

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 525 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 3
 to
CONTRACT NO. 071B0200221
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Neighborhood America, Inc. DBA INgage Networks 2210 Vanderbilt Beach Road Naples, FL 34109	Lori Bacon	LBacon@ingagenetworks.com
	PHONE	VENDOR TAX ID # (LAST FOUR DIGITS ONLY)
	239-595-0405	4012

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER	DTMB	Dave Roach	517-241-5524	roachd2@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jarrod Barron	517-284-7045	Barronj1@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Statewide Social Networking Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
May 18, 2010	May 18, 2013	3, 1 Year Option	May 18, 2015
PAYMENT TERMS	F.O.B.	SHIPPED TO	
N/A	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF EXTENSION/OPTION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	One year & 4 months	September 30, 2016
CURRENT VALUE		VALUE/COST OF CHANGE NOTICE	ESTIMATED REVISED AGGREGATE CONTRACT VALUE	
\$2,638,600.00		\$0.00	\$2,638,600.00	

DESCRIPTION:
 Effective April 14, 2015, the State exercises the third option year and extends the contract four months to September 30, 2016 pursuant to Ad Board Resolution 2015-1. This is a zero-dollar change notice utilizing \$184,718 of existing contract funds to renew the current Hosting Services for \$47,890 and Software Licensing/General Maintenance for \$136,828, both for the period 5/19/2015 – 9/30/2016. Pricing is per cost table located in Change Notice 2. Contractor will not bill the State prior to September 1, 2015. All other pricing, terms and conditions remain the same. Per contractor and agency agreement and DTMB Procurement approval.

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

June 11, 2014

CHANGE NOTICE NO. 2
 to
CONTRACT NO. 071B0200221
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Neighborhood America, Inc. DBA INgage Networks 2210 Vanderbilt Beach Road Naples, FL 34109	Lori Bacon	LBacon@ingagenetworks.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	239-595-0405	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Dave Roach	517-241-5524	roachd2@michigan.gov
BUYER	DTMB	Barb Suska	517-284-7026	suskab2@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Statewide Social Networking Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
May 18, 2010	May 18, 2013	3, 1 Year Option	May 18, 2014
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1 Year	May 18, 2015
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$455,000.00		\$2,638,600.00		

Effective immediately, this contract is utilizing the second option year and is INCREASED by \$455,000.00. The new end date is May 18, 2015. The services that may be completed are provided in the attached Statement of Work and vendor proposal.

Please note the buyer has been changed to Barb Suska.

All other terms, conditions, specifications, and pricing remain the same.

Per vendor agreement, DTMB Procurement approval, and the approval of the State Administrative Board dated June 10, 2014. .



**MICHIGAN DEPARTMENT OF TECHNOLOGY,
MANAGEMENT AND BUDGET
IT SERVICES
STATEMENT OF WORK**

Project Title: MVAA Veterans Web Portal	Period of Coverage: 12 June 2014 – 30 June 2015
Requesting Department: Michigan Department of Technology, Management and Budget	Date: May 12, 2014
Agency Project Manager: Suzanne Thelen	Phone: 517-284-5208
DTMB Project Manager: Vaughn Bennett	Phone: 517-284-5219

Brief Description of Services to be provided:

This Statement of Work is intended to exercise Option Year 2 of contract 071B0200221 between the Department of Military and Veterans Affairs and INgage Networks, INC. to further develop, provide hosting services, maintain software licensing and general maintenance, and afford infrastructure development, to include content strategy, for the veteran’s web portal through various development phases. The web site will continue to be accessed through the Military Veterans Affairs Agency (MVAA) home page and be hosted on the INgage Networks infrastructure.

1. INTRODUCTION

Purpose

The purpose of this statement of work is to request a project proposal from the Contractor INgage, to maintain and further develop the MVAA Veteran’s web portal in order to:

- Simplify the access of benefits and services information process by Veterans and improve efficiency by connecting state and federal services virtually.
- Enable state government to capture and share information between agencies, provide tools to monitor claims processing and share critical information such as military personnel records (e.g., DD-214’s) electronically in order to validate eligibility and expedite claims.
- Develop a means to ‘push’ and ‘pull’ information in an effort to create an open exchange environment of accessing veterans services and benefits. This will be an important component as we discuss customer service model evolution when things like changes in benefits can be communicated to the Veteran using social media and web based applications instead of face-to-face and direct mail.

The parties involved in this configuration are the Department of Military and Veteran Affairs (DMVA, for MVAA), as the agency, and INgage Networks, Inc., as the services provider. Should the service provider elect to proceed with this work, this Statement of Work will be used to direct the efforts of the agency and of the service provider.

The activities that will be performed by INgage Networks during the DMVA transition process are outlined in this Statement of Work.

The Department of Military and Veteran Affairs (DMVA) is contracting with the vendor in order to provide enhancements and maintain the veterans web portal. The vendor will work in conjunction with the Department of Technology, Management and Budget in order to provide for this initiative.

Background: MICHIGAN VETS ARE NOT CONNECTING TO VA BENEFITS

As a result of Michigan having been ranked #53 of 53 on the US Veterans Affairs Geographical Distribution of Expenditures (GDX), the State of Michigan took action to design and build a veterans portal that would address the root causes of:

- Veterans' lack of awareness of eligibility
- Lack of targeted outreach
- Some veterans have overlooked VA benefits.

The Michigan Veterans Affairs Agency took initial steps to answer this disparity by building a Veterans portal and making it relevant to veterans, and their family members in the areas of Employment, Education, Healthcare, Quality of Life, and Veterans Homes.

2. SCOPE OF WORK

The Contractor will continue to develop and maintain the veterans' 'interconnecting' web portal, to be further defined by ongoing requirements. 'Interconnecting' is defined as the foundation for subsequent phases by identifying and connecting the static 'touch points' of the main portal to other, decided sources of input and output. This will include the following:

- Further develop and maintain the Veteran's web portal to maintain the access of benefits and services information process by Veterans and improve efficiency through connecting state and federal services virtually.
- Enable the State government to capture and share information between agencies, provide tools to monitor claims processing and share critical information such as military personnel records (e.g., DD-214's) electronically in order to validate eligibility and expedite claims.
- Develop the means to 'push' and 'pull' information in an effort to create an open exchange environment of accessing veterans services and benefits.
- Apply the Engagement Strategy to ensure the longevity and success of the benefits reaching the veterans and their family members.

The above shall be defined as enhancements, on which future efforts will provide additional functionality.

3. Work and Deliverables

General Requirements

- The Vendor shall submit a cost proposal with an associated project management plan addressing the mandatory tasks and associated deliverables specified in the SOW.
- Subtasks not specified in the SOW will be identified and include associated costs by project and task, milestones, and deliverable dates.

- All written deliverables or verbal communication must be phrased in terms and language that can be easily understood by non-technical personnel (e.g., layperson without subject matter expertise).
- All document deliverables must be in formats (hard copy and electronic) as specified by DMVA/DTMB - at a minimum, the formats must be in industry accepted standards (e.g., MS Word, MS PowerPoint, MS Project).
- All document deliverables must be reviewed and approved by the project manager of the DMVA/DTMB project team before the final deliverable is presented.
- Document deliverable must be reviewed and pre-approved prior to the final deliverable.
- DMVA/DTMB will complete a review of each submitted deliverable within specified working days from the date of receipt.
- A kickoff meeting will be held at a location and time selected by DMVA/DTMB where the Vendor and its staff will be introduced to DMVA/DTMB.
- The Vendor and/or its staff must have knowledge and expertise of the environment (e.g., platform, software, applications, network, tools, etc.) for which work is to be performed and staff will/may be requested to work from the DMVA/DTMB worksites.
- All items of this agreement shall be done in accordance with the DMVA/DTMB agreement and existing standards.
- This Statement of Work shall adhere to the Service Level Agreement as defined in the main contract.

Deliverables

The following deliverables, although not yet totally defined and confirmed, have been deliberated as an initial listing of enhancements to be developed as part of this SOW:

- Decision tree wizard for narrowed informational requests
- Integration with MiTalent for veteran job transition and employment
- Registration of Vet friendly organizations to assist veterans with needs
- Certification process of Veteran employers who are hiring veterans
- Engagement Strategy action to interact with various media
- 2-1-1 Michigan veterans integration with the portal for advanced search

The following briefly describes the work to be accomplished in advancing each phase:

Define, Build and Deploy the Vets' web portal enhancements. INgage Networks will do all things necessary to define, build and deploy Vets portal enhancements. This effort will require three components during each phase:

- **Collect, Validate and Document Requirements.** These requirements will define the *Vets portal* user interface(s), the user experiences, the detailed operation of the portal, and any necessary interfaces to other State or Service Provider data sources. INgage Networks will meet with designated staff from the State to collect and document additional requirements and validate their completeness and accuracy. INgage Networks will provide a finalized Requirements Document to the State for acceptance.
- **Define the Vets' portal continuing Content Strategy.** Concurrent with the definition of the implementation requirements, INgage Networks will work with State staff to further develop the content strategy as described above. Content strategy contemplates key elements of the experience such as branding, tone and voice; establishes an implementable framework for the production of text, audio and video assets; may influence certain functional specifications for the technology plan (e.g., the extent of social integration, for example); and is a necessary first step leading

into the production cycle that must be complete prior to launch. INgage Networks will provide a finalized Content Strategy Document, including mockups of the Vets web portal and screen-views, to the State for acceptance.

- **Implement and Deploy Vets portal enhancements.** As requirements are defined, INgage Networks' technology implementation resources will develop and deploy the portal enhancements. It is anticipated that deployments will be incremental, with initial functionality deployed as quickly as possible and additional functionality deployed in a series of prioritized phases. In conjunction with the technology implementation effort, content production resources will create launch-stage assets (articles, visuals--such as photography and 'infographics', videos, audio files, and so on) necessary to provide a rich user experience. As INgage Networks provides the deliverables in a test environment, the State will test them for correct function and operation, and ADA compliance. The State reserves the right to authorize the go-live deployment of Vets' portal enhancements, based upon satisfactory operation and acceptance of all deliverables.

