

UT AUS CN: 19073

SERVICES AGREEMENT

This Agreement between University and Contractor ("Agreement") is made and entered into by and between The University of Texas at Austin, an agency and institution of higher education established under the laws of the State of Texas ("University"), for and on behalf of the Charles A. Dana ("Department" or "University"), and Pearson Education, Inc., a Delaware corporation with offices at 2154 E. Commons Avenue, Suite 4000, Centennial, CO 80122 ("Contractor" or "Pearson").

University and Contractor hereby agree as follows:

1. Contractor Services.

Contractor will provide the services as set forth in **Exhibit A**, Statement of Work, attached hereto and incorporated for all purposes ("the Services"), to the satisfaction of University.

2. Compensation.

University will compensate Contractor for services in accordance with **Exhibit B**, Payment for Services.

3. Term.

This Agreement is effective as of the date the agreement is fully executed by both parties ("Effective Date") and will terminate on 12/31/2020 unless earlier terminated in accordance with Section 8. Pearson and University will have the option to renew this Agreement for 2 additional 2 year terms by mutual agreement in writing.

4. Licenses, Permits, Taxes, Fees, Laws and Regulations.

4.1 Contractor warrants that it will obtain, maintain in effect, and pay the cost for all licenses, permits, or certifications that may be necessary for Contractor's performance of this Agreement.

4.2 Contractor will be responsible for the payment of all taxes, excises, fees, payroll deductions, employee benefits (if any), fines, penalties or other payments required by federal, state, or local law or regulation in connection with Contractor's performance of this Agreement.

4.3 Contractor will comply with, and will be responsible for requiring its officers and employees to comply with, all applicable federal, state, and local laws and regulations; the *Rules and Regulations* of the Board of Regents of The University of Texas System; and the rules and regulations of the University.

5. Ownership and Use of Work Material.

- 5.1 All drawings, specifications, plans, computations, sketches, data, records, photographs, tapes, renderings, models, publications, statements, accounts, reports, studies, and other materials prepared by University will belong to University. All drawings, specifications, plans, computations, sketches, data, records, photographs, tapes, renderings, models, publications, statements, accounts, reports, studies, and other materials prepared by Pearson will belong to Pearson.

6. **Confidentiality and Safeguarding of University Records; Press Releases; Public Information.**

- 6.1 Under this Agreement, Contractor may (1) create, (2) receive from or on behalf of University, or (3) have access to, records or record systems (collectively, "**University Records**"). Among other things, University Records may contain social security numbers, credit card numbers, or data protected or made confidential or sensitive by applicable federal, state and local, laws, regulations, and ordinances, including the Gramm-Leach-Bliley Act (Public Law No: 106-102) and the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g ("**FERPA**"). If University Records are subject to FERPA, (1) University designates Contractor as a University official with a legitimate educational interest in University Records, and (2) Contractor acknowledges that its improper disclosure or redisclosure of personally identifiable information from University Records will result in Contractor's exclusion from eligibility to contract with University for at least five (5) years. Contractor represents, warrants, and agrees that it will: (1) hold University Records in strict confidence and will not use or disclose University Records except as (a) permitted or required by this Agreement, (b) required by law, or (c) otherwise authorized by University in writing; (2) safeguard University Records according to commercially reasonable administrative, physical and technical standards (such as standards established by (i) the National Institute of Standards and Technology and (ii) the Center for Internet Security, the Gramm-Leach-Bliley Act, as well as the Payment Card Industry Data Security Standards) that are no less rigorous than best practices in the data security industry; (3) continually monitor its operations and take any action necessary to assure that University Records are safeguarded and the confidentiality of University Records is maintained in accordance with all applicable federal, state and local, laws, regulations, and ordinances, including FERPA and the Gramm-Leach Bliley Act, and the terms of this Agreement; and (4) comply with the University's rules, policies, and procedures regarding access to and use of University's computer systems. Contractor represents, warrants and certifies that it complies with University's Vendor Access Requirements, Section 5.26, at <http://security.utexas.edu/policies/irusp.html>. At the request of University, Contractor agrees to provide University with a written summary of the procedures Contractor uses to safeguard and maintain the confidentiality of University Records.

- 6.1.1 **Notice of Impermissible Use.** If an impermissible use or disclosure of any University Records occurs, Contractor will provide written notice to University within one (1) business day after Contractor's discovery of that use or disclosure. Contractor will promptly provide University with

all information requested by University regarding the impermissible use or disclosure.

