



**Exhibit 4.0 - MOD. 2**  
**Pricing and Financial Provisions**  
**Effective August 7, 2024**

VA-240322-PSLI: Mainframe Services

**COMMONWEALTH OF VIRGINIA**  
**VIRGINIA IT AGENCY (VITA)**  
**SUPPLIER STRATEGY AND PERFORMANCE DIVISION**

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# 1. Introduction

- 1.1. This **Exhibit 4 (Pricing and Financial Provisions)** provides the methodology for calculating the Charges for all the Services.
- 1.2. The following Exhibits are referenced herein:
  - **Exhibit 4.1 (Pricing and Volumes Matrix)**
  - **Exhibit 4.2 (Resource Unit Definitions)**
  - **Exhibit 4.3 (Financial Responsibility Matrix)**
  - **Exhibit 4.4 (Form of Invoice)**
  - **Exhibit 4.5 (Reserved)**
  - **Exhibit 4.6 (Equipment Assets)**
  - **Exhibit 4.7 (Software Assets)**
  - **Exhibit 4.8 (Third Party Contracts)**
  - **Exhibit 4.9 (Billing Triggers)**
  - **Exhibit 4.0 (Pricing and Financial Provisions)** is not intended to fully describe each Service in detail but rather how the Services are charged, with **Exhibit 2.0 (Description of Services and Solution)** providing a description of the Services, **Exhibit 3.0 (Reporting and Service Level Management)** providing a description of the expected performance, and the Supplier solution document providing a description of how Supplier intends to deliver the Services, including the required people, processes, and tools included in the Charges. **Exhibit 4.3 (Financial Responsibility Matrix)** provides guidance with respect to the financial responsibilities of the Supplier and VITA.
- 1.3. Supplier will be responsible for the accuracy and completeness of the operational and financial assumptions underlying its pricing. VITA requires that all assumptions be eliminated prior to contract execution. VITA's contractual arrangements with a Supplier shall not be subject to assumption verification or post-closing diligence. Accordingly, Supplier shall minimize their assumptions and seek to eliminate all assumptions during the proposal and due diligence period. Supplier will not be entitled to adjust its pricing or any other terms of the Agreement because of any incorrect, incomplete, unresolved, or undocumented assumptions on the part of Supplier.
- 1.4. All Charges calculated in accordance with this Exhibit will be invoiced to VITA by Supplier in accordance with the applicable invoice and payment provisions set forth below in Section 9 (Invoices) and in **Section 4 (Charges)** of the Agreement.
- 1.5. The Annual Charges for Supplier Services for each Contract Year are set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)** and reflect the resources required to provide Supplier Services. This Exhibit provides four (4) major pricing methodologies for the Services:
  - Resource Unit (RU) Charges;
  - Milestone Charges;
  - Solution Services; and
  - Pass-Through Expenses
- 1.6. Supplier shall invoice VITA on a monthly basis in accordance with **Section 4 (Charges)** of the Agreement and Section 9 (Invoices) below for a pro rata portion of the annual fixed Charge, which shall be calculated by dividing the annual fixed Charge specified in **Exhibit 4.1 (Pricing**

**and Volumes Matrix)** for the applicable Contract Year by the corresponding number of months for each Contract Year. Variable Charges may change on a monthly basis based on the methodology for calculating Charges. The Supplier shall invoice VITA for deliverables-based Charges (i.e., Milestone Charges and Solution Services) upon completion and approval of Milestones but no sooner than the first month following the Commencement Date.