Reserve Bank of Hours

Owing to the reality that not all enhancements are currently defined, the Contractor will provide an as-needed reserve bank of 1200 hours for future development activities, scope modifications, enhancements, or work that does not fall under the definition of "maintenance," as defined in the contract resulting from this SOW.

The rates for the reserve bank should be scheduled over the length of the contract. The SOM will issue separate Statements of Work to the Contractor for the work requested and the Contractor will provide a written price proposal. Upon review and approval of the DTMB Project Manager, an ITRAC request will be submitted for a Purchase Order release to be created by DTMB Financial Services (FS). DTMB FS will send the approved Purchase Order to the Contractor for the project to begin. The hourly rates will be a blended rate of \$150/hour for all resources

This reserve bank will be for future development services to meet new requirements resulting from:

- Future enhancements that will be required based on federal and/or state requirements. A separate Statement of Work will be written for any required enhancements. The Contractor must be able to respond to requests to modify the system to meet future needed functionality, including permission from the proprietary software Contractor if needed.
- Web portal Adjustments & New Development - Contractor must provide the ability to request changes or new development work of the Systems. Such work must be provided under a maintenance agreement, or at prevailing market rates.
- Interoperability Development with Other Applications - Contractor must provide the ability to request integrations or interoperability with other products or services of the system such as enhanced skill functionality. Such work must be provided under a maintenance agreement, or at prevailing market rates.
- Systems Interface Adjustments- Contractor must provide the ability to request changes or customizations to the application user interface of the System. Such work must be provided under a maintenance agreement.

The Reserve Bank of Hours may be used for:

1. Customization and new interfaces, which includes documentation
2. Updated training of SOM users
 - a) The Contractor will update any documentation that has been previously created by the Contractor to reflect the updated and enhanced functionality of the application/system.

- b) Data migration scripting and services
- c) The Contractor will provide updated versions of all systems, user, and training documentation prior to the implementation date.
- d) Documentation must meet all requirements of the prior Documentation deliverables as stated and be provided in electronic and hard copy.

4. SUBMISSION AND ACCEPTANCE OF DELIVERABLES

Deliverables must be provided on the dates specified from the schedule (TBD). Once established, any changes to the delivery date must have prior approval (in writing) by the project manager or designee of DMVA/DTMB.

- All deliverables must be submitted in a format approved by the DTMB contract official. At a minimum, the deliverable must be in an industry standard format - unless otherwise stipulated.
- If the deliverable cannot be provided within the scheduled time frame, the Vendor is required to contact the project manager of the DMVA/DTMB in writing with a reason for the delay and the proposed revised schedule. The request for a revised schedule must include the impact on related tasks and the overall project.
- A request for a revised schedule must be reviewed and approved by the project manager of the DMVA/DTMB conversion process before placed in effect. Contract terms and conditions may dictate penalties, costs, and other actions based on the facts related to the request for a revised schedule.
- Deliverable acceptance will be conducted and confirmed by the project manager, or his designated representative, and the product Application Availability & Performance Target Standards shall be in accordance with the Service Level Agreement as defined in the main contract.

5. REPORTS AND MEETINGS

- The Vendor, in conjunction with DMVA/DTMB, are required to provide the project manager of DMVA/DTMB with written progress reports (one copy) of the implementation phase of this project as specified above.
- The progress reports shall cover all work performed and completed during the report period for which the progress report is provided and shall present the work to be performed during the subsequent report period.
- The progress report shall identify, but not be limited to, any problems encountered or still outstanding with an explanation of the cause and resolution of the problem or how the problem will be resolved.
- Report format shall be provided in MS Office format and contain, but not be limited to: work accomplished, work to be accomplished, the identification of any issues/risks/changes when they occur, and resolution plans and assignment of responsible party of closing out the issue.
- The Vendor, in conjunction with DMVA/DTMB, will be responsible for conducting weekly status meetings (within the normal Monday – Friday, 8:00 – 5:00 work week), with the project manager of the DMVA/DTMB at a time and place so designated by the project manager - unless revised by the project manager. The meetings can be in person or over the phone with supported documentation provided prior to the meeting.
- The Vendor, in conjunction with DMVA/DTMB shall provide a change management plan to document procedures for additions, deletions and modifications to the conversion process and deliverables.

6. PERIOD OF PERFORMANCE

- The Vendor in conjunction with DMVA and DTMB will conduct and complete the work associated with the contract at sites appropriate to the task and mutually agreed upon between the Vendor, DMVA and DTMB.
- Mandatory tasks required under this SOW shall be completed in the specified number of calendar days or less from the date of the award - unless otherwise directed or agreed to by the project manager of DMVA/DTMB.

7. VENDOR PERSONNEL REQUIREMENTS

The vendor, in conjunction with DMVA, must have specialized experience and knowledge commensurate with the DTMB environment, device deployments and the specified tasks.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work at the Romney Building in Lansing, Michigan, or other designated area, when on site.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS when on site:

Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.

8. CUSTOMER/CLIENT-FURNISHED EQUIPMENT AND WORK SPACE

- Depending on the nature of the task, the project manager of the DMVA/DTMB will provide system access for on-site and off-site work - in accordance with established department policies, standards, regulations, and rules of conduct
- The project manager of the DMVA/DTMB conversion process will provide the appropriate procedures, guidelines, standards, reference materials, and system/application documentation.
- The project manager of the DMVA/DTMB conversion process will provide access to the appropriate personnel (management, technical, subject matter expertise, etc.) necessary to fulfill the contract requirements.

9. HANDLING OF SENSITIVE AND/OR PROPRIETARY INFORMATION

- The Vendor in conjunction with DMVA/DTMB will provide personnel who will sign, or who have signed, a security agreement or have been granted a classification clearance commensurate with the sensitivity of the tasks to be performed.
- Any information assets (company owned or custodial care) no longer required to complete the prescribed tasks must be returned to a designated DMVA/DTMB representative for storage or destruction. Unless approved by a designated DMVA/DTMB official, no sensitive or proprietary DMVA/DTMB information shall be removed, copied, or otherwise replicated from the DMVA/DTMB site or domain.

10. CONFIDENTIALITY AND NON-DISCLOSURE

- The preliminary and final deliverables as well as all associated working papers and other material considered relevant by the DMVA/DTMB Business Relationship Manager (BRM) that have been generated by the Vendor in the performance of DMVA business are the property of DMVA/DTMB and must be submitted to the BRM at the conclusion of the effort for evaluation, classification, and disposition.

- Access and use of the DMVA/DTMB network shall be considered sensitive, on an as-required basis, and must be appropriately protected.
- All documents - hard copy or electronic - produced for this project are the property of DMVA/DTMB. All appropriate project documentation will be given to the BRM during and at the end of the contract. The Vendor will release no information without written permission from DMVA/DTMB, or other designated official. Any request for information relating to this contract presented to the Vendor must be submitted to the BRM for a response.
- The Vendor will be required to have a classification clearance commensurate with the sensitivity of the tasks to be performed. Vendor personnel will be required to sign security agreements and follow all provisions, restrictions, procedures, and policies commensurate to the tasks to be performed.
- Nothing herein shall be construed or applied in a manner inconsistent with the federal or state of Michigan policy and procedures or administrative rules.

11. PAYMENTS

Payment will be made on a “deliverables basis” and as agreed upon via a payment schedule. Properly completed invoices which shall be submitted to the billing address on the State issued purchase order and include the correct purchase order number. The DTMB Accounts Payable and Financial Services areas DMVA Contracts area will coordinate obtaining DTMB Project Manager approval. All invoices shall be detailed and reflect actual work completed, and accepted by payment date and must be approved by DMVA/DTMB. The invoices shall describe and document, to the State’s satisfaction, a description of the work performed, the progress of the project, and fees. Payments shall be considered timely if made within 45 days after invoice.

I. Pricing Schedule

- A. Project costs will be invoiced no more frequently than monthly to the Department of Technology, Management and Budget. SOW deliverables shall include the following:
 1. Implementation Services – Subsequent Portal Phases - work with client to develop enhancements from requirements, as established from prior Implementation Services.
 2. Hosting Services – contractor to provide hosting services.
 3. Community Management – perform ongoing media services for the portal strategy Optional (to be determined)
 4. Content Infrastructure – identify and implement a content strategy plan and an ongoing development framework for the portal.
 5. Software Licensing and General Maintenance – provide services to the client that will allow access and operation and that will maintain the system per the service level agreement in the ‘main’ contract.
 6. The Reserve Bank of Hours for 1200 total hours over the course of the corresponding SOW.
- B. All invoicing will be generated utilizing the State of Michigan pricing schedule contract. Invoices will reflect the work accomplished and billed in accordance with the requirements of the Department of Technology, Management and Budget.

II. Amendments

Either party can initiate a review of this Statement of Work and can request revisions to it. The DTMB Project Manager and INgage Networks must agree to any changes in writing. Any revision made to the Statement of Work will be tracked. If an amendment is found necessary, production will continue unless there is a critical change needed. In this instance, all necessary steps will be taken by all parties to ensure there is minimal interruption in workflow.

12. EXPENSES:

- The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.
- Whenever possible, conference calls and/or Webinars (when available and cost effective) must be used.
- The State will not pay for Contractor staff overtime.

13. ROLES AND RESPONSIBILITIES

• A. Contractor Staff

The Contractor has identified David Higgins as the Single Point of Contact (SPOC). The duties of the SPOC shall include, but not be limited to:

- Supporting the management of the Contract;
- Facilitating dispute resolution; and
- Advising the State of performance under the terms and conditions of the Contract.

The State reserves the right to require a change in the current SPOC if the assigned SPOC is not, in the opinion of the State, adequately serving the needs of the State.

