equipment") as part of its service from AT&T pursuant to FCC order # 99-216 ("Tennessee Decision"). If called for in the applicable Statement of Work, this Attachment also provides additional terms and conditions for the installation of conduit pathway support structure ("CPSS") installed by AT&T in order to bring Service to Customer's demarcation point.

TERMS AND CONDITIONS APPLICABLE TO E-RATE FUNDED PRODUCTS AND SERVICES

Customer has represented that it intends to seek funding through the Federal Universal Service Fund program known as "E-Rate" for some or all of the Services or Service Components purchased under the Agreement. E-Rate is administered by the Schools and Libraries Division ("SLD") of the Universal Service Fund Administrative Company ("USAC") (sometimes collectively or individually referred to herein as "USAC/SLD"). The Federal Communications Commission ("FCC") has promulgated regulations that govern the participation in the E-Rate program. Both Parties agree to adhere to FCC regulations as well as the rules established by SLD and USAC regarding participation in the E-Rate program. The Parties further agree:

1. Reimbursement of USAC/SLD. If USAC/SLD seeks reimbursement from AT&T of E-Rate funds as a result of Customer's failure to comply with the E-Rate rules or regulations, including Customer delays in submitting required forms or contracts; or if USAC/SLD determines that Services which it had previously approved for discounts are not eligible and funds must be returned (a "ComAd") (other than as the result of AT&T's failure to comply with the E-Rate requirements), then Customer shall reimburse AT&T for any such funds AT&T must return to USAC/SLD within ninety (90) days of notice from USAC/SLD seeking reimbursement. In addition, Customer agrees and acknowledges that a determination of ineligibility, reduction or other non-funding by USAC/SLD does not affect the obligations set forth in the Agreement, including those obligations related to payments and early termination fees.
2. Eligibility of Products and Services. The eligibility or ineligibility of products or services for E-Rate funding is solely the responsibility of the USAC/SLD and/or the FCC. AT&T makes no representations or warranties regarding such eligibility.
3. Service Substitutions. Customer acknowledges that USAC/SLD funding commitments are based upon the products, services and locations set forth in the Form 471 and that any modification to the products and services and/or the locations at which the products or services are to be installed and/or provided, requires Customer to file a service substitution with USAC/SLD, seeking permission to receive alternative service or receive the service to an alternative location. If Customer intends to make any such service substitutions, then Customer agrees to pursue USAC/SLD approval for them, and file any and all requisite documentation, diligently. AT&T will provide Services and Service Components only as approved by the USAC/SLD and may suspend activities pending approval of service substitution requests.
4. Requested Information. If requested, Customer will promptly provide AT&T with final copies of the following E-Rate-related materials (including all attachments) prepared by or for Customer: (i) Form 471 and Item 21 Attachment; if appropriate, (ii) Form 486; (iii) Form 500; (iv) Service Substitution Request; (v) Service Certification Form; and, (vi) Form

CONFIDENTIAL INFORMATION

This agreement is for use by the authorized employees of the parties hereto only and is not for general distribution within or outside the companies.



E-rate Rider Category 1 Services, Facilities and/or Equipment

472-BEAR. If the Customer issues purchase orders, Customer shall clearly delineate between eligible and non-eligible Services on those orders.

5. Representations, Warranties and Indemnities. Each Party represents and warrants that it has and will comply with all laws and the requirements applicable to the E-Rate Program. In addition to any indemnification obligations set forth in the Agreement and to the extent permitted by law, each Party agrees to indemnify and hold harmless the other Party (its employees, officers, directors and agents, and its parents and affiliates under common control) from and against all third party claims (including FCC or USAC/SLD claims) and related loss, liability, damage and expense (including reasonable attorney's fees) arising out of the indemnifying Party's violation of the E-Rate Requirements or breach of the representations, warranties, and terms contained in this Attachment.