- 6.1.2 **Return of University Records.** Contractor agrees that within thirty (30) days after the expiration or termination of this Agreement, for any reason, all University Records created or received from or on behalf of University will be (1) returned to University, with no copies retained by Contractor; or (2) if return is not feasible, destroyed. Twenty (20) days before destruction of any University Records, Contractor will provide University with written notice of Contractor's intent to destroy University Records. Within five (5) days after destruction, Contractor will confirm to University in writing the destruction of University Records.
- 6.1.3 **Disclosure.** If Contractor discloses any University Records to a permitted subcontractor or agent, Contractor will require the permitted subcontractor or agent to comply with the same restrictions and obligations as are imposed on Contractor by this Section.
- 6.1.4 **Press Releases.** The parties may agree in writing to issue a joint press release or referring to the Project or the engagement of Contractor as an independent contractor of University in connection with the Project Pearson agrees not to release any information relative to the Project for publication or any other purpose without the prior written approval of University. Pearson acknowledges and agrees that no information issued to the public may contain any writings which could be construed as an endorsement of Pearson by the University.
- 6.1.5 **Public Information.** University strictly adheres to all statutes, court decisions and the opinions of the Texas Attorney General with respect to disclosure of public information under the *Texas Public Information Act* ("TPIA"), Chapter 552, *Texas Government Code*. In accordance with Section 552.002 of TPIA and Section 2252.907, *Texas Government Code*, and at no additional charge to University, Contractor will make any information created or exchanged with University pursuant to this Agreement (and not otherwise exempt from disclosure under TPIA) available in a format reasonably requested by University that is accessible by the public.
- 6.1.6 **Termination.** In addition to any other termination rights set forth in this Agreement and any other rights at law or equity, if University reasonably determines that Contractor has breached any of the restrictions or obligations set forth in this Section, University may immediately terminate this Agreement with notice and opportunity to cure within thirty business days.
- 6.1.7 **Duration.** The restrictions and obligations under this Section will survive expiration or termination of this Agreement for any reason.

7. Independent Contractor.

For all purposes of this Agreement and notwithstanding any provision of this Agreement to the contrary, Contractor is an independent contractor and is not a state employee, partner, joint venturer, or agent of University. Contractor will not bind nor attempt to bind University to any agreement or contract. As an independent contractor, Contractor is solely responsible for all taxes, withholdings, and other statutory or contractual obligations of any sort, including but not limited to workers' compensation insurance.

8. Termination.

- 8.1 If either party is in default of performance of any material obligation under this Agreement, the party that is not in default may give written notice of the default to the other party and if the party notified fails to correct the default within thirty (30) days or within such period fails to satisfy the party giving notice that the default does not exist, the party giving notice may terminate this Agreement upon expiration of the thirty (30) business days period.
- 8.2 University may terminate this Agreement immediately in the event of the filing by or against Contractor of a petition for relief in bankruptcy or for receivership, or in the event that Contractor becomes insolvent.
- 8.3 The termination of this Agreement will not affect any right or remedy that has accrued to either party at the time of termination.
- 8.4 Upon termination of this Agreement, Contractor will deliver to the appropriate representative of University all Work Material related to the services performed by Contractor in the format requested by the University together with any keys, identification badges, or equipment owned by University.
- 8.5 Termination under Sections 6.1, 8.1 or 8.6 will not relieve Contractor from liability for any default or breach under this Agreement or any other act or omission of Contractor.
- 8.6 University may terminate this Agreement without cause upon 120 days written notice to Pearson.

9. Indemnification.

- 9.1 Contractor will indemnify and hold harmless University and The University of Texas System, and their respective affiliated enterprises, regents, officers, directors, attorneys, employees, representatives and agents from all claims, demands, causes of action, and judgments for taxes, license fees, excises, fines, and penalties; for supplies, services, or merchandise purchased by Contractor; for wages and fringe benefits of Contractor's employees; and for injury or death of any person or damage to property that result directly or indirectly from the negligent or intentional acts or omissions of Contractor or its officers, agents, or employees in the performance of this Agreement.
- 9.2 To the extent authorized by the Constitution and laws of the State of Texas, University agrees to indemnify and hold Contractor and its respective officers, agents, and employees free and harmless from all liability, loss, damage, costs, and all other claims for expenses asserted against any of them which may arise

from injuries to persons or property occasioned by the negligent acts or omissions of University or its employees, acting within the scope of their employment and in performance of obligations under this Agreement

10. Insurance.

10.1 Contractor agrees to maintain, at Contractor's sole expense, and to cause its agents, suppliers and permitted subcontractors (if any) to maintain, at their sole expense, the following insurance coverage in at least the amounts specified:

- 10.1.1 Workers Compensation: Statutory Limits
- 10.1.2 Employer's Liability: \$1,000,000 per accident and employee
- 10.1.3 Commercial General Liability (including contractual liability): \$1,000,000 per occurrence
- 10.1.4 Product/Completed Ops: \$2,000,000 aggregate
- 10.1.5 Auto Liability: \$1,000,000 combined single limit
- 10.1.6 All other insurance required by state or federal law

10.2 All policies (except Workers' Compensation) will name University as an Additional Insured. A Waiver of Subrogation in favor of University and thirty (30) day notice of cancellation is required on all policies. Certificates of insurance verifying the foregoing requirements will be provided to University prior to commencement of any services under this Agreement. If a policy contains deductible provisions, Contractor will be responsible for payment of the deductible amount for any claim(s) or the pursuit of any claim(s) or asserted claim(s) against University, its agents, employees or representatives.

10.3 Verification of Insurance Coverage will be forwarded to:

Ms. Alisha Thompson
Charles A. Dana Center
1616 Guadalupe, Suite 3.206
Austin, Texas 78701-1222

11. Breach of Contract Claims.

To the extent that Chapter 2260, *Texas Government Code*, is applicable to this Agreement and is not preempted by other applicable law, the dispute resolution process provided for in Chapter 2260 and the related rules adopted by the Texas Attorney General pursuant to Chapter 2260, will be used by University and Contractor to attempt to resolve any claim for breach of contract made by Contractor that cannot be resolved in the ordinary course of business. The chief business officer of University will examine Contractor's claim and any counterclaim and negotiate with Contractor in an effort to resolve such claims. The parties specifically agree that (i) neither the execution of this Agreement by University nor any other conduct, action or inaction of any representative of University relating to this Agreement constitutes or is intended to constitute a waiver of University's or the state's sovereign immunity to suit; and (ii) University has not waived its right to seek redress in the courts.

12. Miscellaneous.

12.1 Assignment. Neither party may assign this Agreement, in whole or in part,

without the prior written consent of the other party.

- 12.2 Representations and Warranties by Contractor. If Contractor is a corporation or a limited liability company, Contractor warrants, represents, covenants, and agrees that it is duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization and is duly authorized and in good standing to conduct business in the State of Texas, that it has all necessary power and has received all necessary approvals to execute and deliver this Agreement, and the individual executing this Agreement on behalf of Contractor has been duly authorized to act for and bind Contractor.
- 12.3 Tax Certifications. If Contractor is a taxable entity as defined by Chapter 171, *Texas Tax Code* ("Chapter 171"), then Contractor certifies that it is not currently delinquent in the payment of any taxes due under Chapter 171, or that Contractor is exempt from the payment of those taxes, or that Contractor is an out-of-state taxable entity that is not subject to those taxes, whichever is applicable.
- 12.4 Texas Family Code Child Support Certification. Pursuant to Section 231.006, *Texas Family Code*, Contractor certifies that it is not ineligible to receive the award of or payments under this Agreement and acknowledges that this Agreement may be terminated and payment may be withheld if this certification is inaccurate.
- 12.5 Payment of Debt or Delinquency to the State. Pursuant to Sections 2107.008 and 2252.903, *Texas Government Code*, Contractor agrees that any payments owing to Contractor under this Agreement may be applied directly toward any debt or delinquency that Contractor owes the State of Texas or any agency of the State of Texas regardless of when it arises, until such debt or delinquency is paid in full.
- 12.6 Loss of Funding. Performance by University under this Agreement may be dependent upon the appropriation and allotment of funds by the Texas State Legislature (the "Legislature") and/or allocation of funds by the Board of Regents of The University of Texas System (the "Board"). If the Legislature fails to appropriate or allot the necessary funds, or the Board fails to allocate the necessary funds, then University will issue written notice to Contractor and University may terminate this Agreement without further duty or obligation hereunder. Contractor acknowledges that appropriation, allotment, and allocation of funds are beyond the control of University.
- 12.7 Entire Agreement; Modifications. This Agreement supersedes all prior agreements, written or oral, between Contractor and University and will constitute the entire Agreement and understanding between the parties with respect to the subject matter hereof. This Agreement and each of its provisions will be binding upon the parties and may not be waived, modified, amended or altered except by a writing signed by authorized representatives of University and Contractor.
- 12.8 State Auditor's Office. Contractor understands that acceptance of funds under this Agreement constitutes acceptance of the authority of the Texas State Auditor's Office, or any successor agency (collectively, "Auditor"), to conduct an

audit or investigation in connection with those funds pursuant to Sections 51.9335(c), 73.115(c) and 74.008(c), *Texas Education Code*. Contractor agrees to cooperate with the Auditor in the conduct of the audit or investigation, including without limitation providing all records requested. Contractor will include this provision in all contracts with permitted subcontractors.

