



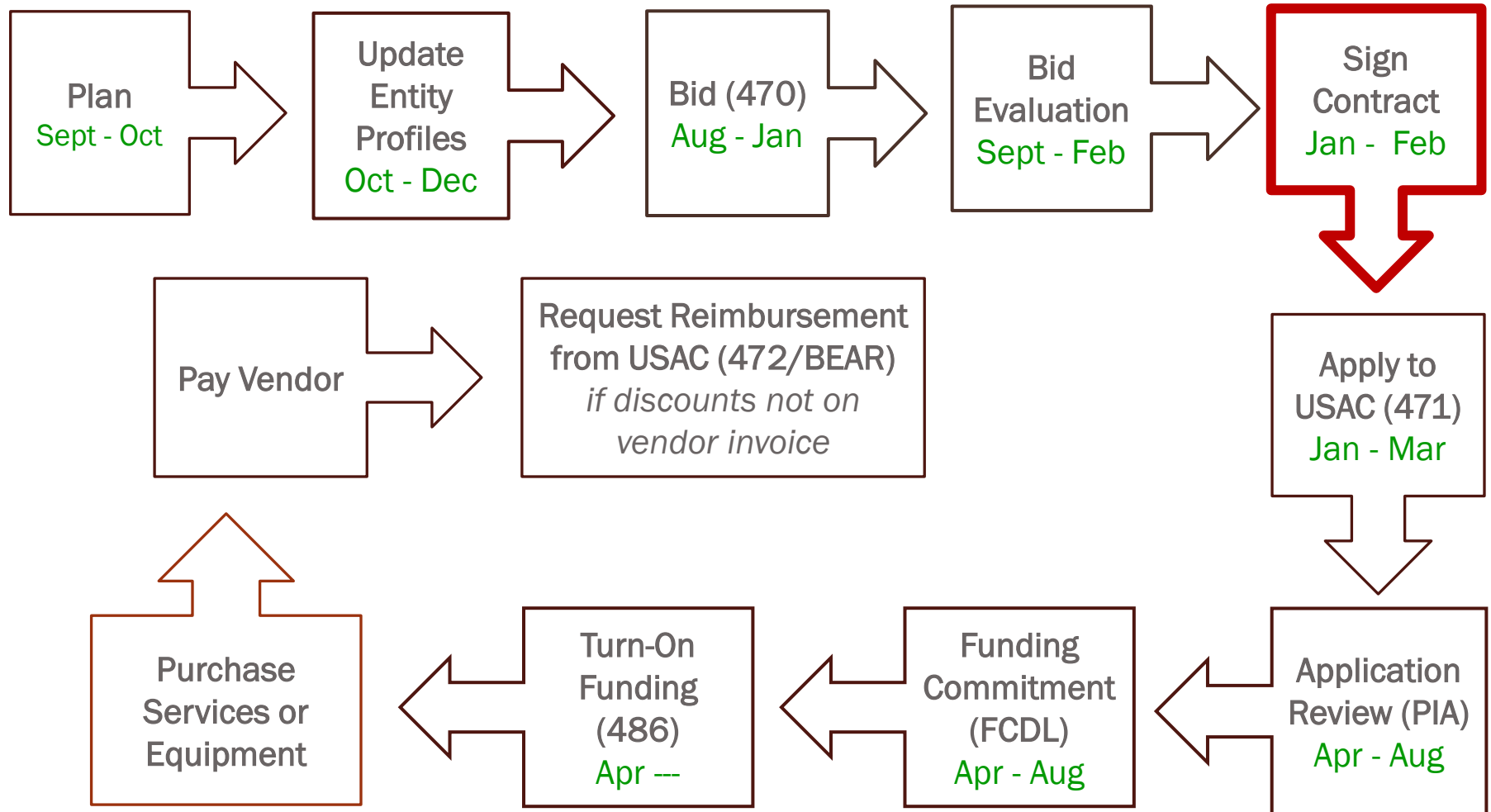
# E-rate Contracts What You Need to Know

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November 23, 2020



# You are **here** in the E-rate process:



# C1 Contracts are required for --

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- New Category 1 services that are not MTM
  - Posted a FY 2021 Form 470
  - Service is for one or more years
- Amending existing Category 1 contract to add additional service quantity or extend term
  - Original contract must allow for the amendment
    - Language was included on Form 470 and in contract for additional service and/or voluntary extensions

## C2 Contracts are required for --

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- All **new** Category 2 equipment and services
  - Supported by a FY 2021 Form 470
  - One-time equipment purchases (Internal connections)
  - Basic Maintenance of Internal Connections
  - Managed Internal Broadband Services
- Amendment to BMIC and MIBS contract to extend expiration date
  - Voluntary extension language must have been included on Form 470 and in original contract