6. Non-Appropriations. By executing the Agreement, Customer warrants that Customer has funds appropriated and available to pay all amounts due hereunder through the end of Customer's current fiscal period. Customer further agrees to request all appropriations and funding necessary to pay for the Services for each subsequent fiscal period through the end of the Agreement Term. In the event Customer is unable to obtain the necessary appropriations for the Services provided under this Attachment, Customer may terminate the Services without liability for the termination charges upon the following conditions: (i) Customer has taken all actions necessary to obtain adequate appropriations or funding; (ii) despite Customer's best efforts funds have not been appropriated and are otherwise unavailable to pay for the Services; and (iii) Customer has negotiated in good faith with AT&T to develop revised terms, an alternative payment schedule or a new agreement to accommodate Customer's budget. Customer must provide AT&T thirty (30) days' written notice of its intent to terminate the Services. Termination of the Services for failure to obtain necessary appropriations or funding shall be effective as of the last day for which funds were appropriated or otherwise made available. If Customer terminates the Services under this Attachment, Customer agrees as follows: (i) it will pay all amounts due for Services incurred through date of termination, and reimburse all unrecovered non-recurring charges; and (ii) it will not contract with any other provider for the same or substantially similar services or equipment for a period equal to the original Agreement Term.

7. Customer Must Choose A or B

A.) ☐ [OPTION "A" IS AVAILABLE FOR NEW OR EXISTING SERVICES]

CUSTOMER DIRECTS AT&T TO COMMENCE OR CONTINUE SERVICES EVEN IF FUNDING COMMITMENT DECISION LETTER ("FCDL") HAS NOT BEEN RECEIVED FROM USAC/SLD. CUSTOMER ACKNOWLEDGES ITS OBLIGATION TO PAY FOR THE SERVICE IF FUNDING IS DENIED OR USAC/SLD COMMITMENT IS NOT RECEIVED.

(i). Scope: *Customer desires that Services commence on or about July 1 unless a different date is inserted here*. Customer intends to seek funding from the USAC/SLD, but acknowledges that it may not receive an FCDL prior to this date and that it is possible that USAC/SLD may delay, or not approve funding.

(ii). Funding Denial Agreement Termination; CUSTOMER ACKNOWLEDGES THAT THERE IS NO RIGHT TO TERMINATE THE SERVICES OR SERVICE COMPONENTS MADE THE BASIS OF THIS ATTACHMENT IF E-RATE FUNDING IS DELAYED OR DENIED.

Customer should refer to the E-Rate Rules and Regulations regarding USAC/SLD payments for eligible services delivered after the beginning of the E-Rate year (July 1st) but before receipt of an FCDL.

B.) ☐ [OPTION "B" IS APPROPRIATE FOR NEW SERVICES]

SERVICES WILL NOT COMMENCE AND/OR EQUIPMENT WILL NOT SHIP UNTIL AT&T RECEIVES NOTIFICATION THAT E-RATE FUNDS HAVE BEEN COMMITTED; IF E-RATE FUNDING FOR SERVICES AND/OR EQUIPMENT IS

CONFIDENTIAL INFORMATION

2 of 6

*This agreement is for use by the authorized employees of the parties hereto only
and is not for general distribution within or outside the companies.*



E-rate Rider

Category 1 Services, Facilities and/or Equipment

DENIED, AGREEMENT WILL TERMINATE AS TO THOSE SERVICES AND/OR EQUIPMENT UNLESS AND UNTIL A NEW ATTACHMENT (REPLACING THIS ATTACHMENT) IS EXECUTED.

(i). Scope: Customer agrees to use best efforts to obtain funding from the USAC/SLD. AT&T will not begin work related to the Services and/or equipment (including, without limitation, construction, installation or activation activities) until after AT&T receives Customer notification to proceed with the order, and verification of funding approval, and, for Internal Connections (IC), a verification of Form 486 approval by the USAC/SLD. AT&T will commence Service(s) as soon as is practical following the receipt of the appropriate documentation.

(ii). Funding Denial Agreement Termination: if a funding request is denied by the USAC/SLD, the Agreement, with respect to such Service(s) and/or equipment, shall terminate sixty (60) days from the date of the FCDL in which E-Rate funding is denied or on the 30th day following the final appeal of such denial, and Customer will not incur termination liability. In the event Services and/or equipment are to be provided pursuant to a multi-year arrangement (whether by contract or tariff), this termination right applies only to the first year of the multi-year agreement.