- 12.9 Force Majeure. Neither party hereto will be liable or responsible to the other for any loss or damage or for any delays or failure to perform due to causes beyond its reasonable control including, but not limited to, acts of God, strikes, epidemics, war, riots, civil unrest, flood, fire, tsunami, volcano, sabotage, air space closure, ground stop(s), a U.S. Department of State Travel Warning or any other circumstances of like character ("force majeure occurrence").
- 12.10 Venue; Governing Law. Travis County, Texas, will be the proper place of venue for suit on or in respect of this Agreement. This Agreement and all of the rights and obligations of the parties hereto and all of the terms and conditions hereof will be construed, interpreted and applied in accordance with and governed by and enforced under the laws of the State of Texas.
- 12.11 Ethics Matters; No Financial Interest. Contractor and its employees, agents, representatives and subcontractors have read and understand University's Conflicts of Interest Policy available at <http://www.utexas.edu/policies/hopppm/04.A.04.html>, State of Texas Standards of Conduct and Conflict of Interest Provisions available at <http://www.utexas.edu/administration/oic/cts/cw100e/CEGOnline.pdf>, and applicable state ethics laws and rules available at www.utsystem.edu/ogc/ethics. Neither Contractor nor its employees, agents, representatives or subcontractors will assist or cause University employees to violate University's Conflicts of Interest Policy, provisions described by State of Texas Standards of Conduct and Conflict of Interest Provisions, or applicable state ethics laws or rules. Contractor represents and warrants that no member of the Board of Regents of The University of Texas System has a direct or indirect financial interest in the transaction that is the subject of this Agreement.
- 12.12 Waivers. No delay or omission in exercising any right accruing upon a default in performance of this Agreement will impair any right or be construed to be a waiver of any right. A waiver of any default under this Agreement will not be construed to be a waiver of any subsequent default under this Agreement.
- 12.13 Access by Individuals with Disabilities. Contractor represents and warrants (the "EIR Accessibility Warranty") that the electronic and information resources and all associated information, documentation, and support that it provides to University under this Agreement (collectively, the "EIRs") comply with the technical specifications detailed in the previously provided "Voluntary Product Accessibility Template", attached as Exhibit [X] of this Agreement. To the extent Contractor becomes aware that the EIRs, or any portion thereof, do not comply with the EIR Accessibility Warranty, then Contractor represents and warrants that it will, at no cost to University, either (1) perform all necessary remediation to make the EIRs satisfy the EIR Accessibility Warranty or (2) replace the EIRs with new EIRs that satisfy the EIR Accessibility Warranty. In the event that Contractor fails or is unable to do so, then University may terminate this Agreement and Contractor

will refund to University all amounts University has paid under this Agreement within thirty (30) days after the termination date.

- 12.14 **Confidential Student Information.** "Confidential Student Information" is defined as information that is personally identifiable to a student who is or was enrolled at University ("Customer") by any of the following means: the Customer's name, the name of the Customer's parent or other family members; the address of the Customer or Customer's family; a personal identifier, such as a identification number, or biometric record; other indirect identifiers, including but not limited to the Customer's date of birth, place of birth, and mother's maiden name; or any other information that, alone or in combination, is linked or linkable to a specific Customer that would allow a reasonable person in the school community to identify the student with reasonable certainty and includes information supplied to Contractor by University as well as any information provided by University's students and third parties to the Contractor.

Contractor acknowledges that this Agreement allows the Contractor access to Confidential Student Information, and that access to and disclosure of Confidential Student Information is restricted by University policy and federal law, namely the Family Educational Rights and Privacy Act ("FERPA").

Contractor agrees to hold Confidential Student Information in strict confidence. Contractor will not use or disclose Confidential Student Information received from or on behalf of University (or its students) except as permitted or required by this Agreement, as required by law, or as otherwise authorized in writing by University. Contractor agrees not to use Confidential Student Information for any purpose other than the purpose for which the disclosure was made. Contractor agrees that only Contractor's employees who have a legitimate business need in performing this Agreement will have access to the Confidential Student Information.

Upon termination, cancellation, expiration or other conclusion of the Agreement, Contractor will return all Confidential Student Information to University within thirty (30) days or, if return is not feasible, destroy any and all Confidential Student Information. Twenty (20) days before destruction of any Confidential Student Information, Contractor will provide University with written notice of Contractor's intent to destroy Confidential Student Information. Within seven (7) days after destruction, Contractor will confirm to University in writing the destruction of Confidential Student Information.