The Contractor will provide, and update when changed, an organizational chart indicating lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work.

All Key Personnel may be subject to the State's interview and approval process. Any key staff substitution must have the prior approval of the State. The State has identified the following as key personnel for this project:

- Project Manager
- Social Media Producer

The Contractor will provide a project manager, David Higgins for each statement of work to interact with the designated personnel from the State to insure a smooth implementation of Michigan's SNS. The project manager will coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by State. The Contractor's project manager/technical lead responsibilities include, at a minimum:

- Manage all defined Contractor responsibilities in this Scope of Services;
- Manage Contractor's subcontractors, if any;
- Develop the project plan and schedule, and update as needed;
- Serve as the point person for all project issues;
- Coordinate and oversee the day-to-day project activities of the project team;
- Assess and report project feedback and status;

- Escalate project issues, project risks, and other concerns;
- Review all project deliverables and provide feedback;
- Proactively propose/suggest options and alternatives for consideration;
- Utilize change control procedures;
- Prepare project documents and materials; and,
- Manage and report on the project's budget.

The Contractor will provide sufficient qualified staffing to satisfy the deliverables of this Statement of Work.

- **B. On Site Work Requirements**

- 1. Location of Work**

- When on site, meetings and other work involving State of Michigan staff shall occur within the boundaries of the State and generally in the Lansing region, except by mutual agreement.

- 2. Hours of Operation:**

- a. Normal State working hours are 8:00 a.m. to 5:00 p.m. EST, Monday through Friday, with work performed as necessary after those hours to meet project deadlines. No overtime will be authorized or paid.
- b. The State is not obligated to provide State management of assigned work outside of normal State working hours. The State reserves the right to modify the work hours in the best interest of the project.
- c. Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay.

- 3. Travel:**

- a. Travel time to the Lansing area will not be reimbursed.

- 4. Additional Security and Background Check Requirements:**

NONE

C. STATE STAFF, ROLES, AND RESPONSIBILITIES

The State project team will consist of Executive Subject Matter Experts (SME's), project support, and a DTMB and Agency project manager. Each SOW will address specific key state staff and roles.

- **Subject Matter Experts**

The Subject Matter Experts representing the business units involved will provide the vision for the business design and how the application shall provide for that vision. They shall be available on an as needed basis. The SME's will be empowered to:

- Resolve project issues in a timely manner;
- Review project plan, status, and issues;
- Resolve deviations from project plan;
- Provide acceptance sign-off;
- Utilize change control procedures;
- Ensure timely availability of State resources; and,
- Make key implementation decisions, as identified by the Contractor's project manager, within 48-hours of their expected decision date.

- **State Project Manager- (DTMB)**

DTMB will provide a Project Manager who will be responsible for the State's infrastructure and coordinate with the Contractor in determining the system configuration.

• Name	• Agency/Division	• Title
Vaughn Bennett	DTMB Customer Service	Senior Project Manager

The State's Project Manager will provide the following services:

- Provide State facilities, as needed;
- Coordinate the State resources necessary for the project;
- Facilitate coordination between various external contractors;
- Facilitate communication between different State departments/divisions;
- Provide acceptance and sign-off of deliverable/milestone;
- Review and sign-off of timesheets and invoices;
- Resolve project issues;
- Escalate outstanding/high priority issues;
- Utilize change control procedures;
- Conduct regular and ongoing review of the project to confirm that it meets original objectives and requirements;
- Document and archive all important project decisions; and,
- Arrange, schedule and facilitate State staff attendance at all project meetings.

D. OTHER ROLES AND RESPONSIBILITIES

Numerous other persons who are engaged in related activities—such as subject matter experts—in Michigan will be asked to participate. These people will be identified as part of the Social Media Planning activity and may be identified as participants in training or as content contributors.



www.ingagenetworks.com

Michigan Veterans Portal

STATEMENT OF WORK, FEES AND BILLING
SCHEDULE
MARCH 14, 2014

Prepared by:
Dave Higgins
dhiggins@ingagenetworks.com

BACKGROUND:

In the fall of 2012, the Michigan Department of Military and Veterans Affairs (DMVA) engaged with INgage Networks, Inc. (INgage) to develop a technology strategy for a proposed Veterans Benefit Portal to consolidate all public and private Veterans benefits into a single “one stop shop” portal for the State of Michigan. This strategy plan recommended general, high-level functionality for the portal, as well as alternatives and other optional functional components and service that the State may or may not be ultimately interested in implementing as part of its overall offering strategy. To that end, the Michigan Veterans Affairs Agency (MVAA) contracted with INgage and its partners to develop MichiganVeterans.com, the Michigan Veterans Benefit Portal.

PROJECT OBJECTIVE:

The purpose of this project is to continue to work with representatives of the MVAA to develop ongoing and advanced requirements for the Veterans Benefit Portal, to prioritize those requirements for the purposes of developing a phased implementation schedule for new features, and to develop the features through a series of implementation phases. The project scope herein includes the required Software Licensing and Hosting Services for the overall presentation and operability of the portal.

INgage believes the long-term success of the Michigan Veterans Portal to be dependent on a rich set of functionality that makes it even easier for Veterans to find the benefits they may be eligible for. The would include mobile versions of the site so that Veterans can locate benefit providers near them when using location-aware tablets or phones, improved tracking (through collection of anonymous statistics) of which population of Veterans are taking advantage of the portal, deeper integration with other State of Michigan benefit providers (such as MITalent), and extending the portal to employer and university programs in order to encourage organizations to be more Veteran-friendly.

SCOPE OF WORK:

This project has five components as follows.

1. Implementation Services
2. Software Development, Content Management and Related Services
3. Hosting Services. INgage will continue providing Hosting Services for the Veterans Benefit Portal.
4. Software Licensing and General Maintenance.
5. Supplemental: Site Moderation/Training.

TASKS:

Technical support from the State is required to assist with the following tasks:

- Implementation Services
 - Provide relevant subject matter experts, both technical and non-technical, during the term of the Project’ as requested and in conjunction with an agreed upon schedule, by INgage.
- Software Development, Content Management and Related Services
 - Provide relevant subject matter experts, both technical and non-technical, during the term of the Project’ as requested and in conjunction with an agreed upon schedule, by INgage.
- Hosting Services
 - None.
- Software Licensing and General Maintenance
 - None.
- Site Moderation/Training

DELIVERABLES:

Deliverables will not be considered complete until the DTMB Project Manager has formally accepted them. Deliverables for this project include:

- Implementation Services. The following deliverables, although not yet totally defined and confirmed, have been deliberated as an initial listing of enhancements to be developed as part of this SOW:

- Anonymous user “profiles” via wizards to collect information about visitors to guide them to the most likely benefits based on their profile, and to use those anonymous statistics to build a better analytic picture of who is visiting (and what they are looking for)
- Integration with MiTalent for veteran job transition and employment
- Registration of Vet friendly organizations to assist veterans with needs
- Certification process of Veteran employers who are hiring veterans
- Engagement Strategy action to interact with various local, regional and national media
- 2-1-1 Michigan veterans integration with the portal for advanced search
- Mobile-friendly version with identification of nearby services based on location
- Live chat via instant messaging (initially with INgage Site Moderation and eventually when customer service VA operators are available)
- Student veteran initiative support
- Software Development, Content Management and Related Services. Deliverables are To Be Determined, but may include:
 - Further develop and maintain the Veteran’s web portal to maintain the access of benefits and services information process by Veterans and improve efficiency through connecting state and federal services virtually.
 - Enable the State government to capture and share information between agencies, provide tools to monitor claims processing and share critical information such as military personnel records (e.g., DD-214’s) electronically in order to validate eligibility and expedite claims.
 - Develop the means to ‘push’ and ‘pull’ information in an effort to create an open exchange environment of accessing veterans services and benefits.
 - Apply the Engagement Strategy to ensure the longevity and success of the benefits reaching the veterans and their family members.
- Hosting Services
 - Hosting of the Veteran Benefits Portal.
- Software Licensing and General Maintenance
 - None.
- Site Moderation
 - Links to VA customer “bureau” representatives.

ACCEPTANCE CRITERIA:

Acceptance will be on a deliverable basis by the DTMB Project Manager. Each Deliverable will be deemed accepted upon written Approval and Sign-off on the Project Deliverable Form, an attachment to each Project Deliverable. Failure to approve Deliverable within five (5) business days of receipt will result in INgage deeming Deliverable approved, accepted, and signed-off. Changes to this SOW will follow the procedures described in “Appendix A - SOW Change Control Process.”

PROJECT CONTROL, REPORTS, AND MEETINGS:

A bi-weekly progress report will be submitted to the DTMB Project Manager throughout the life of this project. Each bi-weekly progress report will contain the following:

- **Accomplishments and future work:** Indicate what was worked on and what was completed during the current reporting period, and what will be worked on for the next period.
- **Risks/Issues/Cause/Resolution:** Indicate problems encountered, identify causal effects, and enumerate resolutions for each reporting period.

When necessary, INgage will conduct status meetings. The meetings can be in person, or over the phone, with supported documentation provided prior to the meeting.

FEE SCHEDULE

Service	Year Two (5/19/2014- 6/30/2015)
Implementation Services	\$120,000
Software Development, Content Management and Related Services* *See Appendix B: Reserve Bank of Hours	\$180,000
Hosting Services	\$35,000
Software Licensing and General Maintenance	\$75,000
Site Moderation and Training (Minimum 3 months at \$15K per month)	\$45,000
Total Fees	\$455,000

PAYMENT SCHEDULE:

Payment will be made on a Satisfactory Acceptance of each Deliverable basis. DTMB will pay INgage upon receipt of properly completed invoices which shall be submitted to the billing address on the State issued purchase order and include the correct purchase order number. The DTMB Accounts Payable and Financial Services areas will coordinate obtaining DTMB Project Manager approval. All invoices should reflect actual work completed by payment date, and must be approved by the DTMB Project Manager, prior to payment. The invoices shall describe and document, to the State’s satisfaction, a description of the work performed, the progress of the project, and fees.

