**MASTER SERVICES AGREEMENT**

**FOR \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**BY AND BETWEEN**

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**AND**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**THIS MASTER SERVICES AGREEMENT** (“MSA”) is made as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Effective Date”) by and between Universal Service Administrative Company, a not-for-profit corporation organized under the Laws of Delaware (“USAC”); and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a corporation organized under the Laws of \_\_\_\_\_\_\_\_\_\_\_\_\_ (“Vendor”). The MSA includes all Attachments, as defined below.

**WHEREAS**, the Federal Communications Commission (“FCC”) is charged with regulating contributions to and disbursements from the Universal Service Fund (“USF”) through the four universal service support mechanisms: the E-rate Program, the Rural Health Care Program, the High Cost Program, and the Lifeline Program (each, individually a “Program” and collectively, the “Programs”);

**WHEREAS**, USAC was created as a not-for-profit Delaware corporation for the purpose of administering the collection and disbursement of the USF;

**WHEREAS,** the FCC has designated USAC as the permanent administrator of the federal universal service support mechanisms, 47 C.F.R. §§ 54.701-717;

**WHEREAS,** pursuant to the FCC’s rules and the Memorandum of Understanding between the FCC and USAC, USAC administers each of the Programs described above, consistent with Section 254 of the Communications Act of 1934, as amended; 47 U.S.C. § 254; Part 54 of the Code of Federal Regulations; orders, written directives, and other instructions promulgated by the FCC or its bureaus and offices, and other Laws as applicable;

**WHEREAS,** USAC desires to procure certain business process outsourcing (“BPO”) Services in support of the following Programs as described in Attachment 2;

**WHEREAS,** on \_\_\_\_\_ USAC distributed to Vendor, among others, a document entitled “USAC Solicitation for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” (“RFP”), incorporated as part of the MSA as Attachment 14, seeking proposals to provide USAC the certain BPO Services;

**WHEREAS**, in response to the RFP, Vendor timely submitted to USAC its proposal to provide the BPO services to USAC (“Proposal”), incorporated as part of the MSA as Attachment 15; and

**WHEREAS**, based on the Proposal, USAC and Vendor have engaged in negotiations and discussions that have culminated in the formation of the relationship described in this MSA with respect to the BPO services.

**NOW THEREFORE**, the Parties hereby agree as follows:

# INTERPRETATION

* 1. Definitions.

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| --- | --- |
| “Acceptance” | Acceptance means the written acknowledgment and agreement by USAC that Services completed under this MSA appear to meet its/their reasonably intended purpose, and as further described in this MSA. |
| “Added Service” | A Service that is not included in the then current definition of Services that Vendor performs for USAC pursuant to an amendment to the MSA executed by both Parties. |
| “Affiliate” | With reference to any Person, means any Person controlling, controlled by, or under common control with such Person. “Control” and the correlative terms “controlling”, “controlled by” and “under common control with” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities or by contract, or otherwise; but only during the period of such ownership or control. “Person” for these purposes means any individual, partnership, firm, association, trust, estate, corporation or any other legal or business entity. |
| “Attachment” | A numbered document that is part of the MSA or has become part of the MSA through negotiation of terms.  *Attachment 1: Bid Sheet*  *Attachment 2: Statement of Work*  *Attachment 3: Vendor Capability Checklist*  *Attachment 4: Key Vendor Personnel and Contract Staff Requirements*  *Attachment 5: SLA*  *Attachment 6: Volumes*  *Attachment 7: USAC Information Security and Privacy Control Policy*  *Attachment 8: Confidentiality Agreement*  *Attachment 9: Transition Milestones*  *Attachment 10: RESERVED*  *Attachment 11: Change Control Procedures*  *Attachment 12: Reserved*  *Attachment 13: Record Retention Policy and Procedures*  *Attachment 14: RFP*  *Attachment 15: Proposal* |
| “Authorizations” | Any notice, consent or authorization from any regulatory, governmental or other authority necessary, required or customary for a Party to enter into or perform its obligations under this MSA. |
| “BPO” | As defined in the recitals of this MSA. |
| “Business Hours” | As defined in Attachment 2. |
| “Change” | Any change with respect to the scope or specifications of the Services agreed upon by the Parties pursuant to the execution of a Change Order. |
| “Change Control Procedures” | As defined in Attachment 11. |
| “Change Order” | An order for a Change, finalized and executed by both Parties pursuant to the Change Control Procedures. |
| “Commissioned Work” | As defined in Section 14.5. |
| “Confidential Information” | All information which relates to the business, affairs, products, developments, trade secrets, processes, operations, know-how, expenditures, personnel, procurements, customers and suppliers of either Party that (a) in the case of Vendor, has been labeled in writing as “Confidential Information” by Vendor or, (b) in the case of USAC, that is disclosed by USAC or any other data supplier to Vendor under this MSA or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure, together with all information derived from either of the foregoing, but excluding any information (i) independently developed by the receiving Party without access to the Confidential Information, (ii) publicly disclosed by an entity other than the recipient under no duty of confidentiality, or (iii) is already lawfully in the possession of the recipient Party prior to the receipt of such information. The terms of this MSA and all USAC Data shall be deemed the Confidential Information of USAC. |
| “Contract Staff” | The Vendor Contract Executive, the Key Vendor Personnel and any other employee of Vendor or its Subcontractors that perform the Services. “Contract Staff” also includes the entity that employs Vendor’s employees, subcontractors, consultants, and agents in all cases except where the context clearly references only individuals. |
| “Contract Term” | Initial Term plus any executed Optional Renewal Terms. |
| “COTS” | Commercial Off-The-Shelf Software, which is Software, hardware, and information technology products that (1) already exist, (2) are available from commercial sources, (3) are ready-made, and (4) are available for purchase by the general public. |
| “Cutover Date” | As Defined in **Attachment 9 (Transition Milestones)**. |
| “Disaster” | Any unplanned interruption of the Services that materially impairs the ability of Vendor to deliver the Services in the manner specified in the applicable Statement of Work. Such events may include, but are not limited to, loss of a Vendor Service Location, loss of power to a Vendor Service Location which results in an inability to provide the Services, or inability to access a Vendor Service Location which results in an inability to provide the Services. |
| “Dispute” | Any dispute, controversy or claim of any kind or nature arising under or in connection with this MSA (including but not limited to disputes as to the creation, validity, interpretation, breach or termination of this MSA). |
| “Dispute Resolution Procedures” | As defined in Section 18.1 of this MSA. |
| “Effective Date” | As defined in the preamble of this MSA. |
| “Exit Plan” | Vendor’s plan for transferring the Services to USAC or to another party. |
| “Exit Transition” | As defined in Section 13.7. |
| “Exit Transition End Date” | As defined in Section 13.7. |
| “FCC” | The Federal Communications Commission of the United States of America. |
| “FCC Orders” | All orders issued by the FCC relating to the Programs. |
| “Fees” | All charges to be paid by USAC to Vendor for Services described in Attachment 1. |
| “Force Majeure Event” | As defined in Section 22.1. |
| “GAO” | The Government Accountability Office of the United States of America. |
| “Indemnified Item” | As defined in Section 19.1. |
| “Indemnified Party” | As defined in Section 19.1. |
| “Initial Term” | As defined in Section 13.1. |
| “Intellectual Property” | Creations of the mind including ideas, inventions, innovations, works of authorship, and symbols, names, images, and designs embodied in, for example, technical data, technical designs, information, computer software, drawings, formulae, specifications, diagrams, processes, know-how, procedures and technology and all legal rights in such creations of the mind. |
| “Intellectual Property Rights” | Any Party’s or third party's legal right in trade secret, trademark, service mark, copyright, patent, trade secret or other Intellectual Property right, whether or not registered. |
| “Interest” | Interest at the lesser of (a) the prime rate established by Citibank of New York on the date that a sum first becomes due plus two percent (2%) and (b) the maximum rate of interest allowed by applicable law. |
| “Key Vendor Personnel” | The full-time employees of Vendor that fill the key Vendor positions identified in Attachment 4. |
| “Knowledge Transfer” | As defined in Section 5.6. |
| “Law” or “Laws” | Any declaration, decree, directive, legislative enactment, order, ordinance, regulation, rule, common law, guidance, or other binding restriction or requirement of or by any governmental authority related to the Services or a Party’s performance of its obligations under this MSA, and includes without limitation: FCC Orders; the rules, regulations and policies of the FCC; the Privacy Act; the Computer Matching and Privacy Protection Act of 1988; the Americans with Disabilities Act of 1990; Section 508 of the Rehabilitation Act of 1973; FISMA; NIST guidelines which provide the requirements that the federal government must follow regarding use, treatment, and safeguarding of data; OMB guidelines pertaining to privacy, information security, and computer matching; and federal and state laws regarding the monitoring, wiretapping or recording of calls. [FISMA, NIST, and OMB are defined in the Privacy and Security Addendum to this MSA.] |
| “Losses” | Any and all loss, liability, damage or expense, including without limitation reasonable attorney fees and expenses incurred in investigation or defense of a claim as well as court costs. |
| “Mandatory Negotiation Period” | As defined in Section 18.2 of this MSA. |
| “Mediation” | As defined in Section 18.3 of this MSA. |
| “Milestone” | The completion of a defined set of Services, subject to USAC Acceptance, as set forth in Attachment 2 and any additional Statement of Work to this MSA. |
| “Milestone Date” | The date set forth for completion of a Milestone in Attachment 2 and any additional Statement of Work to this MSA. |
| “MSA” | This Master Services Agreement by and between USAC and Vendor. |
| “NARA” | National Archives and Records Administration |
| “NECA” | As defined in Section 6.2. |
| “New IP Materials” | Any Intellectual Property, including, without limitation, any idea, invention, design, concept, technique, or discovery, literary works or other works of authorship created by the Parties whether done by one Party or jointly by the Parties, in connection with a Statement of Work in performance of the Services hereunder and created after the Effective Date of this MSA, including, without limitation, any modification or enhancement of the USAC Technology. New IP Materials excludes Vendor Materials, Vendor Software, and Vendor Third Party Software, including any customization or derivatives thereto. |
| “Not-to-Exceed Amount” | The maximum amount that USAC can spend for Services and associated, as set forth in Section 10.8. |
| “Optional Renewal Term” | As defined in Section 13.2. |
| “Party” or “Parties” | Vendor and/or USAC, as appropriate. |
| “Privacy Act” | The Privacy Act of 1974, Pub. L. No. 93-579, December 31, 1974 (5 U.S.C. § 552a), as amended. |
| “Privacy and Security Addendum” | The document hereby made part of this MSA in which privacy and security terms are established. |
| “Procedures Manual” | As defined in Section 5.3. |
| “Procurement Regulations” | The following provisions of the Code of Federal Regulations: 2 C.F.R. §§ 200.318-321, 200.324, 200.326-327 and App. II to C.F.R. Part 200. |
| “Program” and “Programs” | As defined in the recitals of this MSA. |
| “Program Participant” | Any person or entity participating in, or seeking to participate in, or having participated in, the Programs. |
| “Proposal” | As defined in the recitals of this MSA. |
| “RFP” | As defined in the recitals of this MSA. |
| “Service Level Agreement” or “SLA” | Metrics prescribed for the performance and quality of the Services, as defined in Attachment 5. |
| “Service Level Credit” | The credit or price reduction that USAC is entitled to receive or apply against the Fees as a result of a failure to meet or exceed an applicable SLA. |
| “Services” | The services provided by Vendor to USAC within the scope of this MSA, including without limitation, the Changes, Added Services and Transition Services. |
| “Software” | Any computer program, application, operating system, middleware component or other software that allows or causes a computer to perform a specific operation or series of operations, in object code, executable code, or source code form as applicable in the circumstances, together with all modifications thereto and enhancements or derivative works thereof. |
| “Statement of Work” or “SOW” | Attachment 2 and any subsequent statement of work that the Parties mutually agree to add to this MSA for Added Services. |
| “Subcontractor” | Any agent or contractor approved by USAC and retained by Vendor to perform Services on behalf of Vendor pursuant to Article 6. |
| “Termination Assistance Period” | The period of time beginning on the date upon which the MSA is terminated or expires and ending upon completion of the Exit Transition. |
| “Third Party” | An entity other than Vendor and other than USAC. |
| “Third Party Agreements” | Any third-party license agreements (including any licenses to Vendor Third Party Software), support agreements, maintenance agreements, Subcontractor agreements, and other third-party contracts utilized by Vendor in connection with performance of the Services. |
| “Transition” | The set of tasks and activities necessary and sufficient for Vendor to complete in order to ensure the successful initiation of Services into production by Vendor. |
| “Transition Plan” | The plan for the Transition, as further specified in Attachment 2 and any other SOW to this MSA. |
| “Transition Timeline” | The schedule or timeline from commencement to completion of the Transition, as set forth in Attachment 2 and any other SOW to this MSA. |
| “Transition Services” | Any tasks, actions or activities necessary to complete the Transition to USAC’s satisfaction. |
| “USAC” | As defined in the preamble of this MSA. |
| “USAC Auditors” | USAC’s internal and external auditors and legal representatives, and any of USAC’s regulators, including (but not limited to) the FCC, the FCC’s Office of Inspector General (OIG), the General Accountability Office (GAO), and the FCC’s external auditors. |
| “USAC-Conflicted Entity” | As defined in Section 6.2. |
| “USAC Contract Executive” | USAC’s primary contact for the management and administration of this MSA. |
| “USAC Data” | Any and all data (a) provided to Vendor by USAC, its agents, customers, data suppliers, carriers, or Program Participants or (b) collected, accessed, obtained, maintained, developed, or otherwise used by Vendor in the course of its performance of the Services, and includes any and all data generated or compiled from or using such data, including without limitation any PII or other data of any USAC employee or contractor and any data concerning any of USAC’s Program Participants. [PII is defined in the Privacy and Security Addendum to this MSA.] |
| “USAC IT System(s)” | USAC’s electronic computing and/or communications systems (including but not limited to various internet, intranet, extranet, email and voice mail). |
| “USAC Materials” | Any materials, documentation, manuals, guidelines, business processes, methodologies, database rights, inventions, designs, drawings, confidential information or any other items licensed or owned by USAC and used by USAC to support its business process functions, excluding the Vendor Materials and Vendor Software. |
| “USAC Service Location(s)” | As defined in Section 8.1.1. |
| “USAC Software” | All computer software used as of the Effective Date or introduced during the Term and any Termination Assistance Period by USAC to support its business process functions, all upgrades of such systems licensed by or for USAC, all enhancements of such systems developed by or for USAC, and any system adopted in the future to replace such existing systems, to the extent any of the foregoing is required to be used by Vendor in connection with the provision of Services, excluding Vendor COTS, Vendor Materials, Vendor Software, and Vendor Third Party Software. |
| “USAC Technology” | The USAC IT Systems, USAC Materials, and the USAC Software. |
| “USF” | As defined in the recitals of this MSA. |
| “Vendor” | As defined in the preamble of this MSA. |
| “Vendor Contract Executive” | Vendor’s primary contact for the management and administration of this MSA. |
| “Vendor Controls” | As defined in Section 12.1. |
| “Vendor Materials” | Any materials, documentation, manuals, guidelines, business processes, methodologies, database rights, inventions, designs, drawings, confidential information or other items licensed or owned by Vendor and used by Vendor to perform the Services, excluding Vendor Software, Commissioned Work, New IP Materials, USAC Materials, and USAC Software. |
| “Vendor Service Location(s)” | Any service location owned or leased by Vendor that is stated in Section 5.1. |
| “Vendor Software” | Software that is owned or licensed by Vendor and used by Vendor to provide the Services, excluding USAC Software. |
| “Vendor Third Party Software” | Any Vendor Software and related documentation licensed by Vendor from a third party that is used in connection with the Services. |

* 1. References to Laws. A reference to any statute, enactment, order, regulation, or other similar instrument will be construed as a reference to the statute, enactment, order, regulation, or instrument as amended by any subsequent statute, enactment, order, regulation, or instrument or as contained in any subsequent re-enactment thereof.
  2. Headings. Headings are included in this MSA for ease of reference only and will not affect the interpretation or construction of this MSA.
  3. Construction. Unless the context otherwise requires, (a) the word “or” shall be interpreted in the inclusive sense (i.e., “and/or”); (b) the word “including” (and its grammatical variations) shall be deemed to be followed by “without limitation”; (c) the phrases “such as”, “for example”, or “e.g.,” shall be deemed to mean “for example but without limitation”; (c) “will” shall be construed to mean “shall”; (d) the singular shall include the plural and vice versa; and (e) all references to “dollars”, “Dollars”, “$”, “United States Dollars”, or the like refer to the dollar that is the lawful currency of the United States of America.
  4. Time is of the Essence. Time is of the essence for the timely performance of each obligation by Vendor. For the performance of obligations by USAC, time is of the essence only to the extent that Vendor would not be able to perform or meet its obligations but for the timely performance by USAC. In the event Vendor intends to claim its obligation to timely perform has been excused by USAC’s delay, Vendor must immediately (and in any event within five (5) calendar days) provide written notification of such intent to USAC in accordance with the notice provisions under this MSA.
  5. USAC and Applicable Laws. USAC is not a federal agency, a government corporation, a government-controlled corporation, or any other establishment in the Executive Branch of the United States government. USAC is not a Vendor to the federal government and the MSA is not a subcontract under a federal prime contract. USAC conducts its procurements in accordance with the terms of a Memorandum of Understanding with the FCC, which requires USAC and its Vendors to adhere to the Procurement Regulations. Vendor shall comply with the Procurement Regulations and all applicable federal, state and local laws; executive orders; rules; regulations; declarations; decrees; directives; legislative enactments; orders; ordinances; common law; guidance; or other binding restriction or requirement of or by any governmental authority related to the Services or Vendor’s performance of its obligations under this MSA, and includes without limitation FCC Orders; the rules, regulations and policies of the FCC; the Privacy Act; FISMA; NIST guidelines providing the requirements that the federal government must follow regarding use, treatment, and safeguarding of data; OMB guidelines pertaining to privacy, information security, and computer matching; the Communications Act of 1934; and the Communications Act of 1996. [FISMA, NIST, and OMB are defined in the Privacy and Security Addendum to this MSA.]

# CONTRACT STRUCTURE

* 1. Primary Nature of Vendor’s Obligations. Vendor’s liabilities and obligations under this MSA are primary and enforceable against Vendor at any time and in any legally permissible sequence, i.e., either before, simultaneously with, or after proceeding against any property or security available to USAC or against any Affiliate of Vendor or Subcontractor. Vendor’s obligations as outlined in this Section 2.1 will remain in full force and effect regardless as to any renewal, modification or extension of the MSA, and will survive the termination of the MSA until the expiration of all applicable statutes of limitations for claims which could be made by the claiming Party.
  2. Amendments to MSA. This MSA shall not be changed, modified, terminated, or discharged, in whole or in part, except (1) by an instrument in writing signed by Vendor and USAC; or (2) where required by the Memorandum of Understanding Between the FCC and USAC (available at https://www.fcc.gov/sites/default/files/usac-mou.pdf.
  3. FCC Rights. The Parties agree that nothing in this MSA (1) prevents any right of USAC from being exercised or enjoyed by the FCC (including, for the avoidance of doubt, and without limitation, any and all rights with regard to Intellectual Property and any and all rights that survive the MSA), or (2) prevents any obligation of USAC from being fulfilled by the FCC. Vendor acknowledges that USAC may be required (or otherwise choose) to obtain FCC approval prior to granting Vendor any consent or approval required under this MSA or agreeing to any Change pursuant to the Change Control Procedures. USAC shall be excused for any delays resulting from obtaining such FCC approval and neither USAC nor the FCC shall be liable for any decision by the FCC not to grant such approval. Vendor will bear the entire risk of any work undertaken prior to such FCC approval or in excess of the Not-to-Exceed Amount and acknowledges that it may be unable to charge any Fees for, or otherwise recover the costs of, such work.
  4. Non-Exclusivity. Except as may be set forth in this MSA, nothing herein shall be deemed to preclude USAC from retaining the Services of other persons or entities undertaking the same or similar functions as those undertaken by Vendor hereunder or from independently developing or acquiring goods or services that are similar to, or competitive with, the goods or Services, as the case may be, contemplated under the MSA.
  5. Sole Discretion. Except as otherwise expressly provided, any USAC or FCC consent or approval that is required under this MSA must be in writing and may be granted or denied by USAC (and, to the extent applicable, the FCC) in its sole and absolute discretion.