## 2. Resource Unit Charges

- 2.1. General. Resource Unit Charges consist of variable and fixed Charges. The variable Charges pricing methodology utilizes Resource Units defined in **Exhibit 4.2 (Resource Unit Definitions)** with Charges calculated from the unit rates provided in **Exhibit 4.1 (Pricing and Volumes Matrix)**. The monthly variable Charges shall be calculated by multiplying the applicable unit rate for the applicable Contract Year by the quantity of corresponding Resource Units actually consumed during the applicable Billing Month. Fixed Charges are static and billed on a monthly basis as documented in **Exhibit 4.1 (Pricing and Volumes Matrix)**.
- 2.2. Calculation of Monthly Unit Rate Charges. The Monthly Unit Rate Charges shall be calculated based on the Rate Type as defined below.
  - 2.2.1. Fixed Fee Rate Type: These Charges encompass Services with static cost structures, even during times of growth or recession. These Charges are not subject to change based on volume of service consumption. The Supplier shall invoice VITA on a monthly basis the Charge for each Resource Unit that is designated with a Rate Type of Fixed Fee in **Exhibit 4.1 (Pricing and Volumes Matrix)**.
  - 2.2.2. Variable Rate Type: These Charges represent Services whose cost structure to deliver the Services is highly dependent on the underlying volume of Service. The calculation is the monthly quantity of units consumed by VITA during the applicable Billing Month multiplied by the rate listed in the Monthly Unit Rates section for the current contract year.
- 2.3. Resource Unit Measurement Methodology
  - 2.3.0. In managing the provision of Services, the Supplier shall maintain the flexibility to respond to changes in VITA demand for the Services on a day-to-day and month-to-month basis, particularly as to those portions of the Services where VITA experiences significant variations in demand. Unless otherwise provided in the Agreement, if the provision of the Services requires increased dedicated support, additional resources, or extended hours of service, the Supplier shall provide such support, resources, or extended hours of service at no additional charge to VITA.
  - 2.3.1. Resource Unit usage is measured on a monthly basis to determine Customers' actual consumption for calculation of Charges. Starting on the Commencement Date and monthly thereafter, Supplier will measure, track, and report usage of Resource Units. The Resource Unit volumes will be counted as of the Measurement Date in each calendar month. Unless otherwise expressly stated herein with respect to an RU, Supplier shall measure and determine as of the last day of each calendar month the RU volume used in determining Resource Unit Charges for such month. Upon Commencement, Supplier shall compute monthly Charges on a prorated daily basis.



- 2.3.2. Measurement of Resource Units will only include counts which, as of the Measurement Date, are authorized by VITA and are actually available for use for the applicable location or users as designated by VITA.
- 2.3.3. The Supplier shall develop, with VITA approval, billing triggers to determine the criteria to initiate or stop billing a Resource Unit volume. These billing triggers will be documented in the Service Management Manual and, at a minimum, summarize all information related to calculation of Charges for each Resource Unit category, including billing start trigger, billing stop trigger, system of record, CMDB billing query, and exclusions.
- 2.3.4. Prior to the Commencement Date, VITA and the Supplier will review the measurement tools and processes for RU measurement, as well as resulting data, to validate that such tools and processes are appropriate, accurate, producing consistent data, and reaching all devices that are to be measured. Any automated system used by the Supplier to perform invoicing and billing responsibility will be configured to track and record all user entries, reports, modifications, and all other actions taken in relation to the billing source data. Subject to **Section 14.2 (Commonwealth Audit Rights)** of the Agreement, VITA or its designee may, at any time, perform an audit. In coordination with the MSI, the Supplier shall document in the SMM the tools, methodologies, and processes used to measure, track and report RU usage. This documentation shall be completed prior to Commencement Date and subsequently maintained as necessary when changes occur. The method and tools for measuring, tracking, and reporting Resource Units is subject to VITA written approval.
- 2.3.5. Supplier shall record all billable RU consumption amounts and feed the information through the MSI ITFM platform. The MSI applies the contractual rates and pricing for final billing to VITA in accordance with Section 11 (Chargeback) below.
- 2.3.6. The Resource Unit Charges shall fully compensate the Supplier for providing the applicable Services at the actual usage levels for each Resource Unit in a given month.
- 2.3.7. There is no minimum revenue commitment, required minimum fees, required minimum commitment time period, or support level pricing for any Resource Baseline or at the total Agreement level unless specifically defined in **Exhibit 4.2 (Resource Unit Definitions)**. In no event will VITA be required to pay Supplier for volumes not consumed by VITA. This section supersedes **Exhibit 4.1 (Pricing and Volumes Matrix)** and **Exhibit 4.2 (Resource Unit Definitions)**.

