

GTE NORTHWEST INCORPORATED
INDEPENDENT CONTRACTOR AGREEMENT

This Agreement is made and entered into as of the sixteen (16th) day of March, 1992 by and between AMERICAN TELEPHONE AND TELEGRAPH COMPANY, a New York corporation having an office at 295 North Maple Avenue, Basking Ridge, New Jersey 07920 (hereafter referred to as "AT&T") and GTE NORTHWEST INCORPORATED, a Washington corporation having an office at 1800 41st Street, Everett, WA 98201 (hereafter referred to as "GTE").

WHEREAS, the State of Washington, acting by and through its Department of Corrections ("Department"), issued Request for Proposal No. CRFP2562, dated September 4, 1991, for an Inmate Telephone System and Recording/Monitoring at Department Correctional Institutions and Work Release Facilities (the "RFP");

WHEREAS, various parties submitted responses to the RFP, including AT&T, GTE, U S West Communications, Inc. ("USWC") and Telephone Utilities of Washington, Inc. dba PTI Communications ("PTI");

WHEREAS, on December 20, 1991, the Department announced its selection of AT&T as the successful vendor, on the basis of a proposal under which AT&T, GTE, USWC and PTI would each supply portions of the services and equipment called for by the RFP (the "Combined Proposal");

WHEREAS, to implement the Department's action, the Department and AT&T entered into an Agreement for the Installation and Operation of an Inmate Telephone System at Department Correctional Institutions and Work Release Facilities, herein referred to as the "Prime Contract;"

WHEREAS, the Department has requested that AT&T enter into a subcontract with GTE to set forth the terms and conditions for that portion of the RFP and the Prime Contract that covers the provision of intraLATA and local service, public telephone equipment and monitoring and recording equipment in GTE territory, and GTE wishes to offer its services as subcontractor;

NOW THEREFORE, the parties agree as follows:

- 1) The terms used herein shall have the same meaning as in the Prime Contract, which is incorporated herein by reference and made a part hereof, except that:
 - (a) The term "Agreement" shall refer only to this Independent Contractor Agreement;
 - (b) The term "Public Pay Telephone" shall refer to all GTE public telephones on the premises of Department Correctional Institutions and Work Release Facilities, unless specifically identified either as (i) "Inmate Public Telephones," referring

to the GTE public telephones made available to inmates, from which only collect calls can be made or (ii) "Staff Public Telephones," referring to GTE public telephones located on the premises of certain facilities for use by staff and visitors but not inmates, from which both "1+" and "0+" telephone calls can be made.

(c) The term "Department" shall include Department employees having responsibility for implementation of inmate telephone service, including employees of the Department of Corrections and employees of individual Department Correctional Institutions and Work Release Facilities.

- 2) This Agreement shall be coterminous with the Prime Contract and shall commence as of March 16, 1992 ("Effective Date") and continue for five (5) years, unless the Prime Contract is terminated earlier, in which case this Agreement shall terminate upon termination of the Prime Contract. This Agreement shall be automatically renewed upon renewal of the Prime Contract.
- 3) In connection with the Prime Contract, GTE shall provide the following services and equipment at Twin Rivers Corrections Center, Washington State Reformatory (Monroe), Indian Ridge Corrections Center (Arlington) and Special Offender Center (Monroe):
 - a) GTE Public Pay Telephones, including enclosures, mounting posts, cabling and associated equipment. All such equipment shall meet the requirements of the RFP, the Prime Contract and this Agreement.
 - b) Delivery of interLATA traffic originating from the Public Pay Telephones to AT&T's Point of Presence over switched access facilities;
 - c) Completion of all "0+" local and intraLATA calls from Public Pay Telephones and all "1+" local and intraLATA calls from Staff Public Pay Telephones;
 - d) Provision of all station installation and local network and station maintenance on Public Pay Telephones in accordance with the requirements of the RFP, the Prime Contract and this Agreement;
 - e) Provision of advanced technological diagnostic systems to detect telephone troubles on Public Pay Telephones and the dispatching of technicians for repair of such troubles, as required by the RFP and the Prime Contract;
 - f) For Staff Public Telephones, provision of local directory

assistance, access to the local operator and "911" Emergency Services as prescribed by tariff and the Prime Contract;

g) Provision of live or mechanical operator announcements for all personal calls made from Inmate Public Telephones that the call is coming from a prison inmate and that it will be recorded and may be monitored and/or intercepted;

h) For Inmate Public Telephones, provision and maintenance of call timing and call blocking functions;

i) Collection and accounting for all coins deposited in the Staff Public Pay Telephones; and

k) Provision of access from the Staff Public Pay Telephones to other interexchange carriers via carrier access codes.

