

**AMENDMENT 1 TO CONTRACT NUMBER 40-RQ22576270
RTA READING DIAGNOSTIC ASSESSMENT**

Contract Number 40-RQ22576270, dated January 24, 2020, (the "Contract") between Imagination Station, Inc., located at 2000 Campbell Centre II, 8150 N. Central Expressway, Dallas, Texas 75206 ("Istation") and the North Carolina Department of Public Instruction, located at 301 North Wilmington Street, Raleigh, NC 27601 ("NCDPI") (collectively, the "Parties"), is hereby amended as follows:

1. NCDPI, with approval of the North Carolina Department of Information Technology, is extending certain features of the Contract in light of changed circumstances brought about by, among other things, extended school closures, the COVID-19 Pandemic, and potential changes to North Carolina's Read to Achieve legislation. The Term of the Contract is hereby extended so that the Contract will now terminate at 11:59:59 p.m. on June 30, 2020.
2. The total amount due and payable from NCDPI to Istation pursuant to this Amendment 1 shall not exceed Two Hundred Forty-Three Thousand, Three Hundred Ten Dollars (\$243,310.00). The total cumulative value of the Contract is now One Million One Hundred Seventy-One Thousand, Eight-Hundred and Eighty Dollars (\$1,171,880.00). Any and all payments made pursuant to Amendment 1 shall be made in accordance with Attachment A: Scope Changes & Payment Schedule.
3. Scope clarifications to this Amendment are incorporated by Attachment A: Scope Changes & Payment Schedule and Attachment B: Istation Service Level Agreement. In the event of any inconsistency or conflict between or among the documents comprising this Contract, any such inconsistency or conflict shall be resolved by giving precedence to this Amendment 1, followed by the original Contract.
4. Except as modified by this Amendment 1, all remaining terms and conditions contained in the Contract shall remain in full force and effect. Further, neither the Contract nor this Amendment have any relationship to or legal effect upon the Read to Achieve Software as a Service contract (Contract No. 40-RQ21674164A) entered into by the State and Istation on June 7, 2019.
5. Each of the individuals signing below warrant that he or she is duly authorized by their respective Parties to sign and bind said Party to the terms and conditions of this Amendment.

[This space intentionally left blank. Signature page to follow.]

IN WITNESS WHEREOF, the North Carolina Department of Public Instruction and Imagination Station, Inc. have signed this Amendment 1 on the dates set forth below. Amendment 1 is effective as of the date of the last signature below.

**NORTH CAROLINA DEPARTMENT
OF PUBLIC INSTRUCTION**

IMAGINATION STATION, INC.

By: _____

Name: Barbara Roper

Title: Chief Financial Officer

Date: _____

By: Ossa F. Fisher

Name: Ossa F. Fisher

Title: President & COO

Date: April 9, 2020

By: _____

Name: Mark Johnson

Title: State Superintendent

Date: _____

Attachment A: Scope Changes & Payment Schedule

This Amendment 1 incorporates the following modifications to the Parties' agreement:

1. INTENT, USE, DURATION AND SCOPE: The Parties acknowledge that the statewide closure of North Carolina schools as instructional settings through at least May 15, 2020, has significantly affected the 2019-2020 school year. Present and evolving circumstances concerning the worldwide COVID-19 Pandemic may affect the State Board of Education's, NCDPI's, and educators' ability to fulfill the requirements of North Carolina's Read to Achieve law, N.C. Gen. Stat. §§ 115C-83.1 et seq., including (among other things) the administration of end-of-year testing and summer reading camps. The Parties recognize, however, that continuing their on-going relationship is in the best interests of the state, and especially North Carolina's students, parents, and educators, given that K-3 students may be able to return to school facilities during the 2019-2020 school year to participate in the administration of valid and reliable end-of-year testing and/or summer reading camps. Further, the Parties acknowledge the increased need for and demands of Tier 1 Support Services given the realities of at-home learning during the COVID-19 pandemic.