(iii). IF CUSTOMER WISHES TO CHANGE ITS SELECTION AND WISHES AT&T TO COMMENCE SERVICES REGARDLESS OF FUNDING COMMITMENT FROM THE USAC/SLD, CUSTOMER WILL EXECUTE A NEW (REPLACEMENT) ATTACHMENT, AND AGREE TO THE TERMS SET FORTH IN "A" ABOVE. Upon execution of the Replacement Attachment, the Parties will mutually agree upon a Service Commencement Date.

This provision does not apply to Services that were initially approved for funding and subsequently deemed ineligible by USAC/SLD after commencement of Service

8. AT&T Owned Equipment - General Terms and Conditions

To the extent provided in the applicable Statement of Work, Customer desires Services to be rendered to its location(s) by placing Equipment (e.g. routers, switches) on the Customer's premises (the "Premises"). Customer does not wish to provide this Equipment itself, but instead requests the placement of the Equipment as part of the construction associated with the delivery of the underlying Service.

A. Accordingly, Customer hereby:

- Grants AT&T a license to install, operate, and maintain such Equipment and such additional, supplemental or replacement equipment as AT&T may from time to time deem necessary or desirable for the provision of services contemplated by the Service Agreement) within the Premises at such locations as mutually agreed by the parties at the time of installation, for so long as AT&T is providing the Services.
- Confirms such license shall include a right of access to, from and within the Premises for purposes of installing, operating, maintaining, repairing and replacing such Equipment. All Equipment brought onto the Premises by AT&T will be deemed the personal property of AT&T (regardless of whether such Equipment is attached or affixed to the Premises) and Customer shall have no right to or interest in such Equipment.
- Agrees to provide adequate space and electric power for the Equipment and keep the Equipment physically secure and free from liens and encumbrances. Customer will bear the risk of loss or damage to the Equipment (other than ordinary wear and tear), except to the extent caused by AT&T or its agents. The Equipment will be provided at the prices set forth in the attached Statement of Work.
- Agrees to notify AT&T of any and all issues arising out of or related to such Equipment, including the need for maintenance or repair, and assumes responsibility for notifying any other contractors or persons with a need to know, of the presence of the equipment and their location.
- Agrees to indemnify and hold AT&T harmless from any and all liability that may arise out of the presence and placement of such equipment, except for AT&T's gross negligence.
- Grants AT&T the right, but not the obligation, to remove all or any part of such equipment from the Premises at any time after the termination of the Service.

CONFIDENTIAL INFORMATION

*This agreement is for use by the authorized employees of the parties hereto only
and is not for general distribution within or outside the companies.*



E-rate Rider

Category 1 Services, Facilities and/or Equipment

B. Terms of Equipment Usage – E-Rate Category 1 Funding

Pursuant to the Tennessee Decision referenced above, the Parties agree:

- The same service provider will supply the Equipment and associated eligible Category 1 telecommunications services or Internet access services.
- The Equipment is owned by AT&T. Ownership of the Equipment will not transfer to the Customer in the future, and neither the Master Agreement nor this Attachment includes an option to purchase the Equipment.
- AT&T will provide and maintain the Equipment on the Premise as part of these services.
- The Equipment is capable of servicing other customers of the service provider. Customer has no right to exclusive use of the Equipment, and AT&T may use the Equipment to provide service to another customer.
- The Equipment shall not be used by Customer for any purpose other than receipt of the eligible telecommunications or Internet access service of which it is a part.
- The Local Area Network for data communications of the school or library is functional without dependence on the Category 1 Equipment. Customer will provide equipment within their LAN to connect to the Category 1 Equipment.

Additionally, overall SLD program rules and eligibility requirements apply, and these requirements may change from time to time.

C. Customer Site Obligations

Please note that there are some important Customer obligation areas to facilitate timely Equipment installation and service delivery. Accordingly, Customer agrees to provide the following:

D. PATH - The Customer is responsible for providing or causing the property owner to provide a path from the property line into the building. A clear underground or aerial path is required from the property line where AT&T ILEC facilities exist, to the equipment room designated to support the entrance fiber.

E. SPACE – Customer is responsible for providing appropriate floor space and a properly installed equipment rack of suitable strength and quality to properly support the intended Equipment and the location of the Demarcation Point in compliance with FCC and AT&T service requirements.

