



Statement of Work

February 8, 2016

Mr. Danny Miller
System Chief Information Security Officer
Texas A&M University System
301 Tarrow Street, 3rd Floor
Mail Stop 1144 TAMU
College Station, TX 77840

Dear Danny:

This Statement of Work documents certain terms of the understanding between Alvarez & Marsal Public Sector Services, LLC ("A&M-PSS") and Texas A&M University System (the "Client") with respect to a Defense Federal Acquisition Regulation Supplement (DFARS) cybersecurity compliance gap assessment ("Project"). A&M-PSS will provide certain services to the Client as described in this Statement of Work in connection with the Project ("Services"). These Services shall be provided under the provisions of this Statement of Work, including any appendices, schedules and/or attachments which, together, describe our understanding with respect to the Services ("Agreement").

Project Background and Objectives

On August 26, 2015, the Department of Defense (DOD) announced an Interim rule that significantly expands existing DFARS provisions and clauses requiring contractors and subcontractors to report cyber incidents. In addition, the interim rule implements DOD policies and procedures to be used when contracting for or utilizing cloud computing services. Based on this announcement, Client is seeking outside assistance to understand the impacts of these regulatory changes on the Client's laboratory environments that are subject to DFARS and take the necessary steps to ensure compliance by Client.

Project Scope

Client has requested that A&M-PSS conduct an assessment of a sample of Client contracts to understand what changes are necessary to comply with the new DFARS requirements. In addition, Client has requested updated cybersecurity standards that can support compliance across Client's member institutions going forward.

Approach

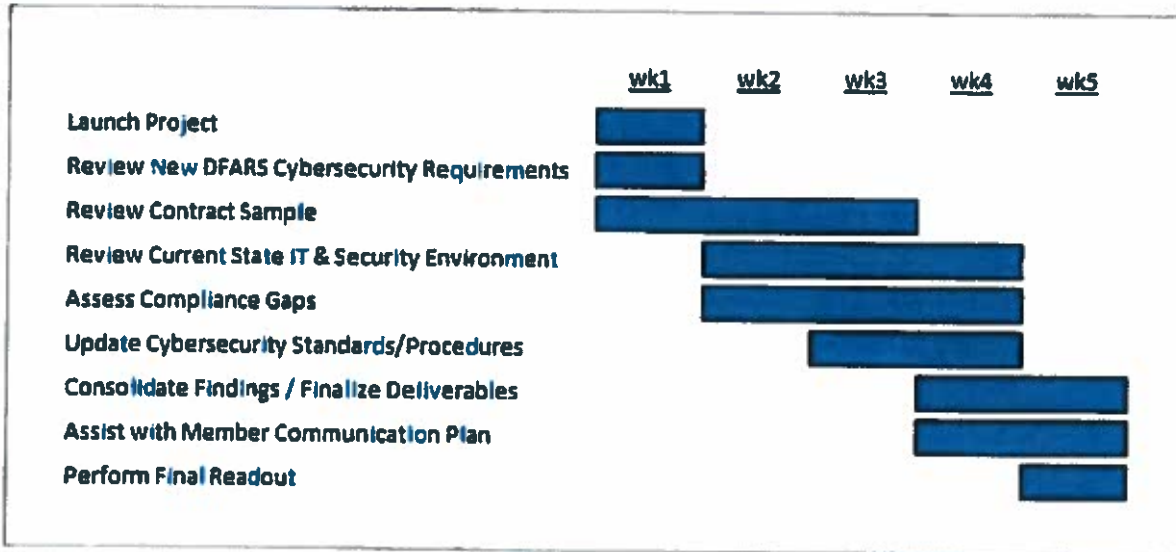
The project will take five weeks of work activity. The actual project duration may be longer than five weeks in order to accommodate scheduling challenges. The project is targeted to begin on or around February 1st, 2016.

A&M-PSS will perform the following activities:

1. Conduct a comprehensive review of the DFARS cybersecurity requirements along with a review of the IT and security architecture in place across two labs identified by Client to fully understand the scope of the new changes as they apply to the current computing environment.
2. Identify and assess approximately four large / impactful Client contracts across the two designated labs that have either evoked the new DFARS cybersecurity clause or originated from a governmental agency (DOD, etc.) and would be within the scope of the new DFARS cybersecurity requirements. This work will be completed in collaboration with Sponsored Research Services (SRS) and the Chief Information Security Officer (CISO) Office of Client in order to select the ideal set of contracts for review.

- Based on the review of selected contracts and understanding of the current computing environment, complete a compliance gap assessment to identify areas of improvement (roadmap), along with the development of new cybersecurity standards to ensure future alignment with the new DFARS cybersecurity requirements.