- 4) In connection with the Prime Contract, GTE shall provide the following services and equipment at Washington State Reformatory (Monroe):
 - a) Installation of Dictaphone recording and monitoring equipment. All such equipment shall meet the requirements of the RFP, the Prime Contract and this Agreement.
 - b) Maintenance of Dictaphone recording and monitoring equipment in accordance with the requirements of the RFP.
- 5) In addition to the equipment and services set forth in Section 3 and 4 of this Agreement, other equipment or services may be requested by the Department or AT&T and mutually agreed upon by GTE and AT&T.
- 6) GTE shall cooperate with the Department and with AT&T in developing a joint implementation plan for cutover of the equipment and services set forth in Sections 3 and 4 of this Agreement at the correctional facilities covered by this Agreement. GTE shall meet the due dates for cutovers agreed to by the parties.
- 7) GTE agrees to perform all work subcontracted under this Agreement in accordance with the RFP (including schedules and attachments), the RFP response submitted by GTE ("GTE Proposal") and the Prime Contract, all of which are incorporated herein by reference as if fully set forth herein.
- 8) AT&T will be responsible for negotiations and contact with the Department or its designated representative. These contacts will include, but not be limited to negotiations involving all contract issues; introduction of new technology; and legal and regulatory updates. AT&T or the Department may request GTE to

place additional Public Pay Telephones on the premises of the Correctional Institutions and Work Release Facilities covered by this Agreement. AT&T shall be solely responsible for contact with the Department regarding the provision of interexchange services.

- 9) For each Correctional Institution or Work Release Facility covered by this Agreement, GTE shall designate a single point of contact to receive trouble reports for Public Pay Telephones and monitoring and recording equipment. Prior to the effective date of this Agreement, GTE shall provide a list of designated contacts, with names and telephone numbers, both to the Department of Corrections at the address set forth in Section 22 and to the Superintendent of each facility. GTE shall promptly advise both such parties of any changes in this contact list.
- 10) GTE, through its designated points of contact, shall receive all trouble calls relating to the Public Pay Telephones and monitoring and recording equipment covered by this Agreement. Unless more stringent standards are provided in the Prime Contract or requested by the Department, GTE will dispatch a technician to repair such telephones or monitoring or recording equipment within 24 hours, excluding weekends and holidays, of receipt of notice from the Department.
- 11) Commencing for each facility as of the cutover date of the Public Pay Telephones, GTE shall pay to the Department a monthly commission of twenty-seven percent (27%) on billed revenues from operator-assisted local and intraLATA calls carried by GTE. GTE's monthly commission checks shall be sent to the Superintendent of each covered Correctional Institution or Work Release Program, made payable to the Inmate Welfare Fund, unless and until the Department shall specify a different payee for commission checks.
- 12) If GTE fails to pay the commissions set forth in paragraph 11 within 45 days after the end of any billing cycle, interest at a annual rate of 10% shall be paid to the Department commencing as of the 46th day.
- 13) GTE shall provide to the Department the following reports:
 - a) A monthly call detail report for Inmate Public Telephones, by institution, and addressed to the superintendent of the institution, showing the date, time, payphone number, called number and length of each call.
 - b) A monthly commission report for Inmate and Staff Public Telephones, by institution, showing total revenues generated by each Inmate and Staff Public Telephone for that monthly

commission cycle. Each such report shall be sent to two locations: one copy to the institution and one copy to the Department of Corrections, Attention: Sharon Shue, Telecommunications Manager, P. O. Box 41110, MS: 61, Olympia, WA 98504-41110.