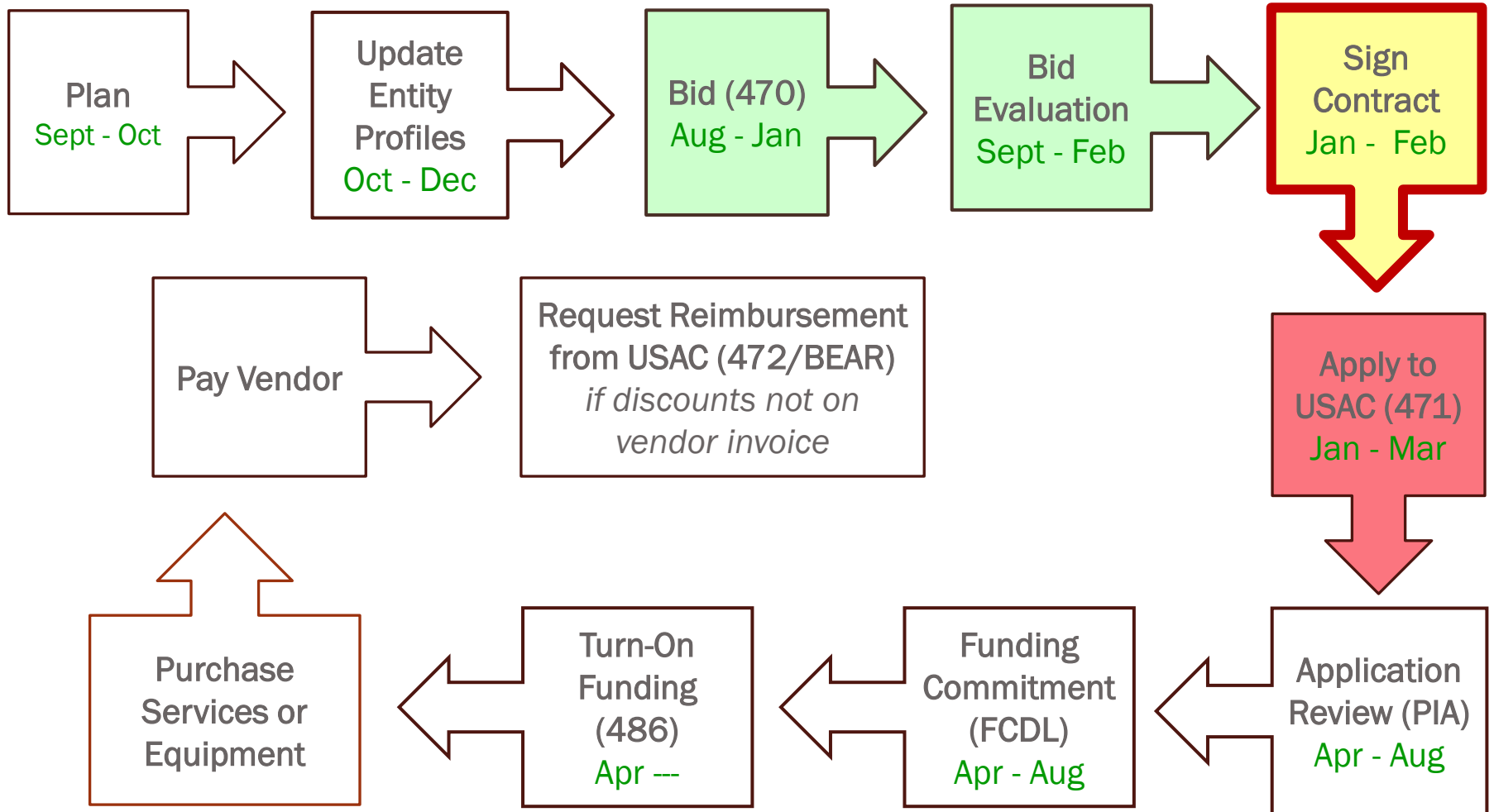
# Timing of Contract Preparation

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- **AFTER** 28 days from posting date of Form 470
- **AFTER** completion of bid evaluation and vendor selection
- **BEFORE** starting Form 471
- **BEFORE** you know whether E-rate funding is approved

**Certain contract provisions are suggested to address this unique situation**

# Remember the Sequence of Steps



# Planning Considerations

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- Contract language draft
  - From vendor?
  - From you?
- Internal approvals?
  - Does bid evaluation need to be approved?
  - Does contract need board approval?
    - Does board need to review contract document in advance?
- Create an internal timeline

# Step by Step

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- Vendor selection after completing bid evaluation
- Notify winning and losing bidders
  - Can be done via email
  - Suggested language for winning bidder – “Our evaluation has tentatively found your proposal is most cost-effective. This evaluation must be approved internally, a contract must be negotiated, and both parties must sign the contract for this to become a formal contract award. Please forward a Word editable version of your terms and conditions for a contract if you have one. Otherwise, we will prepare a contract draft that is E-rate compliant and send it to you for review. Please let me know as soon as po”
  - Losing bidder – “After review of proposals, we have determined that your proposal was not the most cost-effective. We therefore do not intend to make an award to your company. Thank you for your interest in our Form 470.”