# SCOPE OF SERVICES

* 1. Scope of Services Generally. Commencing on the Effective Date and continuing throughout the Contract Term of this MSA and any Termination Assistance Period, Vendor will be responsible for providing to USAC: (a) Services; (b) Changes; (c) Added Services; and (d) Transition Services. In performing the Services, Vendor shall provide a turnkey, full service operation to include, but not be limited to: facilities; equipment, including telephone instruments, related lines, and cable; telephone service; personal computers; Software (other than USAC Software); circuits; staff; training; setup, testing; and reporting. Vendor shall be responsible for the installation of the required cable and wire at any of its facilities.
  2. Changes. USAC may, at any time, request that Vendor perform a Change. Upon receipt of a request for a Change, Vendor will provide USAC with a written proposal for the Change, including such information as may be requested by USAC. Vendor will not invoice, and USAC will not be liable for, any out-of-scope work performed by Vendor, unless a Change has been approved by USAC in accordance with the Change Control Procedures.
  3. Added Services. USAC may, at any time, submit a written request that Vendor perform an Added Service. Upon receipt of a request for Added Services, Vendor will provide USAC with a written proposal for the Added Service, including, at minimum: (a) a detailed description of the Services, functions and responsibilities Vendor anticipates performing; (b) a schedule for commencement and completion; (c) a detailed breakdown of Vendor’s prospective Fees; (d) a description of any new staffing, Software or machines to be provided by Vendor; and (e) such other information as may be requested by USAC. Vendor will not invoice, and USAC will not be liable for, any Added Services performed by Vendor, unless an amendment to the MSA has been executed by both Parties.
  4. Vendor Compliance. Vendor will comply with USAC’s business process standards, guidelines, directives, policies and procedures, information management technical architecture and product standards as may be modified and communicated in writing to Vendor by USAC.
  5. Cooperation with Third Party Vendors. USAC has the right to perform itself, or retain third parties to perform, any of the Services. To the extent USAC performs any of the Services itself, or retains third parties to do so, Vendor will cooperate with USAC, or such third parties as reasonably required to transition such Services to USAC, or USAC’s retained third parties (including, but not limited to, as set forth in Section 13.7). If Vendor anticipates that any such cooperation would materially affect its ability to meet any of its obligations under this MSA, Vendor will so notify USAC and the Parties will use best efforts to agree regarding what, if any, changes to the MSA are necessary. Vendor’s obligation to cooperate is subject to any Third Party Agreement and to the confidentiality restrictions that this MSA imposes on USAC, and such cooperation will respect Vendor’s and USAC’s commitments to contractual restrictions and obligations imposed by third party suppliers. Vendor understands and agrees that, in the event USAC reduces the scope of Services pursuant to this Section, the Fees will be reduced in accordance with the provisions of Attachment 1 and Attachment 5.

* 1. Excusable Failure to Perform. In addition to Vendor’s rights and obligations set forth in Article 22, Vendor will be excused from failures to perform the Services or to meet or exceed the Service Level Agreements only to the extent that (a) USAC fails to perform its responsibilities expressly identified in this MSA; (b) Vendor uses its reasonable efforts to continue to perform despite USAC’s failure to perform; and (c) such failure directly causes Vendor’s failure to perform. In order to be excused for non-performance, Vendor must provide USAC with prompt notice of USAC’s failure to perform an expressly identified responsibility or responsibilities and the actual or anticipated consequences of USAC’s failure. Nothing in this MSA shall excuse Vendor from using its reasonable efforts to mitigate the adverse consequences of USAC’s alleged failure to perform, including, without limitation, by implementing manual workarounds for system outages arising from any of the foregoing.
  2. Ethical Concerns. If Vendor or its Subcontractors encounter any ethical concerns or ethical issues while providing the Services, Vendor shall contact USAC’s designated ethics officer by emailing ethics@usac.org.
  3. System Compatibility. Vendor shall ensure that the Services, including all deliverables under this MSA are fully compatible with USAC’s internal systems, processes, and controls.
  4. Additional Standards.
     1. Section 508 Compatibility. Vendor shall ensure that Services provided under the MSA comply with the applicable electronic and information technology accessibility standards established in 36 C.F.R. Part 1194, which implements Section 508 of the Rehabilitation Act, 29 U.S.C. § 794d, and is available at [http://www.section508.gov](http://www.section508.gov/). Section 508 requires that all external public facing content and non-public facing USAC internal communications be accessible.
     2. Telecommunications Device for the Deaf/ Teletype (TDD/TTY). Vendor shall ensure that TDD/TTY users are offered similar levels of service that are received by telephone users supported by the MSA.

# TRANSITION

* 1. Milestones. Vendor will begin performing Services by making ready (or standing up) business operations. Such stand-up of operations will include Vendor achieving Milestones, subject to USAC Acceptance, that are further described in Attachment 2.
  2. Transition Plan. Vendor will perform or cause its Subcontractors to perform all functions and Services set forth in the Transition Plan and as otherwise necessary to deliver the Milestones set forth in the Transition Plan on or before the associated Milestone Dates.
  3. Transition Services. The Transition Services will be performed in accordance with the Transition Plan, in a manner minimizing any adverse impact on USAC’s business, and without causing any material disruption to USAC. Until the Transition has been completed, the Vendor Contract Executive will review the status of the Transition Services with the USAC Contract Executive as requested by USAC.
  4. Failure to Meet Milestone Dates. In the event that Vendor fails to deliver any Milestone on or before its Milestone Date or fails to meet the Cutover Date, (a) USAC will be entitled to the Service Level Credits specified in Attachment 1 and Attachment 5 for failure to meet the applicable Milestone or Cutover Date, in addition to any other remedies that USAC may have against Vendor (provided that any such Service Level Credits will be offset against any damages recovered by USAC to the extent necessary to prevent double recovery); and (b) USAC may terminate this MSA for cause in accordance with Section 13.3.1.
  5. Extension of Milestone Dates. Upon written notice from USAC that USAC desires Vendor to extend a Milestone Date or the Cutover Date, Vendor will extend the Transition Timeline for the period of time requested by USAC, subject to the Change Control Procedures outlined in Attachment 11.
  6. Consents. Vendor will obtain any Third Party consents, licenses, permits or authorizations needed to provide Services and perform its obligations under this MSA, and will maintain and comply with such consents and authorizations once obtained; provided that the foregoing shall be subject to Section 14.4 with respect to consents to the assignment of software licenses thereunder. USAC will provide reasonable cooperation to Vendor in obtaining and maintaining such consents and authorizations. Vendor will pay all costs and expenses with respect to obtaining, maintaining and complying with all such consents and authorizations (including without limitation any consents necessary to use USAC Software) and such acquisition, maintenance and compliance will be at no additional charge to USAC.

# OPERATION

* 1. Service Locations. Vendor will primarily perform duties at own facilities, but some personnel may be required to work on USAC premises. The Services will be provided to USAC from the USAC Service Locations, and/or the following Vendor Service Location(s) specified in this Section, and any other location in the United States of America for which Vendor has received USAC’s written consent, which may be granted or withheld in USAC’s sole discretion. Vendor shall ensure that all Vendor Service Locations have appropriate physical, logical, and information security.   
       
     The Vendor Service Location(s) are located at:   
       
     \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
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  2. English Language. All records and invoices shall be maintained exclusively in the English language. Additionally, all oral and written communications (including without limitation meetings, telephone calls, reports, notices and conferences) between the Parties shall be conducted exclusively in the English language. All Contract Staff, including Key Vendor Personnel and Subcontractor personnel, shall be fluent in the English language. In addition, at least some Contract Staff shall be fluent in Spanish.
  3. Procedures Manual. As soon as available, and no later than twenty-one (21) days prior to the Cutover Date, with USAC’s input and cooperation, Vendor will prepare a procedures manual in the form and scope specified by USAC (“Procedures Manual”) and will deliver the Procedures Manual to USAC, for USAC’s approval. The Procedures Manual will contain Vendor’s procedures for performing the Services accurately and in a timely manner and will include all operations manuals, support plans and user guides necessary and sufficient to document such procedures to USAC’s satisfaction. Following USAC’s review of the Procedures Manual, Vendor will revise the Procedures Manual as requested by USAC and will resubmit the Procedures Manual for approval. Once approved, Vendor will perform the Services in accordance with the approved Procedures Manual. Vendor will periodically suggest updates and changes to the Procedures Manual to reflect any changes in the operations or procedures described and will submit such changes for approval by USAC. No changes to the Procedures Manual shall be implemented by Vendor until the change has been approved by USAC in writing.

5.4 Change Control Procedures. USAC may propose Changes to the SOW or scope of Services in accordance with Attachment 11 (Change Control Procedures). All such Changes will be processed in accordance with the Change Control Procedures. If Vendor and USAC are not able to agree on (a) the effect of the Change, if any, on the Fees and the manner in which such effect was calculated; (b) the effect of the Change, if any, on Service Level Agreements and any necessary revisions thereto; or (c) the anticipated time schedule for implementing the Change, the issue will be resolved in accordance with the Dispute Resolution Procedure set forth in Sections 18.2 through 18.5 of this MSA.

5.5 Out-of-Scope Work. Vendor will not invoice, and USAC will not be liable for, any out-of-scope work performed by Vendor, unless a Change has been approved by USAC in accordance with the Change Control Procedures, or Added Services have been mutually agreed upon in an Amendment to this MSA. The Fees for such work will be specified in the applicable Change Order or Amendment.

5.6 Knowledge Transfer. Upon thirty (30) calendar days’ notice from USAC and no more than two (2) times per calendar year, Vendor will meet with representatives of USAC at USAC’s facilities, or elsewhere as directed by USAC, in order to (a) explain how the Services are provided and (b) provide such training and documentation as USAC may require to enable USAC to understand and provide the Services (“Knowledge Transfer”). Vendor will provide USAC with a reasonable number of copies of appropriate documentation describing and reflecting the means of performing the Services, including revised or updated versions of such documentation as and when available. Any documentation provided by Vendor to USAC pursuant to this Section will be complete and of a quality satisfactory to USAC. In addition to the foregoing, if the FCC, another regulatory or enforcement body, or Congress requests information from USAC regarding or related to any of the Programs, Vendor will make such presentation and provide such documentation to USAC (and, at USAC’s request, to the requestor) as soon as reasonably practicable following USAC’s request, without regard to the notice and frequency limitations of the first sentence of this Section.

*Training Materials.* At any time during the Contract Term of this MSA, USAC may request, and Vendor shall provide, copies of training materials prepared by Vendor, and shall provide to USAC staff the same or similar training as Vendor provides to its staff for purposes of delivering the Services.

5.7 Prioritization. Vendor agrees that USAC will be entitled to establish the priorities for Vendor’s scheduling of its performance of the Services and change the priorities upon written notice. If a change in priorities by USAC will adversely affect any Service Level Agreement, Vendor will notify the USAC Contract Executive of the expected impact of the change in priorities. If the USAC Contract Executive approves the change in priorities, and such change causes the failure to meet a Service Level Agreement that Vendor identified in the expected impacts, then such failure to meet the Service Level Agreement will be excused solely to the extent caused by the change in priorities.

5.8 Law Enforcement Matters and Congressional Inquiries. Vendor must provide information and documentation promptly as requested by USAC or the FCC, GAO, other federal and state law enforcement agencies, and congressional inquiries in support of any potential or ongoing investigations. If there are any such requests, Vendor will immediately notify USAC, and both parties will coordinate on any required response. Complete responses to such requests shall be provided within thirty (30) calendar days of receipt of a request, or as soon as practicable if the information and documentation is requested sooner than thirty (30) calendar days.

# SUBCONTRACTING PROCEDURE

6.1 No Subcontracting Without Prior Approval: Unless approved in writing by USAC, which approval may be granted or withheld in USAC’s sole discretion, Vendor may not subcontract all or any part of the Services. If Vendor seeks consent to subcontract part of the Service, it must first notify USAC, in writing at least thirty (30) days in advance of the proposed subcontract, of: (a) the reasons for the proposed subcontract; (b) the scope of Services proposed to be subcontracted; (c) the identity and qualifications of the Subcontractor as well the Subcontractor’s criminal, educational, and background check policies; (d) any potential conflicts of interest (including without limitation as set forth in Section 6.2); and (e) documentation that the proposed Subcontractor has a demonstrated history of providing excellent services within such scope. USAC, in its discretion, may request Vendor to provide such additional information as USAC deems necessary in making its decision to grant or deny a proposed subcontract.

6.2 USAC-Conflicted Entities: If the proposed Subcontractor is: (a) the National Exchange Carrier Association (“NECA”) or any of its successors or assigns; or (b) any entity that has a representative serving on the board of USAC or NECA (any of the foregoing, a “USAC-Conflicted Entity”), Vendor must so notify USAC as part of its request for approval.

6.3 Terms and Conditions for Approved Subcontractors: If subcontracting is allowed pursuant to Section 6.1, Vendor must include in any subcontract terms and conditions that are at least as protective of USAC and its confidential and proprietary information as the terms and conditions of this MSA, including without limitation: (a) Attachment 7, (b) Articles 8 (Facilities Use), 12 (Vendor Compliance and Audit), and 28 (Publicity), (c) Privacy and Security Addendum (d) third party beneficiary rights approved by USAC in its favor; (e) waivers of any lien rights; and (f) requirements that USAC will have no liability to any Subcontractor for amounts that are owed to such Subcontractor arising out of the Services.

6.4 No Release of Liability. Subcontracting will not release Vendor from its responsibility for its obligations under this MSA. Vendor will be responsible for the work and activities of any Subcontractor, including compliance with the terms of this MSA. Vendor will be responsible for all payments to its Subcontractors and USAC shall have no liability for any such payments.

6.5 Approved Subcontractor(s). The Subcontractor(s) (if any) approved by USAC as of the Effective Date, and the functions to be carried out by each, are below.  
  
The approved Subcontractor(s) and their functions are:   
  
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6.6 Removal of Subcontractors. USAC may require Vendor to remove and replace any of its Subcontractors pursuant to the provisions of Section 7.10.

6.7 Suspended or Debarred Parties. Vendor shall not enter into any subcontract with a company or entity that is debarred, suspended, or proposed for debarment or suspension by any federal executive agency. Vendor shall review the System for Award Management (SAM) for suspension or debarment status of proposed Subcontractors. *See* [https://www.sam.gov](https://www.sam.gov/).

6.8 Direct Contracting. USAC shall have the right to enter into direct agreements with Subcontractors only as follows: (1) at the conclusion of the Initial Term (Section 13.1); (2) at the conclusion of any Optional Renewal Terms (Section 13.2); (3) at the conclusion of the Contract Term (Section 13.3); or (4) at the termination by USAC pursuant to Sections 13.3.1, 13.3.2, 13.3.3, and 13.3.4. Vendor shall ensure that there are no associated prohibition or restrictions in its agreements with Subcontractors preventing such action (or shall waive any such prohibition or restriction).

# Contract STAFF

* 1. Vendor Contract Executive. Vendor will appoint the individual specified in Attachment 4 to be its Vendor Contract Executive. Beginning with the Effective Date of this MSA, the Vendor Contract Executive will serve, on a full-time basis, as the primary Vendor representative under this MSA. Vendor’s appointment of any successor Vendor Contract Executive will be subject to USAC’s approval. At minimum, the Vendor Contract Executive will: (a) serve as Vendor’s single point of accountability for the Services; (b) have day-to-day authority for undertaking to ensure USAC and FCC satisfaction; and (c) be authorized to act for and on behalf of Vendor with respect to all operational matters relating to this MSA. Additionally, the Vendor Contract Executive or his or her pre-assigned backup(s) shall be available by cell phone to respond to and resolve any Service Level Agreement, Disaster, or other emergency material issue seven (7) days per week, twenty-four (24) hours per day, three hundred sixty-five (365) days per year without regard to religious or national holidays observed in the United States of America or elsewhere. Vendor shall provide such cell phone numbers within ten (10) calendar days of the Effective Date. Upon notice to USAC, the Vendor Contract Executive shall be permitted to designate an intermediate representative for first line response for up to fourteen (14) calendar days a year. However, nothing shall excuse the Vendor Contract Executive from availability as described above.
  2. Key Vendor Personnel. The individuals in the positions specified as such in Attachments 4 and 10, or identified by name therein, will be the initial Key Vendor Personnel. Except as set forth therein, all Key Vendor Personnel will be dedicated to the USAC account on a full-time basis. Before assigning any new individual to a Key Vendor Personnel position, Vendor will: (a) consult with USAC regarding the proposed assignment; (b) introduce the individual to appropriate representatives of USAC and provide USAC the opportunity to speak with and raise any concerns regarding such individual; (c) subject to applicable Law, provide USAC with any information regarding the individual that may be reasonably requested by USAC; and (d) allow USAC to reject the proposed assignment. USAC shall have the unilateral right to change the positions designated as Key Vendor Personnel.
  3. Reassignment of Vendor Contract Executive or Key Vendor Personnel. Vendor will not replace or reassign the Vendor Contract Executive or any of the Key Vendor Personnel within two (2) years from the Effective Date, unless USAC consents to such reassignment or replacement or unless such person: (a) voluntarily resigns from Vendor, or states in writing his or her intention to resign from Vendor unless reassigned by Vendor; (b) is dismissed by Vendor for cause; (c) fails to perform his or her duties and responsibilities pursuant to this MSA; or (d) dies or is unable to work due to his or her disability. After the initial two (2)-year period, Vendor will not reassign the Vendor Contract Executive or any of the Key Vendor Personnel without prior consultation with USAC. In no event may Key Vendor Personnel be transferred or reassigned until a suitable replacement is approved by USAC and begins work. Vendor shall ensure that Key Vendor Personnel transferred, re-assigned or removed from the Services have completed their obligations and transferred all relevant documentation and knowledge resources to the appropriate recipients.
  4. Staffing. Vendor will appoint a sufficient number of individuals to the Contract Staff so that the Services are provided in a proper and timely manner in accordance with best industry practices, the applicable Statement of Work, and the Service Level Agreements. Vendor shall forecast demand and follow strong workforce management principles to maintain adequate staffing and meet performance standards described in this MSA. Vendor shall evaluate, no less than weekly, the sufficiency of the number of reviewers by function in order to ensure maximum coverage and efficiency. Only individuals with suitable education, experience, training and qualifications to perform the Services may be appointed to the Contract Staff. Contract Staff working at any USAC Service Location may only perform functions which support USAC’s operations. Vendor will notify USAC as soon as possible after dismissing or reassigning any member of the Contract Staff or upon resignation of any member of the Contract Staff. Vendor will immediately coordinate with USAC to revoke access and privileges to USAC facilities, systems and documents for any employee that ceases to be a member of the Contract Staff for any reason, including, without limitation, any employee that resigns or is terminated or reassigned.

Vendor will provide USAC with a periodic staffing plan for USAC’s review and comment.