The appropriate space and location will be mutually agreed following an AT&T site visit by an authorized AT&T Engineer. Any Demarcation Point location which is further than the closest practicable point to the Minimum Point of Entry (MPOE) in the building will require custom work which is not eligible for E-Rate Category 1 (C1) funding, and must be paid for by the Customer.

F. ENVIRONMENTAL – Operating environment should be between +40° F and 100° F at 0% to 85% relative humidity (RH-Non-Condensing).

G. POWER - GROUND - Customer will need to provide permanent, dedicated, 3-prong grounded power for the Equipment being installed. Power requirements can consist of nominal -48VDC, +24/-24 VDC, 110V, 125V, 220V, etc. located within 3 feet of the AT&T Equipment. AT&T may require more than one power outlet for some Equipment types, and there are specific amperage requirements for different Equipment types.

Relay racks/cabinets must be properly grounded by placing an exposed #6 or larger grounding wire to the building's ground source. This ground wire will be attached to the closest ground rod (earth ground) or building bus bar available and run to the Network Terminating Equipment location in the room.

Site specific customer obligations will also be provided by AT&T personnel via e-mail upon finalization of this Attachment.

CONFIDENTIAL INFORMATION

4 of 6

*This agreement is for use by the authorized employees of the parties hereto only
and is not for general distribution within or outside the companies.*

E-rate Rider

Category 1 Services, Facilities and/or Equipment

9. Customer Owned Facilities – General Terms and Conditions.

To the extent provided in the applicable Statement of Work, Customer desires Services to be rendered to its location(s) by placing conduit and/or other conduit pathway support structures ("CPSS" or "Facilities") on the Customer's premises (the "Premises"). Customer does not wish to provide these Facilities itself, but instead requests the placement of the Facilities as part of the construction and installation work associated with the delivery of the underlying Service.

Accordingly, Customer hereby:

- Grants AT&T a license to install and operate -- in accordance with the designs agreed to within the Statement of Work, Scope of Work, or other documents, approved by the parties in connection with this project -- such Facilities and such additional or replacement Facilities as AT&T may from time to time deem necessary or desirable for the provision of the Services contemplated by the Service Agreement, at such locations as mutually agreed by the parties at the time of installation, for so long as AT&T is providing the Services.
- Confirms such license shall include a right of access to, from and within the Premises for purposes of installing, repairing and replacing such Facilities. All Facilities brought onto the Premises by AT&T will be deemed the property of Customer.
- Confirms that Customer shall be responsible for the cost of any installation, maintenance, repair or replacement of the Facilities.
- Assumes responsibility for notifying any other contractors or persons with a need to know, of the presence of the Facilities and the location of such Facilities;
- In addition to any early termination charges identified in the Agreement or Pricing Schedule, Customer is also liable for 100% of the cost of \$9200 for each site at which AT&T installs Customer Premise Support Structure facilities (CPSS). All early termination charges, plus recovery of entrance facility costs, shall not exceed the total amount Customer would have been required to pay for the Service if it had not terminated early.

10. Choice of Funding Method

Customer acknowledges its obligation to designate the method by which it will receive E-Rate discounts. With respect to each discount method, Customer agrees as follows:

Billed Entity Application Reimbursement ("BEAR") – Form 472:

Beginning with the 2016 Program Year, Applicants will file their BEAR forms online in the E-rate Productivity Center (EPC). Applicants will receive their payments from USAC directly to their bank accounts without any Service Provider involvement. The Applicant will need to complete an FCC Form 498 to obtain an Applicant 498 ID and to notify USAC of their banking information. It is solely the Applicant's responsibility to ensure the accuracy of the BEAR submission and the amounts sought to be recovered through the E-rate Program.

Service Provider Invoice Form - ("SPI") – Form 474:

After AT&T has received notification of approved funding, an approved Form 486, and Customer has confirmed the appropriate Billed Accounts to be discounted per Funding Request Number, AT&T will then provide E-rate program discounts and will file a Form 474 SPI. Customer agrees to promptly submit any AT&T or USAC/SLD Forms needed to support requests for payment of Services rendered. In the event SLD denies payment, Customer will be responsible for repayment of all funds provided to Customer by AT&T associated with this process.