### 3. Milestone Charges

- 3.1. The Charges shall include the Milestone Charges set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)**. Milestone Charges shall only be chargeable to VITA upon VITA's Acceptance of the applicable Milestone and shall be invoiced in accordance with the schedules and amounts set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)**. Upon Acceptance of the first Milestone identified in **Exhibit 4.1 (Pricing and Volumes Matrix)**, VITA may elect to pay the Milestone Charges under either of the following scenarios:
- 3.1.1. **Paid over initial Term:** The total of the Milestone Charges set forth in "Scenario 2: Milestone Charges - Paid over initial Term" in the Milestone Charges Section of **Exhibit 4.1**

**(Pricing and Volumes Matrix)** shall be paid in equal monthly installments during the initial term, starting upon the later of the Acceptance of the last Milestone or the Commencement Date. VITA will have the option at any time during the term of payments under this scenario to pay off the remaining Milestone Charges at once in accordance with the following formula:

$$P = \text{PMT} \times \frac{1 - \left( \frac{1}{(1+r)^n} \right)}{r} \times (1 + r)$$

- 1.
2. Where:
  - *P*: is the payment VITA will need to make to pay the balance of outstanding Milestone Charges under this scenario,
  - *PMT*: is the monthly payment for Milestone Charges under this scenario,
  - *n*: is the number of remaining monthly Milestone payments under this scenario,
  - *r*: is the interest rate set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)**.
3. ; or
  - 3.1.2. **Paid at Commencement/Acceptance:** The individual Milestone Charges shall be paid according to the amounts set forth in “Scenario 1: Milestone Charges - Paid at Commencement/Acceptance” in the Milestone Charges Section of **Exhibit 4.1 (Pricing and Volumes Matrix)**. The individual Milestone Charges for Milestone Accepted after the Commencement Date will be paid as part of the first Monthly Invoice to VITA after Acceptance of the related Milestone. The individual Milestone Charges for Transition Milestones Accepted prior to the Commencement Date will be paid as part of the first Monthly Invoice to VITA after Commencement.
- 3.2. Milestone Charges shall be itemized on the applicable Monthly Invoices to VITA in sufficient detail to delineate the specific nature of the Charges. The invoice will clearly identify each Milestone Charge (e.g., Implementation Services Charges shall be clearly identified as “Charges for Implementation Services”), as well as by the relevant Implementation Milestone Identifier with which it is associated.
- 3.3. Unless otherwise agreed, VITA shall not incur any charges, fees, or expenses payable to Supplier or any third party engaged by the Supplier in connection with the Transition Services other than those charges, fees, and expenses specified in **Exhibit 4.1 (Pricing and Volumes Matrix)**.
4. Milestone Charges shall account for all Implementation Services and align with the Implementation Milestones in the Supplier’s proposal.

## 4. Solution Services

### 4.1. Qualifications

4.1.1. Solution Services Charges apply to certain projects that may arise from a VITA Request for Solution (RFS) processes. Solution Services Charges are to be used on discrete units of work that do not recur on a regular or periodic basis and has each of the following characteristics:

- i. A defined start and end date

- ii. Requested and approved by VITA
  - iii. Not an inherent, necessary, or customary part of the day-to-day (i.e., regular, not daily) Services
  - iv. Not required by Supplier to meet the existing Service Levels
  - v. Not otherwise part of the Services to be provided within the monthly Charges, and
  - vi. Requires more than eight (8) hours of effort (excluding hours for Project management of the work).
- 4.2. Remuneration.
- 4.2.1. To the extent Solution Services are subject to additional Charges, such Solution Services shall be documented in a Statement of Work under the Agreement. The alternative pricing methodologies that may be used for Solution Services may include Fixed Fee, Time and Materials (T&M), Capped T&M, or Staff Supplementation.
- 4.3. Fixed Fee Projects
- 4.3.1. Supplier and VITA shall agree to the Solution Services fixed fee deliverables as part of the Statement of Work (SOW). The SOW must be agreed between VITA and the Supplier and require an approved solution proposal leveraging the Rate Card rates set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)**. The Solution Services deliverables shall be associated with defined deliverables that align with the completion of specified project phases or interim deliverables that are measurable and acceptable to VITA.
- 4.3.2. If Supplier fails to successfully complete any fixed fee deliverable by the date specified in the SOW, VITA shall not be required to pay any portion of the Charges associated with the fixed fee deliverable unless, and until, the successful completion of that deliverable is approved by VITA. The Supplier and VITA agree the deliverable amount shall reflect the accrued but not yet invoiced Supplier Charges incurred in performing the project related to the fixed fee deliverable.
- 4.3.3. After any given fixed fee deliverable has been successfully completed by Supplier and approved by VITA, Supplier may invoice VITA for the fixed fee deliverable amount. Supplier shall not invoice VITA for any amounts other than the fixed fee deliverable amount.
- 4.4. T&M, Capped T&M and Staff Supplementation Calculation Rules.
- 4.4.1. "Productive Hours" means the number of productive hours actually worked by Supplier Personnel or Supplier Subcontractor to provide the Solution Services within the scope of the approved Statement of Work. Productive Hours do not include:
- i. Vacation time, holiday time, medical leave, military leave, non-productive commuter travel time and other analogous time;
  - ii. Time expended by Supplier Personnel to remedy Supplier performance failures or perform warranty services;
  - iii. Time not authorized in advance by VITA and Customer per established approval processes;
  - iv. Time devoted to any Supplier overhead functions (Supplier training, Supplier internal meetings, Supplier internal projects, etc.);
  - v. Time expended by Supplier Personnel and Supplier Subcontractor who are providing Services included in the other Charge categories (i.e., RU Charges, Milestone Charges, Pass-Through Charges).



- vi. Time devoted to prepare the proposal for the Statement of Work, including the gathering of requirements; or
  - vii. Work performed that would otherwise be included in on-going support fees for the Services.
- 4.4.2. “Material” means any additional and direct costs incurred by the Supplier needed to provide the Services within the scope of the approved Statement of Work. Materials do not include:
- i. Costs related to general administration and overhead;
  - ii. End User Computing devices for Supplier Staff and other peripherals (e.g., Laptop, mobile devices, etc.)
- 4.4.3. The Charges for Supplier Personnel performing Solution Services (other than with respect to Fixed Fee Projects), shall be calculated as the product of:
- i. the hourly rate applicable to him or her in his or her role in such month as set forth in the applicable rate card set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)**, and
  - ii. the number of Productive Hours that he or she devoted to providing such Solution Services during such month, not to exceed 42 hours per week.
- 4.5. **Productive Hours Reports.**
5. Supplier shall provide a monthly report showing all Productive Hours worked by Supplier Personnel for all work that utilizes T&M and Capped T&M remuneration models. Such Productive Hours reports shall include Project Name, Role, Employee Name, Date, and any other detail requested by VITA.
- 4.6. **Termination Fees for Solution Services.** Termination Fees are not applicable to Statements of Work for Solution Services.