* 1. Removal of Vendor Contract Executive or Key Vendor Personnel at USAC’s Demand. If at any time USAC decides that the Vendor Contract Executive or any of the Key Vendor Personnel should not continue in that position, then USAC may, in its sole discretion and upon written notice to Vendor, require removal of the Vendor Contract Executive or Key Vendor Personnel from the Contract Staff. USAC’s written notice to Vendor shall include the reasons for USAC’s dissatisfaction. In such event, Vendor will promptly replace such person with a suitable replacement reasonably acceptable to USAC using the process described in Section 7.10.
  2. Emergency Removal. In the event that USAC notifies Vendor that it has reason to believe that the Vendor Contract Executive or Key Vendor Personnel has committed sexual or other harassment, violated any Law, or breached any provision of this MSA regarding confidentiality or data security, then, upon USAC’s request, Vendor shall immediately suspend the individual pending an investigation into the alleged conduct. In such an event, USAC and Vendor shall confer on an emergency basis to temporarily reassign and/or expand the duties of a then-current Key Vendor Personnel knowledgeable with the MSA to assume the duties of the suspended individual on an interim basis while awaiting the results of the investigation. In no event shall an interim basis last for longer than thirty (30) calendar days.
  3. Contract Staff Validation. All Contract Staff, regardless of their location, shall be validated by Vendor upon assignment, to have not been on any list published and maintained by Government of the United States of America of persons or entities with whom any U.S. person or entity is prohibited from conducting business. Presently, the lists of such persons or entities can be found on the following web sites: (a) Denied Persons List on the Bureau of Industry and Security at <https://www.bis.doc.gov/index.php/the-denied-persons-list>; or (b) the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control Department of Treasury at <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>. Vendor shall conduct a quarterly review to confirm that no Contract Staff is on either of the above lists and shall report such confirmation to USAC. In the event Vendor becomes aware of any member of Contract Staff being included in the list of prohibited persons or entities, Vendor shall immediately remove such member of Contract Staff from the provision of Services under this MSA at Vendor’s expense, shall immediately notify USAC thereof, and as soon as possible shall replace such person(s) with qualified person(s) whose names do not appear on such lists. Additionally, prior to any member of Contract Staff performing Services at or visiting any USAC facility, Vendor shall provide the name and home mailing address of such person to USAC so that USAC can perform its own independent review at its discretion.
  4. Non-Discrimination. By entering into this MSA, Vendor represents that it is an equal opportunity employer. Vendor shall not engage in any unlawful discrimination as to race, creed, color, national origin, sex, age, religion, disability, marital status, citizenship status, or sexual orientation in any employment decisions relating to this MSA and shall comply with all applicable federal and state employment laws and regulations, including: Executive Order 11246; The Vietnam ERA Veteran’s Readjustment Act of 1974; Section 503 of the Rehabilitation Act of 1973.
  5. Excessive Turnover of Employees. Vendor will provide USAC with a list of all personnel dedicated full-time to the Contract Staff at the end of every ninety (90) day period after the Effective Date. In the event that USAC, acting in good faith, believes that Vendor is experiencing excessive turnover of employees, Vendor will: (a) meet with USAC to discuss the reasons for, and the impact of, such turnover rate; and (b) implement a plan reasonably acceptable to USAC to reduce the turnover rate to a reasonably low level.
  6. Removal of Unacceptable Contract Staff. Subject to applicable Laws, USAC may require that Vendor remove and replace any member of the Contract Staff who USAC determines is unacceptable, including USAC’s determination that such individual: (a) is not qualified to perform the responsibilities required for the position held by such individual; (b) is not performing his or her responsibilities in accordance with this MSA; or (c) has violated any term or condition of this MSA, including the data security and privacy obligations set forth in this MSA. USAC shall provide written notice to Vendor, stating the reason for USAC’s dissatisfaction. Within five (5) business days following Vendor’s receipt of USAC’s notice, Vendor shall either (a) remove such individual from the Contract Staff and provide USAC with prompt notice of such removal, or (b) address concerns identified by USAC with such person and provide to USAC, for USAC’s approval, a plan (agreed to in writing by such person) to address such concerns in lieu of removal. In the event that USAC notifies Vendor that such request arises from such person’s commission of sexual or other harassment, violation of any Law or violation of any of the provisions of this MSA regarding confidentiality or data security, such individual shall immediately be suspended from any duties pursuant to the MSA pending an investigation. In any event, Vendor shall promptly replace such member of Contract Staff with a qualified person acceptable to USAC.
  7. Background Checks. Vendor shall, at its cost and expense, conduct (or cause to be conducted), in compliance with applicable Law, criminal, educational, and background checks (“Employee Checks”) on each individual member of Contract Staff prior to commencing work under this MSA. Additionally, Vendor shall provide to USAC for approval a copy of its Employee Check policies applicable as of the Effective Date. Vendor shall promptly provide to USAC any updates to such policies; provided, however, that any updates thereto which lower or relax the standards set forth in the criminal, educational, and background check policies then in effect shall be subject to USAC’s prior written approval, unless required by applicable Law. If any member of Contract Staff has a lapse in assignment to USAC or a lapse in employment for thirty (30) calendar days or more during the term of this MSA, a new criminal background investigation may be required by USAC. In the event USAC is required, pursuant to an audit or a request from a governmental authority, to provide information regarding Vendor’s compliance with this requirement, Vendor shall provide to USAC such information regarding such checks as is requested by such governmental authority, redacted as may be permitted by such governmental authority or Law.
  8. Vendor Liability for Contract Staff. Vendor is responsible for all actions and omissions of Contract Staff, including any actions or omissions that violate Law, are negligent, or that constitute a breach of the USAC Visitor Form and/or this MSA.
  9. Non-Solicitation. During the term of the MSA, USAC will not directly solicit Vendor employees dedicated to performing under this MSA. The foregoing is not intended to restrict an individual’s right of employment, nor does it apply to general, customary employment advertisements and recruiting efforts. Rather, it restricts targeted solicitation of such Vendor employees. Vendor employees may pursue employment opportunities with USAC of their own initiative.
  10. Employment of Staff.

7.14.1 No Vendor Contract Staff Employment with USAC. None of Vendor’s Contract Staff shall be considered an employee of USAC by virtue of this MSA for any purpose. Vendor shall inform its Contract Staff that no staff members will be considered employees of USAC for any purpose, and that USAC shall not be liable to any of them as an employer in any amount for any claims or causes of action arising out of or relating to their assignment in connection with this MSA or release therefrom.

7.14.2 No USAC Employment with Vendor. None of USAC’s staff shall be considered an employee of Vendor by virtue of this MSA for any purpose. USAC shall inform its staff that no members will be considered employees of Vendor for any purpose, and that Vendor shall not be liable to any of them as an employer in any amount for any claims or causes of action arising out of or relating to their assignment in connection with this MSA or release therefrom.

7.14.3 No Employee Benefits. Neither Party’s personnel will be eligible to participate in any of the employee benefits or similar programs of the other Party.

# FACILITIES USE

8.1 USAC Offices.

8.1.1 Use of USAC Facilities. At USAC’s request or with USAC’s approval, Services may be performed on a limited basis at USAC’s offices, located at 700 12th Street N.W., Suite 900, Washington, DC 20005 (this location, together with any other USAC premises agreed to by the Parties, the “USAC Service Locations”).

8.1.2 Limitations. Contract Staff performing Services in USAC Locations will comply with all policies and procedures (including badging procedures) governing access to and use of USAC’s offices. Without limiting the foregoing, any Contract Staff performing Services at USAC’s headquarters must complete the USAC Visitor Form and Confidentiality Agreement prior to being assigned a temporary USAC visitor’s badge and being allowed on-site. Vendor may not provide or market any services to any third party from any USAC premises without USAC’s consent.

8.1.3 Vendor Covenants. Vendor will not commit or permit waste, destruction, or damage to USAC’s facilities and not use such facilities for any unlawful purpose. Vendor will indemnify and hold harmless USAC from and against any damage to USAC’s office and any Losses caused by the acts or omissions of Vendor or Contract Staff while present at USAC’s offices.

8.2 Vendor Offices.

8.2.1 USAC Use of Vendor Offices. At no additional charge, Vendor will make available to USAC furnished space in each of the Vendor Service Locations listed in Section 5.1. Such space will include, but not be limited to, a separate room with at least two (2) workstations, access to the Internet, printers, fax and copier support and telephones. The USAC staff member(s) present at each Vendor Service Location will be permitted, without limitation, to perform daily review of operational metrics, address backlogs of application or customer service tickets, monitor the quality of the Services; coordinate with other USAC personnel on potential measures to remediate backlogs, inefficient processes, and high levels of escalations; and perform in person training on new USAC policy/procedure decisions. Vendor will also make temporary space available for occasional, short-term visits by other USAC staff, vendors, or other representatives (including without limitation USAC Auditors) for: in person coordination meetings, training, audits, or other general oversight of the operation upon reasonable advanced notice from USAC.

8.2.2 Limitations. USAC will comply with all policies and procedures governing access to and use of each Vendor Service Location, which policies and procedures shall be provided to USAC prior to its access and use of the space at the Vendor Service Location.

# SERVICE LEVEL AGREEMENTS

* 1. Service Level Agreements Generally. In order to ensure that Vendor meets USAC’s expectations, USAC will measure Vendor’s performance against the Service Level Agreements, as outlined in Attachment 5. Vendor shall provide periodic reports sufficient to ascertain ongoing compliance with SLAs.
  2. Ongoing Service Level Agreement Review and Adjustments. The USAC Contract Executive and the Vendor Contract Executive will review the Service Level Agreements for the preceding twelve (12) months during the last calendar quarter of every year. At this time they shall adjust Service Level Agreements for the following calendar year that: (a) require adjustment to reflect any improved performance capabilities associated with advances in the technology and methods used to perform the Services; or (b) are no longer appropriate because of a reduction in the scope of the Services. The USAC Contract Executive and Vendor Contract Executive are also empowered to adjust other Service Level Agreements by mutual agreement (and subject to the Change Control Procedures) for other reasons they deem appropriate. Vendor shall dedicate at least one (1) staff member to review and develop revisions to Service Level Agreements and provide regular insights and reporting thereon monthly.
  3. Root Cause Analysis for Failure to Meet Service Level Agreements. If Vendor fails to provide the Services in accordance with the applicable Service Level Agreements, Vendor will do the following within five (5) business days: (a) perform a root-cause analysis to identify the cause of such failure; (b) provide USAC with a report detailing the cause of, and procedure for correcting, such failure; (c) upon USAC’s approval of such procedure, implement such procedure; and (d) provide USAC with assurance satisfactory to USAC that such failure will not recur following implementation of the procedure. The Service Level Agreements will include metrics regarding performance of Services and in the event of underperformance against the Service Level Agreements, Vendor will submit an improvement plan as part of (b) above.
  4. Monitoring Tools and Procedures. As of the Cutover Date, Vendor will implement the measurement and monitoring tools and procedures necessary or required to measure and report Vendor’s performance of the Services against the applicable Service Level Agreements. Such measurement and monitoring and procedures will (a) permit reporting at a level of detail sufficient to verify compliance with the Service Level Agreements and (b) be subject to audit by USAC or a USAC Auditor as set forth in Article 12. Vendor will provide USAC and such designees with information concerning and access to such measurement and monitoring tools and procedures upon request for verification. Vendor shall provide monthly reports as described in (a) above.
  5. Continuous Improvement. Vendor will work collaboratively with USAC to identify ways to improve the Service Level Agreements and the technology and practices used in performance of the Services in ways that would benefit USAC either operationally or financially, including input design workflows, procedures, systems interfaces and any technical components that will directly impact the efficiency of the Services. As part of this process, Vendor shall: (i) facilitate alignment among internal stakeholders at USAC on continuous improvement objectives; (ii) define and quantify expected and measurable quality and efficiency benefits of improvement initiatives; (iii) set up regular monthly meetings to review the improvement initiatives and their measurable impact; (iv) assess the initiatives and plan for the implementation of selected initiatives; and (v) track and publish the measured impact of implemented initiatives to USAC. Vendor will provide monthly updates with respect to observations and potential such improvements, techniques and tools. At the beginning of the third quarter of each contract year Vendor will begin the process of reviewing the previous six months of reports regarding technology and practices used. At the beginning of the fourth quarter, Vendor will present to USAC a proposed continuous improvement objectives. By the end of the fourth quarter, Vendor and USAC shall come to agreement regarding a continuous improvement plan that, should USAC exercise an option year, will be put in place at the beginning of the next contract year.
  6. Service Level Credits. If, at any time, Vendor fails to provide the Services in accordance with the applicable Service Level Agreements, USAC will receive the Service Level Credits set forth in Attachment 5 (provided that for avoidance of doubt Vendor’s performance against the Service Level Agreements will be measured in accordance with Attachment 5). The Service Level Credits shall not limit or preclude USAC’s right to recover other damages incurred by USAC, or to seek other remedies to which it may be entitled as a result of failure to meet the Service Level Agreements (provided that any such Service Level Credits will be offset against any damages recovered by USAC to the extent necessary to prevent double recovery).
  7. Vendor’s Quality Assurance Plan. As part of its total quality management process, Vendor shall provide continuous quality assurance to USAC through: (a) the identification and application of proven techniques, best practices and tools from other installations within its operations; and (b) the implementation of demonstrable programs, practices and measures designed to improve performance standards as set forth in Section 9.4. Such procedures shall include checkpoint reviews, testing, user acceptance, and other quality assurance procedures enabling USAC to confirm the quality of Vendor’s performance. Vendor shall utilize project management tools, including productivity aids and project management systems, as appropriate in performing the Services. Vendor shall review all systems, Services, practices and procedures not less than once per calendar year and will communicate such activities to USAC.
  8. Complaints. Copies of any complaints received by Vendor (including complaints about Vendor) and their associated resolutions will be sent to USAC’s designated procurement specialist and the USAC Contract Executive within one (1) day of receipt, unless an urgent complaint arises that materially affects a broad set of users, in which case the complaint should be sent to USAC’s designated procurement specialist and the USAC Contract Executive.

# PAYMENT TERMS

* 1. Fees. In consideration of Vendor providing the Services, USAC will pay to Vendor the Fees as set forth in Attachment 1. Except as expressly set forth in this MSA, there will be no other charges or fees payable by USAC with regard to Vendor’s performance of its obligations pursuant to this MSA.
  2. Vendor Invoice Date and Payment Terms. No later than the fifteenth (15th) day of each calendar month during the Contract Term and any Termination Assistance Period, Vendor will invoice USAC for the Services performed in the prior month. Each invoice shall describe the charges and fees accrued during the applicable period, the line items, number of units processed/transactions completed, volume tier, Service Level Credits and credits arising from the resolution of billing disputes. The undisputed Fees will be due and payable to Vendor within thirty (30) days of USAC’s acceptance of Vendor’s invoice.
  3. Currency, Format and Content. Vendor will invoice the Fees in United States Dollars. Each of Vendor’s invoices will (a) set forth any discounts, credits, one-time, firm-fixed or volume-based charges, including all line items, number of units processed/transactions completed, volume tier, Service Level Credits, and any other credits charged or issued during the period to which such invoice relates and (b) reflect any adjustment to or change in the Fees implemented during the period to which such invoice relates.
  4. Process for Disputed Invoice Amounts. USAC may reasonably dispute an amount on an invoice and withhold payment of any portion of an invoice that it disputes in good faith. In such event, USAC will notify Vendor in writing of the disputed amount. USAC may withhold such disputed amount but will pay the undisputed amount in accordance with the terms of this Section 10.4. Inaccurate invoiced amounts, whether identified by Vendor or USAC, will be corrected on the next available invoice, subject to the limits set forth in Section 10.7, and clearly distinguished from current period invoiced amounts. Vendor will provide a written statement with the invoice to explain and provide a reconciliation of the corrections for USAC’s review. If Service Level Credits are not accurately reflected on an invoice, USAC may, if necessary, direct Vendor to submit a revised monthly invoice reflecting accurate Service Level Credits.
  5. Credits. Vendor will promptly credit to USAC any payment made to which Vendor is not entitled under this MSA and refund to USAC any such payment for which there are not sufficient Fees against which to credit the overpayment.
  6. Taxes. USAC is not a tax-exempt organization. USAC and Vendor will each bear sole responsibility for (a) all taxes, assessments and other real property-related levies on its owned or leased real property and (b) in the case of Vendor, any withholding or other tax assessable on inter-company payments or reimbursements as a result of or in connection with this MSA. The Fees paid to Vendor under the MSA shall be inclusive of any applicable sales, use, gross receipts, excise, value-added, withholding, personal property, or other taxes attributable to periods on or after the Effective Date based on or measured by Vendor’s cost in acquiring or providing equipment, materials, supplies, or services furnished or used by Vendor in performing or furnishing the Services, including all personal property and sales or use taxes, if any, due on any Services. In the event that any tax of any kind is assessed on the provision of the Services by Vendor to USAC or on Vendor’s Fees to USAC under the MSA, however levied or assessed, Vendor shall bear and be responsible for and pay the amount of any such tax. Vendor will remit all applicable taxes to the appropriate taxing authority in a timely manner. The Parties will otherwise reasonably cooperate with each other to minimize all applicable taxes to the extent legally permissible.
  7. Waiver of Late-Billed Amounts. Under no circumstance will USAC be liable to pay any Fees not invoiced within ninety (90) days after Vendor was first permitted to invoice USAC for such Fees.
  8. Not-to-Exceed Amount. Vendor shall not charge Fees in excess of the Not-to-Exceed Amount, which is stated in Attachment 1. Vendor is not obligated to provide Services under this MSA to the extent the Fees for such Services would exceed the Not-to-Exceed Amount for the then-applicable Initial Term or Optional Renewal Term if (i) it has complied with the two following paragraphs, and (ii) it notifies USAC immediately when the Not-to-Exceed Amount has been reached. If USAC notifies Vendor in writing that the Not-to-Exceed Amount has been increased and specifies the amount of the new Not-to-Exceed Amount, Vendor shall immediately resume providing the Services; provided that Vendor shall have the same right (subject to the same conditions) if the new Not-to-Exceed Amount is reached.

*Monthly Report on NTE.* On a monthly basis, Vendor shall provide a report to USAC on the total spend against the Not-to-Exceed Amount for the Initial Term and each Optional Renewal Term.

*At 60% Notice.* Vendor will provide a notice to USAC when Fees for the Initial Term or any Optional Renewal Term exceed sixty percent (60%) of the Not-to-Exceed Amount for the Initial Term or such Optional Renewal Term.

# MOST FAVORED CUSTOMER

At the written request of USAC, Vendor shall provide pricing data that demonstrates the Fees are fair, reasonable and are the lowest fees charged for substantially similar work. Such data may include a comparison with current or recent fees for substantially similar work under comparable terms and conditions. Vendor may also include information obtained through market research. “Substantially similar” means taking into account the geography served, service locations, in-scope processes, volumes, systems used, clientele (including size and type of business operations, profit v. non-profit, etc.), and other material transaction elements.