During the term of this Amendment, Istation shall preserve and maintain (1) all systems created pursuant to the State's June 7, 2019 Contract with Istation ("June 7, 2019 Contract") and (2) all Data generated on Istation by the State, its constituent education units, educators, and students between June 7, 2019 and March 31, 2020, so that the Parties may resume the provision of services upon either restoration of the June 7, 2019 Contract or further written amendment to this Agreement. Upon request by the State Board of Education and/or the Department of Public Instruction, Istation will produce the Data described in part (2) of the previous sentence in the form that the Data existed on March 31, 2020. Istation shall also continue to provide Tier 1 Support to the State in a manner consistent with Attachment B: Istation Service Level Agreement. Istation shall have no duty to make available to the State Board of Education, the Department of Public Instruction, or any constituent unit of North Carolina's public school system, its ISIP Early Reading SaaS subscription for formative or diagnostic assessments. Further, Istation shall have no duty to provide state-level education authorities, including the State Board of Education and NCDPI, access to the Istation state dashboard or any assessment data that may be generated henceforth pursuant to separate agreements between Istation and various other constituent education units within North Carolina. Istation shall have no duty to undertake the efforts intended prior to this Amendment to integrate Data generated through the State's use of Istation's products and services during the 2019-2020 academic year into ECATS or EVAAS.

NCDPI shall engage in all necessary and reasonable efforts to help facilitate Istation's preservation of Data and systems to support North Carolina. NCDPI shall continue efforts within its regular course of business that enable Istation to fulfill its separate agreements with North Carolina public school units.

The Parties agree in good faith to negotiate additional Amendments to this Contract, as needed, to respond to other emergent circumstances and the needs of NCDPI.

4. COST PROPOSAL

Cost Component	One-Time Cost	Describe Cost Basis
Customization required for implementation	N/A	N/A
SaaS Subscription fees – ISIP Early Reading	Declined	Pricing of \$ 5.70 per student, per year.
Technical Support / Customer Service	\$ 147,560	Provision of Tier 1 Support(\$49,186.67 / mos.)
Data Storage	\$95,750	Preservation of Data; Systems Maintenance; Storage Rate of \$0.06 per student, per month (\$31,916.67 / mos.)
Training including all training materials	Declined	N/A*
<p>* Existing Istation North Carolina-based training materials, including previously-recorded webinars, will remain available to educators and parents.</p> <p>Note: Separate and apart from the Contract or this Amendment, Istation has offered to provide reading, math, and Spanish curriculum to North Carolina public school units at no cost through June 30, 2020.</p>		
Total for the extended (04/01/2020 – 06/30/2020)		\$ 243,310

Total Offer Cost \$ 243,310

PAYMENT SCHEDULE

Payment	Payment Due Date	Amount
I	04/30/2020	\$ 81,103.33
II	05/31/2020	\$ 81,103.33
III	06/30/2020	\$ 81,103.34

Attachment B: Istation Service Level Agreement

Istation will provide Tier I technical support services to NCDPI as outlined below. This Service Level Agreement (“SLA”) shall become part of the Contract between Istation and NCDPI.

These services will be provided throughout the term of the contract. As such, if the contract is extended, these services will be extended. Istation agrees that the service will be available to and accessible by NCDPI’s users during the service window periods as defined below. Istation shall have an Uptime of at least 99.9% each month during Service Window #1. Istation shall have an Uptime of at least 99.5% each month during Service Window #2.

- **Service Window #1:** 7:00 a.m. to 7:00 p.m. EST – with a 99.9% platform availability Monday through Friday – excluding any maintenance windows pre-approved by NCDPI.
- **Service Window #2:** 7:00:01 p.m. to 6:59:59 a.m. EST Monday through Friday and 7:00:01 p.m. Friday through 6:59:59 a.m. EST Monday with a 99.5% platform availability for this Service Window excluding any maintenance windows preapproved by NCDPI. NCDPI approved scheduled recurring maintenance windows shall only take place during Service Window #2.