# C1 Recurring Services Contracts

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- Vendor Name – verify the name matches the vendor’s SPIN
  - Some vendors use a “D/B/A” (doing business as) name that is different from legal name.
- Applicant Name
- Contract initial term – use 7/1/2021 as start date and 6/30 of the expiration year
- Describe service being purchased
  - Make sure this matches your Form 470 to ensure E-rate discount funding approval

# C1 Recurring Service Contracts

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- Include contract extension options
  - Do not agree to auto-renewals because they are not E-rate compliant
  - Need to have a specific number of years of voluntary extension options
    - “Applicant has the option to voluntarily extend the term of the contract for up to two consecutive years.”
  - Specify price during extension period will be same, or “current market rates,” or “adjusted for inflation”
    - Preferably the prices will be the same during the extension period

# C1 Recurring Services Contracts

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- Specify optional bandwidth increases and associated prices
  - If not included, you must rebid higher bandwidth on new Form 470
- Itemize service locations – name and address
  - Make sure this information matches the SLD entity data base
    - If inaccurate in SLD entity data base, submit a RAL correction after filing Form 471 to fix

# C1 Recurring Services Contracts

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- Specify price of the service
  - State whether taxes and fees are add-on surcharges
    - If included, obtain an email or other documentation from vendor of the specific amount of the taxes and surcharges so you can include these dollars on your Form 471
- Specify discounted bills if essential to your school or library
- School closures not subject to early termination fees

# C1 Recurring Services Contracts

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- If you are also going to pay special construction charges to build out facilities to serve the school or library
  - Specify payment schedule for upfront payments of construction
- Signature/date of school/library official required prior to submitting Form 471
  - If time permits insist on vendor signature before 471 submission to ensure no last-minute changes

# C2 Equipment Contracts

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- Vendor Name – verify the name matches the vendor’s SPIN
  - Some vendors use a “D/B/A” (doing business as) name that is different from legal name.
- Applicant Name
- Contract initial term – use 4/1/2021 as start date and 9/30/2022 for expiration
- Itemize make, model, quantity, unit cost and extended cost being purchased
  - Make sure this matches your Form 470 to ensure E-rate discount funding approval

# C2 Equipment Contracts

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- E-rate approval contingency
  - If you don't want to purchase the equipment unless E-rate funding is approved, include contingency language
    - “This contract is contingent upon successful receipt of an E-rate funding commitment letter and board budget approval and a written notice to proceed from the customer. In no event shall equipment shall be delivered or invoiced unless and until Customer issues a written notice to proceed. Customer may choose to waive the E-rate funding approval contingency in which Customer will be responsible for paying the full cost and will submit for E-rate reimbursement upon receipt of E-rate funding commitment letter.”

# C2 Equipment Contracts

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- Include contract extension option
  - “Applicant has the option to voluntarily extend the term of the contract for 1 year to align with timing of E-rate funding approval.”
- Itemize taxes and surcharges if applicable
- Itemize shipping charges if applicable
- Specify discounted bills if essential to your school or library
- Signature of school/library official required prior to submitting Form 471
  - If time permits insist on vendor signature before 471 submission to ensure no last-minute changes



# C2 BMIC & MIBS Contracts

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- BMIC – Basic Maintenance of Internal Connections
- MIBS – Managed Internal Broadband Services
- Both types of services are recurring services
  - Contract term should begin 7/1 and end 6/30 of the year in which initial term ends
- Both service agreements require equipment list – make, model and quantity

# BMIC Scope of Services

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- Repair and upkeep of eligible hardware
  - Make and model number, quantity
- Wire and cable maintenance
- Configuration changes
- Basic technical support including online and telephone-based technical support
- Software upgrades and patches including bug fixes and security patches

# BMIC Contract

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- Require vendor to submit time records as part of invoice that shows work performed during invoice period and associated costs for the work
  - Costs of software updates and security patches can be billed flat-fee without time record back-up
  - All other services must be billed on time and materials basis
- Remember SLD will only pay for work performed and not pay for insurance type BMIC contracts

# MIBS Scope of Services

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- Operation, management, and monitoring of eligible broadband internal connections
- Management and operation of the LAN/WLAN, including installation, activation, and initial configuration of eligible components and on-site training on the use of eligible equipment
- Specify equipment that is being leased from MIBS vendor (if any)

# Contract Award Date

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- EPC will ask for contract award date
  - Rely on date that applicant signed contract
- Signature/date of school/library official required prior to submitting Form 471
  - If time permits insist on vendor signature before 471 submission to ensure no last-minute changes

# Creating Contract Record in EPC

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- See Resource Manual Tab 9, Vendor Selection\_Contracts
  - Electronic page 22 of file
- Complete this step prior to beginning Form 471 application

**Questions?**

**Thank you!**

**Debra Kriete**

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