Contractor agrees that Contractor is under the direct control of University with respect to the use and maintenance of Confidential Student Information. If University reasonably determines in good faith that Contractor has materially breached any of its confidentiality obligations under this Agreement or has violated FERPA, University, in its sole discretion, will have the right to require Contractor to submit to a plan of monitoring and reporting; provide Contractor with a fifteen (15) day period to cure the breach; or terminate the Agreement immediately. Before exercising any of these options, University will provide written notice to Contractor describing the violation and the action it intends to take. If the Family Policy Compliance Office of the U.S. Department of Education determines that the Contractor improperly disclosed personally identifiable

information obtained from University's education records, University may not allow the Contractor access to education records for at least five years.

Contractor will develop, implement, maintain and use appropriate administrative, technical and physical security measures to preserve the confidentiality, integrity and availability of all electronically maintained or transmitted Confidential Student Information received from, or on behalf of University or its students. These measures will be extended by contract to all subcontractors used by Contractor.

Contractor will, within one day of discovery, report to University any use or disclosure of Confidential Student Information not authorized by this Agreement or in writing by University. Contractor's report will identify: (i) the nature of the unauthorized use or disclosure, (ii) the Confidential Student Information used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what Contractor has done or will do to mitigate any deleterious effect of the unauthorized use or disclosure, and (v) what corrective action Contractor has taken or will take to prevent future similar unauthorized use or disclosure. Contractor will provide such other information, including a written report, as reasonably requested by University.

Contractor will defend and hold University harmless from all claims, liabilities, damages, or judgments involving a third party, including University's costs and attorney fees, which arise as a result of Contractor's failure to meet or breach any of its obligations under this Agreement.

The restrictions and obligations under this Section will survive expiration or termination of this Agreement for any reason.

- 12.15 Undocumented Workers. The *Immigration and Nationality Act* (8 *United States Code* 1324a) ("**Immigration Act**") makes it unlawful for an employer to hire or continue employment of undocumented workers. The United States Immigration and Customs Enforcement Service has established the Form I-9 Employment Eligibility Verification Form ("**I-9 Form**") as the document to be used for employment eligibility verification (8 *Code of Federal Regulations* 274a). Among other things, Contractor is required to: (1) have all employees complete and sign the I-9 Form certifying that they are eligible for employment; (2) examine verification documents required by the I-9 Form to be presented by the employee and ensure the documents appear to be genuine and related to the individual; (3) record information about the documents on the I-9 Form, and complete the certification portion of the I-9 Form; and (4) retain the I-9 Form as required by law. It is illegal to discriminate against any individual (other than a citizen of another country who is not authorized to work in the United States) in hiring, discharging, or recruiting because of that individual's national origin or citizenship status. If Contractor employs unauthorized workers during performance of this Agreement in violation of the Immigration Act then, in addition to other remedies or penalties prescribed by law, University may terminate this Agreement in accordance with **Section 8**. Contractor represents and warrants that it is in compliance with and agrees that it will remain in compliance with the provisions of the Immigration Act.

University and Contractor have executed and delivered this Agreement to be effective as of the Effective Date.

Pearson

DocuSigned by:
Andrew P. Smedira
By: _____
585069EACCD8436
Name: Andrew P. Smedira
Title: CFO
Date: 05 December 2014 | 09:10 MT

Attached:
Exhibit A – Statement of Work
Exhibit B – Payment for Services

The University of Texas at Austin

Linda Shaunessy
By: _____
Linda Shaunessy
Business Contracts Administrator
Date: 12/4/2014

Exhibit A

Statement of Work

Notwithstanding any other provision in this Agreement, Contractor's performance of the Services will (1) conform to the specifications and requirements of that certain Request for Proposal related to for The University of Texas at Austin, RFP No. 721-1428 (the "RFP"), which is incorporated by reference for all purposes, and (2) to the extent consistent with the RFP, will conform with Contractor's proposal, dated May 13, 2014 ("Contractor's Proposal") which was submitted by Contractor in response to the RFP and is incorporated by reference for all purposes.

I. Project:

The Charles A. Dana Center, a research unit in the College of Natural Sciences at The University of Texas at Austin, desires to outsource the concurrent development of a custom digital course solution for four (4) web-based course support systems, to be used by community college instructors to deliver primary face-to-face synchronous instruction via projection in the classroom with a maximum of thirty (30) students per section, and to be used by students synchronously and asynchronously for exploration, study, practice, and assessment.

The University has a ten (10) year commitment to the Texas Association of Community Colleges to continue this work.

The four (4) courses (each a "Course" and collectively, the "Courses" and as the Courses are further described in this Exhibit A) to be developed under this Agreement are:

A. Foundations of Mathematical Reasoning.

This noncredit bearing course surveys a variety of mathematical topics needed to prepare students for college level statistics or quantitative reasoning or for algebra-based courses.