FCC RULES REQUIRE THAT PRIOR TO SUBMISSION OF A FORM 471 APPLICATION FOR FUNDING THE PARTIES MUST HAVE ENTERED INTO A BINDING CONTRACT FOR THE SERVICES MADE THE SUBJECT OF THE APPLICATION. IT IS THE CUSTOMER'S RESPONSIBILITY TO ENSURE THAT STATE LAW REQUIREMENTS FOR A BINDING CONTRACT HAVE BEEN MET PRIOR TO THE SUBMISSION OF A FORM 471.

☐ THIS ATTACHMENT REPLACES THE ATTACHMENT BETWEEN THE PARTIES DATED <Date of Original Attachment>.

CONFIDENTIAL INFORMATION

5 of 6

*This agreement is for use by the authorized employees of the parties hereto only
and is not for general distribution within or outside the companies.*



E-rate Rider
Category 1 Services, Facilities and/or Equipment

SO AGREED by the Parties' respective authorized signatories:

| | |
|--|---|
| Strongsville City School District (by its authorized representative) | AT&T (by its authorized representative) |
| By: | By: |
| Name: | Name: |
| Title: | Title: |
| Date: | Date: |

CONFIDENTIAL INFORMATION

*This agreement is for use by the authorized employees of the parties hereto only
and is not for general distribution within or outside the companies.*



AT&T DEDICATED ETHERNET (INTRASTATE ACCESS/PRIVATE LINE)
PRICING SCHEDULE PROVIDED PURSUANT TO CUSTOM TERMS

AT&T MA Reference No.
AT&T Contract ID No. ADE0CWND

| | |
|--|---|
| Customer Strongsville City Schools Street Address: 18199 Cook Ave City: Strongsville State/Province: OH Zip Code: 44136 Country: USA | AT&T The applicable AT&T Service-Providing Affiliate(s) |
| Customer Contact (for Notices) Name: Jim Hamelic Title: Network Manager Street Address: 18199 Cook Ave City: Strongsville State/Province: OH Zip Code: 44136 Country: USA Telephone: (440) 572-7033 Fax: Email: jhamelic@scsmustangs.org Customer Account Number or Master Account Number: | AT&T Contact (for Notices) Name: Chuck White Street Address: 301 W Whaley City: Longview State/Province: Tx Zip Code: 75602 Country: USA Telephone: (903) 236-1092 Fax: Email: cw5195@att.com Sales/Branch Manager: Mike Hourihan SCVP Name: Don Perone Sales Strata: GEM Sales Region: East With a copy (for Notices) to: AT&T Corp. One AT&T Way Bedminster, NJ 07921-0752 ATTN: Master Agreement Support Team Email: mast@att.com |
| AT&T Solution Provider or Representative Information (if applicable) <input type="checkbox"/> | |
| Name: Company Name: Agent Street Address: City: State: Zip Code: Country: USA Telephone: Fax: Email: Agent Code | |

This Pricing Schedule for the service(s) identified below ("Service") is part of the Agreement referenced above. Customer requests that its identity be kept confidential and not be publicly disclosed by AT&T or by any regulatory commission, unless required by law.

Customer acknowledges and certifies that the interstate traffic (including Internet and international traffic) constitutes **ten percent (10%) or less** of the total traffic on any Service.

If Customer is purchasing new Service hereunder, Customer confirms receipt of the AT&T customer building / site preparation document describing the installation requirements at the Site(s).

| | |
|--|--|
| Customer (by its authorized representative) | AT&T (by its authorized representative) |
| By: | By: |
| Printed or Typed Name: | Printed or Typed Name: |
| Title: | Title: |
| Date: | Date: |

For AT&T internal use only:

Contract Ordering and Billing Number (CNUM):

WK# - TCAL and ILEC - Intrastate-TBD

Please sign by 12/31/17

For AT&T Administrative Use Only

Pricing Schedule No. _____

Original Effective Date: _____

AT&T DEDICATED ETHERNET (Intrastate Access/Private Line)
Pricing Schedule Provided Pursuant to Custom Terms