Billing events for **Implementation Services** will occur as follows:

- To be determined. Deliverables, timelines and acceptance criteria will be established for each set of new and advanced functionality as determined by the mutually agreed upon statements of work..

Billing events for **Software Development, Content Management and Related Services** will occur as follows:

- To be determined. Deliverables, timelines and acceptance criteria will be established for each set of new and advanced functionality as determined by the mutually agreed upon statements of work.

Billing events for **Hosting Services** will occur as follows:

- Hosting Services – option Year Two (\$35,000.00) will be invoiced 30 days prior to the one year anniversary of the launch of the Phase 1 Veteran Services Portal (October 1, 2014).

Billing events for **Software Licensing and General Maintenance** will occur as follows:

- License and Maintenance – option Year Two (\$75,000.00) will be invoiced 30 days prior to the one year anniversary of the launch of the Phase 1 Veteran Services Portal (October 1, 2014).

Billing events for **Site Moderation and Training** will occur as follows:

- A minimum of 3 months of initial Site Moderation (1 dedicated INgage FTE) will be invoiced (\$45,000) at the initiation of these services, as requested by the State of Michigan.

Payment shall be considered timely if made by the DTMB within forty five (45) days after receipt of properly completed invoices.

GENERAL ASSUMPTIONS:

- All Deliverables requested by Client are completed in accordance with this SOW and in accordance with the State’s original contract.
- No restrictions shall be placed on INgage’s ability to perform the same or similar services for other clients.
- Any changes made to previously approved and signed-off Deliverables may result in additional charges and an extended timeline.
- INgage’s ability to fulfill its obligations hereunder is at all times subject to: the accuracy of these assumptions; Client fulfilling its obligations; any delays or scope changes caused by Client; and any delays or stoppages due to occurrences beyond INgage’s control. INgage shall be relieved of responsibility to fulfill its obligations pursuant to this SOW if INgage’s failure to fulfill its obligations is due to problems arising from any of the foregoing.
- Furthermore, INgage shall not be held liable for failure to fulfill its obligations hereunder in the case of:
 - Failure of Client to provide adequate specifications and/or requirements;
 - Failure of Client to approve a Project Deliverable or Change Request in a timely fashion.
- INgage will follow the same SLA requirements set forth in the main contract.

PROJECT CONTACTS:

The designated DTMB Project Manager is: Vaughn Bennett

DTMB-Agency Services
LARA, MDOC, MSP, DMVA & MDCR
Hannah Bldg, 1st Floor
608 W Allegan St
Lansing, MI
517-284-5219
bennettv@michigan.gov

The DTMB Business Relationship Manager for this project is:

Dave Roach
DTMB-Agency Services
LARA, MDOC, MSP, DMVA & MDCR
Hannah Bldg, 1st Floor
608 W Allegan St
Lansing, MI
517-241-2254
roachd2@michigan.gov

Appendix A: SOW Change Request Process

Scope control is a priority during the term of this Project. A Change Request (“CR”) is defined as a written agreement between the Client and INgage (the Parties) for additions, modifications, or deletions to this SOW. The following provides a detailed procedure to follow if a change to this SOW is desired. The Parties will handle all proposed changes through the following process:

- The Client and/or INgage will identify a desired change and give the other Party a written notice thereof (“Notice of Proposed Change”).
- INgage will determine the impact of the desired change on Project scope, schedule and/or budget, and will provide Client with a written statement of such impact (“Statement of Impact”) concurrently with any Notice of Proposed Change given to Client or within a commercially reasonable time after either Party documents a Notice of Proposed Change.
- Client will review the Statement of Impact and may request additional information. INgage may specify commercially reasonable fees to be charged, if any, to reimburse INgage for expenses to be incurred in providing such additional information with respect to any Notice of Proposed Change initiated by Client.
- If both Parties desire to implement the proposed change, the Parties will jointly develop a CR describing the proposed change and the rationale for such change. If the CR is acceptable to both Parties, the Client and INgage will each sign and deliver the CR to the other, which will then constitute the Parties’ binding agreement to the proposed change and any associated fees provided for therein.
- INgage will invoice Client for any charges provided for in the SOW and/or CR.

Appendix B: Reserve Bank of Hours

Reserve Bank of Hours

Owing to the reality that not all enhancements are currently defined, the Contractor will provide an as-needed reserve bank of 1200 hours for future development activities, scope modifications, enhancements, or work that does not fall under the definition of “maintenance,” as defined in the contract resulting from this SOW.

The rates for the reserve bank should be scheduled over the length of the contract. The SOM will issue separate Statements of Work to the Contractor for the work requested and the Contractor will provide a written price proposal. Upon review and approval of the DTMB Project Manager, an ITRAC request will be submitted for a Purchase Order release to be created by DTMB Financial Services (FS). DTMB FS will send the approved Purchase Order to the Contractor for the project to begin. The hourly rates will be a blended rate of \$150/hour for all resources.

This reserve bank will be for future development services to meet new requirements resulting from:

- Future enhancements that will be required based on federal and/or state requirements. A separate Statement of Work will be written for any required enhancements. The Contractor must be able to respond to requests to modify the system to meet future needed functionality, including permission from the proprietary software Contractor if needed.
- Web portal Adjustments & New Development - Contractor must provide the ability to request changes or new development work of the Systems. Such work must be provided under a maintenance agreement, or at prevailing market rates.
- Interoperability Development with Other Applications - Contractor must provide the ability to request integrations or interoperability with other products or services of the system such as enhanced skill functionality. Such work must be provided under a maintenance agreement, or at prevailing market rates.
- Systems Interface Adjustments- Contractor must provide the ability to request changes or customizations to the application user interface of the System. Such work must be provided under a maintenance agreement.

The Reserve Bank of Hours may be used for:

- Customization and new interfaces, which includes documentation
- Updated training of SOM users
 - The Contractor will update any documentation that has been previously created by the Contractor to reflect the updated and enhanced functionality of the application/system.
 - Data migration scripting and services
 - The Contractor will provide updated versions of all systems, user, and training documentation prior to the implementation date.
 - Documentation must meet all requirements of the prior Documentation deliverables as stated and be provided in electronic and hard copy.

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 1
 to
CONTRACT NO. 071B0200221
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Neighborhood America, Inc. DBA INgage Networks 2210 Vanderbilt Beach Road Naples, FL 34109	Lori Bacon	LBacon@ingagenetworks.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	239-595-0405	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Dave Roach	517-241-5524	roachd2@michigan.gov
BUYER	DTMB	Reid Sisson	517-241-1638	sissonr@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Statewide Social Networking Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
May 18, 2010	May 18, 2013	3, 1 Year Option	May 18, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1 Year	May 18, 2014
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$683,600.00		\$2,183,600.00		
Effective immediately, this contract is utilizing the first option year and is INCREASED by \$683,600.00. The new end date is May 18, 2014. The vendor contact has changed to Lori Bacon. Please see the attached Statement of Work.				
All other terms, conditions, specifications, and pricing remain the same.				
Per vendor agreement, DTMB Procurement approval, and the approval of the State Administrative Board dated May 7,				

2013.



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Michigan Veterans Portal

PROPOSED STATEMENT OF WORK, FEES AND
BILLING SCHEDULE
MAY 14, 2013

Prepared by:
Dave Higgins
dhiggins@ingagenetworks.com



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BACKGROUND:

In the fall of 2012, the Michigan Department of Military and Veterans Affairs (DMVA) engaged with INgage Networks, Inc. (INGage) to develop a technology strategy for a proposed Veterans Benefit Portal to consolidate all public and private Veterans benefits into a single “one stop shop” portal for the State of Michigan. This strategy plan recommended general, high-level functionality for the portal, as well as alternatives and other optional functional components that the State may or may not be ultimately interested in implementing as part of its overall technology strategy.

PROJECT OBJECTIVE:

The purpose of this project is to work with representatives of the DMVA to develop the detailed requirements for the Veterans Benefit Portal, to prioritize those requirements for the purposes of developing a phased implementation schedule for the portal, and to develop the portal through one or more implementation phases. The project also covers the development of a Content Infrastructure Framework, ongoing Community Management services, as well as Software Licensing and Hosting services for the portal.

SCOPE OF WORK:

This project has six components as follows.

6. Implementation Consulting Services, Prioritization and Scheduling. An Implementation Consulting engagement (Discovery) will be executed during which the strategy plan developed in the earlier phase will be used as a framework for the development of the detailed Portal requirements. During this engagement, INgage will work with the designated representatives of the DMVA to understand the functionality desired of the portal and to define detailed operational requirements. As part of this Implementation Consulting phase, INgage will work with the DMVA to understand the priorities of the operational requirements and to develop a phased schedule for the implementation of those requirements.
7. Implementation Services. Following the development of the prioritized schedule, INgage will develop the Veterans Benefit Portal through a series of implementation Phases.
 - o Phase One: Initial Benefits Portal. INgage will work with the DMVA to implement a basic portal for Veterans to use to discover benefits as specified in Section 2: Scope of Work of the SOW for MVAA Veterans Web Portal document.
 - o Subsequent Phases: Beginning with Phase Two and continuing through future Phases, INgage will work with DMVA to establish specific deliverables and development schedules based on the Portal requirements developed as part of the Implementation Consulting Services described above.
8. Hosting Services. INgage will provide Hosting Services for the Veterans Benefit Portal.
9. Community Management. Following the implementation of Phase One of the Veterans Benefit Portal, INgage will perform ongoing Community Management services as necessary.
10. Content Infrastructure Framework. Concurrent with the Implementation Consulting Services described above, INgage will work with the DMVA to develop a Content Infrastructure Framework for the Veteran Benefits Portal.
11. Software Licensing and General Maintenance.