## 5. Pass-Through Expenses

- 5.1. Supplier will administer and invoice VITA for only those Supplier’s Pass-Through Expenses identified in **Exhibit 4.1 (Pricing and Volumes Matrix)**, pursuant to additional procedures to be established by VITA and incorporated in the Service Management Manual.
- 5.2. Upon VITA's request, Supplier shall procure products and services on VITA's behalf by (1) purchasing the products and services on behalf of VITA, (2) leasing, or arranging for a third party to lease, such products to VITA, or (3) licensing, or arrange for a third party to license, such products to VITA. VITA shall pay directly to Supplier, vendor, third party lessor, or third-party licensor, as agreed by the Parties, the purchase, lease, or license fees, as applicable, in respect of products and services procured on behalf of VITA on a Pass-Through Expense basis in accordance with **Section 4.2 (Expenses)** of the Agreement and pursuant to the applicable procedures in the Service Management Manual (SMM). Except as otherwise agreed by the Parties or as otherwise provided in this Agreement, (i) all rights in and title to any products purchased by Supplier on behalf of VITA shall belong to VITA, as applicable, and (ii) all products shall be new. Supplier shall adhere to the applicable product and services standards specified by VITA or set forth in the Service Management Manual and shall not deviate from such standards without VITA’s prior approval. To the extent an authorized VITA representative specifies the third-party vendor, pricing and/or other terms and conditions for procuring products or services on behalf of VITA, Supplier shall not deviate from such instructions without

VITA's prior approval. The foregoing notwithstanding, the Supplier shall comply with the terms and conditions of the Agreement with respect to the procurement and pricing of any goods or services that are designated for procurement on a Pass-Through Expense basis.

- 5.3. Unless otherwise expressly set forth in the Agreement, Supplier will not add any markup or margin or administrative or processing costs associated with the Pass-Through Expenses. If VITA determines that its request for goods or services that are to be treated as Pass-Through Expenses will require significant additional resources by Supplier, VITA may enter into a Statement of Work with Supplier to treat the administrative or processing costs associated with the Pass-Through Expense as Solution Services.

## 6. Changes to Charges

- 6.1. Charges may only be modified over time in accordance with the Agreement, including this Exhibit. Supplier acknowledges and agrees that the Charges (RU, Milestone, Solution Services, and Pass-Through), as adjusted pursuant to this Exhibit, fully compensate Supplier for providing the Services. If the CPU hour or Utilized MIPS Resource Unit volumes drop to less than 15% of the Contract Year 1 Estimated Volumes in **Exhibit 4.1 (Pricing and Volumes Matrix)**, VITA will at its sole discretion determine whether it is advisable to either 1) terminate the contract for convenience in 30 days or 2) will negotiate in good faith with Supplier to execute a contract modification to keep the Services running at a price point where Supplier is compensated for the fixed and variable cost incurred. Upon selecting one of these two options, VITA will notify Supplier. The objective of the parties is that adjustments made under this section shall not result in Charges that are higher than such Charges would have been if the then-current pricing structure had been applied. The parties recognize that significant decreases in scope and requirements will be required to meet this objective. If the Parties are unable to meet this objective, there will be an adjustment to the Charges only to the extent that Supplier is able to demonstrate its reasonable actual costs for continuing the services and reasonable mitigation efforts have been performed to avoid unnecessary costs. No additional markup or margin may be requested. Reasonability of costs incurred shall be determined at VITA's sole discretion.
- 6.2. Charges may be revised from time to time by agreement of the Parties based on the usage, demand, and business requirements of VITA or to reflect advancements or changes in technology and related changes in functionality and relative performance.
- 6.3. VITA may propose to add, remove, or modify the methodology for charging Services and may also, by giving at least thirty (30) days' notice to Supplier (or such shorter period as may be required by applicable Laws), move Charges from one (1) Charge category to another Charge category, in each case for purposes of re-allocating the pricing under the Agreement without changes in scope; provided that, in any such event, the aggregate Monthly Charges for all Charge categories shall not be increased or decreased as a result of such re-allocation. If VITA proposes to add or remove a Charge category or move Charges from one Charge category to another, the Parties shall agree on the Charges components applicable thereto and on corresponding adjustments to the Charges. Notwithstanding the foregoing, to the extent any of the foregoing changes are required by federal funding requirements or applicable Laws, Supplier will implement such changes in a timely manner upon notice from VITA.



