

**GAATN INTERLOCAL AGREEMENT
INDEX**

<u>SECTION</u> (enacted date)	<u>PAGE NUMBER</u>
ORIGINAL AGREEMENT (6-10-1993)	1-30
AMENDMENT 1 (6-10-1993)	1-5
AMENDMENT 2 (6-06-1994)	1-4
AMENDMENT 3 (6-07-1994)	1-4

**GREATER AUSTIN AREA
TELECOMMUNICATIONS NETWORK
INTERLOCAL AGREEMENT**

PREAMBLES

WHEREAS, on July 1, 1991, the Austin Independent School District ("AISD"), the Austin Community College District ("ACC"), the County of Travis ("County"), and the City of Austin ("City"), political subdivisions of the State of Texas (Collectively "Participants"), entered into a TELECOMMUNICATIONS NETWORK INTERLOCAL AGREEMENT ("First Agreement") to study the feasibility of constructing a high technology communications network linking the Participants' facilities; and

WHEREAS, pursuant to the First Agreement all the various elements necessary to determine the feasibility of the Network have been gathered by the Participants, including the configuration of the Network, the allocation of costs to be borne by each Participant, and provisions for the Network's administration and maintenance; and

WHEREAS, the State of Texas ("State") acting through one or several of its agencies and the University of Texas System ("UT"), which is an instrumentality of the State of Texas, may request the connection of certain facilities to the Network and to become members of the Interlocal Agency created pursuant to the present Agreement under the same conditions as the Participants herein, and that the participation of State and UT will enhance the Network while lowering costs for the Participants; and

WHEREAS, each of the Participants to this Agreement needs or will need high quality telecommunications transmission capability to interconnect its facilities in order to provide enhanced services to the public; and

WHEREAS, there is a valid governmental purpose served by constructing and operating the Network to provide high technology communications capability for the Participants; and

WHEREAS, an economy of scale is to be achieved by building a single system to serve all the Participants and by coordinating efforts among them, thereby eliminating duplicative expenses that each Participant would incur in meeting its telecommunications transmission needs if it constructed the Network alone; and

WHEREAS, the Interlocal Cooperation Act, Gov Code § 791.001

et seq. authorizes AISD, ACC, County, City and other governmental entities to enter into this Agreement for the purpose of achieving the governmental functions and providing the services represented by this collective undertaking;

NOW THEREFORE, it is mutually agreed as follows:

This **TELECOMMUNICATIONS NETWORK INTERLOCAL AGREEMENT** (together with attached Exhibits ("Agreement")) is hereby made and entered into to be effective on the _____ day of _____, 199__, by and among AISD, ACC, the County and the City, each of which is a political subdivision of the State of Texas.

1. INCORPORATION OF PREAMBLES; DEFINITIONS.

A. The preambles to this Agreement are incorporated in this Agreement and are found and determined to be true and correct.

B. In addition to the terms set forth above, the following terms shall have the meanings specified below for the purposes of this Agreement.

"Activation" shall mean the date AISD, on behalf of the Participants, accepts the Network as complete and ready for use in accordance with the Plans and Specifications. AISD shall promptly give notice of Activation to Participants. AISD may accept any Network Segment as ready for use, in which case such Network Segment shall be in Activation within the meaning of the Agreement, notwithstanding that the entire Network is not yet declared to be in Activation. Activation of a Network Segment shall apply only to such Network Segment and shall not be Activation of the Network.

"Agency" shall mean the administrative agency, created by this Agreement pursuant to Gov. Code 791.013(a) and consisting of representatives from all of the Participants.

"Common Equipment" shall mean the Network less the Strands but including the pole attachments, cable covering, in-line electronics, poles and other similar items which are required to install, direct and retain the Strands between different points of the Network. It is the intent that the Common Equipment shall be owned by the Participants as a Network Right. Common Equipment does not include poles individually owned by the City.

"Construction Supervisor" shall mean a person or entity

employed or contracted by AISD and charged with the responsibility of oversight of the Network construction, installation, and testing.

"Contractor" shall mean the vendor selected by the Agency to supply the Network Components and construct the Network.

"Director" shall mean a person appointed by each Participant to serve as its representative on the governing board of the Agency.

"Equity Contributions" shall mean the funds and other property and things of value contributed for the acquisition and installation of the Network in accordance with Section 5 (A) of this Agreement.

"Fixed Costs" shall mean the total initial cost of constructing and installing the Network.

"Network" shall mean the property and equipment of all kinds necessary to construct the communications network which consists solely of passive transport media (fiber optic strands and miscellaneous hardware). These will be identified in the final Plans and Specifications. Network does not include the active electronic equipment in any of the interconnected facilities necessary to utilize the transport media.

"Network Manager" shall mean an entity under contract to the Participants to oversee management and operation of the Network.

"Network Right" shall mean a Participant's percentage interest in the Network. The percentage interest shall relate to ownership of a percent of the Common Equipment and voting rights in the Agency as hereinafter set out. It is the intent that each of the Strands will be individually owned by one of the Participants. A Participant's percentage interest may change if new entities join this Agreement. In this event, the change in percentage interest shall be governed by the Provisions set forth in section 2(E) and Exhibit B.

"Network Segment" shall mean any subdivision of the Network.

"Participants" shall mean the governmental entities or agencies comprising the Agency.

"Plans and Specifications" shall mean the plans and specifications for the Network approved by all of the

Participants, and described on Exhibit A and any amendments to the Plans and Specifications approved by the Agency.

"Ring Configuration" shall mean a Network Segment that creates a circle or loop.

"Star Configuration" shall mean multiple Network Segments, not intersecting, that exist as single paths stretching outward from a single point of origin.

"Strand" shall mean a fiber optic medium installed as a part of the Network and separately owned by one of the Participants.

"Variable Costs" shall mean the operating expenses incurred by the Agency, in connection with the Network each year of this Agreement

or a subsequent agreement. Variable Costs shall reflect all reasonable costs incurred as a result of the operation and maintenance of the Network, including, but not limited to, insurance premiums, costs and expenses necessary for upkeep of the Network, and general and administrative expenses of the Agency.

2. INTERLOCAL AGENCY.

The Participants hereby form an administrative agency to manage the Network, known as the Greater Austin Area Telecommunications Network Interlocal Agency (Agency).

A. POWERS AND DUTIES.

The Agency shall have the authority to contract with persons and entities, engage in all administrative activities, provide all administrative services necessary to execute the terms of this Agreement and oversee and manage the Network and to enter into contracts to carry out these duties. The Agency shall be responsible for the Network, or any Network Segment, immediately upon Activation. The Agency shall cause the Network to be insured against damage, destruction or other risks commonly insured against in facilities similar to the Network, with the insureds being the Participants as their interests may appear.

It shall be the duty of the Agency to enforce all agreements it enters into pursuant to its duties to manage the Network.