1. SERVICE, SERVICE PROVIDER(S) and SERVICE PUBLICATION(S)

| | | | |
|-------------------------|--|---|--|
| Service | AT&T Dedicated Ethernet | | |
| Service Provider | Service Publication (incorporated by reference) | Service Publication Location (URL) | |
| AT&T Ohio | AT&T Ohio Service Publications, including Ohio Tariff No. 20, Part 21, Section 1 | http://cpr.att.com/pdf/ot/ot.htm | |

| Service(s) | Service Provider(s) | Service Publication(s) (incorporated by reference) | Service Publication Location(s) |
|--|----------------------------|--|--|
| Special Construction Charges – Intrastate Access Any facilities installed under this Agreement will be owned by AT&T. Service Inquiry Number: 824507 | AT&T Ohio | AT&T Ohio Service Publications, including Ohio Tariff 20, Part 21, Section 2 and AT&T Interstate Access Guidebook, Part 1, Section 8 | http://cpr.att.com/pdf/ot/ot.htm http://cpr.att.com/pdf/is/index.html |

2. PRICING SCHEDULE TERM, EFFECTIVE DATES

| | |
|--|---|
| Pricing Schedule Term | 60 months |
| Start Date of Minimum Payment Period, per Service Component | later of the Effective Date or installation of the Service Component |
| Rate Stabilization per Service Component | Rates as specified in this Pricing Schedule for each Service Component are stabilized until the end of its Minimum Payment Period. |
| Pricing following the end of Minimum Payment Period | non-stabilized prices as modified from time to time in applicable Service Publication or, if there is no such pricing, the pricing in this Pricing Schedule |
| PRICING SCHEDULE TERM AUTO-RENEWAL | Not applicable to this Pricing Schedule |

3. MINIMUM PAYMENT PERIOD

| Service Components | Percentage of Monthly Recurring Charges Applied for Calculation of Early Termination Charges* | Minimum Payment Period per Service Component |
|---------------------------|---|---|
| All Service Components | 50% and, if AT&T installs Customer Premises Support Structure facilities for AT&T Dedicated Ethernet service at any site, an additional \$9,200 for such site to recover facility costs | 60 months |

* Early termination charges shall not exceed the total amount of monthly recurring charges for the remainder of the Minimum Payment Period.

| | |
|--------------------------------------|----------------------------------|
| WK# - TCAL and ILEC - Intrastate-TBD | For AT&T Administrative Use Only |
| Please sign by 12/31/17 | Pricing Schedule No. _____ |
| | Original Effective Date: _____ |

AT&T DEDICATED ETHERNET (Intrastate Access/Private Line)
Pricing Schedule Provided Pursuant to Custom Terms

4. ADDS; MOVES

4.1 Adds

Orders for Service Components in excess of quantities listed in Section 5 ("Adds") are not permitted.

4.2 Moves

Per applicable Service Publication

5. RATES AND CHARGES; QUANTITIES; SITE CONFIGURATION

Applicable to all rate tables in this Pricing Schedule:

- The applicable USOC is the last five (5) characters of the code displayed for each Service Component – the remaining characters are for internal AT&T use only.
- In the event that any total amounts conflict with any per-unit rates in the tables below, the per-unit rates shall control.
- Charges for special construction, if needed, may also apply.
- Prices for AT&T Dedicated Ethernet include any required Customer Premises Support Structure.

5.1 NEW SERVICE

This Pricing Schedule is Customer's order for any new Services shown in the table(s) below.

For each location where collocation is identified per the table(s) below, cross connect charges will apply under the applicable tariffs or other service publications.

| Circuit Item #1 | | | | | |
|--|--|--|---|--|--|
| Location A: 13200 PEARL RD, STRONGSVILLE, OH 44136 Port Connection Speed: 10 GE LAN-PHY Collocation (Cross Connects apply): No Optional Diversity Features: N/A | | | Location Z: 20025 LUNN RD, STRONGSVILLE, OH 44149 Port Connection Speed: 10 GE LAN-PHY Collocation (Cross Connects apply): No Optional Diversity Features: N/A | | |
| Circuit Level Options: Port Protection Plus: N/A | | | | | |

| | |
|--------------------------------------|----------------------------------|
| WK# - TCAL and ILEC - Intrastate-TBD | For AT&T Administrative Use Only |
| Please sign by 12/31/17 | Pricing Schedule No. _____ |
| | Original Effective Date: _____ |