# Vendor COMPLIANCE AND AUDIT

* 1. Audits Generally. Subject to the Privacy and Security Addendum, upon reasonable notice from USAC, Vendor shall provide (and shall cause its Subcontractors to provide) to USAC and to USAC Auditors access and any assistance that they may be required with respect to Contract Staff, Vendor Service Locations, Vendor controls and procedures (“Vendor Controls”), the Services, and Vendor’s books, records, and supporting documentation for the purpose of performing audits or inspections of any Services. Such audits may be conducted for any reasonable business purpose including (a) the accuracy of Fees and invoices; (b) audits and examinations by USAC’s regulatory authorities, including (but not limited to) the FCC, USAC’s third party assessors, the FCC’s external auditors, or the GAO; (c) Vendor’s compliance with the terms of this MSA and applicable Law; (d) handling of USAC Data; (e) conduct of Vendor operations and procedures relating to the Services or in Vendor’s performance of the Services; and (f) efficiency of Vendor in performing the Services. Vendor understands that all financial and non-financial transactions resulting from this MSA shall be documented by Vendor and subject to audit by USAC or USAC Auditors. The audit rights set forth in this Section may be exercised by USAC or the FCC or GAO authority at any time during the Contract Term and Termination Assistance Period and for three (3) years thereafter. The audit rights and procedures described in this Section are in addition to and excusive of any government audit requirements that may independently apply pursuant to any controlling governmental authority.
  2. Review of Audit Results. Vendor and USAC shall promptly meet to review each audit report resulting from an audit under this Article and agree on an appropriate manner to address any deficiencies or recommendations contained therein. If any audit report indicates that Vendor or any Subcontractor is not in compliance with any applicable Law, Vendor’s compliance with FISMA and NIST SP 800-53 Rev. 5, audit, or other requirement applicable to Vendor pursuant to this MSA, Vendor shall take, and shall cause its Subcontractors to take, prompt actions at its cost and expense to comply with such Law or requirement. If the audit confirms that Vendor has overcharged USAC, USAC will notify Vendor of the amount of such overcharge and Vendor will promptly pay to USAC the amount of the overcharge, plus Interest calculated from the date of receipt by Vendor of the overcharged amount until the date of payment to USAC. In the event such overcharge exceeds five percent (5%) of the aggregate Fees for the period covered by the audit, Vendor will reimburse USAC for the costs of the audit. If such audit reveals any other deficiencies in Vendor’s performance of its obligations under this MSA, Vendor shall immediately take steps to rectify all such deficiencies. [FISMA and NIST are defined in the Privacy and Security Addendum.]
  3. Corrective Action. If, in USAC’s or a USAC Auditor’s judgment, any report or audit contemplated under this Article reveals a deficiency or weakness in the internal controls placed in operation at the premises of Vendor or any Subcontractor, Vendor will promptly take such corrective action as USAC and its auditor may require at no additional expense to USAC.
  4. Assistance. Vendor will assist and cooperate with, and provide a reasonable level of resources to support, the performance of the audits described in this Article at no additional cost to USAC. USAC, in its sole discretion and at its expense, may perform the audits described in this Article through its internal or external auditors.
  5. Additional Audits. Vendor shall provide support for additional various audits on an annual routine basis. Such additional audits may include, but are not limited to, third party assessments to achieve FISMA authorization, continuous monitoring, penetration testing, independent verification and validation of the system, and the annual FISMA audit subject to NIST SP 800-53 Rev 5. Such assistance shall include but shall not be limited to: (a) documenting Vendor’s internal controls and procedures related to the Services; (b) cooperating with any USAC Auditor or inspector in connection with testing the effectiveness of such controls and procedures; (c) making at least quarterly representations to USAC regarding any significant changes to such controls and procedures; (d) correcting any material weakness or significant deficiency as defined by the Vendor Controls and FISMA or any other deficiency that would prevent USAC from complying with Law; and (e) cooperating with USAC Auditors in connection with the issuance of the reports described in the Privacy and Security Addendum. Vendor shall promptly remediate any weakness identified in any audit report, in no event later than recommended or demanded by the auditors. [FISMA and NIST are defined in the Privacy and Security Addendum.]

12.6 Record Retention. Vendor will maintain, and provide access to USAC, those records, documents and other information relating to this MSA and the provision of the Services as stated in Attachment 13.

# TERM AND TERMINATION

* 1. Initial Term. The Initial Term is the period of time from the Effective Date of the MSA to \_\_\_\_\_\_\_\_\_\_ unless the MSA is terminated sooner in accordance with this MSA (“Initial Term”).
  2. Optional Renewal Terms. After the conclusion of the Initial Term, USAC will have the right to extend the Contract Term by exercising up to \_\_\_\_\_\_\_ (\_\_) one-year optional renewal terms (“Optional Renewal Terms”).
  3. Termination by USAC. Unless otherwise agreed by the Parties, USAC may terminate this MSA in whole or in affected part for:

13.3.1 Cause. Upon thirty (30) calendar days’ notice to Vendor, if Vendor does any of the following: (a) breaches any warranty, representation or covenant or fails to perform any obligation, and such breach is irremediable or, if remediable, is not remedied within thirty (30) days of notice of the breach (or five (5) calendar days for breaches related to confidentiality); (b) fails to meet the same Service Level Agreement for two consecutive quarters; or (c) fails to meet a Milestone Date or the Cutover Date and does not cure such failure within fourteen (14) calendar days of notice from USAC; or

13.3.2 Change of Control, Insolvency or Credit Instability. Upon notice to Vendor if: (a) Vendor undergoes a change of majority ownership; (b) Vendor becomes insolvent or makes an assignment for the benefit of creditors; (c) a receiver or similar officer will be appointed to take charge of all or part of the assets of Vendor; or (d) any recognized credit rating agency materially lowers **Vendor’s** credit rating and Vendor is unable to provide USAC with reasonable assurances of Vendor’s creditworthiness to satisfy USAC’s concerns with respect to Vendor’s credit rating; or

13.3.3 USAC-Conflicted Entity. Upon thirty (30) calendar days’ notice to Vendor if Vendor, without the prior written consent of USAC, merges with, acquires, or is acquired, directly or indirectly, by a USAC-Conflicted Entity; or

13.3.4 Noncompliance. Upon seven (7) calendar days’ notice to Vendor, if Vendor violates any applicable Law or breaches its obligations under Article 14 (Intellectual Property Rights) and the Privacy and Security Addendum; or

13.3.5 Force Majeure. If a Force Majeure Event or similar occurrence disrupts Services for (10) or more days; or

13.3.6 Convenience. Upon thirty (30) calendar days’ notice to Vendor for convenience and without cause. In the event of any such termination, USAC shall pay Vendor for work performed until the date of termination and documented actual, direct costs incurred by Vendor as a result of the early termination, subject to Section 13.4.

13.4 Replacement Services. If USAC terminates this MSA for any purpose in this Section other than Force Majeure or convenience, in whole or in part, it may acquire, under commercially reasonable terms and conditions, the terminated Services from another source, and Vendor will be liable to USAC for any reasonable excess costs for such Services. In the event of a partial termination, Vendor shall continue the work not terminated.

13.5 Termination for Convenience Payment. In the event that USAC terminates this MSA for convenience prior to the end of the Initial Term of this MSA pursuant to Section 13.3.6, USAC will only pay Vendor for work performed until the date of termination and documented actual, direct costs incurred by Vendor as a result of the early termination and not recovered by payment for work performed.

These amounts are due and payable only in the event USAC terminates for convenience prior to the end of the Initial Term of this MSA and are Vendor’s sole and exclusive remedy for such termination for convenience. No such amounts are due for any other termination or expiration of this MSA.

13.6 Termination by Vendor for Nonpayment; No Other Termination Right. Vendor may terminate this MSA, by not less than one hundred and eighty (180) calendar days prior written notice to USAC, if USAC fails to make undisputed payments required under the terms of this MSA and fails to remedy such failure within forty-five (45) calendar days after receipt of written notice specifying such breach and Vendor’s intention to terminate this MSA. Except as provided in this Section, Vendor will have no right to terminate this MSA as the result of USAC’s breach of this MSA (provided that the foregoing is without prejudice to Vendor’s rights under Section 3.7).

13.7 Exit Transition. Vendor will cooperate with USAC to effectuatea smooth and professional transition of the Services to USAC or its designee from Vendor (the “Exit Transition”) upon expiration of the Contract Term or in the event the MSA is terminated for any reason. The target date for completing the Exit Transition (the “Exit Transition End Date”) and the timing of any intermediate stages of the Exit Plan shall be as reasonably specified by USAC. The Parties and their employees and agents will cooperate in good faith to execute the Exit Plan and each Party will perform those tasks and actions assigned to it therein. As part of the Exit Transition, in addition to the obligations under the Exit Plan, Vendor will perform the following tasks and actions in addition to such other tasks and actions as are set forth in the Exit Plan or may be agreed upon by the Parties:

13.7.1 USAC Due Diligence. In service of an orderly transition, Vendor will permit USAC to perform a reasonable due diligence regarding the methods, means and manner pursuant to which the Services are then being performed. Vendor will cooperate fully with such due diligence investigation, at no cost to USAC or its designee, provided such cooperation does not unreasonably interfere with Vendor’s performance of the Services or its other normal business operations.

13.7.2 Vacating Service Locations. Vendor will, as of the completion of the Exit Transition (or sooner as directed by USAC), vacate all USAC Service Locations occupied by Contract Staff.

13.7.3 Return of USAC Property. As part of the Exit Plan, and again upon completion of the Exit Transition, Vendor will return to USAC or its designee (or, as appropriate, destroy pursuant to guidelines in NIST SP 800-88 Rev. 1 or the most current revision) all USAC property, tangible or intangible, including all USAC Confidential Information and USAC Materials, in its possession. Within ten (10) calendar days of completion of the Exit Transition, Vendor will certify in writing to USAC that it and its Subcontractors have complied with this Section. [NIST is defined in the Privacy and Security Addendum.]

13.7.4 USAC Data. Within thirty (30) calendar days after delivery of the Exit Plan, and again upon completion of the Exit Transition, Vendor will deliver to USAC or its designee all USAC Data (in electronic and hardcopy form) in the commercially available format reasonably requested by USAC, including without limitation all backup, archived, historical and Disaster recovery data, customer and other records, emails, web site content and data pertaining to USAC or any Program Participant in any Vendor database.

13.7.5 Data Purge. Following approval by USAC, upon completion of the Exit Transition, all USAC Data and related data shall be purged from Vendor’s and all its Subcontractors’ systems, all electronic copies of data in Vendor’s or its Subcontractors’ possession shall be deleted and destroyed pursuant to guidelines in NIST SP 800-88 Rev. 1 or the most current revision and all paper documents in Vendor’s or its Subcontractors’ possession shall be destroyed by burning, pulping, shredding, macerating, or other means if authorized by USAC in writing in a secure manner. Within ten (10) calendar days of completion of the Exit Transition, Vendor will certify in writing to USAC that it and its Subcontractors have complied with this Section. [NIST is defined in the Privacy and Security Addendum.]

13.7.6 Identify Substitute Location. If, in connection with any termination, USAC or its designee, elects to move hardware or other physical property owned by USAC and formerly utilized by Vendor in connection with performance of the Services to a new location, Vendor will, if requested by USAC, assist in identifying and specifying the requirements for a suitable substitute location.

13.7.7 Training Assistance. In connection with the Software applications and the processes and procedures to which USAC has rights upon termination in accordance with Article 14 (Intellectual Property Rights) Vendor will provide to USAC or its designee such training as may be reasonably necessary for USAC or its designee, at no additional cost, to access the USAC Data and otherwise utilize said rights.

13.7.8 Continuation of Services. At USAC’s election, Vendor will continue to provide any or all the Services during the Exit Transition, subject to payment of the Fees therefor.

13.7.9 Inventory. Within thirty (30) calendar days of the expiration of the MSA or within thirty (30) calendar days following notice of termination of the MSA, Vendor shall forward the following to USAC's Contract Executive or his or her designee:

(a) Inventory of all transferable and non-transferable hardware and Software used in the provision of the Services and associated technical attributes (including hardware configuration, software operating system, integrated software packages, software language, program/module names, and software development tools).

(b) Inventory of all USAC Data in Vendor’s or any Subcontractor’s possession, including related data stores, operational and reference data, and associated technical attributes (including paper, scanned and other electronic data and records, database management system, volume/size of records, file sizes, and other relevant data.), location, and an inventory of all documented procedures/processes/ guidelines used in the performance of the Services.

(c) Inventory of all documented procedures/processes related to system operation and maintenance. This includes system documentation and “Incident Responses” for all incidents related to Privacy and Cybersecurity concerns.

(d) Inventory of current and peak staffing numbers over the last twelve (12)

months by function.

(e) Written and electronic copies of all procedures/processes/ guidelines/scripts/documentation, including sample reviews and checklists completed as part of the processing, and all training materials.

(f) Copies of internal/external audits and reviews of all processes.

(g) Paper and electronic copies of all web site designs and associated scripts/coding developed as work product.

(h) System analysis and design documentation (e.g., data models, process model, business rules, data base specifications, and all requirements documentation), as well as testing documentation (e.g., quality assurance and user acceptance test plans, cases, scripts, and data) and production documentation.

(i) Pricing information for any hardware or Software used in providing the Services that does not convey to USAC at the expiration or termination of the MSA.

(j) Copies of all reporting data, maintenance history, and status, including service incidents within the twelve (12) months preceding the termination.

(k) Paper copies of all data not kept in electronic format, and other documents necessary to meet the obligations under applicable audit and record retention requirements.

13.8 Continued Performance. During any period commencing upon notice of termination and continuing until the completion of the Exit Transition End Date, Vendor will perform the Services in accordance with terms and conditions and performance standards in effect as of the date on which notice of termination is given. At USAC’s election, Vendor will continue to provide any or all the Services during the Exit Transition, subject to payment of the Fees therefor.

13.9 Survival. The provisions of Article 1 (Interpretation), Section 2.1 (Primary Nature of Vendor’s Obligations), Article 12 (Vendor Compliance and Audit), Article 13 (Term and Termination), Article 14 (Intellectual Property Rights), the Privacy and Security Addendum and Attachment 7, Article 16 (Representations and Warranties), Article 17 (Additional Covenants), Article 18 (Dispute Resolution), Article 19 (Indemnification), Article 20 (Damages and Limitation of Liability), Article 24 (Notices), Article 26 (Severability), Article 27 (Waiver), Article 28 (Publicity) and Article 29 (Law and Jurisdiction) will survive termination or expiration of this MSA.

# Intellectual Property Rights

* 1. USAC Intellectual Property. Vendor acknowledges that USAC owns, retains, and reserves all right, title, and interest (including, without limitation, any Intellectual Property Rights) in and to the USAC Technology and USAC Data. USAC hereby grants to Vendor a limited, non-exclusive, non-transferable, royalty-free license to use the USAC Technology and USAC Data solely for purposes of providing the Services to USAC during the Contract Term and any Termination Assistance Period. Without limiting the foregoing, Vendor shall not be permitted to use USAC Technology or USAC Data for the benefit of any entity other than USAC. Nothing in this MSA shall be deemed to imply the grant of a license to USAC Technology or USAC Data, or the transfer of ownership or other rights in USAC Technology or USAC Data, and Vendor acknowledges and agrees that it does not acquire any of the same, except as expressly set forth in this Section.
  2. Vendor Materials and Vendor Software. Except as set forth in this Section, Vendor shall retain all Intellectual Property Rights in Vendor Materials and Vendor Software. Vendor hereby grants to USAC a perpetual, irrevocable, non-exclusive, royalty-free, transferable, fully paid-up, sub-licensable, worldwide license to use the Vendor Software (other than Vendor Third Party Software) and Vendor Materials to the extent it is (a) required for USAC’s receipt of the Services, (b) required for USAC’s business purposes, or (c) incorporated in or made a part of, or necessary for the use of, any New IP Materials. The following list accurately and inclusively identifies the Vendor Software used by Vendor in providing Services pursuant to a SOW hereunder. Vendor shall ensure that this list is timely amended as updates are made.   
       
     Vendor Software Used:  
      \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
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* 1. USAC Ownership of New IP Materials. All New IP Materials shall be owned by USAC. USAC shall have all right, title, and interest in and to any New IP Materials and all copies of such New IP Materials, including exclusive worldwide ownership of all Intellectual Property Rights in the New IP Materials. Without further consideration, Vendor hereby irrevocably assigns, agrees to assign, and shall cause its Subcontractors to assign and agree to assign all right, title, and interest that it may have in and to all New IP Materials to USAC, including all worldwide Intellectual Property Rights in the New IP Materials. Vendor acknowledges that USAC and the successors and assigns of USAC shall have the right to obtain and hold in their own names any and all Intellectual Property Rights in and to any New IP Materials, including without limitation the right to transfer, assign, or sub-license the same. Vendor hereby waives any “moral rights” in any New IP Materials and shall cause all Contract Staff and Subcontractors to waive any “moral rights” in New IP Materials.

14.3.1 Vendor Cooperation to Perfect USAC’s Ownership of New IP Materials. Vendor agrees to execute, and shall cause its Subcontractors to agree to execute, any documents or take any other actions as may reasonably be necessary, or as USAC may reasonably request, to perfect USAC’s ownership of any New IP Materials. Vendor shall not, at any time, apply for copyright, trademark, or patent protection in any New IP Materials, file any document with any governmental agency that would affect USAC’s ownership of the New IP Materials, or aid or abet any other person or entity in doing so.

14.3.2 Vendor Disclosure of New IP Materials. Vendor shall provide a written description of all New IP Materials promptly after reasonable belief that such New IP Materials may have been created.

* 1. Assignability of Third Party Agreements. Vendor shall cooperate in good faith with USAC to have its Third Party Agreements for Vendor Third Party Software be fully transferrable and/or assignable to USAC, at USAC’s request, upon the expiration or termination of the MSA. At USAC’s sole election, Vendor shall assign to USAC, the FCC, or USAC’s other chosen designee, in whole or in part, all Third Party Agreements (except those Third Party Agreements that are expressly designated as non-assignable) then utilized by Vendor in connection with performance of the Services. With respect to any Third Party Agreements so assigned, Vendor will remain responsible for all obligations to any such Third Party arising prior to such assignment, and USAC or its designee will assume and be responsible for all obligations to any such Third Party arising subsequent to such assignment and obtain a release for Vendor with respect to such post-assignment obligations.   
       
     Notwithstanding anything herein to the contrary, in the event that Vendor utilizes a Third Party Agreement for any purpose other than solely to provide the Services under this MSA (including, for example, to provide similar services to customers in addition to USAC), Vendor shall not be obligated to assign or transfer such Third Party Agreement to USAC or any Third Party. However, Vendor shall assist USAC in establishing a direct licensing relationship with the Third Party signatory to such Third Party Agreement and shall waive any non-compete or other restrictions in the Third Party Agreement that would prevent or otherwise restrict the Third Party from entering into such direct relationship with USAC. Prior to using any Vendor Third Party Software to provide the Services not already under a Third Party Agreement before the Effective Date of the MSA, Vendor will inform USAC as to whether or not such Third Party Agreement is assignable to USAC and obtain USAC’s consent to use such Vendor Third Party Software. The following list accurately and inclusively identifies the Vendor Third Party Software used by Vendor in providing Services pursuant to a SOW hereunder. Vendor shall ensure that this list is timely amended as updates are made.

|  |  |  |
| --- | --- | --- |
| **Vendor Third Party Software Used** | **Vendor Third Party Software Provider** | **Assignable (Y/N)** |
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* 1. Commissioned Work. USAC shall own all non-Software literary works or other works of authorship created by Vendor pursuant to this MSA and any requirements documents, personalized communication statements, interactive voice response and call center scripts, tapes of recorded service center calls, manuals, training materials and documentation that are created for the benefit of USAC during the course of this MSA (“Commissioned Work”). Vendor hereby irrevocably assigns, transfers and conveys, and will cause Subcontractors to assign, transfer and convey, to USAC, without further consideration, all of its and their right, title, and interest in and to Commissioned Work. USAC hereby grants to Vendor, for the Contract Term and the Termination Assistance Period, a royalty-free, non-transferable, nonexclusive license to Use the Commissioned Work solely to perform the Services for USAC. Notwithstanding the foregoing, Vendor will retain ownership of all pre-existing Vendor Materials that are incorporated into the Commissioned Works. Vendor hereby grants to USAC a perpetual, irrevocable, non-exclusive, royalty-free, transferable, fully-paid-up, sub-licensable, worldwide license to use any such Vendor Materials that are a part of any Commissioned Work.
  2. Continuous Provision. Vendor understands and agrees that (a) the successful, error-free, and continuous provision of the Services, (b) the security of the overall system, and (c) the security and availability of data are critical to the successful operation of USAC’s normal business operations. As such, the licenses granted herein may not be terminated by Vendor, except as explicitly provided pursuant to Section 13.6.
  3. USAC Assignment of Intellectual Property. At its sole discretion, USAC may assign any intellectual property licenses USAC receives as described in this Article to the FCC, or to any third party that succeeds to Vendor’s role.
  4. Protection of Source Code. To the extent feasible and allowed by law, Vendor will protect its ownership, and ensure the availability, of the source code of all Vendor-owned software used in providing Services against threats by Vendor’s potential bankruptcy or the shutting down of its business operations.