TASKS:

Technical support from the State is required to assist with the following tasks:

- Implementation Consulting Services

- Identification of DMVA resources to provide and approve portal requirements and priorities.
- Assignment and identification of a primary point of contact with INgage with respect to this SOW.
- Provide relevant subject matter experts, both technical and non-technical, during the term of the Project' as requested and in conjunction with an agreed upon schedule, by INgage. Delays in schedule due to subject matter experts not being available as requested may impact schedule and estimated fees.
- Provide any documentation or graphic assets prior to the start of the Project, such as, but not limited to, requirements, style guides (e.g., the SOM Look and Feel Guide) and URLs to be used in the Veteran Benefits Portal.
- Implementation Services
 - Identification of DMVA resources to approve development schedules.
 - Identification of DMVA resources to provide formal acceptance of delivered portal functions.
- Hosting Services
 - Identification of Domain location for the Veteran Benefits Portal.
 - Identification of State IT resources to work with to secure proper resolution of Veteran Service Portal domain to INgage servers.
- Community Management
 - Identification of DMVA resources to work with Community Managers during ongoing promotion, administration, moderation and operation of the portal.
- Content Infrastructure Framework
 - Identification of DMVA resources to provide and approve Content Infrastructure Framework requirements and priorities.
- Software Licensing and General Maintenance
 - None.

DELIVERABLES:

Deliverables will not be considered complete until the Agency Project Manager, or his designated representative, has formally accepted them. Deliverables for this project include:

- Implementation Consulting Services
 - High Level Veteran Service Portal requirements backlog with priorities.
 - High Level Estimate for Features Selected for Implementation
 - High Level Architecture, Technical Design and Recommendations, including Identification of System Integration Points
 - Project Risks and Assumptions
- Implementation Services
 - Phased versions of the Veteran Benefits Portal, beginning with the Phase One Initial Portal and subsequent Phases with additional functional elements.
- Hosting Services
 - Hosting of the Veteran Benefits Portal.
- Community Management (as necessary)
 - Ongoing promotion, administration, moderation and customer service in support of the Veteran Benefits Portal.
- Content Infrastructure Framework
 - A content strategy plan and ongoing content development for the Veteran Benefits Portal.

- Software Licensing and General Maintenance
 - None.

ACCEPTANCE CRITERIA:

Acceptance will be on a deliverable basis by the Agency Project Manager, or his designated representative.

Each Deliverable will be deemed accepted upon written Approval and Sign-off on the Project Deliverable Form, an attachment to each Project Deliverable. Failure to approve Deliverable within five (5) business days of receipt will result in INgage deeming Deliverable approved, accepted, and signed-off. Changes requested after Deliverable sign off, may result in a Change Request and additional fees to accommodate change in resources and timelines resulting from the change in scope of work.

Changes to this SOW will follow the procedures described in “Appendix A - SOW Change Control Process.”

PROJECT CONTROL, REPORTS, AND MEETINGS:

A bi-weekly progress report will be submitted to the Agency Project Manager throughout the life of this project. Each bi-weekly progress report will contain the following:

- **Accomplishments and future work:** Indicate what was worked on and what was completed during the current reporting period, and what will be worked on for the next period.
- **Risks/Issues/Cause/Resolution:** Indicate problems encountered, identify causal effects, and enumerate resolutions for each reporting period.

When necessary, INgage will conduct status meetings. The meetings can be in person, or over the phone, with supported documentation provided prior to the meeting.



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FEE SCHEDULE

Service	Year One (5/19/2013- 5/18/2014)	Year Two (optional, 5/19/2013- 5/18/2014)	Year Three (optional, 5/19/2013- 5/18/2014)
Implementation Consulting Services	\$90,700	\$0	\$0
Implementation Services (Phase One - Initial Portal)	\$49,400	\$0	\$0
Implementation Services (Subsequent Portal Phases)	\$160,000	\$0	\$0
Hosting Services	\$0	\$35,000	\$35,000
Community Management	\$180,000	\$0	\$0
Content Infrastructure Framework	\$153,500	\$0	\$0
* Content Strategy Formulation (\$12,500)			
* Infrastructure Development and Propagation (\$125,000)			
* Content Creation Knowledge Transfer (\$16,000)			
Software Licensing and General Maintenance	\$50,000	\$75,000	\$100,000
Total Fees	\$683,600	\$110,000	\$135,000

PAYMENT SCHEDULE:

Payment will be made on a Satisfactory Acceptance of each Deliverable basis. DMVA will pay INgage upon receipt of properly completed invoices which shall be submitted to the billing address on the State issued purchase order according to the schedule below. DMVA Contracts area will coordinate obtaining Agency Project Manager approval. All invoices should reflect actual work completed by payment date, and must be approved by the Agency Project Manager, or his designated representative, prior to payment. The invoices shall describe and document, to the State’s satisfaction, a description of the work performed, the progress of the project, and fees.

Billing events for **Implementation Consulting Services** will occur as follows:

- 50% (\$45,350.00 of \$90,700.00) will be invoiced on acceptance of the Draft Implementation Project Plan.
- 50% (\$45,350.00 of \$90,700.00) will be invoiced upon acceptance of the Implementation Consulting Services Deliverables (detailed above).

Billing events for **Implementation Services** (Phase One Portal) will occur as follows:

- 50% (\$24,700 of \$49,400.00) will be invoiced on acceptance of Phase 1 requirements
- 50% (\$24,700 of \$49,400.00) will be invoiced on acceptance of the launch of the Phase 1 Veteran Benefit Portal.

Billing events for the **Implementation Services (Subsequent Portal Phases)** will occur as follows:

- Additional milestones will be developed for implementation of subsequent phases of the Veteran Benefits Portal beyond the initial Phase 1 version. Billing events for each implementation phase

Statement of Work

portion of the total implementation services budget (\$160,000.00) will be determined at that time.

Billing events for **Hosting Services** will occur as follows:

- Hosting Services Year One (\$0) are waived.
- Hosting Services Year Two (\$35,000.00) is conditional on mutual agreement between the State and INGage to extend the State's contract and will be invoiced 30 days prior to the one year anniversary of the launch of the Phase 1 Veteran Services Portal.
- Hosting Services Year Three (\$35,000.00) is conditional on mutual agreement between the State and INGage to extend the State's contract and will be invoiced 30 days prior to two year anniversary of the launch of the Phase 1 Veteran Services Portal.

Billing events for **Community Management** will occur as follows (as determined):

- \$15,000 (1/12 of \$180,000.00) will be invoiced on the first of each calendar month following the launch of the Phase 1 portal.

Billing events for **Content Infrastructure Framework** will occur as follows:

- **Content Strategy Formulation** (comprises \$12,500.00 of \$153,500.00 to be billed as follows)
 - 25% (\$3,125.00 of \$12,500.00) will be invoiced on acceptance of the completion of Phase 1 Content Requirements.
 - 25% (\$3,125.00 of \$12,500.00) will be invoiced on acceptance of the launch of the Phase 1 Portal.
 - 50% (\$6,250.00 of \$12,500.00) will be invoiced upon acceptance of the Content Infrastructure Framework.
- **Infrastructure Development and Propagation** (comprises \$125,000.00 of \$153,500.00 to be billed as follows)
 - \$5,000 (1/12 of \$60,000.00) will be invoiced on the first of each calendar month following the launch of the Phase 1 portal.
 - Billing events for the remaining budget (\$65,000.00) will be determined once the Content Strategy is in place and content creation resource requirements have been determined.
- **Content Creation Knowledge Transfer** (comprises \$16,000.00 of \$153,500.00 to be billed as follows)
 - 50% (\$8,000.00 of \$16,000.00) will be invoiced six months after the launch of the Initial Veteran Services Portal for initial training and knowledge transfer.
 - 50% (\$8,000.00 of \$16,000.00) will be invoiced on the one year anniversary of the launch of the Initial Veteran Services Portal for final training and knowledge transfer.

Billing events for **Software Licensing and General Maintenance** will occur as follows:

- License and Maintenance Year One (\$50,000.00) will be invoiced upon launch of the Phase 1 Veteran Benefits Initial Portal.
- License and Maintenance Year Two (\$75,000.00) is conditional on mutual agreement between the State and INGage to extend the State's contract and will be invoiced 30 days prior to the one year anniversary of the launch of the Phase 1 Veteran Services Portal
- License and Maintenance Year Three (\$100,000.00) is conditional on mutual agreement between the State and INGage to extend the State's contract and will be invoiced 30 days prior to the two year anniversary of the launch of the Phase 1 Veteran Services Portal



Payment shall be considered timely if made by the DTMB within forty five (45) days after receipt of properly completed invoices.



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GENERAL ASSUMPTIONS:

- INgage and its partners plan on being onsite only for the first week of discovery (4 days). The final weeks of discovery will be performed remotely via webcasts and/or conference bridge sessions. All dates referenced in this SOW are subject to change based upon modifications to Project scope and/or dates as approved by Client, and mutually agreed to by both parties. Modifications to approved requirements, use cases, approved designs, or Project scope and/or dates may result in additional fees.
- Estimates produced as part of the Requirements Definition and Discovery Milestones are based on both INgage's recommended technical design and the captured business requirements. During system implementation, changes in the technical design, business requirements, or user-interface design will impact all estimates.
- All Deliverables requested by Client are completed in accordance with this SOW and in accordance with the State's original SOW.
- The number and scope of technical artifacts will vary based on the complexity of the requirements documented.
- No restrictions shall be placed on INgage's ability to perform the same or similar services for other clients.
- Any changes made to previously approved and signed-off Deliverables may result in additional charges and an extended timeline.
- INgage's ability to fulfill its obligations hereunder is at all times subject to: the accuracy of these assumptions; Client fulfilling its obligations; any delays or scope changes caused by Client; and any delays or stoppages due to occurrences beyond INgage's control. INgage shall be relieved of responsibility to fulfill its obligations pursuant to this SOW if INgage's failure to fulfill its obligations is due to problems arising from any of the foregoing.
- Furthermore, INgage shall not be held liable for failure to fulfill its obligations hereunder in the case of:
 - Failure of Client to provide adequate specifications and/or requirements;
 - Failure of Client to approve a Project Deliverable or Change Request in a timely fashion.
- INgage will follow the same SLA requirements set forth in the main contract).