- 14) AT&T and GTE will mutually agree upon the selection and placement of signage that appears on the Public Pay Telephones including enclosures. Staff Public Telephones shall comply with the signage and unblocking requirements of the Telephone Operator Consumer Services Improvement Act of 1990.
- 15) Each party will indemnify and hold the other harmless from liabilities, claims or demands arising out of personal injury or death or damage to property to the extent proximately caused by the negligence of the indemnifying party's employees or subcontractors in performing services under this Agreement. Subject to Sections 24 and 25, each party will indemnify and hold the other harmless from liabilities, claims or demands arising out of the indemnifying party's failure to perform or observe any obligation, condition or undertaking required of that party pursuant to the RFP, the Prime Contract or this Agreement. These indemnities apply where the indemnifying party's negligence or failure is either the sole or a contributing cause of the injury, death or damage, but do not extend to any portion of the injury, death, damage, liability, claim or demand caused by either the sole or the contributing negligence of the non-indemnifying party or third parties.
- 16) In the event that the Department terminates the Prime Contract under the terms thereof, including as a result of a material breach by AT&T and/or its subcontractors, AT&T shall have the right immediately to terminate this Agreement without liability to GTE for compensation or for damages of any kind, whether on account of the loss by GTE of present or prospective profits on services or anticipated services, or on account of any other cause. In the event that the State partially terminates the Prime Contract after the third year, terminating the Prime Contract as to one or more institutions in USWC and/or PTI territory but not in GTE territory, AT&T shall use its reasonable best efforts to maintain the Prime Contract in full force and effect as to all covered facilities in GTE territory.
- 17) AT&T may terminate this Agreement upon written notice if GTE has defaulted in the performance of its obligations under this Agreement. Such termination shall be effective thirty (30) days after written notice by AT&T, unless such default or breach has been cured, or in the event of a default or breach that cannot be cured within that time, GTE has commenced a cure and provided adequate assurances that it will conclude

the cure to the satisfaction of AT&T and the Department.

- 18) GTE agrees that it is an independent contractor. The relationship between the parties as set forth herein shall be limited to the performance of the services set forth in this Agreement and shall not constitute either a joint venture or a partnership. Neither party may obligate the other to pay any expense or liability except upon the written consent of the other.
- 19) The failure of either party to enforce strict performance of any provision of this Agreement shall not be construed as a waiver of its right to assert or rely upon such provision or any other provision of this Agreement.
- 20) Subject to the disclosure and reporting requirements of the Prime Contract:
 - a) The parties hereto expressly agree that all information relating to AT&T Non-Sent Paid Calls carried through the telephone instruments is proprietary to AT&T.
 - b) Other information deemed to be proprietary which is provided by one party to the other in connection with this Agreement will be marked in a manner to indicate that it is considered proprietary or otherwise subject to limited distribution. If such information is provided orally, the disclosing party shall clearly identify it as proprietary at the time of disclosure and reduce such information to tangible form within 10 business days.
 - c) With respect to the proprietary information defined in subsections (a) and (b) above, the party receiving such information will
 - (i) hold the information in confidence and protect it in accordance with the security restrictions by which it protects its own proprietary or confidential information which it does not wish to disclose;
 - (ii) restrict disclosure of such information to its employees or agents with a need to know and not disclose it to any other parties;
 - (iii) advise those employees and agents of their obligations with respect to such information; and
 - (iv) use such information only for the purposes of this Agreement, except as may otherwise be agreed upon in writing.

d) The party receiving such information will have no obligation to preserve the proprietary nature of any information which

(i) was previously known to it free of any obligation to keep it confidential;

(ii) is disclosed to third parties by the other party without any restriction;

(iii) is or becomes publicly available other than by unauthorized disclosure; or

(iv) is independently developed by it.

(e) This paragraph 20 and the confidentiality obligations imposed hereunder shall survive and remain in effect notwithstanding the termination of this Agreement.

21) For the duration of the concession term, GTE shall maintain insurance coverage of at least the following types and amounts: (a) \$1,000,000 (One Million Dollars) Bodily Injury and Property Damage Combined Single Limit or its equivalent; (b) Workers' Compensation as required by Washington law; (c) \$1,000,000 (One Million Dollars) Employers' Liability and (d) \$1,000,000 (One Million Dollars) Auto Liability covering Bodily Injury and Property Damage Combined Single Limit or its equivalent. GTE shall provide AT&T with a certificate of insurance evidencing such coverage prior to the signing of this Agreement. This certificate shall guarantee at least thirty (30) days notice to AT&T of cancellation and shall show AT&T as an additional insured.