# CONFIDENTIAL INFORMATION

The Parties obligations concerning Confidential Information can be found in the Privacy and Security Addendum.

# 16 REPRESENTATIONS AND WARRANTIES

16.1 Vendor Representations and Warranties. Vendor represents and warrants each of the following subsections.

16.1.1 Good Standing. Vendor is a corporation duly organized, validly existing and in good standing under the Laws of \_\_\_\_\_\_\_\_\_\_\_\_.

16.1.2 Corporate Power and Authority. Vendor has all requisite corporate power and authority to execute, deliver and perform its obligations under this MSA.

16.1.3 Authorization and Non-Default. The execution, delivery and performance of this MSA by Vendor (a) has been duly authorized by Vendor and (b) will not conflict with, result in a breach of or constitute a default under any other agreement to which Vendor is a party or by which Vendor is bound.

16.1.4 Licensure. Vendor is duly licensed, authorized or qualified to do business and is in good standing in every jurisdiction in which a license, authorization or qualification is required for the ownership or leasing of its assets or the transaction of business of the character transacted by it, except where the failure to be so licensed, authorized or qualified would not have a material adverse effect on Vendor’s ability to fulfill its obligations under this MSA.

16.1.5 Compliance with Law. Vendor is and will remain in compliance with all Laws applicable to Vendor and Vendor’s performance of Services pursuant to this MSA does not and will not violate any applicable law, rule or regulation or breach any other agreement to which Vendor is a party or bound.

16.1.6 No Litigation. There is no outstanding litigation, arbitrated matter or other dispute to which Vendor is a party which, if decided unfavorably to Vendor, would reasonably be expected to have a material adverse effect on Vendor’s ability to fulfill its obligations under this MSA.

16.1.7 Performance. Vendor is currently able, and is unaware of any reason why it would be unable in the future, to perform the Services in accordance with the Statement of Work and to meet or exceed the Service Level Agreements, or for Service elements for which no Service Level Agreement has been specified in Attachment 5, to perform in accordance with prevailing industry best practices. Vendor also warrants that Services are, at a minimum, in accordance with the highest industry standards.

16.1.8 No Conflict of Interest. Vendor currently does not have, and throughout the Contract Term and any Termination Assistance Period, will not have, a conflict of interest of any kind with or affecting USAC. Underscoring the importance of this representation, Vendor acknowledges that it is essential that Vendor and any Subcontractor providing Services or materials in support of USAC’s administration of the USF maintain the same neutrality as USAC, both in fact and in appearance, and avoid any conflict of interest or even the appearance of a conflict of interest. Further, Vendor expressly acknowledges that to the extent that Vendor, or any of its principals, has client, membership, financial and/or any other material affiliation with entities that participate in the federal USF in any respect, there may be actual, potential and/or apparent conflict(s) of interest. Vendor shall promptly notify USAC in writing of any actual or potential conflicts of interest involving Vendor, or any circumstances that give rise to the appearance of a conflict of interest, and the means by which Vendor proposes to avoid, neutralize, or mitigate such conflicts. Vendor represents and certifies that it has not paid or promised to pay a gratuity, or offered current or future employment or consultancy, to any USAC or governmental employee in connection with the award. Further, Vendor will not advocate in any public forum, including without limitation before the FCC or other regulatory agency, Congress or any court, any position with regard to the Universal Service Fund or the administration thereof. In the event of breach of this Section (which shall be considered irremediable), USAC shall have the absolute right to terminate the MSA pursuant to Section 13.3.1 without reimbursement of any costs incurred in performance or payment of any fees.

16.1.9 No Gratuities. In order to avoid the appearance of improper influence or advantage, Vendor shall not offer or provide to the employees, agents or other representatives of USAC any gratuities, gifts, payments or anything exceeding a nominal value.

16.1.10 Non-Infringement. None of the Services, the Commissioned Work, Vendor Software, Vendor Materials, any improvements to the USAC Software performed by Vendor or Subcontractors or any other resources or items provided to USAC by Vendor or Subcontractors or used in the performance of the Services infringe or will infringe upon the proprietary rights of any third party.

16.1.11 Warranties Survive. All expressed and/or implied warranties shall survive inspection, delivery, acceptance and payment, and the expiration or earlier termination of this MSA.

16.1.12 No Disclaiming of Warranties. No warranty implied in connection with the sale and/or purchase and/or use of the Services herein either by operation of law or arising from usage in the trade, course of performance or course of dealing is now or will ever be disclaimed by Vendor.

16.1.13 No Interference. In the event of any dispute with USAC regarding an alleged breach of this MSA, Vendor shall not use any means (electronic or otherwise) to prevent or interfere with USAC’s use of any portion of the Software. Vendor understands that a breach of this provision could foreseeably cause substantial harm to USAC and to numerous third parties having business relationships with USAC.

16.1.14 Assistance with Law Enforcement. If Vendor becomes aware of any Program Participant or other user of the Services being involved in any potentially illegal activity, Vendor will inform USAC immediately.  If USAC determines that law enforcement should be notified, Vendor will work with USAC to inform federal, state or local law enforcement authorities and Vendor will provide such law enforcement authorities with all evidence in Vendor’s possession of the potentially illegal activity.

# 17. Additional Covenants

17.1 USAC Covenant. USAC covenants and agrees with Vendor that USAC will comply with all Laws applicable to USAC in connection with its obligations under this MSA.

17.2 Vendor Covenants. Vendor covenants and agrees with USAC that:

17.2.1 Facilities and Staff. Vendor will have and maintain adequate facilities, equipment and a duly qualified staff as necessary to perform the Services in an efficient, professional and timely manner and as described in the applicable Statement of Work.

17.2.2 Minimization of Fees and Charges. Vendor’s performance will at all times be in a manner that avoids the incurrence of unnecessary or duplicative Fees and charges to USAC.

17.2.3 Authorizations and Compliance with Law. Vendor will obtain and maintain all Authorizations required to perform the Services at its own expense. Vendor will comply at its own expense with all Laws (including without limitation rules, regulations or policies of the FCC) applicable to Vendor’s delivery or performance of the Services, operation of its facilities and performance pursuant to this MSA. Vendor will be responsible for identifying and becoming familiar with any changes in Laws that are related to Vendor’s delivery, use or performance of the Services or USAC’s use or receipt of the Services. Vendor will promptly notify USAC of any such changes in Laws. Vendor and USAC will work together to identify the impact of such changes on how USAC receives or uses, and Vendor delivers, the Services. Unless otherwise provided for, Vendor shall continue to perform the Services at no additional charge to USAC despite any changes in Laws. However, nothing about this Section will prevent the Vendor from submitting a Change Order to accommodate the change in Law. If such changes in Laws prevent Vendor from performing its obligations or materially impact USAC’s receipt or use thereof under this MSA, Vendor will develop and, upon USAC’s approval, implement a suitable workaround at no additional cost to USAC until such time as Vendor can perform its obligations under this MSA in compliance with Laws without such workaround. Vendor will be responsible and bear any fine or penalty that Vendor or USAC may suffer or incur for any non-compliance with Laws relating to the delivery or performance of the Services; provided, however, that USAC will be responsible and bear any such fine or penalty imposed on USAC if (a) Vendor has complied with its obligations under this Section, (b) USAC has failed to accept or implement any changes in how Vendor delivers the Services resulting from such changes in Laws identified by Vendor, and (c) the fine or penalty is directly attributable to USAC’s failure to accept or implement any such change in how USAC uses, and Vendor delivers, the Services. Vendor shall, at its cost and expense (except as otherwise provided in this Section), maintain Vendor Controls in each Vendor Service Location and USAC Service Location in accordance with industry standards for services of the type provided to USAC, including without limitation those set forth in the Privacy and Security Addendum. Nothing in this Section shall prevent Vendor from submitting a change to the Scope of Work pursuant to the Change Control Procedures.

# 18. DISPUTE RESOLUTION

18.1 Dispute Resolution Generally. The Parties hereby agree to use all reasonable manners to avoid the escalation of Disputes and to resolve any Dispute in the most cost-efficient and prompt manner. It is the intention of Vendor and USAC to use reasonable measures to avoid the litigation of any Dispute under this MSA and therefore the Parties mutually agree that any Disputes arising under this MSA must be resolved using the alternative dispute resolution procedures contained in this Article (“Dispute Resolution Procedures”).

18.1.1 Contract Executives. The USAC Contract Executive and the Vendor Contract Executive will serve as the primary representative for each party for the resolution of any Disputes and with regard to the Dispute Resolution Procedures.

18.1.2 Fees and Costs. Unless otherwise agreed in writing, Vendor and USAC will each bear all of their own fees and expenses incurred during the Dispute Resolution Procedures.

18.1.3 Confidential Settlement Negotiations. The Parties agree that all discussions and negotiations (whether written or oral) conducted pursuant to the Dispute Resolution Procedures are confidential and will be treated as compromise and settlement negotiations for purposes of the applicable rules of evidence. Such confidentiality obligations shall be triggered upon notice of a Dispute pursuant to Section 18.2.

18.1.4 Continued Performance. At all times during the pendency of a Dispute and while the Parties are acting pursuant to the Dispute Resolution Procedures, Vendor shall continue to perform all obligations pursuant to this MSA (including, but not limited to, providing all Services) and USAC will continue to perform its obligations (including, but not limited to the making of payments to Vendor).

18.1.5 Tolling of the Statute of Limitations. The Parties expressly agree to toll any applicable statute(s) of limitations during the pendency of the Dispute Resolution Procedures and for ten (10) business days thereafter.

18.1.6 Jurisdiction and Choice of Law. The Parties hereby invoke exclusive jurisdiction of the state and federal courts located in Washington D.C. for the litigation of any Dispute. The Dispute will be governed by the laws of the District of Columbia.

18.2 Mandatory Negotiation Period. If either Party has a Dispute with the other, the Contract Executive for that Party shall provide written notice describing the Dispute in detail to the other Party’s Contract Executive. Such notice shall formally initiate the Dispute Resolution Procedures. Upon written notice, the Contract Executives shall attempt to resolve the Dispute by conducting, at minimum, two in-person (or video conference) meetings to resolve the Dispute (each a “Negotiation”). Unless otherwise agreed in writing, both Negotiations shall take place within thirty (30) calendar days of notice of the Dispute (the “Mandatory Negotiation Period”). If the Dispute is not resolved within thirty (30) calendar days, the Contract Executives may mutually agree in writing to extend the Mandatory Negotiation Period for an additional thirty (30) calendar day period that must also include, at minimum, two further Negotiations. There is no limit to the number of times that the Parties can mutually agree to extend the Mandatory Negotiation Period as outlined in this Section. If the Parties do not agree to extend the Mandatory Negotiation Period, the noticing Party has ten (10) calendar days from the conclusion of the Mandatory Negotiation Period to request Mediation as identified in this Article. If the noticing Party does not invoke Mediation within the aforementioned ten (10) calendar days from the conclusion of the Mandatory Negotiation Period, the Dispute is deemed resolved and the noticing party waives the right to further relief of any kind with regard to the Dispute.

18.3 Mandatory Mediation. The noticing Party has ten (10) calendar days from the conclusion of the Mandatory Negotiation Period to request, in writing, mediation of the Dispute (“Mediation”). The Parties agree that Mediation of a Dispute shall be submitted to JAMS, or its successor, and conducted pursuant to its applicable rules and procedures. Mediation shall be conducted by a mediator with substantial experience in complex BPO service agreements. If either Party requests Mediation, each Party will, within ten (10) calendar days of such request, provide the other Party with a list of at least three (3) mediators satisfying the above requirements and the Parties will select the mediator from such lists within five (5) calendar days. If the Parties are unable to agree on a mediator, both Parties agree to the JAMS mediator selection process. The mediation will take place in Washington, D.C., and the Parties and mediator shall agree to a standard nondisclosure agreement regarding the contents and outcome of the mediation. The Parties shall use best efforts to bring the Mediation to conclusion within sixty (60) calendar days of the initial request for Mediation.

18.4 Litigation. Only upon completion of the Dispute Resolution Procedures set forth in this Article may either Party have recourse to litigation.

18.5 Injunctive Relief. Nothing in this Section will prevent either party from seeking emergency interim injunctive relief against the other Party in any courts having jurisdiction. Without limiting the foregoing, Vendor acknowledges that remedies at law may be inadequate to protect against a breach of any of Section 13.7 (Exit Transition) or the Privacy and Security Addendum, and that in the event it breaches (or attempts or threatens to breach) its obligations under any of those Sections, such breach would cause substantial damages to USAC, the amount of which is difficult to estimate at the time of the making of this MSA and irreparable injury for which USAC would have no adequate remedy at law. Accordingly, Vendor agrees that USAC shall, in the event of such breach (or attempted or threatened breach), have the right to proceed directly to court, without going through the procedures set forth in this Article above, in order to obtain immediate injunctive and/or equitable relief (including any other ancillary relief), without the requirement of a bond. Each Party hereby waives any right or entitlement to seek emergency interim injunctive relief that, if granted, would extinguish or otherwise fully or partially obviate the Party’s continued performance obligations of Section 18.1.4.

# 19. INDEMNIFICATION

19.1 Indemnification by Vendor. Vendor will indemnify, defend, and hold USAC, its agents, officers, directors and employees (each of the foregoing, an “Indemnified Party”) harmless from and against, any Losses arising out of, or relating to, any third party claim relating to any allegation of: (a) work-related injury of Vendor employees not caused by USAC; (b) accrued employee benefits of Vendor employees; (c) any other aspect of any Vendor employee’s employment relationship with Vendor or the termination of the employment relationship with Vendor; (d) any amounts, including taxes, interest and penalties, assessed against USAC that are the obligation of Vendor; (e) any allegation that the Vendor Materials, the Vendor Software or Vendor’s performance of the Services, (each an “Indemnified Item”), infringes a copyright, patent, trademark or constitutes an unlawful disclosure, use or misappropriation of another party’s trade secret or otherwise violates any other third party Intellectual Property Rights; or (f) personal injury (including death) or property loss or damage resulting from Vendor’s or its Subcontractor’s acts or omissions; (g) any damage to USAC’s office and any Losses caused by the acts or omissions of Vendor or Contract Staff while present at USAC’s offices as set forth in Section 8.1.

Vendor will indemnify USAC from any actual costs and expenses, including all attorney fees and court costs, reasonably incurred in connection with the enforcement of this Section.

19.2 Mitigation. If an Indemnified Item becomes the subject of a claim under Section 19.1(e), or in Vendor’s opinion is likely to become the subject of such a claim, then Vendor must cure by performing one of the following: (a) modify the Indemnified Item to make it non-infringing or cure any claimed misuse of another’s trade secret, provided such modification does not adversely affect the functionality of the Indemnified Item; (b) procure for USAC the right to continue using the Indemnified Item pursuant to this MSA; or (c) replace the Indemnified Item with an Indemnified Item that is substantially equivalent that is non-infringing and is free of claimed misuse of another’s trade secret. Any costs associated with implementing any of the above alternatives will be borne by Vendor.

19.3 Indemnification Procedures. If any third party claim is commenced against an Indemnified Party, the Indemnified Party will provide notice of the claim and copies of all related documentation to Vendor. The Indemnified Party will cooperate, at the cost of Vendor, in all reasonable respects with Vendor and its attorneys in the investigation, trial and defense of such claim and any appeal. However, the Indemnified Party may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal. In such case, Vendor will use best efforts to cooperate with the Indemnified Party’s attorneys. No settlement that involves the imposition of any obligation on, or an admission of wrongdoing or liability by, the Indemnifying Party shall be entered into without the express written consent of the Indemnified Party.

# 20. DAMAGES AND LIMITATION OF LIABILITY

20.1 Liabilities Not Excluded or Limited. This Article does not exclude or limit liability for: (a) Vendor’s abandonment or wrongful termination of this MSA; (b) Vendor’s indemnification obligations under this MSA; (c) Vendor’s breach of any confidentiality, security, privacy obligations or Intellectual Property Right as set forth in this MSA; (d) Vendor’s unauthorized use of USAC Software, USAC Materials or USAC Data; (e) Vendor’s failure to provide termination assistance in accordance with Section 13.7; (f) Vendor’s liability for death, personal injury or damage to property; (g) Vendor’s fraud, willful misconduct or gross negligence; (h) reductions in payments or credits for missed Milestones, failure to meet Milestones or failure to meet Service Level Agreements; (i) Vendor’s non-compliance with any applicable Law and/or liability for any fines or other payments imposed by any state or federal governmental authority; or (j) either Party’s obligation to make any payment under this MSA. EXCEPT FOR THE FOREGOING, UNDER NO CIRCUMSTANCES WILL EITHER PARTY TO THIS MSA BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, INDIRECT, PUNITIVE OR SPECIAL DAMAGES, INCLUDING LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS MSA HOWEVER CAUSED AND BASED ON ANY THEORY OF LIABILITY.

20.2 Limitation to Direct Damages. Subject always to (i) any right USAC may have to terminate this MSA which may arise hereunder or otherwise at law or in equity and (ii) Section 20.1, each Party’s liability hereunder will be for actual verified direct damages only. The following shall expressly be deemed included within direct damages if suffered by USAC: (a) loss or corruption to USAC Data; (b) fines, penalties, damages, or other amounts payable to governmental authorities, or loss of program funding from governmental authorities or third parties; (c) any unamortized implementation fees plus the reasonable cost of re-procurement and cover if USAC terminates the Services in whole or in part for any reason other than convenience; and (d) any costs to USAC of any nature arising from a Cybersecurity/Data Breach, Privacy Breach, or Cybersecurity Incident.[Cybersecurity/Data Breach, Privacy Breach, and Cybersecurity Incident are defined in the Privacy and Security Addendum.]

20.3 USAC Liability Cap. Subject to Section 20.1, USAC’s entire cumulative liability from any causes whatsoever, and regardless of the form of action or actions, whether in contract, warranty, or tort (including negligence), arising under the MSA shall in no event exceed the aggregate Fees paid by USAC in the year preceding the most recent of such claims.

20.4 Negotiated Risk Allocation. The Parties expressly acknowledge that the limitations and exclusions set forth in this Article have been the subject of active and complete negotiation between the Parties and represent the Parties’ agreement based upon the level of risk to the Parties associated with their respective obligations under this MSA and the payments provided hereunder to Vendor for its performance of the Services.

# 21. INSURANCE

21.1 Vendor Insurance Requirements Generally. Vendor shall maintain insurance in the types and limits as required below at its own expense. In no event shall Vendor maintain insurance in an amount less than that required by Law or by this MSA. Vendor shall produce evidence of such insurance upon request by USAC in the form of ACORD certificates of insurance. Receipt of insurance certificates furnished by Vendor shall not release Vendor of full responsibility for all liability under this MSA, including as set forth in the indemnification provisions of this MSA. If this coverage is provided on a claims-made basis, then it must be maintained for a period of not less than three (3) years after acceptance of the Services provided in connection with this MSA. The insurance companies indicated in the certificates shall have an AM Best rating of A or better and a surplus rating of 7.