The Foundations of Mathematical Reasoning course is not for college-level credit. Students in this course are required to take a co-requisite student success course. The course will be ready for use by July 1 2015. Initial Course development launch meeting between University and Pearson teams will need to take place by December 5, 2014. Course development schedules shall be mutually agreed upon within 5 business days of the initial Course development launch meeting between the University team and the Pearson team.

Topics include:

- Numeracy with an emphasis on estimation and fluency with large numbers;
- Evaluating expressions and formulas;
- Rates, ratios, and proportions;
- Percentages;
- Solving equations;
- Linear models;
- Data interpretations including graphs and tables; -
- Verbal, algebraic and graphical representations of functions;
- Exponential models.

B. Reasoning with Functions I

This college level course is the first of two college level courses designed to prepare students to enter calculus and succeed in STEM coursework that requires a thorough knowledge of functions and algebraic reasoning. It gives students a strong foundation in functions and their behavior by using multiple representations and explicit covariational reasoning to investigate and explore quantities, their relationships, and how these relationships change. Additionally, this course provides students with the algebraic tools necessary to analyze a variety of function types, including linear, quadratic, polynomial, power, exponential, and logarithmic functions.

Topics include:

- Relationships and functions
- Constant rate of change
- Average rate of change
- Linear functions
- Proportional relationships
- Power functions and polynomials
- Exponential and logarithmic functions
- Modeling constant percent change
- Half-life
- Doubling Time
- Transformations and operations on functions
- Function composition
- Inverse functions
- Gaussian elimination

This course will be ready for use by December 1, 2015. Initial course development launch meeting between University and Pearson teams will need to take place by March 1, 2015. Course development schedules shall be mutually agreed upon within 5 business days of the initial course development launch meeting between the University team and the Pearson team.

C. Quantitative Reasoning.

This credit bearing course serves students who are focused on developing quantitative literacy skills that will be meaningful for their professional, civic, and personal lives. Such reasoning is a habit of mind, seeking pattern and order when faced with unfamiliar contexts. In this course, an emphasis is placed on the need for data to make good decisions and an understanding of the dangers inherent in basing decisions on anecdotal evidence rather than data.

Topics include:

- Number, ratio, and proportional reasoning;
- Modeling;
- Probability;
- Statistics.

This course will be ready for use by December 1, 2015. Initial Course development launch meeting between University and Pearson teams will need to take place by March 1, 2015. Course development schedules shall be mutually agreed upon within 5 business days of the initial Course development launch meeting between the University team and the Pearson team.

D. Statistical Reasoning.

A first credit bearing course in Statistics for students in Business, Nursing, Allied Health, and the Social and Behavioral Sciences, or for any student that requires knowledge of the fundamentals of the collection, analysis and interpretation of data. Emphasis is placed on the development of statistical thinking, simulation, and the use of statistical software.

Topics include:

- Presentation and interpretation of univariate data via the use of graphical methods;
- Measures of central tendency and dispersion;
- Sampling methods;
- Fundamentals of probability and combinatorics;
- Discrete and continuous probability distributions;
- Linear regression;
- Statistical inference;
- Confidence intervals;
- Hypothesis testing.

This course will be ready for use by December 1, 2015. Initial Course development launch meeting between University and Pearson teams will need to take place by March 1, 2015. Course development schedules shall be mutually agreed upon within 5 business days of the initial Course development launch meeting between the University team and the Pearson team.

II. Services and/or Deliverables.

UNIVERSITY ROLES AND RESPONSIBILITIES

University shall be responsible for, and shall provide and perform at its sole cost and expense, the following roles and responsibilities, as they relate to the content development phase of the New Mathways Project:

- a) **Manuscript.** The University agrees to deliver one (1) copy of a detailed manuscript for each course including detailed manuscripts of any multimedia (animations, simulations, interactives) including indications of where the student should access the multimedia content within the course. The parties will agree as to the manuscript submissions which constitute the work for publication. The University agrees to furnish the following items as part of the work: information for the title page; a preface; a table of contents or its equivalent ((down to the learning objective level) that accurately reflects the progression of the course and all the material the course is intended to cover); a 1-4 paragraph vision statement; an index or its equivalent; and all photographs, artwork and other illustrations, with captions, in camera ready copy or fully formatted electronic files, as requested by Pearson, or in any other format agreed upon by the University and Pearson. The manuscript should contain accurate mathematical notation for any equation displays and should also indicate where multimedia should be placed (if that has already been determined). For each element, overall statement of what the element is intended to convey is needed, along with a list of learning objectives to be covered in the multimedia element. Pearson also needs a written description (with sketches if possible) of what the multimedia element is intended to do, the narrative for the element, any student interactions that the element should contain and any hints,

branches, or other elements that should be contained in the multimedia element. If this level of detail manuscript does not exist, Pearson can work with the University to develop this level of detailed manuscript. Pearson and the University will mutually agree on the definition of animations, interactive exercises, simulations and videos and we will mutually agree on a presentation style for these categories of elements.