PROJECT CONTACTS:

The designated DTMB Project Manager is:

Name Vaughn Bennett
Department DTMB-Agency Services
Area LARA, MDOC, MSP, DMVA & MDCR
Building/Floor Ottawa Bldg, 4th Floor
Address 611 W Ottawa St
City/State/Zip Lansing, MI
Phone Number 517-241-0893
Fax Number 517-373-8234
Email Address bennettv@michigan.gov

Statement of Work



The DTMB Business Relationship Manager for this project is:

Name Dave Roach
Department DTMB-Agency Services
Area LARA, MDOC, MSP, DMVA & MDCR
Building/Floor Ottawa Bldg, 4th Floor
Address 611 W Ottawa St
City/State/Zip Lansing, MI
Phone Number 517-241-2254
Fax Number
Email Address roachd2@michigan.gov

Appendix A: SOW Change Request Process

Scope control is a priority during the term of this Project. A Change Request (“CR”) is defined as a written agreement between the Client and INgagE (the Parties) for additions, modifications, or deletions to this SOW. The following provides a detailed procedure to follow if a change to this SOW is desired. The Parties will handle all proposed changes through the following process:

- The Client and/or INgagE will identify a desired change and give the other Party a written notice thereof (“Notice of Proposed Change”).
- INgagE will determine the impact of the desired change on Project scope, schedule and/or budget, and will provide Client with a written statement of such impact (“Statement of Impact”) concurrently with any Notice of Proposed Change given to Client or within a commercially reasonable time after either Party documents a Notice of Proposed Change.
- Client will review the Statement of Impact and may request additional information. INgagE may specify commercially reasonable fees to be charged, if any, to reimburse INgagE for expenses to be incurred in providing such additional information with respect to any Notice of Proposed Change initiated by Client.
- If both Parties desire to implement the proposed change, the Parties will jointly develop a CR describing the proposed change and the rationale for such change. If the CR is acceptable to both Parties, the Client and INgagE will each sign and deliver the CR to the other, which will then constitute the Parties’ binding agreement to the proposed change and any associated fees provided for therein.
- INgagE will invoice Client for any charges provided for in the SOW and/or CR.

Appendix B >> Implementation services Scope of Work

1) Implementation Consulting Services >>

INGage and its implementation partner Matrix Resources, in conjunction with Verdino LLC will conduct a series of discovery sessions with representatives of the DMVA and other designated representatives of the State of Michigan to establish the requirements for the Veteran Benefits Portal and to assign priorities to those requirements. These discovery sessions will commence on or about **June 3, 2013** and conclude on or about **July 15, 2013**. These discovery sessions will largely be conducted via conference calls, emails, instant messaging, or other remote conversation tools and not onsite at DMVA facilities. INGage and DMVA may agree that a limited number of “kickoff” sessions onsite at DMVA facilities will be useful for starting the requirements gathering process. If so, these kickoff sessions will be scheduled by the Agency Project Manager and be limited to a one business week period (Monday through Friday).

At the conclusion of these sessions, INGage will deliver to the DMVA a prioritized list of functionality for the Veteran Benefits Portal, descriptions and examples of how each of the functions will operate in the portal, and examples of the user interfaces for each of the functions described. In addition, INGage will develop and deliver a high-level technical architecture for the Veteran Benefits Portal This prioritized list of requirements and technical architecture will be referred to as the Veterans Portal Requirements Document, and will be delivered to the Agency Project Manager at the conclusion of the discovery sessions. This Veterans Portal Requirements Document will be used as a reference document for Implementation Services to follow.

Following the delivery and acceptance of the Veterans Portal Requirements Document, INGage will work with the Agency Project Manager to set forth a series of one or more implementation Phases during which the various functional elements described in the document will be developed and released for use. The Agency Project Manager will have complete discretion as to which features will be implemented in each Phase as well as the order in which they will be implemented. INGage and the Agency Project Manager will work together to draft a work order for each Implementation Phase in which schedules, functionality and cost will be detailed. No Implementation work will commence on any phase without the signed consent of the Agency Project Manager.

DURATION: 4-6 CALENDAR WEEKS (20-30 Business Days)

2) Implementation Services >>

INGage and its implementation partner Matrix Resources will develop and deploy functionality for the Veteran Benefits Portal through a series of implementation Phases. The initial Phase, Phase One, will consist of the development of a veteran’s portal as described in Section 2: Scope of Work in the SOW. INGage will work with the representatives of the DMVA to establish the user interface, the look and feel, and functionality of this Phase One portal. We anticipate that this initial portal will be replaced/advanced by subsequent versions of the Veteran Benefits Portal with additional functionality as subsequent Phases are developed and deployed. INGage will work with DMVA to establish a domain for this portal (either as a stand-alone top level domain or a sub-domain to a pre-existing domain owned by the State of Michigan) and establish all appropriate configuration parameters to host the portal on INGage servers (see HOSTING SERVICES below).

DURATION PHASE ONE: 4-6 CALENDAR WEEKS (20-30 Business Days)





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DURATION PHASE TWO AND HIGHER: To be determined by Phase

3) Hosting Services >>

INGage Networks will provide the necessary infrastructure to ensure that the Veteran Benefits Portal is accessible via the World Wide Web. Our web hosting platform is comprised of multiple farms of virtual servers that comprises our own private “cloud”. Traffic to the portal will be handled via a redundant set of F5 load balancers. For portal security, we provide Cisco firewalls and comprehensive IDS (Intrusion Detection System) monitoring. Storage needs for the portal will be provided by multiple Equallogic iSCSI SANs in a clustered configuration to provide data redundancy.

DURATION: 1 CALENDAR YEAR WITH TWO OPTIONAL CALENDAR YEARS

4) Community Management >>

INGage and Verdino LLC understands the need for the DMVA to have effective community management to ensure the longevity and success of the Veteran Benefits Portal deployment. We propose the utilization of the services of a Community Manager for the period of one year with the understanding that DMVA will assume this role including a transition and training period prior to the end of a year period. Community Management services encompass:

- Ongoing propagation of content across key networks (Facebook, Twitter, or others as applicable)
- Analysis of utilization trends and conversation themes
- Measuring success of accomplishing pre-defined goals and objectives developed in the Strategic Consulting Phase
- Analysis of behavioral traces captured by systems to evaluate the functioning and health of the Veteran Benefits Portal
- Direct user evaluation using methods such as focus groups, surveys, ethnography, advanced statistical analysis and data visualization
- Submission of progress reports on a six month interval for the duration of engagement
- Submission of a final evaluation report within thirty (30) days of the end of the engagement

DURATION: 1 CALENDAR YEAR

5) Content infrastructure Framework >>

INGage and Verdino LLC has recognized the requirement to assist the DMVA in the establishment of community presence and content. INGage, in partnership with Verdino LLC, will provide the following services for a period of one year to establish and maintain a content infrastructure for the Veteran Benefits Portal.

Content Strategy Formulation

- Formulation of a content strategy and plan that is consistent with the overarching frameworks established by the strategic consulting phase. This portion of the Content Infrastructure scope focuses more specifically on establishing an extensible content approach and actionable tactical content plan – both necessary to guide the day-to-day activities of content and community management resources, while optimizing our efforts for maximum network member engagement. Key outcomes will include:

- Define voice



- Define key content themes/topics and set preliminary “share of calendar” percentages for each topic
- Stipulate proactive and reactive content approaches
- Design prototypical content plan, including detailed 30-day content calendar – includes recommended content types (blog, photo, video, status updates, etc.) and recommended update frequency by platform
- Draft sample posts/updates (short form content only)

Infrastructure Development and Propagation

- Administration of the creation and seeding of content necessary to populate the Veteran Benefits Portal at launch, and over the course of the year to sustain value, engagement and participation over the course of the Term. Key tasks will include:
 - Interface with the DMVA point of contact to secure any existing content assets for deployment across networks
 - Write/draft original content to seed into network and for use by community manager in engaging network members
 - Select and manage production partners as applicable (for video, audio, photo, blog posts)
 - Content creation and propagation will be undertaken as specified in the content strategy; fees and production out-of-pocket costs may vary based on the types or volume of original content

Content Creation Knowledge Transfer

- Because we believe it is important that the DMVA assume content management duties over time, our scope will include a series of knowledge transfer sessions designed to educate your DMVA internal resource on the content strategy, processes and procedures, and learned best practices.
 - One knowledge transfer/training teleconference or webinar (as appropriate) per quarter to ensure successful transfer of content creation/management tasks to internal DMVA personnel over time.
 - If content management duties transfer fully to internal resources sooner than 12 months, training webinars may be replaced with quarterly content strategy advisory sessions (re-align strategy and tactics, optimize approach based on actual performance metrics, etc.)

DURATION: 1 CALENDAR YEAR

6) Software Licensing and general maintenance >>

INGage will provide the INGage Enterprise Platform (IEP) software on a 24x7 basis and make available all developed and commercially available functionality of the IEP for the use by the Veteran Benefits Portal. Additionally, INGage acknowledges that the Veteran Benefits Portal is entitled to utilize all IEP improvements developed by INGage during the term under which this SOW is in effect.