The project timeline is as follows:



Deliverables

A&M-PSS will provide an executive-level report in Microsoft PowerPoint format summarizing the following:

- Compliance Gap Assessment
- Roadmap for Recommended Improvements
- Updated Cybersecurity Standards Aligned with new DFARS Cybersecurity Requirements

Client Responsibilities

In connection with A&M-PSS's provision of the Services, the Client will perform the tasks, furnish the personnel, provide the resources, or undertake the responsibilities specified below ("Client Responsibilities"):

- Client will provide access to Client personnel and stakeholders within the scope of this project as needed.
- Client management will adequately prioritize the coordination and scheduling of Client personnel for interviews.
- Client will designate a Client resource to serve as a key contact to A&M-PSS for any data requests and scheduling / coordination of all interviews, process reviews and workshops.
- Client will provide adequate office space, security, parking, and connectivity to the internet and local printers for A&M-PSS team members.
- Client management will review and approve deliverables on a timely basis.

To the extent that the Project's deliverables include surveys, analyses, reports, evaluations, recommendations, etc., the Client shall be responsible for implementation decisions and for any future action with respect to the deliverables.



The Client will be responsible for any content contributed by the Client or a third party in connection with this engagement, and any use by the Client of the Deliverables.

The Client will designate a competent employee or employees within senior management with the responsibility to make all management decisions with respect to this engagement, including, but not limited to, design and implementation of A&M-PSS's deliverables.

Project Team

The Alvarez & Marsal Team will be led by a John deCraen, a Director from our Dallas office, who will manage the overall engagement on a full-time basis. John will be supported by a part-time Director from our Houston office. Brad Hairston, a Managing Director from our Dallas office, will provide oversight for the engagement and maintain the overall relationship with the Client.

Project Assumptions

The Services, Deliverables, fees and delivery schedule for this engagement are based upon the following assumptions, representations or information supplied by the Client ("Assumptions").

- Danny Miller will be the Client executive sponsor for the project, and Kevin Gamache will be the Client day-to-day project point of contact that works closely with the A&M-PSS team.
- Client key stakeholders for this project include Dr. Glen Laine, VP of Research, and Dr. Jim Joyce, Associate Executive Director of Sponsored Research Services (SRS).
- Client will identify approximately four to six people to be interviewed from each of the two labs in scope of this assessment.
- Client resources will be available to participate in interviews and/or process reviews, address questions or issues, and participate in workshops in a timely manner.
- Documentation and any updates received reflect the current state Client's cybersecurity environment.
- Information requested is complete and received in a timely manner.
- The A&M-PSS team will primarily work at the Client's College Station office(s) and conduct interviews at that location, on the Texas A&M University campus or via conference call.
- The A&M-PSS on-site days will typically be Monday – Thursday each week of the project.

A&M-PSS's delivery of the Services and the fees charged are dependent on the Client's timely adherence to the terms and conditions of this Agreement, including, without limitation, timely and effective completion of the Client Responsibilities described in Section 2 of the Standard Business Terms. The Client shall be responsible for any delays, additional costs, or other liabilities caused by or associated the Client's failure to satisfy these Assumptions.

In preparing this Agreement, A&M-PSS has used its standard form of business consulting engagement agreement because it assumes that the Services to be provided will not include the temporary provision of additional management resources and skills to the Client or "Interim management" services. In the event that A&M-PSS is asked to perform such interim management services, such a change of this nature in the Services will require more extensive legal protections for both parties and would be performed under a separate agreement. A&M-PSS's standard form of interim management engagement agreement will be provided to the Client upon request.



Fees & Expenses

A&M-PSS's fees for the scope of Services described in this Statement of Work will be based upon actual time and materials at A&M-PSS's standard rates and are estimated at \$135,983. This fee is based on the Client fulfilling the Client Responsibilities described in this Statement of Work. We will bill Client at the conclusion of the Project.

A&M-PSS will bill for reasonable direct out-of-pocket expenses at the actual amounts incurred. These expenses will include but not be limited to air and ground transportation, lodging and meals. Invoices are due upon presentation. Should any invoice remain unpaid for more than 30 days after the date thereof, interest shall be paid at the lesser of a rate of 1.5% per month or the maximum amount permissible under law per month. Any taxes, interest or penalties related to or arising out of this Agreement other than those based upon or measured by A&M-PSS's net income shall be the Client's responsibility.

The charts below illustrate the hours and associated total costs by task and by labor category allocated for each staff member. The rates utilized below align with Alvarez & Marsal's US Communities contract and are valid through March 15th, 2016, allowing Client the flexibility to pursue this procurement option. U.S. Communities is the leading national cooperative purchasing program for K-12 school districts and higher education, state and local public agencies, and non-profit organizations. The rates below are inclusive of any out-of-pocket travel expenses related to the project.