- b) **Subject Matter Experts.** For each course build, the University will be required to appoint one primary and one secondary content reviewer who has the subject matter expertise to assess and approve or request specific revision of any multimedia or interactive practice or assessment assets within each course during the build process. These reviewers will also need to accept or reject any changes to the manuscript as suggested by a development editor or other subject matter expert.

The University also agrees that the University will (a) furnish to Pearson within a reasonable time that Pearson and the University agree upon, and in a format Pearson agrees upon with the University: a foreword (if any); a glossary (if any); a bibliography (if any); an instructor's manual; exercises (if any); answers to exercises (if any); end of chapter materials (if any); a test item file (if any); a solutions manual (if any); and any other ancillary or supplementary materials and learning aids to complement the work, or any part(s) of the work (collectively, the "**Supplementary Materials**"); and (b) provide assistance to and consult with Pearson or any third parties engaged by Pearson to provide development or production services in connection with the publication of the work, the Supplementary Materials or any part(s) of the work.

If the University wishes to include any original unpublished material of any kind created by anyone other than the University, the University agrees to provide to Pearson with the University final manuscript a proper written grant from an authorized person granting. If any material from another published work protected by copyright is incorporated, the University agrees to provide to Pearson with the University's final manuscript written grants satisfactory to Pearson to use that material. The University agrees to obtain and pay for all these rights that must be granted to Pearson, and Pearson agrees to assist the University by providing required grant forms and guidance in obtaining these rights. Upon the University's request, Pearson will advance on the University's behalf reasonable permission fees approved by Pearson to the copyright owners of published materials and will recover all fees advanced from any sums due to the University.

The University agrees that with respect to the work (in all editions, revisions and versions), Pearson has the right to edit the work, provided that the meaning of the text is not materially altered. Pearson will meet with the University on a quarterly basis to meet by any means in order to discuss the methods and means used for advertising, marketing and selling work. The University agrees that Pearson will have the right to display the University's name in connection with the Course and any part of the Course and in promotional materials.

The University shall have the right to approve the final version of each Course and any modifications thereto prior to publication provided that the content of the Course is consistent with the accepted manuscript.

The parties will work in good faith to conform the courses developed hereunder to an accessibility standard to the sample VPAT attached hereto.

III. PEARSON ROLES AND RESPONSIBILITIES

Pearson shall be responsible for, and shall provide and perform at its sole cost and expense, the following roles and responsibilities, as they relate to the content development phase of the four online course listed in the Project section regarding the New Mathways Project. Pearson will complete all of the following tasks and the tasks listed in the project section for each of the four online courses, including:

- a) **Commercial Content.** Pearson will provide Pearson's commercial eBook products ("**Pearson Content Products**") for University's use within the New Mathways Project, where such Pearson Content Products may enhance the planned offerings. The specific Pearson Content Products made available to University under this Order shall be subject to the mutual agreement of University and Pearson.
- b) **Course Development.** Pearson will provide custom course development services (instructional designers, content development editors and learning design specialists) for the New Mathways Project, subject to the scope and timing parameters set forth below, and as mutually agreed to be the parties. All course content that is either supplied by Pearson, or represents a derivative work of content supplied by Pearson, is hereby agreed to be Pearson Materials (as that term is defined in the Agreement). All course content that is either supplied by the University, or represents a derivative work of content supplied by the University, is hereby agreed to be owned by The University. University shall be solely responsible for securing all third party consents, authorizations, permissions, approvals and licenses concerning University supplied or generated content. Pearson shall have the right to approve in writing the final manuscript for each Course. Submission of a Course manuscript according to an agreed upon schedule does not imply acceptance. Partial manuscript of a Course may be submitted for approval according to a mutually agreed upon schedule.
- c) **Web-based Course Support System.**

MyMathLab

Powered by MathXL (Pearson's online homework, tutorial, and assessment system), MyMathLab gives instructors the tools they need to deliver all or a portion of their course online, whether their students are in a lab setting or working from home. Easily customizable, MyMathlab provides students a personalized pathway through the course content enhanced by optional adaptive learning capability.

