



Problem Resolution Report



CoSD Contract no. 537863
Transfer of Desktop Assets
HP/CoSD-148

Date: October 28, 2015

Summary:

In accordance with the provisions of the IT and Telecommunications Service Agreement dated January 24, 2006 and restated on June 24, 2014 ("the Agreement") by and between the County of San Diego ("County") and HP Enterprise Services, LLC ("HP" or "Contractor") (hereinafter collectively referred to as "the Parties") agreement is reached on the date shown above.

Issue or Problem:

Contractor has an obligation to refresh assets through the end of the Renewal Term and any County exercised extension(s). The Parties wish to clarify Contractor's refresh obligation and the asset transfer method for Desktop Framework Assets, in the event of Disentanglement of the Services.

Resolution:

1. The Parties mutually agree to amend the Contractor's obligation to refresh all Desktop Framework assets. Under the existing Agreement, Contractor is obligated to perform refresh services until the end of the Renewal Term and any County exercised extension(s). The County and Contractor are amending the Agreement to provide that Contractor's refresh obligations for Desktop Framework assets ends on June 30, 2017. Additionally, both parties agree that the projected net book value ("NBV") of the Desktop Framework assets will be determined by Contractor and communicated to County in writing no later than November 30, 2015, using an anticipated transition date of June 30, 2017.
2. Section 6.3.6. Transfer of Assets of the Agreement is hereby amended and replaced by the following:

Except as otherwise provided for in this Section 6.3.6, Contractor shall convey to the County (or its designee), from among those non-Software assets then held by Contractor for the provision of the Terminated Services to the County, other than those non-Software assets expressly identified by the Parties from time to time as Shared Resources, such assets as the County may select, at a price consisting of the net book value ("NBV"), calculated in accordance with the guidelines set forth in Schedule 16.1 and Exhibits 16.1-1 and 16.1-5. For purposes of clarity, in determining the asset value from which to calculate the NBV, Contractor shall use the actual price it paid for the asset less any rebates or discounts it received in whole or in part in purchasing the asset. Contractor shall not be entitled to any administrative fee or profit in determining the NBV.

Notwithstanding the foregoing, Contractor shall convey to County or its designee all Desktop Framework assets upon the expiration of the Renewal Term and any



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County-exercised extension(s) as part of the Disentanglement Services during Disentanglement. County or its designee shall pay Contractor the NBV for all Desktop Framework assets conveyed.

County shall receive a credit for Refresh Support services, as defined in Exhibit 16.1-6, not received for Desktop Framework assets conveyed to County (or its designee) pursuant to Section 6.3.6 prior to the contractually required refresh of the asset. The credit shall be calculated by multiplying the cost of refresh support services amount by number of months for which such services were paid as derived from installation date recorded in Assets Management System. If, at the time the credit is due to County from Contractor and County's payment obligation is less than the credit due to it, Contractor shall pay to County by draft with its final invoice to County the balance of the credit.

Transfer of the Desktop Framework hardware assets to County, or its designee, will be completed as documented in the Disentanglement Plan.

Notwithstanding anything to the contrary contained in this Agreement, upon conveyance of any Machines to the County or its designee, Contractor, at its expense, shall convey or assign to the County or its designee, or cause the conveyance or assignment, any and all licenses to Software used by the County with such Machines. Contractor shall promptly remove from the County's premises any Contractor assets associated with the Terminated Services that the County, or its designee, chooses not to purchase and that are not otherwise subject to transfer to the County pursuant to this Section 6.3.6.

The resolution of the issue or Problem as described in this Problem Resolution Report shall govern the Parties' actions under the Agreement until a formal amendment of the Agreement is implemented in accordance with the terms of the Agreement, at which time this Problem Resolution Report shall be deemed superseded and shall be null and void.

All other terms and conditions of the Agreement remain unchanged and the Parties agree that such terms and conditions set forth in the Agreement shall continue to apply. Unless otherwise indicated, the terms used herein shall have the same meaning as those given in the Agreement.

IN WITNESS WHEREOF, The Parties hereto, intending to be legally bound, have executed by their authorized representatives and delivered this Problem Resolution Report as of the date first written above.



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COUNTY OF SAN DIEGO

HP ENTERPRISE SERVICES, LLC

By: John M. Pellegrino

By: Cathy Varner

Name: John M. Pellegrino

Name: Cathy Varner

Title: Director Department of Purchasing
and Contracting

Title: Director, SLED

Date: 10/30/15

Date: October 28, 2015