## 7. Additional Services Charges

- 7.1. If, and to the extent that VITA requests Supplier to perform any Additional Services in accordance with the terms of the Agreement, the Charges shall be adjusted in accordance with the corresponding proposal submitted by Supplier and approved by VITA in accordance with **Section 1.11.3 (Charges Related to Changes)** of the Agreement; provided, however, that to the extent that any Additional Services are FTE-based, the Charges for such Additional Services shall be subject to the terms of Section 4.4 (T&M, Capped T&M and Staff Supplementation Calculation Rules) above, unless the Parties otherwise agree in writing.

## 8. Travel, Shipping, Packing & Other Expenses

- 8.1. Except for expenses expressly stated in a Statement of Work for Time and Material Solution Services, all travel and living expenses incurred by Supplier Personnel in the delivery of the Services are included within the Charges and shall not be separately chargeable. All other expenses incurred by Supplier, including all taxes, shipping, packing, postal expenses, and moving expenses, are the financial responsibility of Supplier and are not separately chargeable or reimbursable.

## 9. Invoices

- 9.1. After the Commencement Date, and within five (5) Business Days after the end of each month in which Services are provided thereafter, at VITA's request, Supplier shall meet with the MSI and VITA to review any preliminary Charges and Resource Unit (RU) volumes that Supplier expects to charge by Customer (and any other specified breakdown). At VITA's request, Supplier shall provide variance explanations for Resource Unit dollar and volume fluctuations based on the thresholds established by and at the level of detail required by VITA.
- 9.2. Invoicing feeds will be in a format in accordance with **Exhibit 4.4 (Form of Invoice)**. Supplier shall make any changes in the Invoicing feeds as requested by VITA. Each monthly billing feed shall:
- 9.2.1. comply with all applicable legal, regulatory, and accounting requirements, including VITA rules.,
  - 9.2.2. allow VITA and Customers to validate volumes and Charges, and comply with VITA and Customer's accounting and billing requirements, including providing sufficient detail for each Customer (project code or subaccount) to allocate costs to all Federal and State programs in accordance with the relative benefits received and to make Federal claims according to the Federal cost plan of such Customer.
- 9.3. No earlier than fifteen (15) Business Days of each month, Supplier shall present VITA with an invoice (the "Monthly Invoice") for all Charges due and owing for the preceding month. Each invoice shall include the related data utilized to establish the Charges and sufficient information to validate the service volumes and other Charges.
- 9.4. VITA will pay each invoice in accordance with **Section 4 (Charges)** of the Agreement. Supplier will develop an invoice substantially similar to the Monthly Invoice format provided in **Exhibit 4.4 (Form of Invoice)**. Supplier shall make any changes in the Monthly Invoice format as

requested by VITA. If Supplier proposes a change to the Monthly Invoice format, such change will be subject to prior written approval of VITA.

- 9.5. Invoices will include the VITA purchase order number or other pertinent information for verification of receipt of the Services by the Customer, as agreed upon by the Parties for providing Chargeback Services, and must provide detailed and customized information as requested, in accordance with the provisions of the Agreement.
- 9.6. All invoices will be supported by the Chargeback detail, as described in Section 11 (Chargeback) below.
- 9.7. All invoices will be paid by EFT, unless VITA chooses to pay by a different method.
- 9.8. All Charges will be expressed, invoiced and paid in U.S. Dollars.
- 9.9. In accordance with **Section 4 (Charges)** of the Agreement, all Charges will be invoiced in arrears.

## 10. Billing Month

- 10.1. The monthly billing period (the “Billing Month”) is from the first day of the calendar month through the last day of the same calendar month.