Labor Category	FTE	Estimated Weekly Hours					Total
		wk1	wk2	wk3	wk4	wk5	
Director (Lead)	1.0	40	40	40	40	40	200
Director	0.7	40	24	24	24	32	144
Total	1.7	80	64	64	64	72	344

Labor Category	FTE	Estimated Weekly Costs					Total
		wk1	wk2	wk3	wk4	wk5	
Director (Lead)	1.0	\$15,812	\$15,812	\$15,812	\$15,812	\$15,812	\$79,060
Director	0.7	\$15,812	\$9,487	\$9,487	\$9,487	\$12,650	\$56,923
Total	1.7	\$31,624	\$25,299	\$25,299	\$25,299	\$28,462	\$135,983

Alvarez & Marsal Rate Card ¹	
Labor Category	Rate
Senior Executive / SME	\$495.60
Managing Director	\$466.10
Principal	\$436.60
Director	\$395.30
Lead Manager	\$330.40
Senior Associate	\$309.16
Senior Consultant	\$236.00
Financial Analyst	\$198.24

¹Aligns with US Communities Contract



Change Order Process

During the Project either party may request additions, deletions, or modifications to the scope, nature or timing of the Services described in this Statement of Work ("Changes"). A&M-PSS shall have no obligation to commence work in connection with any requested Change involving an increase or decrease in the scope of work until the fee and/or schedule impact of the Change is agreed upon in a written change order signed by both A&M-PSS and the Client. Upon a request for a Change, A&M-PSS shall submit a proposal to the Client describing the Changes, including, as applicable, the impact of such Changes on schedule, fees and expenses. The Client shall either indicate its acceptance of the proposed Changes by signing the change order or advise A&M-PSS not to perform the Changes, in which event A&M-PSS shall proceed with the original Services.

The occurrence of (1) any change in any law, rule or regulation that materially affects the scope, nature or quantity of the Services, (2) any event or transaction that significantly increases or decreases the size and/or nature of the operations of the Client in a manner that affects the scope, nature or quantity of the Services, or (3) any other event or condition that significantly increases or decreases costs associated with providing the Services shall be considered a Change, and A&M-PSS and the Client shall promptly meet to negotiate an equitable adjustment in the schedule and/or fees payable to A&M-PSS.

Conflicts

A&M-PSS is not currently aware of any relationship that would create a conflict of interest with the Client or those parties-in-interest of which the Client has made us aware. Because A&M-PSS and its affiliates and subsidiaries comprise a consulting firm (the "Firm") that serves clients on a global basis in numerous cases, both in and out of court, it is possible that the Firm may have rendered or will render services to or have business associations with other entities or people which had or have or may have relationships with the Client. The Firm will not be prevented or restricted by virtue of providing the Services under the Agreement from providing services to other entities or individuals, including entities or individuals whose interests may be in competition or conflict with the Client's, provided the Firm makes appropriate arrangements to ensure that the confidentiality of information is maintained.

No Audit or Duty to Update

The Client acknowledges that A&M-PSS and its personnel are not being requested to perform an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to the rules of the AICPA, SEC or other state or national professional or regulatory body. The Client also acknowledges that A&M-PSS is entitled to rely on the accuracy and validity of the data disclosed or supplied by employees and representatives of the Client to A&M-PSS. A&M-PSS and its personnel are under no obligation to update data submitted to them or review any other areas unless specifically requested by the Client to do so.

Not a Public Accounting Firm

A&M-PSS employs individuals who are licensed as certified public accountants (CPAs) who focus on providing independent business advisory services. The Client understands and acknowledges that A&M-PSS is not a public accounting firm or CPA firm and does not issue opinions on financial statements or provide audit or other attestation services. Additionally, A&M-PSS has no responsibility related to regulatory requirements, securities laws or accounting principles.

Cybersecurity

The A&M-PSS team will provide actionable recommendations that are intended to improve Client's compliance with the new DFARS cybersecurity requirements. However, due to the nature of the risks involved in cybersecurity, A&M-PSS cannot guarantee that its recommendations will identify all tangible cyber-related risks or that its recommendations, if implemented, will eliminate Client's cybersecurity risks.



We appreciate the opportunity to be of service to you and look forward to working with you on this important project. You can be assured that it will receive our close attention. Please indicate your agreement to these arrangements by signing and returning to A&M-PSS the enclosed copy of this Agreement.

Very truly yours,


Alvarez & Marsal Public Sector Services, LLC

By: 
Name

2/9/2016
Date

Acknowledged and Accepted:

Texas A&M University System

By: 

Title: _____

Date: 2/9/16