It is the intent of the Participants that the Agency provide all services to be rendered under this Agreement by contract with

an entity or one or more of the Participants. It is the further intent of the Participants that the Agency shall have no administrative budget and shall not expend funds as an agency. Rather, the purpose of the Agency is to provide a mechanism whereby decisions regarding the Network will be made as provided in this Agreement. All contracts will be in the name of the Participants, or in the name of the Agency with the Participants as beneficiaries, and executed by a person duly authorized by the Participants.

B. BOARD OF DIRECTORS.

The Agency shall be governed by a Board of Directors. Each of the participants shall be entitled to appoint one Director. The voting rights of each Director shall be based on the percentage of Network Rights held by its appointing Participant in relation to the totality of Network Rights. This percentage will also reflect each Participant's share of the Variable Cost.

A vote of more than 50% of Network Rights is needed to adopt any decision made by the Agency, provided that any decision must be approved by a minimum of two (2) Participants. The Directors shall meet as needed to carry out the duties of the Agency, and shall prepare and approve the Board's Bylaws. The Directors shall elect officers pursuant to the Bylaws. The Board of Directors shall also have the following duties:

- a. Ensure regular communications and cooperation among the Participants, and new members of the Agency.
- b. Seek new sources of funding for Network activities, apply for grants available to the Agency by virtue of its management of the Network, and coordinate any grant applications made by the Participants.
- c. Allocate any financial support obtained, including any grants obtained through the Agency.
- d. Identify common needs and problems and define innovative solutions.
- e. Schedule maintenance projects to minimize disruption of use of the Network.
- f. Schedule and coordinate all construction to expand the Network and determine how such expansion affects voting

rights and payment obligations of Participants.

- g. Impose reasonable Network policies and procedures to ensure safe, efficient and continuous service to the Participants and to set standards against which such services shall be measured.

The Board of Directors shall keep or cause to be kept minutes of each meeting of the Board which will be furnished to each Participant within three (3) working days after each meeting.

C. PAYMENTS AND IN KIND CONTRIBUTIONS FOR VARIABLE COSTS.

The Agency shall receive payments from each Participant in accordance with its allocated share of Variable Costs. The Agency shall have discretion to negotiate with any Participant for the receipt of in-kind contributions to offset the monetary amount of such Participant's payments. In-kind contributions may include among others, administrative services, provision of office space, provision of vehicle(s), consulting and legal services.

D. GRANTS.

The Participants shall work through the Agency to obtain grants. Any grants received by the Agency shall be allocated to the Participants in proportion to each Participant's share of the Network Rights. If the terms of any grant disallow such allocation, the distribution of funds shall be determined by the terms of the grant itself.

E. ADDITIONAL PARTICIPANTS; STATE AND UT.

- a. State and UT.

The Participants hereby agree to allow State and UT to interconnect facilities to the Network and become members of the Agency under the same terms and conditions as the other Participants herein. State and UT will be entitled to Network Rights calculated in the same manner as those of Participants, as a function of the location of their facilities served by the Network, and the transmission capability available to them.

An adjustment to the voting rights of the Participants, and the corresponding share of Variable Costs, shall be made if the Participants agree to admission of State and UT to the Agency. Other adjustments in voting rights

may result from the sale or abandonment of Network Rights as outlined in this section.

b. Other Additional Participants

For any additional Participants other than the State and UT, admission of additional Participants will only be made by unanimous approval of all current Participants, excluding only those Participants in the process of withdrawing or involuntarily withdrawing under provisions of this Agreement.

c. Prohibiting Certain Additional Participants.

Notwithstanding anything in this Agreement, no additional Participants shall be admitted which would cause any other Participant to violate the provisions of Article 3 Section 52 or Article 11 Section 3 of the Texas Constitution.

3. SALE OF NETWORK RIGHTS.

Any Participant may sell a portion of its Network Rights to any other Participant herein, in accordance with state law.

If a Participant seeks to withdraw from the Agency or is deemed to involuntarily withdraw from the Agency, the Participant's Network Rights will be governed by the provisions of Section 6 herein.

4. USE OF NETWORK.

Each Participant shall be entitled to Network Rights, in accordance with the Plans and Specifications reflecting the facilities and transmission capability interconnecting each Participant's facilities. Each Participant's Network Rights shall be in direct proportion to its Equity Contribution. Participants may agree to joint use of Network Rights if such use is determined by the Participants to be in the public interest. Participants may allow the use of their Network Rights by others, under rules established by the Agency, provided such use is for a governmental purpose and such use does not cause the Network or the Participants to be considered a carrier, common carrier or public utility under state or federal law or regulations. For the purposes of this Agreement, the term governmental use shall include both governmental and proprietary uses by a municipality or other governmental entity. The initial ownership of Strands,

subject to amendment by agreement of all of the Participants, shall be as set out on Exhibit B. Exhibit B also includes the formula for determining Network Rights.

5. PAYMENTS.

For the purpose of the Agreement, the costs incurred by the Participants shall be divided into the Fixed Costs and the Variable Costs. Each Participant, except the City, shall pay its share of the Fixed Costs as provided herein.

Notwithstanding anything contained in this Agreement, all payments agreed to hereunder shall be made from current revenues available to the Participants. No payment obligation hereunder shall constitute a debt of any Participant within any constitutional or statutory provision of state law.

A. FIXED COSTS PAYMENTS.

Each Participant shall be responsible for paying Equity Contributions or making in kind contributions as provided in this Agreement which will represent its share of the Fixed Costs.

The City shall make Equity Contributions in lieu of assuming any monetary obligation for Fixed Costs. In lieu of any Fixed Costs contribution the City shall make an in-kind contribution by granting hereby for the term of this Agreement as defined in Paragraph 11 an easement and license to the Agency and the Participants to permit the installation, operation, maintenance, removal and expansion of the Network in the City's streets, rights-of-way and easements using the City's poles, conduits and other facilities ("Facilities").

The City also hereby grants easements and licenses in rights-of-way, streets or easements and the right to use Facilities for any expansion of the Network on the following terms and conditions:

- a. The Network may be expanded by the Agency prior to Activation of all Network segments by a total length of fifty (50) miles.
- b. The Network may be expanded after Activation of all Network segments by an additional total length of fifty (50) miles plus any portion of the fifty (50) miles of permitted expansion which was not used prior to Activation.

- c. Notwithstanding the permitted expansion prior to and after Activation, the Network may be expanded an unlimited length provided that the Agency and the City agree to the expansion and the City receives twelve (12) Strands as a part of the expansion without cost to the City other than the payment of the incremental Variable Costs.
- d. In the event one Participant desires expansion of the Network but the Agency does not agree to the expansion, the Participant may expand the Network according to the terms and conditions of this Agreement and the Participant constructing the expansion shall pay to the City for the use of the easements, licenses and Facilities the amount per mile of expansion shown on Exhibit C.
- e. If the Agency desires to expand the Network and the provisions in Section a, b and c herein do not apply, the Network may be expanded by the Participants desiring the expansion and such Participants shall pay to the City for use of the easements, licenses and Facilities the cost per mile shown on Exhibit C for each mile of such expansion.