AT&T DEDICATED ETHERNET (Intrastate Access/Private Line)
Pricing Schedule Provided Pursuant to Custom Terms

| Circuit Item #2 | | | | | |
|--|--|--|---|--|--|
| Location A: 13200 PEARL RD, STRONGSVILLE, OH 44136 Port Connection Speed: 10 GE LAN-PHY Collocation (Cross Connects apply): No Optional Diversity Features: N/A | | | Location Z: 18199 COOK AV, STRONGSVILLE, OH 44136 Port Connection Speed: 10 GE LAN-PHY Collocation (Cross Connects apply): No Optional Diversity Features: N/A | | |
| Circuit Level Options: Port Protection Plus: N/A | | | | | |

| Circuit Item #3 | | | | | |
|---|--|--|--|--|--|
| Location A: 13200 PEARL RD, STRONGSVILLE, OH 44136 | | | Location Z: 15650 PEARL RD, STRONGSVILLE, OH 44136 | | |
| Port Connection Speed: 10 GE LAN-PHY | | | Port Connection Speed: 10 GE LAN-PHY | | |
| Collocation (Cross Connects apply): No | | | Collocation (Cross Connects apply): No | | |
| Optional Diversity Features: N/A | | | Optional Diversity Features: N/A | | |
| Circuit Level Options: Port Protection Plus: N/A | | | | | |

| | |
|--------------------------------------|----------------------------------|
| WK# - TCAL and ILEC - Intrastate-TBD | For AT&T Administrative Use Only |
| Please sign by 12/31/17 | Pricing Schedule No. _____ |
| | Original Effective Date: _____ |

AT&T DEDICATED ETHERNET (Intrastate Access/Private Line)
Pricing Schedule Provided Pursuant to Custom Terms

| | | | | | |
|--|--|--|--|--|--|
| Circuit Item #4 | | | | | |
| Location A: 13200 PEARL RD, STRONGSVILLE, OH 44136 Port Connection Speed: 10 GE LAN-PHY Collocation (Cross Connects apply): No Optional Diversity Features: N/A | | | Location Z: 13883 DRAKE RD, STRONGSVILLE, OH 44136 Port Connection Speed: 10 GE LAN-PHY Collocation (Cross Connects apply): No Optional Diversity Features: N/A | | |
| Circuit Level Options: Port Protection Plus: N/A | | | | | |

| | | | | | |
|---|--|--|--|--|--|
| Circuit Item #5 | | | | | |
| Location A: 13200 PEARL RD, STRONGSVILLE, OH 44136 | | | Location Z: 19091 WATERFORD PKWY, STRONGSVILLE, OH 44149 | | |
| Port Connection Speed: 10 GE LAN-PHY | | | Port Connection Speed: 10 GE LAN-PHY | | |
| Collocation (Cross Connects apply): No | | | Collocation (Cross Connects apply): No | | |
| Optional Diversity Features: N/A | | | Optional Diversity Features: N/A | | |
| Circuit Level Options: Port Protection Plus: N/A | | | | | |

| | |
|--------------------------------------|----------------------------------|
| WK# - TCAL and ILEC - Intrastate-TBD | For AT&T Administrative Use Only |
| Please sign by 12/31/17 | Pricing Schedule No. _____ |
| | Original Effective Date: _____ |

AT&T DEDICATED ETHERNET (Intrastate Access/Private Line)
Pricing Schedule Provided Pursuant to Custom Terms

| | | | | | |
|--|--|--|---|--|--|
| Circuit Item #6 | | | | | |
| Location A: 13200 PEARL RD, STRONGSVILLE, OH 44136 Port Connection Speed: 10 GE LAN-PHY Collocation (Cross Connects apply): No Optional Diversity Features: N/A | | | Location Z: 20270 ROYALTON RD, STRONGSVILLE, OH 44149 Port Connection Speed: 10 GE LAN-PHY Collocation (Cross Connects apply): No Optional Diversity Features: N/A | | |
| Circuit Level Options: Port Protection Plus: N/A | | | | | |

