



Revised AT&T Proposal Letter
City of Detroit, dba Detroit Water and Sewerage Department
and
Great Lakes Water Authority

Recast and Extension of Services, and Transfer of Service to
Great Lakes Water Authority

Jovan Blackwell
Strategic Account Lead
AT&T
444 Michigan Ave.
Detroit, MI 48226
Office: (313) 234-4979
Cell: (313) 657-8850
jovan.blackwell@att.com



Proposal Validity Period—The information and pricing contained in this proposal is valid until March 31, 2017 unless rescinded or extended in writing by AT&T. **Terms and Conditions**—This proposal is conditioned upon negotiation and execution by the parties of a written agreement containing mutually acceptable terms and conditions. **Proposal Pricing**—Pricing proposed herein is based upon the specific product/service mix and locations outlined in this proposal, and are subject to the standard terms and conditions of AT&T unless otherwise stated herein. Any changes or variations in AT&T standard terms and conditions and the products, length of term, services, locations, and/or design described herein may result in different pricing. **Providers of Service**—Subsidiaries and affiliates of AT&T Inc. provide products and services under the AT&T brand. Where required, an AT&T Affiliate authorized by the appropriate regulatory authority will be the service provider. **Copyright Notice and Statement of Confidentiality**—© 2016 AT&T Intellectual Property. All rights reserved. AT&T, the AT&T logo, and all other AT&T marks contained herein are trademarks of AT&T Intellectual Property and/or AT&T affiliated companies. All other marks contained herein are the property of their respective owners. The contents of this document are unpublished, proprietary, and confidential and may not be copied, disclosed, or used, in whole or in part, without the express written permission of AT&T Intellectual Property or affiliated companies, except to the extent required by law and insofar as is reasonably necessary in order to review and evaluate the information contained herein.

February 23, 2017

Dan Rainey
Chief Information Officer
Detroit Water and Sewerage Department
735 Randolph Street
Detroit, MI 48226

Jeffrey Small
Chief Information Officer
Great Lakes Water Authority
735 Randolph Street
Detroit, MI 48226

Dear Messrs. Rainey and Small

We are pleased to present you with this revised Proposal Letter and one attachment (collectively, the "**Proposal Letter**"). The information contained in this Proposal Letter is proprietary to AT&T Corp. and its Affiliates (collectively, "**AT&T**") and is furnished solely for review by the City of Detroit, dba Detroit Water and Sewerage Department ("**DWSD**") and the Great Lakes Water Authority ("**GLWA**").

This Proposal Letter is intended to summarize the business discussions which have taken place over the past few months, including our meeting on or about October 7, 2016 as well as on December 19, 2016. This Proposal Letter and its contents are AT&T Confidential Information, and the information contained herein shall be used by in accordance with Article 5.0 – CONFIDENTIAL INFORMATION of Master Agreement Reference No. 2010073000517UA, dated June 30, 2010, as amended (the "**Unified Agreement**"). The AT&T Confidential Information presented in this Proposal Letter shall not be disclosed outside DWSD or GLWA, and shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this Proposal Letter.

This Proposal Letter is a summary of the business arrangement we jointly wish to pursue.

Background

In summary, the Parties agree that there are valid and undisputed charges that have been billed to DWSD (account #8310004205232) and that these charges are past due and total approximately \$ 6,693,143.63 as of February 8, 2017, which is subject to change (“**Undisputed Amounts**”):

Bill Date	Due Date	Invoice Amount	Amount Open
17-Jan	3/1/2017	\$ 1,207,293.98	\$ -
16-Dec	2/1/2017	\$ 2,002,434.60	\$ 2,002,434.60
16-Nov	1/1/2017	\$ 1,080,802.57	\$ -
16-Oct	12/1/2016	\$ 1,200,259.69	\$ -
16-Sep	11/1/2016	\$ 797,903.22	\$ -
16-Aug	10/1/2016	\$ 1,353,724.86	\$ -
16-Jul	8/31/2016	\$ 1,337,460.44	\$ 1,337,460.44
16-Jun	8/1/2016	\$ 1,370,956.51	\$ 1,370,956.51
16-May	7/1/2016	\$ 1,533,582.87	\$ 1,533,582.87
16-Apr	6/1/2016	\$ 1,924,848.20	\$ 448,709.21
Total Due			\$ 6,693,143.63

Upon (i) execution of this Proposal Letter by GLWA, DWSD, and AT&T and (ii) payment of not less than seventy five percent (75%) of the Undisputed Amounts within 10 business day of the execution of this Proposal Letter (i.e., not less than \$5,019,000.00), AT&T will prepare Amendment 02 to the Unified Agreement, along with amendments to certain Attachments to the Unified Agreement (e.g., the AMSS Pricing Schedule) based on the following parameters:

- GLWA will pay the balance of the Undisputed Amounts (whatever that amount) upon the earlier of (i) approval of Amendment 02 to the Unified Agreement by the GLWA board or (ii) upon termination of negotiations by either party of Amendment 02 to the Unified Agreement.