In the event the State and UT elect to become Participants, the City also hereby grants, as a part of its in kind contribution, an easement and license in all rights-of-way, streets and easements and use of the Facilities for additions to the Network caused by the State and UT becoming Participants. This grant shall be in addition to the expansions provided for herein.

As a part of its in kind contribution, the City waives all fees, licenses, permit fees and other charges relating to the installation, operation and maintenance of Network and use of the Facilities. The easement and license hereby granted pursuant to this Agreement shall be subject to the City's governmental powers regulating uses of streets, rights-of-way and easements and subordinate to the uses of rights-of-ways, streets and easements for roadways, electrical transmission, water and sewer service, telephone service, gas service and cable tv transmission lines. The City agrees that the easements and licenses as well as the right to use utility poles owned by other utilities to the extent that the City is able to grant such a right, shall exist and continue for the duration of this Agreement, without regard to any

voluntary or involuntary withdrawal of any Participant, including the City.

The Participants hereby agree that the City's in-kind contribution, a valuation of which is shown on Exhibit C, is equal to or exceeds the value of the City's Network Rights.

All of the other Participants, in addition to their Equity Contribution, shall make available to the Agency and the other Participants easements and licenses to use any streets, rights-of-way and easements controlled by the Participants and which will be necessary or useful in connection with installation, operation, maintenance, removal and expansion of the Network subject to the Participant's governmental powers to regulate uses of streets, rights-of-way and easements, except as provided herein.

All of the other Participants shall be responsible for the following respective percentage and amount of Fixed Costs. The value of payments hereby established is equivalent to the value of each Participant's respective Network Rights and Strands.

	Network Rights	Fixed Costs
County	<u>12.63 %</u>	<u>\$2,026,864</u>
ACC	<u>15.99 %</u>	<u>\$2,227,167</u>
AISD	<u>46.13 %</u>	<u>\$6,096,670</u>
City	<u>25.24 %</u>	in kind contributions

a. METHOD OF PAYMENT - CITY

The City shall pay Fixed Costs by the grant of the easements and licenses provided for herein. The City will have no other responsibility regarding the payment of Fixed Costs and the City's Network Rights will not be affected by the method of payment of Fixed Costs chosen by the other Participants. The contract for construction of the Network will provide that the City's Strands and Common Equipment as set out in the Plans and Specifications shall be constructed as a part of the Network.

b. METHOD OF PAYMENT - OTHER PARTICIPANTS.

All other Participants shall pay their portion of the Fixed Costs out of current revenue. The other Participants shall, on or before the date of execution of the construction contract for the Network, cause to

be deposited in the escrow account hereinafter described the Participant's portion of Fixed Costs or shall execute and deliver to the Agency a purchase order for their portion of the Network. The funding of the purchase order shall be conditioned upon Activation of the Network segment or segments which will serve the Participant issuing the purchase order.

c. ESCROW ACCOUNT.

It is the intent of the Participants to create an escrow account controlled by the Agency. All Participants providing funding to pay their share of Fixed Costs (not including the City which is providing only in kind contributions to pay its share of Fixed Costs) will cause the funding provided to be deposited into the escrow account on or prior to the date the Agency, acting on behalf of the Participants, enters into a contract for construction of the Network by the Contractor.

Those Participants issuing a purchase order which will be funded out of current general revenues upon Activation will deposit the purchase order with the Agency and the Agency will contract with a third party to advance funds for deposit into the escrow account. Such purchase order will include an amount sufficient to pay interest that may accrue on the advancement of funds. The liability of the Participants for payment of the purchase order will be controlled by the terms of the purchase order without regard to any arrangements made by the Agency with any third party to advance funds based on the purchase order.

Participants funding purchase orders from funds out of current revenue obtained from financing arrangements entered into pursuant to state law applicable to a particular Participant will cause such third party to advance funds for deposit in the escrow account upon issuance of the Participant's purchase order and the execution of agreements to obtain the financing.

It is the intent of the Participants that on or prior to execution of the contract for construction of the Network, the escrow account will contain funds sufficient to pay the contract and to pay interest on any funds advanced against purchase orders deposited.

It is anticipated that construction of the Network will require approximately two (2) years from the date of commencement of construction.

The Agency is authorized to draw upon the escrow account for periodic construction progress payments to the Contractor after approval of such payments by the Construction Manager. In addition, the Construction Manager will authorize periodic draws against the escrowed amounts to pay debt service in accordance with financing agreements entered into by any Participant.

When Activation of the Network occurs, all unfunded purchase orders issued by the Participants will be funded into the escrow account and any amounts advanced against purchase orders will be repaid to third parties, including any accrued interest.

B. VARIABLE COSTS PAYMENTS.

Each Participant shall be responsible for providing payment to the Agency of its share of the aggregate Variable Costs incurred each year in the operation of the Network. The Participants shall be responsible for the following respective percentages of the Variable Costs, which percentages are based upon each Participant's Network Rights, and represent the value of each Participant's operational costs:

CITY	<u>25.24</u> %
COUNTY	<u>12.63</u> %
ACC	<u>15.99</u> %
AISD	<u>46.13</u> %

C. FAILURE TO PAY FIXED OR VARIABLE COSTS

In the event any Participant fails to pay any Fixed or Variable Costs, the failure to pay shall be governed by section 6 regarding involuntary withdrawal herein.

6. WITHDRAWAL BY PARTICIPANTS.

A. VOLUNTARY WITHDRAWAL.

Voluntary withdrawal by a Participant from the Agreement shall occur upon the affirmative decision by the governing body of a Participant to withdraw from the Agreement and the withdrawing Participant giving at least one hundred and eighty (180) calendar

days notice to the Agency. The effective date of voluntary withdrawal shall be one hundred and eighty (180) calendar days after the withdrawing Participant gives notice to the Agency.

B. RIGHTS AND DUTIES UPON VOLUNTARY WITHDRAWAL BY A PARTICIPANT.

When a Participant voluntarily withdraws from the Agreement, such withdrawing Participant shall have the following rights and duties:

- a. The withdrawing Participant may sell any of its Network Rights, Strands and Common Equipment to any other Participant. Upon the effective date of such sale, the purchasing Participant shall assume all duties and obligations and be entitled to all rights of the selling Participant.
- b. In the event the withdrawing Participant does not sell to another Participant, the Agency shall have the option of acquiring the withdrawing Participant's interest on such terms and conditions as may be agreed upon between the Agency and the withdrawing Participant and allocating such rights and interest to the non-withdrawing Participants.
- c. In the event the withdrawing Participant's Network Rights, Strands and Common Equipment are not sold to a non-withdrawing Participant or allocated among the non-withdrawing Participants, with the prior written consent of the Agency, the withdrawing Participant's Network Rights, Strands and Common Equipment may be sold to another governmental entity which is not a party to this Agreement. The terms of sale shall include the requirement that the purchasing governmental entity become a Participant in the Agreement on the terms and conditions set by the Agency, such conditions to include the provisions of the Agreement, as may be amended.
- d. In the event the options set out in sections a, b and c above do not occur at the end of one hundred and eighty (180) calendar days from the date of the notice sent by the withdrawing Participant to the Agency, the withdrawing Participant shall be entitled to notify the Agency that it does not wish to withdraw and upon such notification, the withdrawing Participant shall resume all rights and duties as a Participant. In the event the withdrawing Participant does not notify the Agency

that it no longer wishes to withdraw, at the end of the one hundred eighty (180) calendar day period, the withdrawing Participant shall no longer be a Participant and shall have no further rights in the Agency or to use the Network. The Agency may cause all of such withdrawing Participants connection to the Network to be terminated.