| | | | | | |
|---|--|--|---|--|--|
| Circuit Item #7 | | | | | |
| Location A: 13200 PEARL RD, STRONGSVILLE, OH 44136 | | | Location Z: 9306 PRIEM RD, STRONGSVILLE, OH 44149 | | |
| Port Connection Speed: 10 GE LAN-PHY | | | Port Connection Speed: 10 GE LAN-PHY | | |
| Collocation (Cross Connects apply): No | | | Collocation (Cross Connects apply): No | | |
| Optional Diversity Features: N/A | | | Optional Diversity Features: N/A | | |
| Circuit Level Options: Port Protection Plus: N/A | | | | | |

| | |
|--------------------------------------|----------------------------------|
| WK# - TCAL and ILEC - Intrastate-TBD | For AT&T Administrative Use Only |
| Please sign by 12/31/17 | Pricing Schedule No. _____ |
| | Original Effective Date: _____ |

AT&T DEDICATED ETHERNET (Intrastate Access/Private Line)
Pricing Schedule Provided Pursuant to Custom Terms

| | | | | | |
|--|--|--|--|--|--|
| Circuit Item #8 | | | | | |
| Location A: 13200 PEARL RD, STRONGSVILLE, OH 44136 Port Connection Speed: 10 GE LAN-PHY Collocation (Cross Connects apply): No Optional Diversity Features: N/A | | | Location Z: 13548 WHITNEY RD, STRONGSVILLE, OH 44136 Port Connection Speed: 10 GE LAN-PHY Collocation (Cross Connects apply): No Optional Diversity Features: N/A | | |
| Circuit Level Options: Port Protection Plus: N/A | | | | | |

5.1.1 Minimum Quantity New Commitment

| | |
|--|---|
| Required Installation Date | Monthly Shortfall Charge |
| Within three (3) months after the Effective Date, excluding AT&T delay | 50% of MRC (partial months prorated) for each "Quantity New" Service Component not installed by Required Installation Date until installed or, if not installed, until the end of the Pricing Schedule Term |

6. SPECIAL TERMS, CONDITIONS or OTHER REQUIREMENTS

6.1 Accelerated Discount

| | | |
|---------------------------------------|-----------------------------|--|
| | Accelerated Discount | Liability upon early termination of any Service Component |
| Special Construction Charges Discount | \$ 115,232.29 | 100% of the accelerated discount divided by the number of months in the Pricing Schedule Term multiplied by the number of months remaining in the Pricing Schedule Term at date of termination |

End of Document


**SOUTHEAST
SECURITY**

Fire • Security • Access • CCTV • Technology

Confidential Quote Sheet

TO: Jim Hamelic
Strongsville City Schools
Network Manager

FROM: Joe Lentine BCNE, CCNA
Southeast Security Corp.
Office: (330)239-4600
Fax: (330)239-4660
Cell: (330)-328-6099
SPIN# 143032121

JOB NAME: Erate Brocade 10gig Project**Date: April 25, 2017**

| QTY | DESCRIPTION |
|------------|---|
| 7 | Brocade ICX7450-48P - \$2,251.00/each Line Total \$15,758.75 |
| 14 | Brocade RPS16E - \$331.35/each Line Total \$4,638.90 |
| 14 | Brocade ICXFAN-10E - \$82.84/each Line Total \$1,159.73 |
| 7 | Brocade ICX7400-4x10GF - \$331.35 Line Total \$2,319.45 |
| 7 | Brocade ICX7450-PREM-LIC \$338.60 Line Total \$2,720.20 |
| 14 | Brocade 10G-SFPP-SR \$347.00 Line Total \$4,865.00 |
| 7 | Brocade ICX7450-SVL-RMT3 \$648.75/each Line Total \$4,541.25 |
| 1 | Labor for Networking Equipment - \$3,740.00 – Price Includes configuring new switches for network and programming existing 7750's to match new network design. Includes Training on new topology. |
| | Total - \$39,743.28 |

Please note that due to continuous changes in equipment and labor pricing, proposal pricing can only be guaranteed for a period of 30 days from above date of quotation.

ACCEPTANCE OF PROPOSAL:

Signature: _____

Date: _____

Print Name & Title: _____

Southeast Security Corporation

PO Box 326

1385 Wolf Creek Trail

Sharon Center, Ohio 44274

" Serving Ohio and Florida since 1986 "