The Service Level Agreement accompanies the Terms of Use and Privacy Statements, also attached to the contract referenced above.

1. Service Descriptions.

1.1. Questions / Helpdesk / Support Options: Istation Support Services.

The primary services provided by Istation Support Services include problem support services, general services/maintenance (internal), and project services for all customers including internal employees. In addition to problem support, Support Services will ensure that the systems supported are functioning properly and that users are able to complete their job functions in accordance with the system procedures. Istation’s support staff members are fully trained on all aspects of the program – from logging in for the first time to running annual reports, so that they can answer customer questions quickly and accurately. For quality assurance purposes, Istation tracks the following metrics: (1) Answer rate; (2) Average response time; (3) Case origin; (4) Average resolution time; (5) Escalated cases; (6) Number of incoming cases; and (7) Number of cases about specific topics.

Responsibilities:

Event (Issue, Outage, or Request) Management

All events where a resource is needed, or an action is required will be managed by Support Services. The primary responsibility will be to manage the event to ensure appropriate action is taken to bring closure to the event.

Priority and Triage

All events that are processed through the Support Services will be assigned a priority and triaged to the appropriate resource. The priority combined with the age of the event will identify the next event to be worked by the appropriate resource. The priority of an issue can only be modified by the Support Services team or the department director/manager. The below Istation Severity Matrix provides the process and required condition for escalation and increasing or decreasing the severity/priority of an event.

Communication

The Support Services team will be responsible for internal and external communication related to events that are managed through the Support Services team, scheduled and unscheduled maintenance and outages, scheduled code releases, and general solution support communications.

Service Level Agreement Management

Support Services will be responsible for ensuring that Istation complies with defined Service Level Agreements (SLA) with internal and external Clients.

Reporting and Analysis Escalation

Support Services is responsible and accountable for ensuring all events are managed and resolved appropriately. Events shall be escalated to ensure closure as appropriate. The Istation Severity Matrix provides the process and required condition for escalation and increasing the severity/priority of an event. This NCDPI process will allow the Solution Center to ensure that events receive all needed attention and resolution.

Feature Request

If the incoming event is a feature request, Istation will log the request for a future release and shall consider the matter closed. Istation is under no obligation to respond to any Feature Request, or to include any such Feature Request in any future release.

1.2. Escalation and Incident Resolution Procedures

Upon receipt of a new support issue, the Support Services team will record the event on the service desk application. A Support Services event can be an incoming issue resolved by the Support Services team, or a problem, enhancement, or general services request not resolved by the Support Services team, and therefore assigned to the appropriate Istation department for resolution. Event details will be recorded, ticket number assigned, and provided to the end user who made the support request. Events will be assigned to the appropriate Istation department. The event will be managed, prioritized, and escalated according to the following matrix:

Priority	Performance Criteria	Workaround	Resolution Goal
Critical	Respond within 1 business hour of initial reported incident.	No.	8 hours.
Description	Problems that arise when hardware, software, or network causes a complete disruption to the normal business activity of a client.		

Priority	Performance Criteria	Workaround	Resolution Goal
High	Respond within 2 business hours of initial reported incident.	No.	1 to 4 business days.
Description	Affects critical data or functionality with difficult work around. Major impact to productivity and efficiency.		

Priority	Performance Criteria	Workaround	Resolution Goal
Medium	Respond within 2 business days of initial reported incident.	Yes.	3-9 business days.

Description	Customer's production is impeded in one or more non-core areas of the application or minor issues with core areas when there is no reasonable work around.
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Priority	Performance Criteria	Workaround	Resolution Goal
Low	Respond within 2 business days of initial report incident.	Yes.	10-30 business days.
Description	Issues of very minimal impact. Workaround exists.		

1.3. Performance Monitoring Reports

Istation shall provide access to performance monitoring reports and will provide a report reflecting any unscheduled outages to the reading diagnostic system within 10 business days after the conclusion of the month in which the unscheduled outages, if any, occurred. The report shall include the following details: Event Date and Time; Event Description; Duration; and Remedy.