- e. The decision by the Agency regarding any of the options provided herein shall be made by the non-withdrawing Participants in accordance with any other decision to be made by the Agency, but for purposes of determining the percentage necessary to take action, the percentage of the withdrawing Participant shall be excluded. Upon completion of one of the options set out herein, the withdrawing Participant shall have no other voting rights or interest in the Agency.
- f. During any period while a withdrawing Participant and the Agency are determining which option shall be exercised, the withdrawing Participant shall continue to pay all Variable Costs as they become due.
- g. As additional consideration for the City hereby granting the easements and licenses in rights-of-way, streets or easements and the right to use the Facilities, in the event the City voluntarily withdraws from the Agreement, the City shall have an additional option to retain the ownership of its Strands and the percentage interest in Common Equipment and continue to use the Strands and Common Equipment so long as the City continues to make timely payment of the portion of Variable Costs which would be attributable to the City's former Network Rights prior to voluntary withdrawal by the City.

If the City determines that it will not exercise this option to retain ownership of its Strands, the other options set out in this paragraph (B) regarding voluntary withdrawal may be exercised by the City, the Agency or the remaining non-withdrawing Participants, as may be appropriate, and the easements, licenses and Facilities shall continue to be available for use by the Network.

C. INVOLUNTARY WITHDRAWAL.

A Participant shall be deemed to have involuntarily withdrawn

from the Agreement upon the occurrence of any of the events set out hereinafter in sections (a) or (b) below.

- a. The failure by the Participant to pay any Variable Costs payment by the due date. The Participant shall be given ten (10) days written notice of non-payment by the Agency and shall not be deemed to be in default until the expiration of ten (10) days after receipt of the written notice. Upon the occurrence of such involuntary withdrawal provided in this Section (a), the rights of the involuntarily withdrawing Participant shall be governed by the Agency's decision under this section.
 - (1) The Agency may terminate the involuntary withdrawing Participant's participation in the Agency and the use of the Network, Strands and Common Equipment.
 - (2) The Agency may sell, lease or otherwise allow the use of the involuntary withdrawing Participant's Network Rights, Strands and Common Equipment by other Participants or other governmental entities on such terms and conditions and for such payments as the Agency in its sole discretion deems in the Agency's and the other Participants' best interest. If such arrangements include the payment of all or any portion of Fixed Costs paid by the involuntary withdrawing Participant, such payment shall be made to the involuntarily withdrawing Participant on such terms and conditions determined by the Agency in its sole discretion, subject to payment to the Agency of costs, including legal fees, incurred by the Agency in connection with the involuntary withdrawal of the Participant.
- b. In the event (a) a Participant fails to pay a third party providing financing, pursuant to state law, of the current funds available to a Participant to pay Fixed Costs, in accordance with an agreement between the Participant and the third party which provides that the third party shall receive a security interest or other interest in the Participant's Network Rights, Strands and Common Equipment and (b) the Agency receives notice that such Participant has been declared in default in the repayment of such funds due the third party by reason of non-appropriation or other valid reason, then such Participant shall be deemed to have involuntarily

withdrawn from the Agreement. The withdrawal shall be effective ten (10) days after the Agency receives the notice of nonpayment by the Participant to the third party. Upon the occurrence of an involuntary withdrawal by a Participant as set out in this paragraph, the following will occur:

- (1) The Agency, on behalf of one or more of the remaining non-withdrawing Participants shall have the right to acquire the involuntarily withdrawing Participant's Network Rights, Strands and Common Equipment from either the involuntarily withdrawing Participant or the third party, or both, upon the payment to the third party, on behalf of the involuntarily withdrawing Participant, of all delinquent amounts due pursuant to the financing agreement between the involuntarily withdrawing Participant and the third party, such payment to be made within thirty (30) days after the effective date of receipt of the notice of non-payment.
- (2) In the event the Agency elects not to acquire such rights of the involuntarily withdrawing Participant, the third party holding a security interest may then acquire title to the involuntarily withdrawing Participant's Network Rights, Strands and Common Equipment to the extent of the ownership by the involuntarily withdrawing Participant, provided that:
 - (a) The third party shall permit the use of the Network Rights, Strands and Common Equipment only by a governmental entity unless the remaining Participants in the Agreement agree to allow nongovernmental use of the Network after receipt of satisfactory assurances that nongovernmental use (1) will not subject the Network to ad valorem or other taxation or governmental regulation by any governmental entity other than the Participants, or (2) cause the Network or the Participants to be considered a carrier, common carrier or public utility under state or federal law or regulation, such assurance to include a legal opinion in form and content acceptable to and prepared by legal counsel approved by the remaining

Participants, said opinion to state that the non-governmental use will not subject the Network to ad valorem or other forms of taxation or governmental regulation by any governmental agency not a Participant;

(b) The third party shall not become a Participant and have no other rights under the Agreement; and

(c) Network Rights shall be available to the third party only after payment of all Variable Costs currently due in relation to the Network Rights and the continuation of timely payment of Variable Costs in accordance with the terms of this Agreement as such costs become due.

D. EFFECT OF WITHDRAWAL ON NON-WITHDRAWING PARTICIPANTS

All Participants agree that an involuntary withdrawal by a Participant and the use of Network Rights by any third party shall have no effect on a non-withdrawing Participant's rights to use or own its share of the Network other than the specific rights and duties set out in this paragraph, the rights and duties regarding options of the Agency and the Participants to acquire Network Rights and the continuing duty of any remaining Participants to pay their share of Variable Costs. The Network Rights, Strands and Common Equipment formally owned by a withdrawing Participant, whether voluntary or involuntary, may continue to occupy and utilize the easements and licenses granted by the City under this Agreement so long as the Strands are included within the Network.

E. DECISIONS REGARDING WITHDRAWALS.

Any decision made by the Agency with regard to an involuntary withdrawing Participant shall be made by the Agency but the percentage interest of the involuntary withdrawing Participant shall be excluded for the purposes of determining the percentage of votes necessary for the Agency to make a decision.