21.2 Specific Coverage Requirements. During the Contract Term and any Termination Assistance Period, Vendor shall obtain and maintain at its own cost and expense and shall require its Subcontractors to obtain and maintain at their own cost and expense insurance of the types and in the amounts set forth below:

21.2.1 Worker’s Compensation:

1. State: Statutory Limits
2. Employer’s Liability: US$1,000,000 per accident

21.2.2 Commercial General Liability:

1. US$1,000,000 Per Occurrence on a Per Project or Per Location Basis
2. US$2,000,000 General Aggregate
3. US$2,000,000 Products Completed Operations
4. US$1,000,000 Personal & Advertising Injury

Products and Completed Operations shall be maintained for not less than three (3) years after completion of the project. The policy shall name USAC as an additional insured. Vendor shall provide evidence of coverage to USAC on an annual basis.

21.2.3 Commercial crime coverage including employee dishonesty, forgery, or alteration, Inside the Premises, In Transit, Computer Fraud, and Funds Transfer Fraud, and USAC shall be included as a Loss Payee.

1. US$10,000,000 Per Occurrence
2. US$10,000,000 General Aggregate

21.2.4 Automobile Liability Insurance (owned, not owned or hired) in the amount of $1,000,000 Combined Single Limit.

21.2.5 Excess/Umbrella Liability Insurance providing excess liability for items 24.2.1(b), 24.2.2 and 24.2.4 above. The policy shall name USAC as an additional insured. Coverage to be at least as broad as the primary program:

1. Each occurrence, and Aggregate US$15,000,000

21.2.6 Professional Liability (errors and omissions) and Cyber Liability:

1. Each incident, and Aggregate US$25,000,000

Professional Liability and Cyber Liability coverage shall be maintained for not less than three (3) years after termination of this MSA. Vendor shall provide evidence of coverage to USAC on an annual basis.

Must include coverage for all Services provided by Vendor pursuant to this MSA covering liabilities, punitive damages, Cybersecurity/Data Breach regulatory fines and penalties and claim expenses arising from acts, errors and omissions, in rendering or failing to render all Services and in the provision of all products in the performance of the MSA, including the failure of products to perform the intended function or serve the intended purpose. This policy shall include coverage for loss, disclosure and theft of data in any form; media and content rights infringement and liability, including but not limited to, software copyright infringement; and network security failure, including but not limited to, denial of service attacks and transmission of Malicious Code. This policy shall include coverage for improper disclosure of, access to or theft of information maintained electronically; use of Vendor’s computer systems to send Malicious Code or for denial of service attacks; interruptions of service in Vendor’s computer systems; and denials of or delays in access to Vendor’s computer systems. Coverage shall include the cost of notifying individuals of a security or Cybersecurity/Data Breach, the cost of credit monitoring services and any other causally-related crisis management expense for up to one (1) year. Coverage shall contain severability for the insured organization for any intentional act exclusions. If this coverage is provided on a claims-made basis, then it must be maintained for a period of two (2) years after acceptance of the Services provided in connection with this MSA. Additionally, such policy shall cover consequential or vicarious liabilities (e.g., claims brought against the Vendor, its Affiliates and/or their respective directors, officers, and employees due to the wrongful acts and failures committed by Vendor) and direct losses (e.g., claims made by the Vendor, its Affiliates and/or their respective directors, officers, and employees against Vendor for financial loss due to Vendor’s wrongful acts or failures). [Cybersecurity/Data Breach is defined in the Privacy and Security Addendum.]

Vendor may have one policy to provide the required coverage, but, upon prior approval by USAC, Vendor may have two coverages that, combined, provide this coverage.

21.2.7 Coverage for Subcontractors

All insurance policies must provide coverage for all Subcontractors used by Vendor in performing Services pursuant to this MSA. In the alternative, Vendor may require its Subcontractors to maintain their own insurance policies meeting these requirements, in which case Vendor shall, before providing Services pursuant to this MSA and at any later times upon USAC’s request, provide USAC with certificates of insurance evidencing the required coverages of the Subcontractors. Vendor shall be liable to USAC for all damages incurred by USAC as a result of Vendor’s failure to maintain the required coverages with respect to its Subcontractors, or Vendor’s failure to require its Subcontractors to maintain the coverages required herein.

21.3 Insurance Documentation. Vendor shall furnish USAC with certificates of insurance prior to commencement of the work and thereafter upon request by USAC. Vendor’s insurer shall, according to each insurance policy’s provisions, provide USAC with thirty (30) calendar days prior written notice in the event a required policy shall be canceled or non-renewed. Vendor shall cause its insurers to waive their rights of subrogation against USAC.

# 22. Force Majeure

22.1 Force Majeure Generally. If and to the extent that a Party’s performance of any of its obligations pursuant to this MSA is prevented, hindered, or delayed by fire, flood, earthquake, elements of nature or acts of God, acts of war, acts of a public enemy, acts of a nation or any state, territory, province or other political division, terrorism, riots, civil disorders, rebellions or revolutions, fires, floods, pandemics, epidemics, theft, quarantine restrictions, freight embargoes, or any other similar cause beyond the reasonable control and without the fault or negligence of such Party (each, a “Force Majeure Event”), and such non-performance, hindrance or delay could not have been prevented by reasonable precautions, then the non-performing, hindered, or delayed Party will be excused for such non-performance, hindrance, or delay, as applicable, of those obligations affected by the Force Majeure Event for as long as such Force Majeure Event continues and such Party continues to use its best efforts to recommence performance whenever and to whatever extent possible without delay, including through the use of alternate sources, workaround plans or other means. Notwithstanding the foregoing, the acts or omissions of a Party’s agents, subcontractors, representatives, suppliers or other third parties providing products or services to such Party will not constitute a Force Majeure Event unless such acts or omissions are themselves the product of a Force Majeure Event.

22.2 Force Majeure Notification*.* The Party whose performance is prevented, hindered, or delayed by a Force Majeure Event will immediately notify the other Party of the occurrence of the Force Majeure Event and describe in reasonable detail the nature and effects of the Force Majeure Event and such Party’s good faith estimate of the likely duration of such Force Majeure Event. The Party whose performance was prevented, hindered, or delayed by a Force Majeure Event will immediately notify the other Party of the cessation of such Force Majeure Event.

22.3 Force Majeure Mitigation Efforts*.* Each Party will, with the cooperation of the other Party, exercise all reasonable efforts to mitigate the extent of any non-performance, hindrance, or delay caused by a Force Majeure Event and any adverse consequences of such Force Majeure Event. In the case of Vendor, this shall include (a) performance of required work or the provision of the Services with the use of Vendor’s qualified management or other employees or Subcontractors, as permitted by this MSA, and (b) cooperating with USAC’s efforts to secure necessary replacement Services from other vendors and suppliers and reimbursing USAC for the use of replacement Services. The occurrence of a Force Majeure Event does not excuse, limit or otherwise affect Vendor’s obligation to provide appropriate recovery procedures.

22.4 Response to Force Majeure Event. Within two (2) hours of the occurrence of a Force Majeure Event, USAC and Vendor will estimate the duration of the event and estimate the extent to which the Force Majeure Event is likely to prevent Vendor from performing its obligations in accordance with this MSA. Vendor will also disclose at this time whether it is likely to promptly procure a suitable temporary alternate source for the affected Services.

22.5 Replacement Services. If any Force Majeure Event prevents, hinders, or delays performance of any of the Services and Vendor is unable to promptly provide a suitable temporary alternate source for the affected Services, USAC may procure such Services from an alternate source and suspend Vendor’s provision of such Services for the duration of the agreement executed between USAC and such alternate source in respect of the provision of such Services. Vendor will reimburse USAC for cost of cover for any Services that must be procured from such alternate source.

22.6 Recovery Prioritization. Whenever a Force Majeure Event or a Disaster causes Vendor to allocate limited resources between or among Vendor’s customers, Vendor will treat USAC with no less priority than any other similarly situated customer. In addition, in no event will a Force Majeure Event cause Vendor to redeploy or reassign any Key Vendor Personnel to another account, unless as otherwise provided for in this MSA.

22.7 No Fees. For avoidance of doubt, no Fees shall be payable by USAC for any Services that Vendor fails to provide as a result of a Force Majeure Event or similar occurrence.

22.8 Termination of MSA Due to Force Majeure Event. If any Force Majeure Event or similar occurrence disrupts Service for ten (10) or more calendar days, USAC may terminate the MSA without any further obligation to USAC.

# RIGHTS IN THE EVENT OF BANKRUPTCY

All licenses or other rights granted under or pursuant to the MSA are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses to rights to “intellectual property” as defined in the U.S. Bankruptcy Code. The parties agree that USAC, as licensee of such rights under Vendor, shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code. The parties further agree that, in the event of the commencement of bankruptcy proceedings by or against Vendor under the U.S. Bankruptcy Code, USAC shall be entitled to retain all of its rights under the MSA and shall not, as a result of such proceedings, forfeit its rights to any USAC Data, Software, USAC Intellectual Property, or New IP Materials.

# NOTICES

* 1. Notice Requirements. Vendor and USAC will give all notices required by this MSA in writing. Vendor and USAC will personally deliver such notices, send them by nationally recognized overnight courier, or send them by certified or registered first class mail, postage prepaid, to the addresses set forth below. Such notices as are (a) personally delivered will be deemed to be given when they are delivered; (b) sent by overnight courier will be deemed to be given on the date on which the sender designates them for delivery; and (c) sent by certified or registered first class mail will be deemed to be given three (3) days after the sender mails them.

**IF TO USAC:**

Universal Service Administrative Company

700 12th Street, N.W.

Suite 900

Washington, D.C. 20005

Attention: Procurement Department

With a copy to:

Universal Service Administrative Company

700 12th Street, N.W.

Suite 900

Washington, D.C. 20005

Attention: General Counsel

**IF TO VENDOR:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Attention: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

24.2 Change of Address. A Party may change its address or designee for notification purposes by giving the other prior written notice of the new address or designee and the date upon which it will become effective.

# RELATIONSHIP

Vendor and USAC are independent entities. This MSA will not constitute, create or give effect to a joint venture, pooling arrangement, principal/agency relationship, partnership relationship, employer/employee or formal business organization of any kind. Neither Vendor nor USAC will have the right to bind the other without the other’s express prior written consent.

# SEVERABILITY

If any provision of this MSA is held invalid, illegal or unenforceable, for any reason whatsoever, by any court of competent jurisdiction or any other tribunal, such provision will be separable from the remainder of the provisions hereof which will continue in full force and effect as if this MSA had been executed with the invalid provisions eliminated.

# WAIVER

The failure of either Party to insist upon strict performance of any provision of this MSA, or the failure of either Party to exercise any right or remedy to which it is entitled under this MSA or law or equity, will not constitute a waiver thereof and will not cause a diminution of any of the obligations established by this MSA. A waiver of any default will not constitute a waiver of any subsequent default. In order to be effective, any waiver of any of the provisions of this MSA must be expressly stated to the other Party in writing.

# PUBLICITY

* 1. USAC Public Statements. USAC may in its discretion make any press announcements or publicize this MSA or any matters relating to any of the transactions contemplated herein.
  2. Use of USAC Name. Vendor will not use any USAC name or abbreviation thereof, or any USAC logo or adaptation thereof, in any advertising or trade display, press releases, or for any other purpose other than in communications made pursuant to this MSA (including as set forth in the Statement of Work), without USAC’s prior written consent.

# LAW AND JURISDICTION

* 1. Governing Law; Jurisdiction. The Parties acknowledge and agree that USAC is not a federal agency or subject to federal immunity and that the federal common contract laws are not applicable to this MSA. To eliminate ambiguity, the Parties have selected a governing law and jurisdiction as follows: This MSA and the rights and obligations of the Parties under this MSA shall be governed by and construed in accordance with the Laws of Washington D.C., without giving effect to the principles thereof relating to the conflicts of Laws. The Parties agree that the state and federal courts located in Washington D.C. shall have exclusive jurisdiction with respect to any dispute, controversy, or claim arising out of or relating to this MSA.
  2. Non-Applicability of U.N. Convention on Contracts for the International Sale of Goods. To the extent it may be applicable, the Parties expressly agree to exclude the application of the U.N. Convention on Contracts for the International Sale of Goods (1980) to this MSA.

# ASSIGNMENT AND DIVESTITURE

* 1. Assignment by Vendor. Vendor may not assign this MSA, including by operation of law or in the event of a change of control, without the consent of USAC which may be granted or withheld in USAC’s sole discretion. Vendor will request such consent in writing and in such request shall include the identity and qualifications of the proposed assignee and documentation that the proposed assignee has a demonstrated history of providing excellent services within such scope and no irremediable conflicts.
  2. Assignment by USAC. USAC may assign this MSA or its title or rights in or license to any Intellectual Property, in whole or in part, to the FCC or any third party. Upon any assignment of this MSA, USAC shall be released from any liability under this MSA.
  3. USAC Divestiture. USAC may reorganize lines of business and/or Programs. In such cases, for up to twenty-four (24) months after the effective date of such reorganization and as a Change requested by USAC, Vendor will provide to the reorganized lines of business and/or Programs all of the Services Vendor is obligated to provide to USAC under this MSA in accordance with the terms herein. Such obligation shall be addressed pursuant to the Change Control Procedures. The cumulative Fees to provide the Services to USAC and the reorganized lines of business and/or Programs shall be no greater than the Fees that would have been charged without the reorganization.

# ENTIRE AGREEMENT

This MSA constitutes the entire agreement between the Parties in connection with its subject matter and supersedes all prior communications and agreements between the Parties relating to its subject matter. This MSA is binding on Vendor and USAC and their respective successors and permitted assignees.

# COUNTERPARTS

This MSA may be executed in counterparts and exchanged by facsimile or electronically scanned copy. Each such counterpart will be deemed to be an original and all such counterparts together will constitute one and the same MSA.

# NATIONAL SECURITY SUPPLY CHAIN REQUIREMENTS

33.1 Definitions*.* For purposes of this Article, the following terms are defined as stated below:

33.1.1 “Covered Company” is defined as an entity, including its parents, Affiliates, or subsidiaries, finally designated by the Public Safety and Homeland Security Bureau of the FCC as posing a national security threat to the integrity of communications networks or the communications supply chain.

33.1.2 "Covered Equipment or Services” is defined as equipment or services included on the FCC-issued Covered List that pose a national security threat to the integrity of the communications supply chain.

33.1.3 “Covered List” is a list of covered communications equipment and services that pose an unacceptable risk to the national security of the United States. The FCC may update the list at any time. The list can be found at fcc.gov/supplychain/coveredlist.

33.1.4 “Reasonable Inquiry” is defined as an inquiry designed to uncover information about the identity of the producer or provider of equipment and services that has been purchased, obtained, maintained, or otherwise supported by funds from USAC under this MSA.

33.2 Prohibition. Vendor will ensure that no funds from USAC or other federal subsidies under this MSA will be used to purchase, obtain, maintain, or otherwise support any equipment or services produced or provided by a Covered Company. Vendor must also ensure that no funds administered by USAC or the FCC under this MSA will be used to purchase, obtain, maintain or otherwise support Covered Equipment or Services placed on the Covered List. These prohibitions extend to any Subcontractors that provide Services under the MSA. Vendor is responsible for notifying any Subcontractors it engages under this MSA of this prohibition.

33.3 Monitoring. Vendor must actively monitor what entities have been finally designated by the FCC as a Covered Company and what equipment and services the FCC defines as Covered Equipment or Services and places on the Covered List. Vendor must actively monitor to ensure that no funds from USAC or other federal subsidies are used to purchase, obtain, maintain, or otherwise support any equipment or services produced or provided by a Covered Company from Vendor or any Subcontractor it engages under the MSA. Vendor must also ensure that no funds administered by USAC or other federal subsidies are used to purchase, obtain, maintain, or otherwise support any Covered Equipment or Services that the FCC has placed on the Covered List from Vendor or any Subcontractor it engages under the MSA. If Vendor finds that they have violated any or all of these prohibitions, then Vendor shall immediately notify USAC. In Vendor’s notification to USAC, Vendor shall provide the same information required for non-compliance in Section 33.4. Any such notification must have audit ready supporting evidence.

33.4 Annual Inquiry & Certifications.

Vendor will conduct a Reasonable Inquiry upon execution of this MSA and no later than December 31 of each calendar year that the MSA is in effect. If Vendor, or any applicable Subcontractor, is not in compliance with Section 33.2, Vendor shall so inform USAC and provide the following information in the certification:

(i) If for equipment produced or provided by a Covered Company or equipment on the Covered List:

1. The Covered Company that produced the equipment (include entity name, unique entity identifier, CAGE code, and whether the Covered Company was the original equipment manufacturer (“OEM”) or a distributor, if known);
2. A description of all equipment (include brand; model number, such as OEM number, manufacturer part number, or wholesaler number; and item description, as applicable); and
3. Explanation of the why USAC funds purchased, obtained, maintained, or otherwise supported the equipment and a plan to remove and replace such equipment as expeditiously as possible.

(ii) If for services produced or provided by a Covered Company or services on the Covered List:

1. If the service is related to item maintenance: A description of all such services provided (include on the item being maintained: brand; model number, such as original equipment manufacturer number, manufacturer part number, or wholesaler number; and item description, as applicable);
2. If the service is not associated with maintenance, the product service code of the service being provided; and
3. Explanation of the why USAC funds purchased, obtained, maintained, or otherwise supported the services and a plan to remove and replace such service as expeditiously as possible.

At USAC’s discretion, and at any time during the performance of this MSA, USAC may require the Vendor to certify it, and all applicable subcontractors, are in compliance with Section 33.2 of this MSA. Vendor shall state in the certification that no funds from USAC have been used to purchase, obtain, maintain, or otherwise support any equipment or services produced by a Covered Company or Covered Equipment or Services on the Covered List.

Vendor shall retain supporting evidence for all certifications.

**IN WITNESS WHEREOF**, this MSA is hereby executed by the duly authorized representatives of the Parties, as set forth below.

|  |  |
| --- | --- |
|  |  |
| By | By |
| Print Name | Print Name |
| Title | Title |
| Date | Date |

**PRIVACY AND SECURITY ADDENDUM**

This is the Privacy and Security Addendum to, and hereby incorporates, the Master Services Agreement between Universal Service Administrative Company (“USAC”) and TBD. (“Vendor”), dated as of INSERT DATE (the “Agreement”). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Master Services Agreement or the applicable Statement of Work.