22) All notices required herein shall be in writing and delivered to the other party either in person, by first class mail or transmitted by facsimile to the following address or facsimile number:

If to AT&T:

AT&T

4460 Rosewood Drive, Room 6330

Pleasanton, CA 94588

Attention: State of Washington
Account Executive
Consumer Sales Division

Facsimile No.: (510) 224-5498

Telephone No.: (510) 224-4926

If to GTE:
GTE Northwest Incorporated
2312D West Casino Road
Everett, WA 98204
Attention: Joanna Sissons
Facsimile No.: (206) 353-6558
Telephone No.: (206) 356-4175

If to the Department:
State of Washington
Department of Corrections
P. O. Box 9699, MS: FN-61
Olympia, WA 98504
Attention: Sharon Shue
Telecommunications Manager
Division of Information Systems
Facsimile No.: (206) 586-8723
Telephone No.: (206) 753-6339

The name, address or facsimile number for notice may be changed by giving notice in accordance with this Section. If mailed in accordance with this Section, notice shall be deemed given when actually received by the individual addressee or designated agent or three (3) business days after mailing, whichever is earlier. If transmitted by facsimile in accordance with this Section, notice shall be deemed given when actually received by the individual addressee or designated agent or one (1) business day after transmission, whichever is earlier.

23) Bond

GTE shall post a performance bond or a performance/payment bond in the amount of \$65,000 GTE on a form acceptable to AT&T. Such bond shall be for the purpose of guaranteeing satisfactory performance by GTE of the services required hereunder and the payment of commissions due or owing to the Department.

24) Neither party shall be liable to the other or to any third party for any indirect, special or consequential damage of any kind whatsoever.

25) Telecommunications services provided by the parties to each other, to the State of Washington and to users of the Inmate Public Telephones and Staff Public Pay Telephones shall be provided pursuant to applicable state and federal tariffs. In case of conflict between provisions of this Agreement and such tariffs, the tariffs shall govern.

26) Entire Agreement

This Agreement and the documents incorporated herein by reference constitute the entire understanding between the parties and supersede all prior understandings, oral or written representations, statements, negotiations, proposals and undertakings with respect to the subject matter hereof.

GTE NORTHWEST INCORPORATED

By: Robert D. Freunberg
(Signature)
Robert D. Freunberg
(Typed or Printed Name)
Area Director - PubCom
(Title)
5/5/92
(Date)

AMERICAN TELEPHONE AND
TELEGRAPH COMPANY

By: [Signature]
(Signature)
John Powell
(Typed or Printed Name)
Sales V.P.
(Title)
8/12/92
(Date)

SEABOARD SURETY COMPANY

No. 10808

ADMINISTRATIVE OFFICES, BEDMINSTER, NEW JERSEY LLLL 1546
POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That SEABOARD SURETY COMPANY, a corporation of the State of New York, has made, constituted and appointed and by these presents does make, constitute and appoint **Thomas L. Towle or John C. Haskell, Jr. or Andrea L. Berry or Betsy L. Fender or Herman L. Koempel or Debbie M. Bennett** of Seattle, Washington its true and lawful Attorney-in-Fact, to make, execute and deliver on its behalf insurance policies, surety bonds, undertakings and other instruments of similar nature as follows: **Without Limitations**

Such insurance policies, surety bonds, undertakings and instruments for said purposes, when duly executed by the aforesaid Attorney-in-Fact, shall be binding upon the said Company as fully and to the same extent as if signed by the duly authorized officers of the Company and sealed with its corporate seal; and all the acts of said Attorney-in-Fact, pursuant to the authority hereby given, are hereby ratified and confirmed.

This appointment is made pursuant to the following By-Laws which were duly adopted by the Board of Directors of the said Company on December 8th, 1927, with Amendments to and including January 15, 1982 and are still in full force and effect:

ARTICLE VII, SECTION 1:

"Policies, bonds, recognizances, stipulations, consents of surety, underwriting undertakings and instruments relating thereto.

Insurance policies, bonds, recognizances, stipulations, consents of surety and underwriting undertakings of the Company, and releases, agreements and other writings relating in any way thereto or to any claim or loss thereunder, shall be signed in the name and on behalf of the Company

(a) by the Chairman of the Board, the President, a Vice-President or a Resident Vice-President and by the Secretary, an Assistant Secretary, a Resident Secretary or a Resident Assistant Secretary; or (b) by an Attorney-in-Fact for the Company appointed and authorized by the Chairman of the Board, the President or a Vice-President to make such signature; or (c) by such other officers or representatives as the Board may from time to time determine.

The seal of the Company shall if appropriate be affixed thereto by any such officer, Attorney-in-Fact or representative."