- In the event that Amendment 02 to the Unified Agreement is not executed by the parties (for any reason) by March 31, 2017, certain Services (e.g., Exhibit 9 - Resale of Symantec BCS Service, which is part of the Statement of Work Addendum to the AT&T Network Integration Pricing Schedule for Managed Services (GBS164861 AT&T tracking number) dated 02/28/2013) may need to be re-priced and/or re-termed and re-submitted for the review and approval of GLWA.
- Upon execution of Amendment 02, the Unified Agreement and all of its Attachments (e.g., Pricing Schedules, SOWs, Change Orders, JCOs and Amendments) will be assigned from DWSD to GLWA via a transfer of service agreement (“**ToS**”).
- All future purchases by DWSD may be made under the existing City of Detroit Master Agreement # 201007300517UA or, after the Amendment 02 to the Unified Agreement is completed, AT&T and GLWA may negotiate additional terms and conditions for a Participation Agreement. The Participation Agreement would allow DWSD to order Services under Amendment 02 to the Unified Agreement as an Authorized User, and GLWA would remain liable for payment of any Services rendered to DWSD under this arrangement.
- GLWA and DWSD have informed AT&T that DWSD plans to migrate (“**Migration**”) certain currently unspecified Services and/or Service Components (“**Migrated Service Components**”) from the Unified Agreement to the City of Detroit Unified Agreement# 201007300517UA (“**City of Detroit UA**”) on or about December 31, 2019 (“**Migration Date**”). These Migration Service Components can be terminated any time after the Migration Date (the original end date of the Term as set forth in Amendment 01) without penalty, subject to the following sentence. The Migrated Service Components that this termination will apply to will be negotiated and reflected within an Appendix of Amendment 2 to the Unified Agreement.
- There will be a twenty four (24) month extension to the Term of the applicable Attachments.
- The rates and charges under Amendment 2 to the Unified Agreement will go into effect after the Amendment 2 Effective Date.
- GLWA will have a minimum annual revenue commitment of \$4,800,000.00 per Contract Year (**MARC**) for the Term, and the MARC will be documented in either Amendment 02 to the Unified Agreement or in an Attachment (e.g., the AMSS Pricing Schedule).
- Simultaneously with the execution of the TOS, GLWA agrees to execute Attachments valued at not less than \$3,000,000.00 in MARC-Eligible Charges of New Services for various AT&T Network Integration consulting services (“**New NI Consulting Services**”).

- AT&T will provide a one-time contractual credit of \$1,300,000.00, no earlier than 3 billing cycles from the Amendment 02 Effective Date, to GLWA ("**One Time Credit**"). The Customer agrees that the One Time Credit is not a refund of, or a discount to, the price paid for any good or service, and will not result in a refund of or reduction in any tax, fee, or surcharge invoiced to or paid by the Customer.
- The One Time Credit will be provided to GLWA pursuant to Amendment 02 to the Unified Agreement.
- The One Time Credit will be subject to a "Clawback" provision [e.g., in the event GLWA either (i) fails to achieve the MARC in any Contract Year or (ii) GLWA terminates the entire Unified Agreement for any reason (other than the uncured material breach of the Unified Agreement by AT&T, as set forth in the Unified Agreement), then GLWA shall repay a pro-rated portion of the One Time Credit to AT&T within forty five (45) days of the date of either such termination or shortfall]].
- AT&T and GLWA will execute a new ILEC Intrastate Services Pricing Schedule (copy attached to this Proposal Letter for reference) which will provide additional contractual discount off of these existing "Analog Private Line Services". The ILEC Intrastate Services Pricing Schedule will have a 24 month term.

If you support this approach, please acknowledge your concurrence by signing and dating two original copies of the Proposal Letter and returning them both to me. Once both parties have executed this Proposal Letter, I will instruct my team to provide you with a contract package that reflects the business understandings documented in this Proposal Letter.

Notices

The information contained in this Proposal Letter is proprietary to AT&T or its Affiliates and is furnished solely for GLWA's and DWSD's evaluation of the Proposal Letter.

The AT&T Confidential Information presented in this Proposal Letter will not be disclosed outside DWSD, and will not be duplicated, used, or disclosed, in whole or in part, for any purpose, without the express written consent of AT&T.

Please note that this Proposal Letter does not create a binding agreement between AT&T and DWSD or GLWA; rather, its purpose is to summarize our common understanding of the principles for jointly pursuing discussions regarding Amendment 02 to the Agreement. No contract or agreement for all or some of the incentives and contract extensions will be deemed to exist unless and until a definitive amendment to the Unified Agreement has been executed by and delivered to all parties thereto and each party has obtained all necessary internal approvals ("Approvals"). AT&T, GLWA, and DWSD hereby waive, in advance, any claims (including, without limitation, breach of contract) in connection with this Proposal Letter unless and until such execution and delivery and such Approvals occur. This Proposal Letter does not establish a joint venture, partnership, agency or any other business association between the parties, nor does it commit any party to enter into an amendment. Unless and until a definitive amendment is executed and the Approvals are obtained, neither party will have any legal obligation of any kind whatsoever with respect to the subject matter of this Proposal Letter by virtue of this Proposal Letter or any other written or oral expression with respect to the amendments except, in the case of this Proposal Letter, for the matters specifically agreed to herein.

AGREED: THE CITY OF DETROIT, D.B.A, DETROIT WATER AND SEWERAGE DEPARTMENT


SIGNATURE

GARY A BROWN
PRINT NAME AND TITLE

3/8/17
DATE

AGREED: GREAT LAKES WATER AUTHORITY


SIGNATURE

SUE F. M. Cormick, CEO
PRINT NAME AND TITLE

3.31.17
DATE

AGREED: AT&T CORP.


SIGNATURE

Brandon Pizzuti – AT&T Michigan Public Sector Client Director
PRINT NAME AND TITLE

2/24/2017
DATE