DURATION: 1 CALENDAR YEAR WITH TWO OPTIONAL CALENDAR YEARS

Appendix C >> Draft Implementation Project Plan

See attached Project Plan: Phase I vets portal development_050313.mpp



www.inganetworks.com



**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 ACQUISITION SERVICES
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

May 28, 2010

**NOTICE
 OF
 CONTRACT NO. 071B0200221
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Neighborhood America, Inc. DBA INgage Networks 2210 Vanderbilt Beach Road Naples, FL 34109		TELEPHONE: Dan Miller (941) 544-2681
Email: dmiller@ingagenetworks.com		VENDOR NUMBER/MAIL CODE
Contract Compliance Inspector: Sara Williams Statewide Social Networking Services		BUYER/CA (517) 241-0239 Jacque Kuch
CONTRACT PERIOD: From: May 18, 2010 To: May 18, 2013		
TERMS NA	SHIPMENT NA	
F.O.B. NA	SHIPPED FROM NA	
MINIMUM DELIVERY REQUIREMENTS		
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of REQ #084R0200069, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.		
Estimated Contract Value: \$1,500,000.00		

All terms and conditions of the invitation to bid are made a part hereof.

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 ACQUISITION SERVICES
 P.O. BOX 30026, LANSING, MI 48909
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 530 W. ALLEGAN, LANSING, MI 48933**

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All terms and conditions of the invitation to bid are made a part hereof.

FOR THE VENDOR:

FOR THE STATE:

Neighborhood America, Inc. DBA Ingage Networks

 Firm Name

 Authorized Agent Signature
Daniel S. Miller

 Authorized Agent (Print or Type)

 Date

 Signature

Greg Faremouth, Division Director

 Name/Title
IT

 Division

 Date

Statement of Work



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DEFINITIONS

Days	Means calendar days unless otherwise specified.
24x7x365	Means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
Additional Service	Means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.
Audit Period	See Section 2.110
Business Day	Whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
Blanket Purchase Order	An alternate term for Contract as used in the States computer system.
Business Critical	Any function identified in any Statement of Work as Business Critical.
Chronic Failure	Defined in any applicable Service Level Agreements.
Deliverable	Physical goods and/or commodities as required or identified by a Statement of Work
DTMB	Department of Technology, Management and Budget
Environmentally preferable products	A product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to, those that contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.
Excusable Failure	See Section 2.244.
Hazardous material	Any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the Contract).
Incident	Any interruption in Services.
ITB	A generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential bidders
Key Personnel	Any Personnel designated in Article 1 as Key Personnel.
New Work	Any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.
Ozone-depleting substance	Any substance the Environmental Protection Agency designates in 40 CFR part 82 as: (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to, hydro chlorofluorocarbons
Post-Consumer Waste	Any product generated by a business or consumer which has served its intended end use, and which has been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product, and which does not include post-industrial waste.
Post-Industrial Waste	Industrial by-products that would otherwise go to disposal and wastes generated after completion of a manufacturing process, but do not include internally generated scrap commonly returned to industrial or manufacturing processes.
Recycling	The series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products. This definition excludes the use of these materials as a fuel substitute or for energy production.
Deleted – Not Applicable	Section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering.
Reuse	Using a product or component of municipal solid waste in its original form more than once.
RFP	Request for Proposal designed to solicit proposals for services



Services	Any function performed for the benefit of the State.
Source reduction	Any practice that reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment prior to recycling, energy recovery, treatment, or disposal.
State Location	Any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
Subcontractor	A company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
Unauthorized Removal	Contractor's removal of Key Personnel without the prior written consent of the State.
Waste prevention	Source reduction and reuse, but not recycling.
Waste reduction and Pollution prevention	The practice of minimizing the generation of waste at the source and, when wastes cannot be prevented, utilizing environmentally sound on-site or off-site reuse and recycling. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.
Work in Progress	A Deliverable that has been partially prepared, but has not been presented to the State for Approval.
Work Product	Refers to any data compilations, reports, and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of an in furtherance of performing the services required by this Contract.



Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 Project Request

This Contract is for the State of Michigan statewide Social Networking Service (SNS). This service will support service and social production for the State of Michigan. This will be a sustainable communications model through which local government officials, staff, public and private practitioners, and interested citizens will communicate and collaborate to share experiences, establish policies and best practices, and provide technical, administrative support. The Department of Energy, Labor and Economic Growth (DELEG) will be the pilot program, and once completed may promote other agencies to utilize the software and social networking capabilities. See Attachment B for Statement of Work.

1.002 Background

State of Michigan programs are requiring increasing-levels of consultation and collaboration amongst State program staff, local governments, and professional practitioners in both public and private sectors. Many programs also require or provide opportunities for citizens to review and comment on program decisions or outcomes. At the same time, traditional methods of communication and collaboration tend toward top-down processes, limited participation, slowness, and costliness. Conversely, modern social media technologies (including public comment collection, management and reporting) delivered via the Internet are delivering more effective communication and collaboration driven by the participants, open to many, and operating at high speed and low cost.

While the State will continue to use traditional communication and collaboration methods to “bootstrap,” the focus of this new contract is to afford agencies access to necessary social media technology and social production services to instantiate critical networks and online communities. Further, as the acceptance of commercial social networking services (e.g., Twitter, FaceBook, YouTube and MySpace) have proven to be helpful ala carte models for engaging interaction on topics of mutual interest, the State of Michigan recognizes the value of a unified and statewide Social Networking Service (SNS) as a mechanism for increasing and sustaining meaningful engagement and intra-government collaboration over the long run. Specific objectives of this service include:

- To enlist stakeholder groups to share their input, to help develop, and to implement strategies in partnership with the state of Michigan;
- To organize focused communities of interest in such areas as: government efficiency, energy, economic development, educational interests, and inter/intra-government collaboration; and,
- To stimulate, manage, and moderate public comment and provide measurable feedback and reporting mechanism.

As new paradigms such as social networking become standards (and tools) for engagement by both the citizens and partners with which we work, it is critical that State adopt and incorporate corresponding technologies and services. This statewide SNS will support service, efficiency and overall better government for the State of Michigan. This will be a sustainable communications model through which local government officials, staff, public and private sector practitioners, and interested citizens will communicate and collaborate to share experiences, establish policies and best practices, and provide technical and administrative support.

1.100 Scope of Work and Deliverables

1.101 In Scope

The scope of this contract is to provide hosted social media and social production professional services on an as-needed basis for the State of Michigan SNS. For purposes of this contract, social media shall be construed as being consistent with the following description of a SNS as described in

en.wikipedia.org/wiki/Social_networking:



“...focuses on building online communities of people who share interests and/or activities, or who are interested in exploring the interests and activities of others. Most social network services are Web based and provide a variety of ways for users to interact, such as e-mail and instant messaging services.”

“In general, social networking services allow users to create a profile for themselves, and can be broken down into two broad categories: internal social networking (ISN); and external social networking (ESN) sites An ISN is a closed/private community that consists of a group of people within a company, association, society, education provider and organization or even an "invite only" group created by a user in an ESN. An ESN is open/public and available to all Web users to communicate....

“Some social networks have additional features, such as the ability to create groups that share common interests or affiliations, upload or stream live videos, and hold discussions in forums. Geosocial networking co-opts internet mapping services to organize user participation around geographic features and their attributes.

“There is also a trend for more interoperability between social networks led by technologies such as OpenID and OpenSocial.

“One popular use for this new technology is social networking between businesses. Companies have found that social networking sites such as Facebook and Twitter are great ways to build their brand image. According to Jody Nimetz, author of *Marketing Jive*, there are five major uses for businesses and social media: to create brand awareness, as an online reputation management tool, for recruiting, to learn about new technologies and competitors, and as a lead gen tool to intercept potential prospects. These companies are able to drive traffic to their own online sites while encouraging their consumers and clients to have discussions on how to improve or change products or services.

“One other use that is being discussed is the use of Social Networks in the Science communities. Julia Porter Liebeskind et al. have published a study on how new biotechnology firms are using social networking sites to share exchanges in scientific knowledge. They state in their study that by sharing information and knowledge with one another, they are able ‘increase both their learning and their flexibility in ways that would not be possible within a self-contained hierarchical organization.’ Social networking is allowing scientific groups to expand their knowledge base and share ideas, and without these new means of communicating their theories might become ‘isolated and irrelevant’.

“Social networks are also being used by teachers and students as a communication tool. Because many students are already using a wide-range of social networking sites, teachers have begun to familiarize themselves with this trend and are now using it to their advantage. Teachers and professors are doing everything from creating chat-room forums and groups to extend classroom discussion to posting assignments, tests and quizzes, to assisting with homework outside of the classroom setting. Social networks are also being used to foster teacher-parent communication. These sites make it possible and more convenient for parents to ask questions and voice concerns without having to meet face-to-face.

“A final rise in Social Network use is being driven by college students using the services to network with professionals for internship and job opportunities....

“A social network hosting service is a Web hosting service that specifically hosts the user creation of Web-based social networking services, alongside related applications. Such services are also known as vertical social networks due to the creation of SNSes which cater to specific user interests and niches; like larger, interest-agnostic SNSes, such niche networking services may also possess the ability to create increasingly-niche groups of users....



“Social networks operate under an autonomous business model, in which a social network's members serve dual roles as both the suppliers and the consumers of content. This is in contrast to a traditional business model, where the suppliers and consumers are distinct agents....”

This project consists of the following scope, subject to direction from the State of Michigan and the limitations of this contract:

Social Media Planning Services Option

Projects associated with this contract may include social media planning services, depending on the needs of the project (specified via subsequent statements of work). This activity outlined below is subject to direction from the State of Michigan as well as the limitations of this contract:

- Facilitate design of realistic and measurable goals and objectives for use of social media in support of Michigan's SNS, including support for and integration with related initiatives;
- Determine roles and responsibilities of participants of social media communities;
- Design communication flow within and across the social media network;
- Identify and coordinate content experts;
- Work with content experts to develop innovative ways to present content to supplement social-media community discussions;
- Design social media site best practices for online behaviors (e.g., conflict management, influencing return visits to site, managing flow of communication);
- Create communication campaign to educate physical/geographical communities about social media community availability and purpose;
- Match the project's goals with the configuration of the software's production capabilities;
- Establish social media outcomes by developing evaluation criteria based on measureable outcomes, both in terms of systems usage and offline effects.