**1. DEFINITIONS**

|  |  |
| --- | --- |
| “Authority to Operate” or “ATO” | The official management decision given by a USAC official or officials to authorize operation of an information system and to explicitly accept the risk to agency operations (including mission, functions, image, or reputation), agency assets, individuals, other organizations, and the Nation based on the implementation of an agreed-upon set of security and privacy controls. Authorization also applies to common controls inherited by agency information systems. |
| “Cloud Protocols” | A comprehensive information security program governing standard technical configurations, platforms, or sets of procedures used in connection with the Services operated in cloud infrastructure environments. |
| “Cloud Service Offering” | A service from a cloud service provider. FedRAMP categorizes Cloud Service Offerings as one of the following: IaaS, PaaS, or SaaS. |
| “Cloud Service Provider” or “CSP” | A provider of IT infrastructure, product, or software as a service to be acquired by a user of IT services. |
| “COTS” | Commercial Off-The-Shelf Software, which is Software, hardware, and information technology products that (1) already exist, (2) are available from commercial sources, (3) are ready-made, and (4) are available for purchase by the general public. |
| “Cybersecurity/Data Breach” | A successful incident in which sensitive, confidential, or otherwise protected system/data has been accessed and/or disclosed in an unauthorized fashion. For example, a brute force attack against a protected system, attempting to guess multiple usernames and passwords, is a Cybersecurity Incident, but cannot be defined as a Cybersecurity/Data Breach unless the attacker succeeded in guessing a password.  If a Cybersecurity Incident grants the attacker access to protected systems, it may qualify as a Cybersecurity/Data Breach. If the attacker obtained access to USAC Data, it is a Cybersecurity/Data Breach.  .  Not every Cybersecurity Incident is a Cybersecurity/Data Breach, Privacy Incident, or a Privacy Breach. Most Cybersecurity Incidents do not result in an actual Cybersecurity/Data Breach.  Examples of Cybersecurity/Data Breaches may include, but are not limited to:   * Bringing down the USAC.org website (for example, through a Denial of Service (DoS) Attack. * Employee causes ransomware to be installed and encrypts computer or entire network (Phishing Attack, DoS Attack) * Attacker obtains USAC Data. through unauthorized access. * Unencrypted USAC Data being disseminated through peer-to-peer file sharing service. |
| “Cybersecurity Incident” | An event that attempts to or successfully compromises the integrity, confidentiality, and/or availability of an information asset or USAC Data. A Cybersecurity Incident could be either intentional or accidental in nature. Cybersecurity incidents hereafter may be referred to as a “Cyber Incident” or “Incident”. |
| “Data at Rest” | State of data while it is on the device that stores it and data that has reached a destination and is not being accessed or used. This term is primarily used in the context of data encryption. It typically refers to stored data and excludes data that is moving across a network or is temporarily in computer memory waiting to be read or updated. It does not include data in use while it is being processed, accessed, or read where it must be decrypted to be used. |
| “Data in Transit” | Data transmitted via email, web, collaborative work applications, instant messaging, or any type of private or public communication channel. This term is primarily used in the context of data encryption. It includes all data moving between systems or devices on networks. It does not include data in use while it is being processed, accessed, or read where it must be decrypted to be used. |
| “Data Leakage” | The inadvertent exposure of data beyond its controlled environment or intended usage such as a lost or stolen laptop, an employee storing files using an Internet storage application, or an employee saving files on a USB drive to take home. |
| “Data Loss” | The exposure of proprietary, sensitive, or classified information through either Data Theft or Data Leakage. This includes the intentional or unintentional destruction of information, caused by people and or processes from within or outside of an organization. In a Cybersecurity/Data Breach or Privacy Breach the data is compromised, but Data Loss further describes damage to the integrity, completeness, or control of the data. |
| “Data in Transit” | Data transmitted via email, web, collaborative work applications, instant messaging, or any type of private or public communication channel. This term is primarily used in the context of data encryption. It includes all data moving between systems or devices on networks. It does not include data in use while it is being processed, accessed, or read where it must be decrypted to be used. |
| “Data Safeguards” | Protections that safeguard USAC Data against destruction, loss, damage, corruption, alteration, loss of integrity, commingling, or unauthorized access or Processing. |
| “Data Security Laws” | FISMA, 44 U.S.C. § 3541, et seq., the Privacy Act as amended (as may be applicable), and NIST SP 800-53 Rev 5. PII protections in accordance with all federal and USAC requirements, including, but not limited to, OMB Memoranda M-17-12 and guidance from NIST including, but not limited to, NIST SP 800-53 Rev 5 and NIST SP 800-61 Rev 2 (or most current version), and FIPS 140-3. Any federally mandated information security and privacy requirements not described herein. |
| “Data Theft” | The deliberate or intentional act of stealing of information such that controlled data is intentionally stolen or exposed, such as in cases of espionage or employee disgruntlement. |
| “Event” | An exception to the normal operation of IT infrastructure, systems, services, or privacy. Not all Events become a Cybersecurity Incident or Privacy Incident. Cybersecurity Incidents and Privacy Incidents are Events which can represent a threat, an attack, or a breach. |
| “Exfiltration” | The unauthorized transfer of information from USAC IT Systems. |
| “FedRAMP-Authorized,” or “FedRAMP Authorization” | A term used to designate a Cloud Service Offering from a CSP that satisfies the security assessment, authorization, and continuous monitoring requirements of the Federal Risk and Authorization Management Program (“FedRAMP”), a US government-wide program that promotes the adoption of secure cloud services across the federal government by providing a standardized approach to security and risk assessment for cloud technologies and federal agencies; see FedRAMP.gov. |
| “FIPS” | Federal Information Processing Standards. FIPS are standards and guidelines for computer systems that are developed by NIST in accordance with FISMA and approved by the Secretary of Commerce. These standards and guidelines are developed when there are no acceptable industry standards or solutions for a particular requirement. |
| “FISMA” | The Federal Information Security Management Act, 44 U.S.C. §3541, *et seq*., as amended by the Federal Information Security Modernization Act of 2014, and their implementing and successor regulations. |
| “IAAS” | Infrastructure as a Solution. |
| “Malicious Code” or “Malware” | Any software, hardware, firmware, program, routine, protocol, script, code, command, logic, or other feature that performs an unauthorized process that will have adverse impact on the confidentiality, integrity, or availability of an information system and that is: (a) designed to (i) disrupt, disable, deactivate, interfere with, or otherwise compromise USAC IT Systems, or (ii) access, modify, disclose, transmit, or delete PII, Confidential Information, or USAC Data; or (b) either inadvertently or upon the occurrence of a certain event, compromises the confidentiality, integrity, privacy, security, or availability of PII, Confidential Information, USAC Data, or USAC IT Systems. Examples of Malicious Code include, but are not limited to, viruses, worms, bugs, ransomware, spyware, bots, backdoors, devices, root kits, and Trojan Horses.  For purposes of this definition, “root kits” are a set of tools used by an attacker after gaining root-level access to a host to conceal the attacker’s activities on the host and permit the attacker to maintain root-level access to the host through covert means. |
| “Malicious Cyber Activity” | Any activity, other than those activities authorized by or in accordance with U.S. law, that seek to compromise or impair the confidentiality, integrity, or availability of computers, information or communications systems, networks, physical or virtual infrastructure controlled by computers or information systems, or information resident thereon. |
| “Multifactor Authentication” | A type of authentication using two or more factors to achieve verification of the identity of a user, process, or device as a prerequisite to allowing access to an information system. A user is granted access only after successfully presenting two or more pieces of evidence to an authentication mechanism. Factors include, but are not limited to: (i) something you know (e.g. password/PIN); (ii) something you have (e.g., cryptographic identification device, token); and/or (iii) something you are (e.g., biometric). |
| “NIST” and “NIST SP” | NIST means the National Institute of Standards and Technology, part of the U.S. Department of Commerce. NIST SP means a special publication published by NIST. |
| “OMB” | Office of Management and Budget. |
| “PaaS” | Platform as a Service. |
| “Personally Identifiable Information” or “PII” | Personally Identifiable Information (PII) is defined as information that can be used to distinguish or trace an individual’s identity, either alone or when combined with other information that is linked or linkable to a specific individual.  Examples of PII include name, address, telephone number, date and place of birth, mother’s maiden name, biometric records, social security number, etc. |
| “PIN” | Personal Identification Number |
| “Privacy Breach” | A breach leading to the accidental or unlawful destruction, loss, alteration, unauthorized disclosure, or access to PII. When PII is involved in a Cybersecurity/Data Breach it then becomes a Privacy Breach. |
| “Privacy Incident” | An unauthorized use or disclosure of confidential, sensitive, or regulated data, like USAC Data, PII, or confidential commercial information. For example, an unauthorized user gains access to a system containing PII and exfiltrates the PII. |
| “Process” or “Processing” | Any operation or set of operations that is performed using USAC Data, whether or not by automatic means, including, but not limited to, collection, retention, logging, generation, transformation, recording, organization, storage, access, adaptation, alteration, retrieval, consultation, use, disclosure, dissemination, making available, alignment, combination, blocking, deleting, erasure, destruction, transfer, or disposal. |
| “Risk Management Framework” or “RMF” | A seven (7) step process that any organization can use to manage information security and privacy risk for organizations and systems and links to a suite of NIST standards and guidelines to support implementation of risk management programs to meet the requirements of the Federal Information Security Modernization Act (FISMA) |
| “SaaS” | Software as a Service. |
| “Vendor IT” | Any information technology device, software, hardware, equipment, system, and/or any IaaS, PaaS, or SaaS provided by a CSP that is owned or managed by the Vendor, its agents, or subcontractors. |

# 2. USAC DATA AND CONFIDENTIAL INFORMATION

2.1 USAC Data and Other Confidential Information Generally. USAC Data is and will remain USAC Confidential Information and the property of USAC. Without USAC’s written approval, USAC Data and other USAC Confidential Information will not be (a) used by Vendor or Subcontractors other than in connection with providing the Services or otherwise complying with Vendor’s obligations under this Privacy and Security Addendum or the MSA, (b) disclosed, sold, assigned, leased or otherwise provided or made available to Third Parties by Vendor or Subcontractors, or (c) commercially exploited by or on behalf of Vendor or Subcontractors. Vendor also hereby agrees that, prior to any disclosure of USAC Data or other USAC Confidential Information to any Subcontractor, such Subcontractor will agree in writing to abide by obligations at least as restrictive as Vendor’s obligations under this Article 2. In addition, Vendor hereby irrevocably assigns, transfers and conveys, and will cause Subcontractors to assign, transfer and convey to USAC, without further consideration, all of its and their right, title and interest (to the extent any of them may have any) in and to USAC Data or other USAC Confidential Information. Upon request by USAC, Vendor will execute and deliver, and will cause Subcontractors to execute and deliver, any instruments or other documents that may be necessary or desirable under any Law to preserve, or enable USAC to enforce, its rights with respect to USAC Data and other USAC Confidential Information. Any applicable the FCC will be a third-party beneficiary of this Section and shall have, among other rights provided by law, the right to enforce this Section pursuant to the applicable terms of this Privacy and Security Addendum and the MSA.

2.2 Standard of Care for Confidential Information Generally. In addition to the Security and the Confidentiality Procedures set forth in Attachment 7, and subject to Sections 2.1 and 2.3, each Party agrees to maintain the confidentiality of any Confidential Information received from the other Party, and will take all reasonable measures to ensure that Confidential Information of the disclosing Party is not disclosed or duplicated in contravention of the provisions of this Privacy and Security Addendum or the MSA by its officers, directors, agents, professional advisors, contractors, Subcontractors and employees, at least to the same extent and manner as the recipient protects its own Confidential Information, and in no event less than a reasonable standard of care. Neither Party will disclose, publish, release, transfer or otherwise make available Confidential Information of, or obtained from, the other in any form to, or for the use or benefit of, any person or entity without the disclosing Party’s consent. The obligations in this Section will not prevent any disclosure made pursuant to any Law. However, the recipient of any demand or requirement for such disclosure will give prompt notice to the disclosing Party. Vendor acknowledges that Confidential Information of Vendor may be subject to the Freedom of Information Act, 5 U.S.C. § 552.

2.3 Standard of Care for PII Generally. The Parties agree to maintain the confidentiality of PII in accordance with Section 2.7 below.

2.4 Permitted Disclosure. Notwithstanding the foregoing, USAC and Vendor will each be permitted to disclose relevant aspects of the other’s Confidential Information to its officers, directors, agents, professional advisors, contractors, Subcontractors and employees, solely to the extent such disclosure is not restricted under any consents or any Authorizations, and solely on a need-to-know basis to the extent that such disclosure is necessary for the performance of the disclosing Party’s duties and obligations or the determination, preservation or exercise of its rights and remedies under this MSA. In the event any Subcontractor is to be given access to any Confidential Information of USAC, Vendor will so notify USAC in writing at least ten (10) business days in advance of providing such access and will not provide such access to the extent USAC objects within such ten (10) business day period. Prior to granting such access, Vendor will obtain from such Subcontractor written agreement to be bound by the terms of this Article 2, Article 3 and Attachment 7. Such written agreement shall specifically provide that each of USAC and the FCC are third-party beneficiaries thereof and shall have, among other rights provided by law, the right to enforce the applicable terms of that agreement. Vendor shall ensure that any of the other Vendor-related persons listed in the first sentence above who have access to USAC Confidential Information sign a confidentiality agreement with terms substantially the same as those described in Article 2, Article 3, and Attachment 7. Vendor will also notify such Vendor-related persons of the civil and criminal sanctions for noncompliance contained in the applicable federal laws. Such confidentiality agreements shall specifically provide that each of USAC and the FCC are third-party beneficiaries thereof and shall have, among other rights provided by law, the right to enforce the applicable terms of that agreement. Vendor will provide copies of such confidentiality agreements to USAC upon request.

2.5 Recovery of Confidential and Business Information. It is Vendor’s responsibility and obligation to maintain the security and confidentiality of all USAC Confidential Information and all other USAC Materials to which the Vendor and Contract Staff have access under this MSA. If any USAC Confidential Information and/or any other USAC Materials as described in Article 2, Article 3, and Attachment 7 is (a) downloaded to an unauthorized device or system; (b) transmitted to any unauthorized third-party email address; or (c) otherwise released to unauthorized individuals or entities, Vendor must inform USAC of the Cybersecurity Incident or Privacy Incident in accordance with the notification requirements in Attachment 7 and must make all reasonable efforts to recover the improperly disclosed USAC Confidential Information and any other USAC Materials as soon as possible. Reasonable efforts include legal action against the Contract Staff or third party to recover USAC’s information. In addition to recovery, Vendor must secure from all recipients an executed attestation under penalty of perjury stating that the recipient has not viewed, saved, downloaded, copied, shared, disclosed, disseminated, or otherwise accessed or used the confidential information or orally disclosed the confidential information. In the event that the confidential information was saved, downloaded, or copied, the person has deleted and destroyed all copies of the confidential information. The person must also attest that they will not use any confidential information that was inadvertently disclosed to them. If the original improper recipient has shared the information, the attestation must also require them to identify all recipients. Vendor must then seek recovery of the USAC Confidentiality Information and other USAC Materials from all additionally identified recipients.

2.6 Errors and Inaccuracies. Vendor will promptly (no later than within seven (7) calendar days) correct any errors or inaccuracies in: (a) USAC Data in Vendor’s possession that were caused by Vendor’s acts or omissions; and (b) the reports delivered by Vendor to USAC under this Privacy and Security Addendum or the MSA.

2.7 Privacy and Security Training. Vendor will be required to provide information security and privacy awareness training to each member of Contract Staff prior to having access to USAC Data or to USAC IT Systems and thereafter on an annual basis. Contract Staff will be required to provide USAC with acknowledgements signed by Contract Staff upon request as evidence of the security and privacy awareness training. Contract Staff shall also be required to attend all mandatory privacy and data security training sessions as required by USAC, and all Contract Staff will be required to sign confidentiality and non-disclosure agreements as required by USAC. USAC’s Privacy Officer and Chief Information Security Officer reserve the right to review the Vendor-provided training materials and mandate changes to the training(s) which must be implemented within ten (10) business days.

2.8 Return or Destruction of USAC Data

2.8.1 Data Return or Destruction General Procedures. Except as provided in Section 2.8.2, and promptly upon the expiration or termination of the MSA (or such earlier time as USAC may direct), Vendor shall, at the direction of USAC, and at no additional cost to USAC, return or destroy all USAC Data, including all copies thereof, in the possession or under the control of Vendor or Contract Staff. If USAC directs that Vendor destroy any USAC Data, then, at USAC’s request, Vendor shall provide USAC with an executed certificate in writing stating that all such USAC Data was destroyed.

2.8.2 Acknowledgement of Data Inclusion in Federal System of Record. Vendor acknowledges and agrees that certain USAC Data may be included in a federal system of record and is subject to record retention schedules set forth by NARA and USAC’s Records Retention Policy (see Attachment 13). Upon expiration or termination of the MSA, information subject to NARA’s schedules or USAC’s records retention policy shall not be destroyed by Vendor without the written consent of USAC. Vendor will work with USAC in good faith to promptly return all such USAC Data to USAC.

2.8.3 Withholding of USAC Data. Vendor shall not withhold any USAC Data as a means of resolving any dispute. To the extent that there is a dispute between Vendor and USAC, Vendor may make a copy of such USAC Data as is necessary and relevant to resolution of the dispute. Any such copies shall promptly be destroyed upon resolution of the dispute.

2.8.4 Hard Copy Destruction. If Vendor destroys hard copies of USAC Data, Vendor must do so by burning, pulping, shredding, macerating, or other means if authorized by USAC in writing.

2.8.5 Electronic Copy Destruction. If Vendor destroys electronic copies in computer memory or any other type of media, destruction must be done pursuant to guidelines in NIST SP 800-88 Rev. 1 or the most current revision.

2.9 Assignability of USAC Data. USAC Data is provided to Vendor solely for the purpose of rendering the Services, and USAC Data or information derived therefrom shall not be sold, assigned, leased, or otherwise transferred to any third party by Vendor (except as required to perform the Services or as otherwise authorized in the MSA), commingled with non-USAC Data, modified, decompiled, reverse engineered, or commercially exploited by or on behalf of Vendor, Contract Staff, or any third party.

2.10 USAC and FCC Document Security. Vendor shall ensure control environment for sensitive documents and take actions to secure sensitive documents and ensure that there are no unauthorized releases of sensitive documents.

**3. SECURITY PROVISIONS**

3.1 Data Security Laws Compliance. Vendor shall comply with the Data Security Laws. For any Vendor IT using a Cloud Service Offering that accesses, stores, or otherwise processes USAC Data, and/or PII, Vendor shall provide documentation and proof of FedRAMP Authorization for use at a moderate risk before any such cloud-based Service may be used. USAC reserves the right to inspect the Authority to Operate or the complete package of documents for those with agency accreditation.

3.2 Vendor Compliance Generally. Throughout the Contract Term, Vendor shall comply with: (i) USAC’s information privacy and IT security policies; and (ii) the prevailing standards of care and best practices regarding information privacy and IT security to the extent they meet or exceed the requirements of the Data Security Laws, the aforementioned USAC policies, or the obligations set forth in this Privacy and Security Addendum or the MSA.

3.3 Vendor Duties Prior to Delivering Services. Prior to delivering the Services or enabling data-sharing or interoperability of any kind with USAC IT Systems, Vendor shall: (i) demonstrate Vendor system is compliant with FISMA and NIST SP 800-53 Rev. 5 and has received an Authority to Operate by the Vendor’s authorizing official after following the steps laid out in the NIST risk management framework by providing evidence thereof; (ii) work with USAC to document, establish and enable the effective and secure integration of any gateways or data transmission mechanisms necessary for the parties to perform their obligations under the Data Security Laws; (iii) complete any security questionnaires, IT rules of behavior, certifications, assessments, or workforce training reasonably requested by USAC in a timely manner; and (iv) receive prior written authorization from USAC to access USAC IT Systems from USAC. If at any time USAC determines that the establishment of such gateways or data transmission mechanisms is reasonably required to securely access the Services, their establishment shall be at Vendor’s sole cost and expense. Under no circumstances shall USAC’s written authorization to access its IT System serve as a representation or warranty by USAC that such access is secure or as a waiver of any rights in this Privacy and Security Addendum or the MSA. Failure to satisfy the conditions set forth in subsections (i) – (iv) herein to USAC’s reasonable satisfaction shall be considered a material breach of the MSA by Vendor.

3.4 Vendor Security Policies. Throughout the Contract Term, Vendor shall establish and maintain appropriate internal policies and procedures regarding: (i) the security of the Services and Vendor’s IT systems; and (ii) the permitted use, disclosure, access to, and security of PII, USAC Data, Confidential Information, and USAC IT Systems. Vendor shall provide USAC upon request with copies of its information privacy and IT security policies and procedures to review. Such policies and procedures shall not materially conflict with USAC’s policies and procedures either expressly or by omission. Vendor agrees to maintain strict control of Vendor IT and the access information (e.g. name, username, password, access rights) of all Contract Staff to immediately remove access for persons no longer authorized, and to inform USAC immediately if Vendor suspects, or reasonably should expect, there is unauthorized access to USAC Data or USAC IT System. Vendor shall require Contract Staff to use Multifactor Authentication. Vendor agrees to require all who have access to USAC IT Systems through Vendor to maintain the confidential nature of the Confidential Information, and to not use or access USAC IT Systems except for the benefit of USAC.