10.1.1. If the Commencement Date of Service or any Additional Service occurs on a day later than the first day of a calendar month, then the first Billing Month shall be the period from the Commencement Date through the last day of such calendar month, and in that case, any amounts payable on a monthly basis shall be prorated for such month based upon the actual number of days from the Commencement Date to the end of such month. This prorated month represents the first month of Contract Year 1. The start of Contract Year 2 will align with the first day of the calendar month and not exceed 12 months from the Commencement Date. Example: if the Commencement Date is on 12/15/23, the start of contract year 2 and the application of its rates will be on 12/1/24. In the event of Termination, if the Termination Date occurs on a day prior to the last day of a calendar month, then the last Billing Month shall be the period from the first calendar day of the month of Termination through the Termination Date, and in that case, any amounts payable on a monthly basis shall be prorated for the last month based upon the actual number of days from the first calendar day of the month of Termination to the Termination Date.

## 11. Chargeback

- 11.1. The Multisourcing Services Integrator (MSI) is responsible for developing, managing, and maintaining the chargeback system as well as developing and coordinating the associated processes for all Service Tower Suppliers (STSs), as described in **Exhibit 2.2 (Description of Services – Cross Functional)**. STSs are responsible for data collection, data integrity, and providing data feeds to the MSI for STS invoicing and Customer Chargeback purposes. The MSI manages the Chargeback unit rate development process in coordination with VITA. VITA provides the methodology, but the MSI develops the calculations and maintaining the process, which may include the allocation of some or all of the STS’s Charges into another STS’s Charges for Chargeback purposes.

- 11.2. At a minimum, the STS data feeds shall provide detailed billing data by Customer, Customer account identifier, by cost center, by Customer use code, by Project, by program (Federal or otherwise), by tower, by Resource Unit, and by such other factors as requested by VITA required for chargeback, including the ability to track usage by major Application and Authorized User. VITA will have the right to access, audit, and validate the measurement and tracking tools and output results as a means to validate the Charges on a quarterly basis or as described in the SMM.
- 11.3. The MSI is the financial intermediary between the STSs and VITA. In this role, the MSI provides and manages the Chargeback and Utilization Tracking System, Chargeback and utilization reporting, Chargeback invoice consolidation, and management of the Invoice Dispute process as outlined in the SMM. A component of the Chargeback invoice consolidation responsibility is the reconciliation of the cumulative total of all STSs' Monthly Invoices with the cumulative total of the Customers' Chargeback invoices. The MSI provides VITA with the supporting detail necessary to facilitate VITA's payment of the Monthly Invoice to each STS.
- 11.4. For all Charges, Supplier provides data to the MSI to support the Charges by Customer and Customer account identifier. Chargeback detail for each Customer should be made available in the chargeback system and on the Portal in a format that aligns with the form(s) of invoice described in **Exhibit 4.4 (Form of Invoice)**. Supplier shall make any changes in the Chargeback detail feeds as requested by VITA.
- 11.5. VITA is responsible for providing STSs with the factors to track, as well as the methodology to be used to indicate usage among such factors. The MSI provides detailed billing information, available online in a database that lends itself to searching, ad hoc reporting, and the ability to export data. This detailed billing information, provided by the MSI, must include the current Contract Year and the previous two (2) Contract Years' data. Billing detail beyond this time period is archived and available upon request.
- 11.6. The Supplier develops and implements changes to comply with Office of Management and Budget (OMB) Guidance for Grants and Agreements (Title 2, Subtitle A, CFR 200) based upon chargeback requirements provided by VITA. The chargeback unit rate methodologies may be adjusted as necessary to meet federal approval or to better facilitate effective and efficient charging of the Services to VITA and Customers. It is anticipated the chargeback methodologies generally fall into four categories:
  - 11.6.1. For most billable RUs, the chargeback methodology distributes charges to the benefiting VITA Customers based upon proportionate usage of actual monthly consumption. This approach requires appropriate utilization data to be captured for each of these RUs and used to distribute charges to the benefiting programs identified by each business VITA Customer.
  - 11.6.2. For certain billable Charges, such as Transition and Transformation Project Charges, it may not be possible to determine utilization attributable to specific VITA Customers. In this case, the Charges associated with each milestone are billed in one lump sum and then distributed to the VITA Customers in the following manner, as directed by VITA.
    - i. Charges directly attributable to a VITA Customer should be allocated to that VITA Customer.