7. TIME OF PAYMENT.

The Agency shall prepare and provide on a yearly basis to each Participant a projected budget for the Network operation, prior to March 1 for the fiscal year commencing on September 1. The budget shall include an itemized listing of the Variable Costs

expected to be incurred in such fiscal year and each Participant's share of the Variable Costs based upon the percentages set forth in Section 5(B) hereof.

The Variable Cost part of the budget may take into account any surplus remaining from the prior year (for which a credit shall be made in the budget) or any deficit incurred in the prior year (for which an amount sufficient to recover such deficit may be included in the budget for the following year).

Each Participant shall pay to the Agency one quarter of its Variable Cost quarterly in advance on or before the fifth day prior to commencement of each calendar quarter, commencing on the first calendar month following the Activation of a Network Segment.

If the Agency discovers that Variable Costs will exceed the budget, the Agency will immediately give notice to the Participants of the need for additional funds and the Participants will pay such additional funds according to their Network Share within thirty (30) days after notice. This provision is intended to cover only emergency or unforeseen items.

8. CONSTRUCTION AND SUPERVISION.

Management of construction will be assigned to a Construction Supervisor who will be employed or contracted by and report to AISD. To facilitate the expeditious construction of this Network, regular status meetings will be held between the Board of Directors of the Agency and the Construction Supervisor. This schedule will be made available to all Participants subsequent to the signing of this Agreement. The Agency will be responsible for coordination between the Construction Supervisor and the ultimate users of the Network.

The purpose of these meetings is to provide status information to the Participants on a periodic basis. During these meetings, training schedules, trial periods, implementation, coordinated cutovers, and any other necessary coordinating activities will be determined. Through their appointed Director, each Participant will have input into the prioritization of the project at these meetings.

All changes to the schedule and/or material will be coordinated by the Construction Supervisor who will notify the Contractor.

Each Participant will be responsible for providing total access to the contractor to each site involved in construction of the network.

Until a phase of construction has been completed, totally tested and accepted by the Construction Supervisor from the Contractor, access to the Network is prohibited.

In the event that the Construction Supervisor, the Contractor or any other person furnishing goods or services to AISD and the Agency for acquisition and installation of the Network shall fail to adequately perform their obligation, in the judgment of AISD, or after Activation, that of the Agency, it shall be the sole right of AISD to enforce such agreements or obligations on behalf of the Agency.

At the time of Activation of all segments of the Network, the Agency shall cause to be conveyed to each Participant ownership of the Participant's Strands and the undivided interest in the Common Equipment. The undivided interest shall be conveyed to each Participant in the same percentage as the Network Rights of the Participant, and the interest shall be held by the Participants as tenants in common.

By execution of this Agreement, the Participants agree to the Plans and Specifications. The approval of the Plans and Specifications shall not be deemed to be acceptance of any bid or entry into any contract with a Contractor.

The Network Rights, Strands and interest in the Common Equipment of the City, County and any other Participant not obtaining current funds pursuant to any financing arrangement will be conveyed free and clear of any lien, security interest or lease purchase right. If any Participant chooses to obtain currently available funds to pay its Equity Contribution through a financing mechanism pursuant to state law, such Participant's Network Rights, Strands and Common Equipment may be conveyed subject to rights created by any financing arrangement; but such rights shall have no effect on the rights or ownership interest of any other Participant.

The Contractor will extend all manufacturers and other warranties to the Participants and the Agency.

9. NETWORK MAINTENANCE.

The Agency shall contract with a maintenance contractor to

represent the Agency in all matters relating to the future operation and maintenance of the Network. The credentials of this contractor shall entail experience in the operation and maintenance of a fiber optic Network.

Telephone access to the maintenance contractor will be required to respond to a major outage within two hours of any 24 hour period, and minor outages within eight working hours. Further clarification of these issues will be resolved by the Agency.

Maintenance provided under this Agreement shall be exclusively for the Network. All active electronic equipment at each facility will be the responsibility of the Participants owning the equipment.

10. NETWORK EXPANSION/SEPARATE EXPANSION.

Any Participant to this Agreement shall have the option to request an expansion of the Network to connect any additional facilities and thereby establish additional Network Rights in accordance with the provisions of this Agreement. Requests to expand shall be made to the Agency, with the requesting Participant providing plans of its requested expansion.

A. If the Agency approves the requested expansion, it shall proceed to determine the configuration of the Network expansion and coordinate the construction of such expansion pursuant to its duties. The entire cost of expansion shall be borne by the requesting Participant or as otherwise agreed by all Participants. The added cost of maintenance resulting from any Network expansion shall be determined by the Agency according to the pro-rata formula used to determine Network Rights for the Participant herein. The requesting Participant's voting rights within the Agency's Board shall be adjusted by an equal factor.

B. If the Agency does not approve the requested expansion, the requesting Participant shall have the option to build a separate expansion. The entire cost of constructing and maintaining the separate expansion shall be borne by the requesting Participant. Any separate expansion may be in a Star configuration.

11. TERM.

This agreement shall continue in force and effect for a period of forty (40) years from the date hereof or for the duration of the Network's viability for its intended purpose,

whichever is greater; provided, however, in the event Gov. Code Section 791.001(f) requires an annual renewal of this Agreement, the Participants hereto shall be deemed to have elected to renew the Agreement annually on the anniversary date of the Agreement unless the Participants unanimously decide to terminate the Agreement. Notwithstanding this provision, any Participant may exercise the Participant's right to withdraw from this Agreement pursuant to Section 6 herein.

12. GENERAL PROVISIONS.

This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the Participants created by this Agreement are performable in Travis County, Texas.

This Agreement is entered into by the duly authorized officials of each respective governmental entity.

In case any one or more of the provisions hereof concerning the funding of Network should be held to be illegal, invalid or unenforceable in any respect, the Participants agree to make a good faith effort to renegotiate another agreement to fulfill the purpose and intent of the present Agreement.

In case any other provision hereof should be held to be illegal, invalid or unenforceable in any respect, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been included in this Agreement.

This Agreement constitutes the entire agreement among the Participants hereto with respect to the subject matter hereof, and supersedes any prior understandings or written or oral agreements between the Participants with respect to the subject matter of this Agreement. No amendment, modification or alteration of the terms of the Agreement shall be binding on any Participant unless the same is in writing, dated subsequent to the date hereof, and is duly executed by the Participant against whom enforcement is sought.

Each person signing this Agreement on behalf of a Participant hereby confirms for the benefit of each of the other Participants to this Agreement that any requisite approvals from the governing body of such Participant have been obtained, and all prerequisites to the execution, delivery and performance hereof have been

obtained by or on behalf of that Participant.

This Agreement and the construction, operation and expansion of the Network as well as the rights of all of the Participants shall be governed by the laws respecting independent school districts in the State of Texas.

Unless a reference to days includes a reference to calendar days, whenever any time period is stated in days in this Agreement days shall mean business days of the Participant which is required to act, give notice or is receiving notice.