Without limiting the generality of the foregoing, for all Critical Severity Events not resolved within designated time frames, Istation will use commercially reasonable efforts to provide NCDPI with appropriate additional resources as necessary for expedient problem resolution and timely follow-up.

NCDPI also acknowledges and agrees that Istation's ability to resolve any problems hereunder on a timely basis may be dependent upon NCDPI's cooperation in assisting with identifying, reporting, and replicating functionality problems hereunder, and providing other cooperation as may be reasonably necessary.

Additionally, NCDPI agrees that Istation and NCDPI shall work together in good faith to undertake a root cause analysis to ascertain the source of the issue, and further work together in good faith and offer reasonable cooperation in an attempt to resolve any such issues or disputes relating thereto.

2. Downtime and Outages

2.1. Scheduled Downtime:

Is defined as any event that causes the reading diagnostic platform to be unavailable for use or access by NCDPI and its authorized users, to include parents and teachers, with prior permission from NCDPI or with prior notice for maintenance during Service Window #2.

2.2. Unscheduled Downtime:

Is defined as any CRITICAL severity or HIGH priority event that causes the reading diagnostic platform to be unavailable for use by NCDPI and its authorized users, to include parents and teachers, for less than the mandatory uptime specifications listed in the Service Level Agreement.

When calculating duration of the Unscheduled Downtime, the period begins upon the earlier of (a) the problem is detected by Istation, or (b) the problem is reported by NCDPI to Istation through the approved alert channel as agreed upon by the Parties. The period ends when any of the following occur: (a) the Critical severity or HIGH priority problem has been corrected; or (b) a work-around or partial fix has been provided that reduces the problem severity to a lower rating.

2.3. Credit Percentage:

Failing to meet the mandatory uptime specifications for Service Window #1 or Service Window #2 will result in a 3.5% credit to be applied to the immediately subsequent payment date. The total possible credit for one month is 7.0% assuming uptime specifications were not met for both service windows.

For example, if Istation were to fail to meet the specified uptime for Service Window #1 for June 2020, a 3.5% credit would be applied to the next payment which is scheduled for June 30, 2020.

Excluded Events:

The following events, if outside of Istation's control, shall be excluded from any cost reductions: (a) configuration error or data entry error by NCDPI users or its agents; or (b) outage or problem of any service, device, or software that is not provided by Istation.

2.4. Training / Professional Development

All training and professional development, to include materials, will be provided by the Istation Training Specialist Team.

Target Audience	Length of Training	Enrollment Recommendations	Online Materials to Support Implementation
Administrators Teachers Technologists	3 hour interactive sessions in an onsite model.	Up to 30 participants per session for onsite training.	Istation Interactive User Guide.
	2 hour interactive session in a webinar model.	Up to 1000 individual participants via webinar.	Online Training Center- virtual training.
	Other customized models are available.		Online Support Documentation.

Overview:

Istation professional development provides comprehensive and customized sessions based on the implementation desired by the customer. All Istation training maintains a focus of what is necessary to implement the Istation programs with fidelity. All sessions are conducted by official Istation training specialists, who are former educators and administrators. All professional development that is purchased by the customer, will be assigned to a training specialist, or team of training specialists, as needed. Istation employs a large team of highly skilled training specialists, with diverse educational backgrounds, who reside in strategic locations across the nation.

Istation Professional Development Objective:

- Learn how Istation helps to ensure student success.
- Develop an implementation plan based on the needs of the customer.
- Create interactive learning whenever possible for fidelity of implementation.
- Provide consistent and high-level customer service with each professional development assignment.

Basic Course Agendas:

Istation Program Knowledge

- **Research Base.**
- **ISIP™ Assessments (English and Spanish versions)**
- **Interactive Differentiated Instruction.**
- **Real-time, Web-based Reporting.**