3.5 Compliance Plan. In providing the Services, Vendor’s Data Safeguards shall be no less rigorous than the most protective of: (a) the requirements of applicable Law; (b) the specific standards set forth in this Article; and (c) the applicable USAC standards relating to data security (including such standards and procedures relating to quality, change, and problem management, safety, data privacy and data security, and Disaster recovery), as set forth in Attachment 7.

3.6 PII. Without limiting, and in addition to, Article 2, this Article, and Attachment 7, Vendor shall ensure that: (i) PII shall be protected in accordance with all Laws and USAC requirements, including, without limitation, relevant: (a) OMB Memorandum M-17-12; (b) guidance from the NIST including without limitation the most current revision of NIST SP 800-53 Rev. 5; and (c) FCC requirements or the most current replacement of the above; (ii) to the extent that cloud-based Services are to be employed by Vendor and interact with USAC data, Vendor shall provide documentation and proof of FedRAMP-Authorization to demonstrate compliance and such Services shall be certified by FedRAMP for use at a moderate risk by the time the cloud-based Services are implemented (USAC reserves the right to inspect the Authority to Operate or the complete package of documents for those with agency accreditation); and (iii) all Cybersecurity Incidents or Privacy Incidents resulting in any interruption to system services including the disclosure of PII, shall be tracked in accordance with NIST SP 800-53 Rev. 5, NIST SP 800-61, and OMB Memorandum M-17-12.

3.7 Vendor Responsible for Contract Staff. Vendor shall ensure that all Contract Staff will be bound by the same or substantially similar restrictions on collection, use, disclosure, and retention of PII, Confidential Information, USAC Data, USAC Materials, and USAC Software. Vendor shall be responsible for any breach of data security or privacy-related obligations by any Contract Staff and shall fully indemnify USAC for any damages incurred as a result of such breach. Vendor will be required to provide information security and privacy awareness training to all Contract Staff that will be working on the MSA prior to having access to USAC Data or to USAC IT Systems on an annual basis. All Contract Staff will also be required to sign USAC’s IT rules of behavior as well as confidentiality and non-disclosure agreements as required by third parties and USAC. Vendor personnel must also sign non-disclosure agreements specific to all proprietary materials such as USAC procedures and USAC confidential business practices.

3.8 Vendor Insider Threat Program. Vendor will submit Vendor’s Insider Threat Program (as required by NIST 800-53 Rev. 5 (see controls PM-12, IR-4(6), IR-4(7), and SI-4(12) ) to USAC’s Chief Privacy Officer and USAC’s Chief Information Security Officer within ninety (90) days of the Effective Date of this MSA. If USAC has any questions regarding Vendor’s Insider Threat Program, Vendor will make Contract Staff knowledgeable of Vendor’s Insider Threat Program available to USAC upon USAC’s request.

3.9 Encryption and Secure Storage. PII must be encrypted at all times in accordance with FIPS 140-3 standards. This encryption requirement includes both Data at Rest and Data in Transit. Any PII that is retained in documents or other physical formats must be stored in a secured location and with limited access. The standard for disposal of PII requires practices that are adequate to protect against unauthorized access or use of the PII, including at minimum adhering to the provisions of Section 2.8.

3.10 Further Requirements. Vendor’s applications, processes and systems used in providing the Services shall be approved by USAC’s IT security team and shall comply with FISMA, NIST, and OMB requirements. Vendor shall demonstrate Authority to Operate for any system that will house, whether temporarily or permanently, USAC Data, in compliance with NIST standards, and provide all relevant documentation as defined in the NIST RMF lifecycle therein. Vendor further agrees to provide any assistance requested by USAC to enable Vendor or USAC to comply with FISMA requirements, including, without limitation, at Vendor’s expense, providing USAC with periodic documentation and reports demonstrating FISMA compliance and system accreditation and correction of any weakness or deficiency (as defined by FISMA) attributable to Vendor that would prevent Vendor or USAC from complying with FISMA. Vendor shall be responsible at its sole expense to remediate any noncompliance of its systems or the Services with FISMA. No less than annually, Vendor shall write, review, and update an assessment of all applicable federal mandates and other industry-accepted standards as set forth in this Article to ensure adherence thereto, as well as perform any and all activities needed to ensure continued compliance with all federal mandates and other industry-accepted standards as set forth in this Article.

3.11 Vendor Assumption of the Risk. Vendor agrees that access to PII, USAC Data, Confidential Information, and USAC IT Systems is at USAC’s sole discretion, and that Vendor’s access to such system or information may be conditioned, revoked or denied by USAC at any time, for any reason, without any liability whatsoever to USAC. Access to USAC IT Systems by Vendor and Contract Staff, including any data-sharing or interoperability between USAC and Vendor, shall be for the sole purpose of providing the Services. Vendor agrees that: (i) USAC IT Systems are owned solely by USAC; (ii) USAC will monitor the use of USAC’s IT System; (iii) neither Vendor nor Contract Staff have any expectation of privacy with regard to USAC IT Systems; and (iv) all information appearing on USAC IT Systems (except for information publicly disclosed by USAC) will be considered Confidential Information. Vendor will not use USAC IT Systems except as expressly authorized by USAC. USAC requires that Contract Staff use a USAC.org email address when providing Services. Vendor agrees that its use of, and access to, USAC IT Systems is completely at its own risk.

3.12 Vendor’s Obligation for Subcontractors. Vendor agrees to ensure that any subcontractor that accesses, receives, maintains, or transmits PII, USAC Data, Confidential Information, or USAC IT Systems agrees to the same restrictions and conditions that apply to Vendor under this Privacy and Security Addendum and the MSA.

3.13 Performance Within United States. All Services must be performed within the United States. This requirement is inclusive of: (a) work related to the Services performed by all Contract Staff; and (b) storage and/or processing of data and/or other virtual Services (such as cloud storage, remote data processing, *etc*.).

3.14 Cybersecurity Incidents and Privacy Incidents

3.14.1 Vendor Must Notify USAC of Cybersecurity Incidents and Privacy Incidents. Vendor shall examine any Event that is an exception to the normal operation of IT infrastructure, systems, services, or privacy in order to identify the Event as an incident if it represents a threat, an attack, or a breach. Any Event identified as a Cybersecurity Incident or Privacy Incident requires notification of USAC at [incident@USAC.org](mailto:incident@USAC.org) and [Privacy@USAC.org](mailto:Privacy@USAC.org) within one (1) hour of becoming aware of an actual or suspected Cybersecurity Incident or Privacy Incident.

3.14.2 Notification Requirements. Vendor’s notice to USAC shall include the following: (i) a description of the Cybersecurity Incident or Privacy Incident, including the date of the Cybersecurity Incident or Privacy Incident and the date of discovery by Vendor, if known; (ii) a description of the type(s) of Malicious Code, PII, USAC Data, Confidential Information, or USAC IT System involved in the Cybersecurity Incident or Privacy Incident, if any; (iii) if applicable and to the extent possible, a list of each individual whose PII has been, or is reasonably believed to have been accessed, acquired, used or disclosed during or as a result of the Cybersecurity Incident or Privacy Incident; (iv) a brief description of what Vendor is doing to investigate the Cybersecurity Incident or Privacy Incident and mitigate the harm to USAC; (v) any steps Vendor recommends USAC should take to protect itself from potential harm resulting from the Cybersecurity Incident or Privacy Incident; (vi) the name, phone number, and e-mail address of Vendor’s representative responsible for responding to the Cybersecurity Incident or Privacy Incident; and (vii) any information required for USAC to comply with the Data Security Laws. Upon receiving Vendor’s initial notice, USAC shall have the right to immediately take any security measures it deems reasonably necessary to mitigate the harmful effects to the PII, USAC Data, Confidential Information, or the USAC IT Systems. Vendor will regularly supplement its notice(s) with additional information as it becomes available.

3.14.3 Vendor Responsibilities Prior-to and After Cybersecurity Incident or Privacy Incident. Vendor, working with USAC, shall use its best efforts to mitigate and eliminate the effects of the Cybersecurity Incident or Privacy Incident on USAC and, if the Cybersecurity Incident or Privacy Incident causes any loss of operational efficiency, loss of data, or unauthorized disclosure, Vendor will assist USAC in mitigating or restoring such losses or disclosures. Vendor agrees to fully cooperate with USAC in the investigation of the Cybersecurity Incident or Privacy Incident (including participating in any needed forensic investigation and law enforcement investigations) and to participate in, to the extent directed by USAC, the notification of individuals, the media, the FCC, or Third Parties. Vendor shall promptly respond to USAC’s questions regarding the Cybersecurity Incident or Privacy Incident and coordinate with Contract Staff if required to mitigate the harm. To the extent USAC determines necessary, USAC agrees to provide reasonable access to the affected systems in order for Vendor to assist in such restoration of efficiency or data. Notwithstanding anything to the contrary in the MSA, if the Cybersecurity Incident or Privacy Incident is due to the negligence or misconduct of Vendor or Contract Staff, then Vendor shall: (i) perform its obligations under this Section at no cost to USAC; (ii) promptly implement or develop any additional protocols, policies, gateways, transmission mechanisms, or security layers, if reasonably necessary, at its sole cost and expense, and with the approval of USAC; (iii) indemnify USAC for all damages, and if needed PII breach mitigations, under this Section as a result of the Cybersecurity Incident or Privacy Incident. Failure to strictly abide by the MSA and this Privacy and Security Addendum shall be considered a material breach of the MSA for which USAC shall have the right to immediately terminate for cause.

3.15 Backups. Vendor shall automatically make backups of all USAC Data files found in Vendor’s information technology systems.  Such backup shall be in a format that is readily accessible to and usable by USAC.

3.16 Security Audit. USAC or its designated USAC Auditor may, at USAC’s expense and at any time, perform an audit of the security policies and procedures implemented by Vendor and in effect at Vendor Service Locations. Vendor is responsible for remediation of any identified weakness or findings of noncompliance.

3.17 Security and Privacy Assessments. Vendor shall provide support for assessments of FISMA compliance on an annual routine basis. Security and Privacy assessments may include, but are not limited to, third party assessments to achieve FISMA ATO or to maintain continuous monitoring and ongoing authorization of a Vendor IT system in compliance with the RMF and controls described in NIST SP 800-53 Rev 5. The assessment process may also include security penetration testing to identify additional vulnerabilities through ethical hacking and compliance challenging techniques. Assessments shall include but shall not be limited to: (a) Vendor’s documented and demonstrated internal controls and procedures related to the Services; (b) cooperation with USAC IT Security or Privacy staff in connection with testing the effectiveness of such controls and procedures; (c) making at least quarterly representations to USAC regarding any significant changes to such controls and procedures; (d) documenting and tracking all identified material weaknesses or deficiencies reported by an assessment, penetration test, Cybersecurity Incident or Privacy Incident, or any other deficiency that would prevent USAC from complying with Law, using a Plan of Action and Milestones (POA&M) process; and (e) cooperating with USAC Auditors in connection with the issuance of the reports described in Section 3.20. Vendor shall promptly remediate any weakness identified in any assessment, in no event later than recommended or demanded by the assessors.

3.18 Notification and Assistance. Vendor will cooperate with USAC in any litigation and investigation deemed necessary by USAC to protect USAC Data, other USAC Confidential Information and/or PII. Each Party will bear the costs it incurs as a result of compliance with this Section.

3.19 Vulnerability Management. Vendor shall address vulnerabilities in accordance with NIST vulnerability management controls including, but not limited to, addressing vulnerabilities in the applicable timeframes set forth in such policies. Vendor shall provide a monthly vulnerability report and a risk mitigation plan to address any identified vulnerabilities. Critical and high vulnerabilities, as defined in NIST management controls, shall be reported to the USAC Chief Information Officer and Chief Information Security Officer, and Vendor shall remedy such vulnerabilities as described in Attachment 7. In the event that Vendor cannot meet the applicable timeframe, Vendor shall provide USAC a plan of action and milestones to address such vulnerabilities promptly and shall prioritize remediation based on the risks implicated by such vulnerabilities. Failure to meet the applicable timeframe will result in USAC receiving a Service Level Credit as set forth in Attachment 5.

3.20 Additional Requirements for Services in Vendor IT

* If Vendor becomes aware that the Services in Vendor IT will lose or has lost its respective FedRAMP Authorization, Vendor shall notify USAC within twenty-four (24) hours, shall discontinue use of such Services, and shall initiate activities to replace the Services that have lost FedRAMP Authorization. Vendor and USAC shall work together to identify a replacement solution. A replacement solution must be identified and approved in writing by USAC within ten (10) business days of the initial FedRAMP Authorization changes notification.
* Vendor shall implement and use Cloud Protocols in connection with the Services operated in cloud infrastructure environments provided and controlled by any third-party. USAC’s receipt of the Services, and Vendor’s and USAC’s use of the Services shall be in accordance with such Cloud Protocols.
* Vendor shall maintain Vendor IT used by Vendor in performance of the Services. USAC may require Vendor to respond to the information security questionnaires regarding Vendor’s information security policies and practices. USAC will conduct its information security review, if required, with reference to the responses Vendor provides to such information security questionnaires. At USAC’s request, Vendor shall also respond promptly (within not more than 10 business days) to any new or supplemental information security questions the USAC may require of Vendor during performance. USAC may terminate the MSA upon notice if Vendor fails to provide a timely response to requests for new or supplemental information security information or if USAC determines that Vendor’s information security policies or practices increase risk to USAC in a manner unacceptable to USAC.
* Vendor shall maintain administrative, technical, physical, and procedural information security controls compliant with ISO 27001 standards for all Vendor IT used by Vendor in performance of the Services. Vendor shall maintain ISO 27001 compliance certification and notify USAC of any changes to its compliance. Vendor shall provide USAC with its ISO 27001 compliance certification within ten (10) calendar days of the Effective Date.
* Vendor shall maintain administrative, technical, physical, and procedural information security controls as demonstrated in Service Organization Controls (SOC) 2 Type II reports. Vendor shall maintain these controls and notify USAC of any changes to its compliance. Vendor shall provide USAC with its most current SOC 2 Type II report within ten (10) calendar days of the Effective Date
* On an annual basis, upon written request, Vendor will provide USAC with the most current versions of following:
  + Vendor security policies referenced in Section 3.4 of this Privacy and Security Addendum;
  + Standard Information Gathering (SIG) Lite documentation;
  + SOC 2 Type II report;
  + System ATO(s) or evidence of effective Information Security Continuous Monitoring (ISCM) in compliance with FISMA and NIST SP 800-53 Rev. 5;
  + ISO 27001 certifications.

**4. TECHNOLOGY CONSIDERATIONS**

4.1 Deployment in Cloud. Vendor shall ensure that SaaS, PaaS, or IaaS Cloud Service Offerings, or COTS, deployed in Vendor IT cloud or on any USAC-acquired CSP infrastructure satisfies the following requirements:

4.1.1 The Software must be able to utilize USAC’s instance of OKTA’s identity and access management software for user authentication and provisioning. OKTA is a FedRAMP Authorized CSP identity and access management product used by USAC.

4.1.2 Any USAC Data stored in a database that is a component of a CSP SaaS, PaaS, or IaaS, or a COTS, must be readily available to USAC in industry standard formats that enable USAC to access, copy, or transfer USAC Data as required.

4.1.3 Any SaaS, PaaS, or IaaS Software must maintain the Authority to Operate and FedRAMP Authorization for the Contract Term.

4.2 Custom Software. Vendor shall ensure that any custom Software developed and/or deployed for USAC, whether on USAC premise, on a USAC or Vendor cloud, or a hybrid infrastructure:

4.2.1 Meets all USAC architecture, standards, and IT security guidelines and standards. This includes, but is not limited to, the ability to achieve an Authority to Operate based on all applicable OMB, NIST, and FISMA guidelines.

4.2.2 Reuses available USAC technology services (microservices, application programming interfaces) unless Vendor demonstrates in writing that those services are unable to meet the requirements and USAC agrees to the substitute solution in writing with Vendor.

4.2.3 Uses the USAC technical stack unless Vendor demonstrates in writing that those components are unable to meet the requirements and USAC agrees in writing with Vendor.  Details of USAC’s technical stack and service architecture will be provided as appropriate.

**5. MALICIOUS CODE AND MALICIOUS CYBER ACTIVITIES**

USAC may provide Vendor access to one or more USAC IT Systems. Vendor agrees that the USAC IT Systems are owned by USAC, that USAC reserves the right to monitor use of the USAC IT Systems, that neither Vendor nor Contract Staff should have any expectation of privacy with regard to use of USAC IT Systems, and that all information appearing on USAC IT Systems (except for authorized information provided by Vendor or information publicly disclosed by USAC) will be considered as USAC Confidential Information. Vendor agrees that it will not use USAC IT Systems except as expressly authorized by USAC in this MSA. Vendor agrees to maintain strict control of all usernames, passwords and access lists it is given to USAC IT Systems of Contract Staff as are necessary to perform under this MSA, to immediately remove such access for those persons no longer authorized, and to inform USAC immediately if there is reason to believe there is unauthorized access. Vendor agrees to cause all who gain access to USAC IT Systems through Vendor to maintain the confidential nature of all Confidential Information, and to not use USAC IT Systems except for the benefit of USAC. Vendor agrees that it will use USAC IT Systems completely at its own risk, and that it will be liable to USAC for any damages incurred by USAC as a result of Vendor’s violation of this Section.

Vendor will not introduce Malicious Code into USAC IT Systems or engage in Malicious Cyber Activities in, with, or involving the Services or USAC IT Systems. For any aspect of the Services in Vendor IT, Vendor will comply with NIST SP 800-83 Rev. 1 or the most current revision thereof to prevent Malicious Code. Vendor will perform regularly scheduled (preferably in real-time, but in no event less frequently than daily) virus checks using the latest commercially available, most comprehensive virus detection and scanning programs. If Vendor becomes aware that Vendor introduced Malicious Code into any USAC IT System, or engaged in Malicious Cyber Activities, Vendor will notify USAC immediately. In addition, Vendor will use its best efforts to assist USAC in reducing the effects of the Malicious Code or Malicious Cyber Activities. If the Malicious Code or Malicious Cyber Activity causes a loss of operational efficiency or loss of data, Vendor will assist USAC in mitigating and restoring such losses. USAC will provide reasonable access to the affected systems in order for Vendor to assist in such restoration of efficiency or data. If Malicious Code is found to have been introduced into any USAC IT System or the Services, Vendor will perform all of its obligations under this Section at no cost to USAC, and Vendor will be liable to USAC for damages and costs incurred by USAC as a result of such Malicious Code. If Vendor or Contract Staff has been found to (a) have engaged in any Malicious Cyber Activities; or (b) have allowed Malicious Cyber Activities to have occurred due to its willful, reckless, or negligent actions or omissions, Vendor will be liable to USAC for damages and costs incurred by USAC as a result of such Malicious Cyber Activities.

The introduction of Malicious Code into USAC IT Systems, and/or Vendor or Contract Staff engaging in Malicious Cyber Activity involving USAC IT Systems, shall be considered a Cybersecurity Incident or Privacy Incident. If Vendor becomes aware Malicious Code has been introduced into USAC IT Systems, or Vendor or Contract Staff has engaged in Malicious Cyber Activity, Vendor will notify USAC within one (1) hour of becoming aware.