13. NOTICES.

Any notice permitted or required under the terms hereof shall be in writing and shall be deemed delivered three days following the deposit of the same, properly addressed and with postage prepaid, into the care and custody of the United States Postal Services, by registered or certified mail, return receipt requested, to the respective Participant to whom notice is to be given, addressed as follows:

If to the City:

City of Austin
124 West 8th Street
Austin, Texas 78701

Contact Person:

If to AISD:

Austin Independent School
District
1111 West Sixth
Austin, Texas 78703

Contact Person:

If to ACC:

If to the County:

Austin Community College
5930 Middle Fiskville Road
Austin, Texas 78752

Bill Aleshire, Travis
County Judge, or his
Successors in Office
314 West 11th Street
P.O. Box 1748
Austin, Texas 78701

Copy to: Ken Oden, Esq.
County Attorney
Attn: File #23.96
314 West 11th Street
P.O. Box 1748
Austin, Texas 78701

Contact Person:

Contact Person:

In each case, the contact person for each Participant for purposes of this Agreement, shall be the person identified as the contact person above.

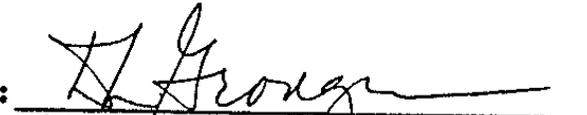
THE CITY OF AUSTIN

By:



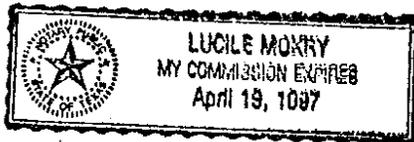
APPROVED AS TO FORM

BY:


City Attorney

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 10th day of June, 1993, by Camille C. Barnett, City Manager of the City of Austin, on behalf of the City of Austin.



Lucile Mokry
Notary Public, State of Texas

(Printed or Stamped Name of Notary)

My Commission Expires: 4/19/97

AUSTIN INDEPENDENT SCHOOL DISTRICT

By: Terry A. Bishop

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 31st day of May, 1993, by Terry A. Bishop, Superintendent of the Austin Independent School District, on behalf of the Austin Independent School District.

Cheryl A. Martin
Notary Public, State of Texas

(Printed or Stamped Name of Notary)
A rectangular notary seal stamp for Cheryl A. Martin, Notary Public, State of Texas. The seal includes a star in a circle and states "MY COMMISSION EXPIRES April 19, 1998".
My Commission Expires: April 19, 1998

AUSTIN COMMUNITY COLLEGE DISTRICT

By: *Richard W. Smith*

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 4th day of June, 1993, by *Richard W. Smith*, *Interim President* of the Austin Community College District, on behalf of the Austin Community College District.

Adriana Autrey
Notary Public, State of Texas

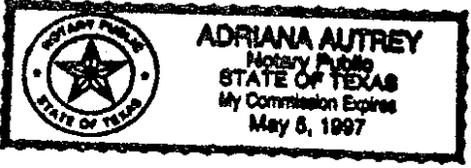
ADRIANA AUTREY
(Printed or Stamped Name of Notary)

My Commission Expires: 5.5.97

TRAVIS COUNTY

By: *Bill Alestine*
4/3/93

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §



This instrument was acknowledged before me on this 3rd day of June, 1993, by *Bill Alestine*, *County Judge* of the County of Travis, on behalf of the County of Travis.

Josie Z. Zavala
Notary Public, State of Texas

(Printed or Stamped Name of Notary)

My Commission Expires: _____

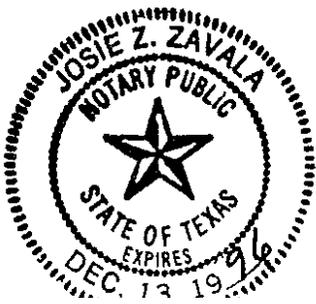


EXHIBIT A

PLANS AND SPECIFICATIONS

Submitted by Southwestern Bell Telephone Company by letter dated July 8, 1992, the Table of Contents described hereinafter, it being the intent of the Participants to construct the Network as set out in Alternate Response Volume Number I and Alternate Response Volume Number II.

I. Invitation for Bid

Greater Austin Area Telecommunication Network

Notice
Advertisement for Bids
Bid Proposal Instructions
Schedule of Special Conditions

Form Special Instruction to Bidders

Form General Conditions of the Contract for Construction

Form General Proposal for Construction Contract

Form Bidders Proposal for Construction Contract

Form Performance Bond

Form Payment Bond

Form Certificate of Insurance

Wage Rates

Requirements

Part I Introduction and General Conditions
Part II System Technical Performance Regulation
Part III Operational Issues and Lease Purchase Options

Appendices

II. Vendor Response

A. Volume I Compliant Response SWB

Executive Summary

Cost Bid Requirements for all Segments Subsystem I
Telephone Switch-on Costs
Complaint and Alternate Bid Response Form
Miscellaneous Costs

B. Volume II Compliant Response SWB

Subsystem I Description

Introduction
Network Equipment Design
Network Management
Microwave
Video System
Switch Enhancements
911 System

Subsystem II Description

Introduction
Fiber Optic Cable Selection
Aerial Construction
Underground Construction
Fiber Cable Construction of AISD Sites
Required Alternate Fiber Optic Cables
Review of Design
Fiber Optic Splicing
Catalog Sheets
Special Components
Supply Sourcing
Implementation Schedule
Qualifying Questionnaire
Certifications
Exceptions

C. Alternate Response Volume I

Executive Summary

Index
Cost Bid Requirements
Subsystem I by Segment
Miscellaneous Costs
Telephone Switch Costs
Alternate Response Cost

D. Alternate Response Volume II

System Description

Subsystem I

Introduction

Backbone System

Subsystem II

Subsystem II

Introduction

Installation of Aerial Cable

Installation of Underground Cable

Elimination of Multimode fiber

Sonet Based Backbone

Catalog Sheets

Special Components

Supply Sourcing

Implementation Schedule

Qualifying Questionnaire

Certifications

Exceptions

The Participants agree that Exhibit A may be further amended to show final agreements as to locations of the Network add specific details of construction of the Network.

EXHIBIT B

The computations for ascertaining individual Participant's costs and percent of Network Rights are directly related to each ring and are based on three factors:

- 1) presence on a ring
- 2) sites on a ring
- 3) fibers on a ring.

1) Presence on a ring. The total cost for an individual ring is equally divided by the number of Participants on the ring without regard to the number of sites. One or more sites per Participant on a ring constitutes a presence on a ring.

2) Sites on a ring. The total number of all sites on an individual ring is divided by the number of a Participant's sites on a ring. A percentage of a Participant's sites to the total number of sites is calculated. The total cost for the ring is then multiplied by this percentage for each Participant.

3) Fibers on a ring. The total number of fibers on a ring is divided by the individual participant's number of fibers to arrive at a percentage per Participant. The total cost for the ring is then multiplied by this percentage for each Participant.