- ii. Charges not attributable to a specific VITA Customer should be allocated based on each VITA Customer's total Charges as a proportion of the total Charges for all Customers.
- iii. Server-related Charges should be allocated based on each VITA Customer's Server Central Processing Unit (CPU) and Gigabyte-related Charges.
- iv. Charges that cannot be attributable solely to a VITA Customer or as a Server-related Charges should be allocated based on each VITA Customer's total Charges as a proportion of the total Charges for VITA Customers.

## 12. Financial Planning and Forecasting

- 12.1. The Supplier will support the MSI quarterly forecasting process by responding to forecasting-related data requests in a timely and accurate manner.
- 12.2. The Supplier shall provide the MSI function with a semi-annual forecast of Charges and usage trends by Service (aligned with VITA's fiscal year). The forecast must be inclusive of all volumes and Charges, including Projects, Additional Services, and forecasted VITA volume and Charge changes required to support their budgeting process. The forecast must include all known and expected changes captured as part of the Technology Plan and Capacity Management processes. Such forecasts shall be delivered by Supplier to VITA on the dates and for the periods described in the SMM.
- 12.3. The Supplier shall provide VITA with a historical view of actual billed Services per month as set forth in a standard report delivered through the Portal – the form and substance of which shall be approved by VITA within sixty (60) days after the Effective Date. This report shall provide an eighteen (18) month rolling view of billed Services for the eighteen (18) months immediately prior to the month in which such report is provided.

## 13. Customer Data Center Space and Customer Remote Facilities

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## 14. Equipment

- 14.1. **Equipment Categories.** Supplier is responsible for all equipment used in or for the provision of the Services, including the support, maintenance, purchase or lease costs of the assets, and refresh of that equipment (except to the extent otherwise provided in this agreement, e.g., service provided on VITA owned assets). Depending on the type of equipment, the financial treatment of these costs will be categorized into two major equipment types, Infrastructure and Non-Infrastructure equipment.
  - 14.1.1. **"Infrastructure Equipment"** will be the equipment assets that have no directly associated billable unit described in **Exhibit 4.2 (Resource Unit Definitions)** and will not be discretely billable (e.g., servers that support the backup environment). Infrastructure Equipment costs include, but are not limited to, all Support, Hardware (including Refresh), and Maintenance. These costs are spread over relevant Resource Units.

**14.1.2. “Non-Infrastructure Equipment”** will be the equipment assets that have a directly associated billable unit. Non-Infrastructure Equipment costs will be billable in accordance with the RU structure set forth in **Exhibit 4.1 (Pricing and Volumes Matrix)** and the Resource Unit definitions in **Exhibit 4.2 (Resource Unit Definitions)**. Non-Infrastructure Equipment costs include, but are not limited to, all support, Hardware (including Refresh), and maintenance and will be recovered in the relevant RU.

## 15. Taxes

- 15.1. VITA and Supplier’s responsibilities with respect to taxes are set forth in **Section 4.3 (Taxes)** of the Agreement.

## 16. Service Level Credits

- 16.1. Any Service Level or Critical Deliverable credits incurred by Supplier pursuant to **Section 3.2 (Service Level Credits and Deliverable Credits)** of the Agreement will be credited by Supplier to the extent specified in **Exhibit 3.0 (Reporting and Service Level Management)**. If no further payments are due to Supplier, Supplier shall pay such amounts to VITA within thirty (30) days of the date such amounts become due and owing.