IN WITNESS WHEREOF, SEABOARD SURETY COMPANY has caused these presents to be signed by one of its Vice-Presidents, and its corporate seal to be hereunto affixed and duly attested by one of its Assistant Secretaries, this 25th day of April, 1990



Attest:

(Seal) Dia A. Rispoli
Assistant Secretary

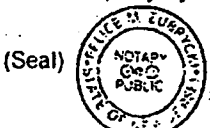
SEABOARD SURETY COMPANY,

By Michael B. Keegan
Vice-President

STATE OF NEW JERSEY ss.:
COUNTY OF SOMERSET

On this 25th day of April, 1990, before me personally appeared Michael B. Keegan a Vice-President of SEABOARD SURETY COMPANY, with whom I am personally acquainted, who, being by me duly sworn, said that he resides in the State of New Jersey; that he is a Vice-President of SEABOARD SURETY COMPANY, the corporation described in and which executed the foregoing instrument; that he knows the corporate seal of the said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto as Vice-President of said Company by like authority.

FELICE M. ZUPRYCKI
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 4, 1991



[Signature]
Notary Public

CERTIFICATE

I, the undersigned Assistant Secretary of SEABOARD SURETY COMPANY do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this Certificate and I do further certify that the Vice-President who executed the said Power of Attorney was one of the Officers authorized by the Board of Directors to appoint an attorney-in-fact as provided in Article VII, Section 1, of the By-Laws of SEABOARD SURETY COMPANY.

This Certificate may be signed and sealed by facsimile under and by authority of the following resolution of the Executive Committee of the Board of Directors of SEABOARD SURETY COMPANY at a meeting duly called and held on the 25th day of March 1970.

"RESOLVED: (2) That the use of a printed facsimile of the corporate seal of the Company and of the signature of an Assistant Secretary on any certification of the correctness of a copy of an instrument executed by the President or a Vice-President pursuant to Article VII, Section 1, of the By-Laws appointing and authorizing an attorney-in-fact to sign in the name and on behalf of the Company surety bonds, underwriting undertakings or other instruments described in said Article VII, Section 1, with like effect as if such seal and such signature had been manually affixed and made, hereby is authorized and approved."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Company to these presents this 30th day of April, 1992



Diana M. Klerent
Assistant Secretary
Form 957 (Rev 7/84)

ACORD. CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

04/29/92

PRODUCER

JOHNSON & HIGGINS OF CONNECTICUT
SIX STAMFORD FORUM
PO BOX 10006
STAMFORD, CT 06904-2006

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

GTE NORTHWEST INC.
GTE SERVICE CORPORATION
ONE STAMFORD FORUM
STAMFORD, CT 06904

COMPANIES AFFORDING COVERAGE

- COMPANY LETTER **A** LUMBERMENS MUTUAL CASUALTY COMPANY
- COMPANY LETTER **B**
- COMPANY LETTER **C**
- COMPANY LETTER **D**
- COMPANY LETTER **E**

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
GENERAL LIABILITY					
A	X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR. OWNER'S & CONTRACTOR'S PROT.	3YL945140-01	07/01/91	UNTIL CANCELED	GENERAL AGGREGATE \$ 1,000,000 PRODUCTS-COMP/OP AGG. \$ 1,000,000 PERSONAL & ADV. INJURY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 50,000 MED. EXPENSE (Any one person) \$ 10,000
AUTOMOBILE LIABILITY					
A	X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY	3ZL945140-01 OR F3B003662 (POLICIES APPLICABLE BY STATE)	07/01/91	UNTIL CANCELED	COMBINED SINGLE LIMIT \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
EXCESS LIABILITY					
	UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY	3CL945140-02 3YL945140-01	07/01/91	UNTIL CANCELED	STATUTORY LIMITS EACH ACCIDENT \$ 1,000,000 DISEASE-POLICY LIMIT \$ 1,000,000 DISEASE-EACH EMPLOYEE \$ 1,000,000
OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER IS NAMED AS AN ADDITIONAL INSURED WHERE REQUIRED BY CONTRACT.

CERTIFICATE HOLDER

AT&T
4460 ROSEWOOD DRIVE, ROOM 6330
PLEASANTON, CA 94588
ATTN: MS. PATTY MAITLAND

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Robert S. Lloyd

ACORD CORPORATION 1990