The three totals for each participant for each ring are added together and divided by three (3) for an overall cost per each Participant for each ring. The totals for all eight rings are added together per Participant. This total is divided by the total cost for the Network to establish the individual percent of Network Rights per Participant.

Since the City of Austin's financial participation is an in-kind contribution, their sites and fibers are deleted from the computations to determine individual Participant's costs, but are included for the computation of the percent of Network Rights. The total individual ring costs, which include the City's participation, are always used in the computations.

AMENDMENT No. 1 TO GREATER AUSTIN AREA
TELECOMMUNICATIONS NETWORK
INTERLOCAL AGREEMENT

WHEREAS, Effective on the 10th day of June, 1993, the Austin Independent School District ("AISD"), the Austin Community College District ("ACC"), the County of Travis ("County"), and the City of Austin ("City") political subdivisions of the State of Texas, (collectively the "Participants") entered into the Greater Austin Area Telecommunications Network Interlocal Agreement ("Agreement") to form the Greater Austin Area Telecommunications Network Interlocal Agency (the "Agency"); and

WHEREAS, the Agreement provided that the State of Texas (the "State") acting through one or several of its agencies may request the connection of certain facilities to the Network and to become a Participant of the Agency; and

WHEREAS, the State has now requested connection of certain facilities to the Network and to become a Participant of the Interlocal Agency and the AISD, ACC, County and City have agreed to grant said request:

NOW THEREFORE it is mutually agreed as follows:

1. The Agreement is amended to provide that AISD, ACC, County and City contract with the State through the General Services Commission to become a Participant in the Agency and a Participant under the Agreement. This Amendment No. 1 shall control over the Agreement in the event of conflict.

2. From and after the effective date hereof, AISD, ACC, County, City and State shall be deemed to be Participants under the Agreement and shall have the rights and duties of Participants as set out in the Agreement.

3. The contribution to Fixed Costs by each of the Participants, with the inclusion of the State, shall now be as follows:

AISD	<u>46.55 %</u>	<u>\$ 5,414,039.00</u>
ACC	<u>15.67 %</u>	<u>\$ 1,822,430.00</u>
County	<u>5.24 %</u>	<u>\$ 1,772,273.00</u>
State	<u>22.55 %</u>	<u>\$ 2,622,639.00</u>

Each of the Participants' respective Network Rights and Strands is set out on Exhibit A attached hereto and incorporated herein.

The City shall have the following Network Rights by reason of the in kind contribution as set out in the Agreement.

City	<u>22.63</u> %
------	----------------

4. Variable costs payments pursuant to Section 4(b) of the Agreement, with the admission of the State, will be as follows:

City	<u>22.63</u> %
County	<u>11.06</u> %
ACC	<u>12.81</u> %
AISD	<u>36.47</u> %
State	<u>17.03</u> %

5. As a party contracting with AISD, ACC, County and City, the State shall be bound by all terms of the Agreement, as amended hereby.

6. The contact person for the State should be as follows:

State:
Linda Picazo
Director, Telecommunications Division
General Services Commission
P.O. Box 13047
Austin, Texas 78711-3047
(512) 463-3451

In witness whereof the parties hereto have this Amendment No. 1 to be executed in multiple counterparts effective as of the _____ day of _____, 1993.

THE CITY OF AUSTIN

AUSTIN INDEPENDENT SCHOOL DISTRICT

By: _____

By: Terry N. Michaels

AUSTIN COMMUNITY COLLEGE DISTRICT

TRAVIS COUNTY

By: [Signature]

By: [Signature]
8/3/93

STATE OF TEXAS

By: _____
John Poulard
Executive Director
General Services Commission

In witness whereof the parties hereto have this Amendment No. 1 to be executed in multiple counterparts effective as of the _____ day of _____, 1993.

THE CITY OF AUSTIN

AUSTIN INDEPENDENT SCHOOL DISTRICT

By: Byron C. Marshall
7/30/93
AUSTIN COMMUNITY COLLEGE DISTRICT

By: _____

TRAVIS COUNTY

By: _____

By: _____

STATE OF TEXAS

By: _____
John Douland
Executive Director
General Services Commission

In witness whereof the parties hereto have this Amendment No. 1 to be executed in multiple counterparts effective as of the _____ day of _____, 1993.

THE CITY OF AUSTIN

AUSTIN INDEPENDENT SCHOOL DISTRICT

By: _____

By: _____

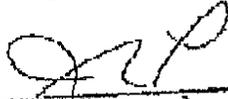
AUSTIN COMMUNITY COLLEGE DISTRICT

TRAVIS COUNTY

By: _____

By: _____

STATE OF TEXAS

BY: 
John Pouland
Executive Director
General Services Commission

AMENDMENT NO. 2 TO GREATER AUSTIN AREA
TELECOMMUNICATIONS NETWORK
INTERLOCAL AGREEMENT

WHEREAS, effective on the 10th day of June, 1993, the Austin Independent School District ("AISD"), the Austin Community College District ("ACC"), the County of Travis ("County"), and the City of Austin ("City") political subdivisions of the State of Texas, entered into a Greater Austin Area Telecommunications Network Interlocal Agreement ("Agreement"); and

WHEREAS, the Agreement provided that the State of Texas ("State") acting through one or several of its agencies and the University of Texas System ("UT") may request the connection of certain facilities to the Network and to become members of the Agency; and

WHEREAS, the State became a Participant pursuant to Amendment No. 1; and

WHEREAS, the University of Texas at Austin ("UTA"), a part of the UT System, has now requested to become a member of the Interlocal Agency; and

WHEREAS, pursuant to Section 2,E,(b) of the Agreement, the Lower Colorado River Authority ("LCRA") has requested admission to the Agency and the connection of certain facilities to the Network; and

WHEREAS, the AISD, ACC, County, City and State have agreed to admit UTA and LCRA as Participants pursuant to the Agreement and to make other changes in the Agreement:

NOW THEREFORE it is mutually agreed as follows:

1. The Agreement is amended to provide that AISD, ACC, County, City and State contract with UTA and LCRA to become Participants in the Interlocal Agency and Participants under the Agreement.

2. From and after the date hereof, AISD, ACC, County, City, State, UTA, and LCRA shall be deemed to be Participants under the Agreement and shall have the rights and duties of Participants as

set out in the Agreement. This Amendment No. 2 shall control over the Agreement and Amendment No. 1 in the event of conflict.

3. The contributions to Fixed Costs, the percentages of Network Rights, and the percentages of Variable Costs are set out in Exhibit A. These contributions and percentages are subject to change as Participants add or delete sites and/or strands to the Network and make other changes in the Network.

4. As parties contracting with AISD, ACC, County, City and the State, UTA and LCRA shall be bound by all terms of the Agreement, as amended hereby.