MyMathLab provides a rich and flexible set of course materials, featuring free-response exercises that instructors can assign for online homework, quizzes, and tests. These exercises regenerate algorithmically for unlimited practice and mastery, and in homework and practice modes, each exercise is accompanied by an interactive guided solution and sample problem. MyMathLab provides students with additional multimedia resources, such as video lectures, animations, and an eBook, to independently improve their understanding and performance. MyMathLab's online grade book automatically tracks all student results and gives the instructor control over how to calculate final grades.

- d) **Project Management.**

Pearson will designate an appropriate number of project managers and developmental editors to ensure consistency of writing style and established standards for reading level and terminology.

- e) **Market Viability**

Pearson may assess course content viability for the Texas and National markets by conducting market research and peer review. Other methods Pearson may deem necessary will be mutually agreed upon with the University. Pearson, in consultation with the University, shall develop a process, determine applicable standards, and obtain necessary resources for such course content assessment.

IV.

DISTRIBUTION OF ONLINE NEW MATHWAY PROJECT

Distribution Rights. The University grants to Pearson a non-exclusive right and license during the Term of this Agreement, to reproduce, print, distribute, market, promote, publish, sell, broadcast or transmit the University Materials solely as a component of the Course in all channels of distribution throughout the Distribution Territory (as defined below).

During the term of the Agreement, the Dana Center shall not market, or sell directly any work that contains the same material which is the subject matter of the Courses in this Agreement and which could conflict or interfere with Pearson's exercise of its rights under this Agreement of the Courses in the Higher Education Market. **"Higher Education Market"** shall mean, throughout the world, (a) any or all for-profit and not-for-profit undergraduate, graduate or other post-secondary programs, schools or other institutions of learning, including, without limitation, all two- or four-year colleges or universities, proprietary schools, trade schools, vocational schools, or professional or other graduate or post-graduate schools or programs; (b) any or all teachers, faculty, instructors, professors, administrators, students or other representatives of any such school, program or institution; and (c) any or all means or channels of distribution to any such person, entity, program or institution, including, without limitation, book stores, retailers, wholesalers, direct mail and on-line services. Pearson acknowledges and agrees that the University has developed and will continue to develop works for the K-12 market and that such works shall not constitute a violation of any restrictive covenant herein.

Upon termination the University will allow a student to continue to finish course up to 24 months or 2 years.

- a) **Distribution Territory:** Initially the State of Texas, with the national distribution rights to be added after execution of the Distribution Agreement (with international rights to be added at a later date), through an addendum to that Distribution Agreement.
- b) **Pricing and Royalties:**
 - i. Within the State of Texas, pricing will be initially set at \$62 per course per student, with a \$10 per course per student royalty payable to the University.
 - ii. National Price: University and Pearson will mutually agree upon the National distribution price,
 - iii. No fees or royalties for instructor or administrator access.
 - iv. All payments shall be based on Net Sales (Gross Revenues actually received less returns)
 - v. [Future Pricing and Royalties]
- c) **Printing:** Students will not be assessed a fee by Pearson or the University for downloading and printing materials directly from the web-based course support system.
- d) **Training, Support and Implementation:** University will provide all faculty and staff training regarding the content of the Online New Mathways Project. Faculty and staff training on all technology solutions will be facilitated by Pearson training specialists and the parties will develop a training program that meets the anticipated needs of the Texas community college market and national markets, respectively. Pearson has a dedicated customer service group that is available 24 hours a day, 7 days a week. Users can search a knowledge base or select options to chat with a representative, send an e-mail or speak with a support technician. The Pearson 24/7 support group has a pre-defined set of escalation policies involving their front line support agents, tier 2 agents and support management.

**Exhibit B
Payment for Services**

Payments:

Pearson will be paid the following:

a) Pricing and Royalties:

- i. Within the State of Texas, pricing will be initially set at \$62 per course per student, with a \$10 per course per student royalty payable to the University. Pearson will receive \$52 per course per student.
- ii. National Price: University and Pearson will mutually agree upon the National distribution costs, if applicable.
- iii. No fees or royalties for instructor or administrator access.
- iv. All payments shall be based on Net Sales (Gross Revenues actually received less returns)

b) Invoicing:

Upon completion of a deliverable (task, item, etc) and acceptance by University, Contractor will submit a quarterly invoice setting forth amounts due to Contractor. Each invoice will be accompanied by documentation that University may reasonably request to support the invoice amount. University will, within thirty (30) days from the date it receives an invoice and supporting documentation, approve or disapprove the amount reflected in the invoice. If University approves the amount or any portion of the amount, University will promptly pay to Contractor the amount approved so long as Contractor is not in default under this Agreement. If University disapproves any invoice amount, University will give Contractor specific reasons for its disapproval in writing.

Contractor shall submit payment and documentation to University as follows:

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Austin, TX 78701
athompson32@austin.utexas.edu**