5. Exhibits A and B to the Agreement may be changed from time to time by the Board of Directors of the Agency. When changes are made in Exhibits A and B to the Agreement, the changes will be attached to the Agreement and marked as Exhibit A, Change 1, Exhibit A, Change 2 in order to provide a record of approved changes in the Network. The right of the Board of Directors of the Agency to make changes in the Exhibits to the Agreement shall not include the right to increase the cost to a Participant or change the service provided to a Participant without the Participant's approval separate and apart from the approval of the Board of Directors of the Agency.

6. The contact person for UTA and LCRA shall be as follows:

UTA

LCRA

Charles H. Warlick

Larry J. Krenak

7. Transmission lines and easements held by LCRA for electrical transmission shall be exempted from the requirement contained in Section 5 of the Agreement for "other Participants to make available any streets, rights-of-ways and easements controlled by the Participants."

8. Upon any expansion of the Network for LCRA shall count as a portion of the expansion provided in paragraph 5 A, subsection a.

In witness whereof the parties hereto have signed this Amendment No. 2 to be executed in multiple counterparts effective as of the 6th day of June, 1994.

THE CITY OF AUSTIN

AUSTIN INDEPENDENT SCHOOL DISTRICT

By: *[Signature]*
6-6-94

AUSTIN COMMUNITY COLLEGE

By: _____

STATE OF TEXAS

By: _____

LOWER COLORADO RIVER AUTHORITY

By: _____

By: _____

TRAVIS COUNTY

By: *[Signature]*
5/24/94

UNIVERSITY OF TEXAS AT AUSTIN

By: _____

In witness whereof the parties hereto have signed this Amendment No. 2 to be executed in multiple counterparts effective as of the 6th day of JUNE, 1994.

THE CITY OF AUSTIN

By: _____

AUSTIN COMMUNITY COLLEGE DISTRICT

By: [Signature]

STATE OF TEXAS

By: [Signature]

LOWER COLORADO RIVER AUTHORITY

By: [Signature]

AUSTIN INDEPENDENT SCHOOL DISTRICT

By: [Signature]

TRAVIS COUNTY

By: _____

UNIVERSITY OF TEXAS AT AUSTIN

By: [Signature]

Date of Final Signature:

June 6, 1994

AMENDMENT NO. 3 TO GREATER AUSTIN AREA
TELECOMMUNICATIONS NETWORK
INTERLOCAL AGREEMENT

THIS AMENDMENT NUMBER THREE to the Greater Austin Area Telecommunications Network Interlocal Agreement ("Agreement") is made as of the _____ day of _____, 1995, by and among the Austin Independent School District, Austin Community College, the County of Travis, Texas, the City of Austin ("City"), the State of Texas, the University of Texas at Austin, and the Lower Colorado River Authority.

On June 6, 1994, the undersigned Parties to the Agreement by and through their respective staffs executed a letter of understanding to clarify the meaning of the Agreement with respect to authorized users of the Network and network rights. A copy of this letter of understanding is attached hereto as Exhibit A and is incorporated herein for all intents and purposes as though fully set forth within this Amendment Number Three. This letter of understanding contemplated the execution of a formal amendment to the Agreement adopting the letter of understanding among the Parties to the Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, it is mutually agreed that the original Agreement is amended to incorporate the letter of understanding of June 6, 1994 attached in Exhibit A.

In witness whereof the parties hereto have signed this Amendment No. Three to be executed in multiple counterparts effective as of the _____ day of _____, 1995.

THE CITY OF AUSTIN

AUSTIN INDEPENDENT
SCHOOL
DISTRICT

By: _____
Jesus Garza
City Manager

By: _____
Superintendent

AUSTIN COMMUNITY COLLEGE

TRAVIS COUNTY

By: _____

By: _____

LOWER COLORADO RIVER
AUTHORITY

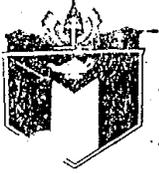
STATE OF TEXAS

By: _____

By: _____

UNIVERSITY OF TEXAS AT AUSTIN

By: _____



City of Austin

Founded by Congress, Republic of Texas, 1839
Municipal Building, Eighth at Colorado, P.O. Box 1088, Austin, Texas 78767 Telephone 512 499-2000

June 1, 1994

Austin Independent School District

Austin Community College

Travis County

The State of Texas

University of Texas at Austin

Re: The Greater Austin Area Telecommunications
Network Interlocal Agreement

Dear sir or madam:

The purpose of this letter of understanding is for the GAATN Board to clarify certain existing provisions of the Greater Austin Area Telecommunications Network Interlocal Agreement (the "Agreement") and to set forth the understanding of the Participants under the Agreement concerning the purpose for which the rights granted by the City of Austin to the Agency and the Participants to City streets, rights-of-way, easements and Facilities may be used.

It is understood that the grant by the City of Austin of the right to use City streets, rights-of-way, easements and Facilities under Section 5A of the Agreement, and the City's waiver of fees and charges for such use, is strictly limited to use of the Network by the Participants for governmental purposes only to serve the Participants' respective telecommunications needs. No non-governmental use may be made of any portion of the Network. A Participant may not sell, lease, convey, transfer, assign, license the use of, or provide capacity on, any portion of the Network (including, without limitation, individual Strands or band-width) to any private individual, association or corporation for non-governmental purposes; all network rights shall at all time remain under the control of the Participant owning its Network Rights, and the Participant shall be accountable for its use. Nothing in this letter of understanding shall be construed to limit the right of a Participant to connect to a commercial service provider for its own communications needs, or to subscribe to a commercial communications service, through the Network.

It is further understood that in the event of any expansion of the Network under Paragraph 5A, subsections a. or b., the City shall receive without cost twelve (12) Strands throughout that part of the expanded portion of the Network that uses City streets, rights-of-way, easements or Facilities.

By executing this letter of understanding in the space provided below, the signatories agree that this letter accurately reflects their understanding of the Agreement, and further agree to recommend to their respective governing bodies approval of a formal amendment to the Agreement containing these clarifications.

Sincerely,
THE CITY OF AUSTIN

By: Les Marcos
Les Marcos
Director, Information Systems Department

APPROVED:

AUSTIN INDEPENDENT SCHOOL DISTRICT

AUSTIN COMMUNITY COLLEGE

By: James A. Ullrich
Name: JAMES A. ULLRICH
Title: Coordinator Modern Ed.
Date: 6/7/94

By: Ron Brey
Name: Ron Brey
Title: Dean Distance Learning
Date: 6/7/94

THE COUNTY OF TRAVIS, TEXAS

THE STATE OF TEXAS

By: John M. Sutton
Name: JOHN M. SUTTON
Title: DIRECTOR
Date: JUNE 7, 1994

By: Linda Picazo
Name: LINDA PICAZO
Title: DIRECTOR, TELECOM-GENERAL SERVICES
Date: 6/7/94

UNIVERSITY OF TEXAS AT AUSTIN

By: Charles H. Warlick
Name: CHARLES H. WARLICK
Title: DIRECTOR, COMMUNICATION CENTER
Date: JUNE 7, 1994