When this option is selected, the methods and results of these services shall be summarized in written reports by the vendor to DMTB upon completion of initial planning. Social Media Planning Services as described above may result in decisions to create one or more Web sites using social media to support aspects of Michigan's SNS.

Social Media Software as a Service

For each site that is established under this contract (specified via subsequent statements of work), the vendor shall provide:

- Initial and continuing license(s) for the duration of the engagement
- Deployment of the social media software into an Internet-accessible hosting environment
- Configure the social media software
- Continuing operational support for the social media sites

Social Media Implementation Services Option

Projects associated with this contract may opt to include social media implementation services, depending on the needs of the project (specified via subsequent statements of work). The activity outlined below is subject to direction from the State of Michigan as well as the limitations of this contract:

- Provide training for social media site facilitators and managers;
- Provide training for community level (and others) regarding potential opportunities and uses for social networking application;
- Liaise with social media site facilitators and managers to implement software features and configuration;
- Provide ongoing utilization and perception feedback for revising site management practices;
- Assist with traditional media communications to build participation in the social media site(s);



- Assist with site content production;
- Launch ongoing evaluation of the social media site.

Social Media Evaluation Services Option

Projects associated with this contract may opt to include social media evaluation services, depending on the needs of the project (specified via subsequent statements of work). The activity outlined below is subject to direction from the State of Michigan as well as the limitations of this contract:

- Conduct analysis of utilization trends and conversation theme;
- Measure success of accomplishing pre-defined goals and objectives using the evaluation criteria developed during Social Media Planning;
- Analyze behavioral traces captured by systems to evaluate the functioning and “health” of the social media system and community;
- Conduct direct user evaluation using methods such as focus groups, surveys, ethnography, advanced statistical analysis and visualization of data;
- Prepare and submit to DTMB a progress report for each site six months after site launch and at six-month intervals thereafter for duration of this engagement; by mutual agreement progress reports on the various sites may be combined and the reporting schedule adjusted to provide a single report that specifically addresses progress of each of the sites; and,
- Prepare and submit to DTMB a final evaluation report for each of the DTMB sites within 30 days of the end of this engagement; by mutual agreement, the site reports may be combined into a single report that specifically addresses each of the sites.
- State acknowledges that in order to provide Evaluation Services, Contractor and/or its Subcontractors shall be enabled to access all content and data generated within the SNS for research and analysis purposes.

Social Media Transition Services Option

At the end of the period of performance of this contract, at the discretion of the State of Michigan, vendor shall facilitate termination or transition of social media services for each site in Michigan’s SNS to another platform, including:

- Data and content conversion;
- Data and content migration;
- Domain name service update; and,
- Transition coordination with new social media services provider.

A more detailed description of the software, services (work) and deliverables sought for this project is provided in Article 1, Section 1.104, Work and Deliverables.

1.102 Out of Scope

Contractor shall provide no services beyond those in section 1.101 and 1.104. Purchase of any hardware, software or other commodities must be identified and approved by the Department of Technology, Management and Budget (DTMB).

1.103 Environment

The links below provide information on the State’s Enterprise IT policies, standards and procedures which includes security policy and procedures, IT strategic plan, eMichigan Web development and the State Unified Information Technology Environment (SUITE).

Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this RFP must comply with all applicable State IT policies and standards. The Contractor awarded the contract must request any exception to State IT policies and standards in accordance with DTMB processes. The State may deny the exception request or seek a policy or standards exception.



Contractor is required to review all applicable links provided below and state compliance in their response.

Enterprise IT Policies, Standards and Procedures:

<http://www.michigan.gov/dit/0,1607,7-139-34305---,00.html>

All software and hardware items provided by the Contractor must run on and be compatible with the DTMB Standard Information Technology Environment. Additionally, the State must be able to maintain software and other items produced as the result of the Contract. Therefore, non-standard development tools may not be used unless approved by DTMB. The Contractor must request, in writing, approval to use non-standard software development tools, providing justification for the requested change and all costs associated with any change. The State's Project Manager and DTMB must approve any tools, in writing, before use on any information technology project.

It is recognized that technology changes rapidly. The Contractor may request, in writing, a change in the standard environment, providing justification for the requested change and all costs associated with any change. The State's Project Manager must approve any changes, in writing, and DTMB, before work may proceed based on the changed environment.

- **Enterprise IT Security Policy and Procedures:**

<http://www.michigan.gov/dit/0,1607,7-139-34305-108216--,00.html>

- **The State's security environment includes:**

- DTMB Single Login;
- DTMB provided SQL security database;
- Secured Socket Layers; and,
- SecureID (State Security Standard for external network access and high risk Web systems)

Vendor shall advise the State of Michigan as to methods which will permit use of State of Michigan single login credentials for access to the social media site(s) provided under this project.

- **IT Strategic Plan:**

<http://www.michigan.gov/dit/0,1607,7-139-30637-135173--,00.html>

- **IT eMichigan Web Development Standard Tools:**

http://www.michigan.gov/documents/Look_and_Feel_Standards_2006_v3_166408_7.pdf

- **The State Unified Information Technology Environment (SUITE):**

Includes standards for project management, systems engineering, and associated forms and templates – must be followed: <http://www.michigan.gov/suite>

- **Agency Specific Technical Environment**

This project encompasses a fully-hosted social networking solution that must be both useable from any computing device with Internet connectivity using a modern standard Web browser. Network requirements for access to the sites shall be limited to hypertext transport protocol (http or https) using commonly open IP ports.

- **1.104 Work and Deliverables**

Contractor shall provide services, staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below. Contractor shall work collaboratively with the State of Michigan and its affiliates to successfully launch Michigan's SNS as a functioning social network as described in Section 1.002 above. Initial implementation of social media site(s) (as described in subsequent statements of work) that will constitute Michigan's SNS will be accomplished in approximately 120 days and not more than 180 days after contract execution.



Services (work) To Be Provided and Deliverables

• A. Social Media Planning Services Option

When this option is exercised, the Contractor shall facilitate identification of and consultation with stakeholders in Michigan's SNS, and shall apply research results and experience to develop a documented plan for implementation and use of social media in support of the Michigan's SNS, and other initiatives as described in subsequent statements of work. Listed below are general deliverables for each SOW attachment where the social media planning services option is exercised.

• Deliverable(s)

Within 90 days after contract execution, Contractor shall produce and submit to DTMB a report titled "Social Media Plan" containing and justifying specific recommendations concerning:

- Realistic and measurable goals and objectives for use of social media in support of the related initiatives, including support for and integration with Michigan's SNS;
- Roles and responsibilities of the intended participants in related initiatives;
- Communication flow within and across the social media network supporting the related initiatives, including integration with Michigan's SNS;
- Identity and expectations of content experts whose contributions are needed for related initiatives;
- Practices for managing online behaviors within the related initiatives (e.g., conflict management, influencing return visits to site, managing flow of communication);
- Plan for communication campaigns to educate physical/geographical communities about social media community availability and purpose within the related initiatives;
- Configuration of the social networking software's production capabilities for the related initiatives, including linkages with Michigan's SNS; and,
- Evaluation criteria for the related initiatives based on measureable outcomes, both in terms of systems usage and offline effects.

• Acceptance Criteria

Each of the Social Media Plan reports shall concisely make and clearly justify the Contractor's recommendations in a form that will enable DTMB to accept or modify recommended decisions or to quickly make any necessary choices amongst options. In particular, Contractor shall have sufficiently conferred with stakeholders and incorporated research results and documented experience so as to make likely the successful use of social media in support of Michigan's SNS.

B. Social Media Software as a Service

Contractor shall provide and support social media software as a service in support of Michigan's SNS, including related initiatives. The number and configuration of sites will be decided by DTMB based on recommendations provided by the Contractor in the Social Media Plans required above. Each social media Web site shall be supported under this contract for a period of three calendar years, beginning with the later of (1) acceptance by DTMB on behalf of the State of Michigan that the site is ready for use and (2) availability of the site via the Internet using its production URL.

• Deliverable(s)

State acceptance of the Social Media Plans required above will specify the number, functionality, and configuration of Social Media Sites to be delivered by Contractor. Within 90 days of State's written acceptance of the Social Media Plans, preferably sooner, Contractor shall deliver each such site ready for acceptance by DTMB on behalf of the State of Michigan. Unless terminated by the State, sites shall be licensed in one-year increments. For each such site:

- State of Michigan or its designee shall be the licensee for the software used in support of the social media site and the State shall have the right to renew licenses on generally available commercial terms after expiration (if any) of licenses obtained under terms of this contract;
- Contractor shall fully host the site at Contractor's cost for the full term of each license;



- State of Michigan or its designee will register the domain name(s) and assign IP addresses as specified by Contractor;
- Site functionality and configuration shall be consistent with recommendations made in the Social Media Plan(s) and accepted by the State of Michigan;
- Site appearance shall be attractive and consistent across pages and functions;
- Site shall be designed to effectively support the purposes of Michigan’s SNS, especially as articulated in the Social Media Plan(s);
- Site shall remain available (able to be accessed by a user using the published URL for the site) and fully functional 24 hours per day with monthly availability 99.99%, excluding any planned site outage pursuant to a change agreed between the Contractor and the State of Michigan. Contractor will exercise commercially reasonable efforts to meet this service level;
- Site page load performance shall remain consistent with that of common publicly accessible social media sites such as Facebook and LinkedIn; and,
- Contractor must develop and maintain a disaster recovery plan that includes restoration of the site(s) hosted under this contract within 7 days and shall upon request brief the State of Michigan on the features of that plan.

•
Acceptance Criteria

Each social media Web site, or functionality, to be implemented by Contractor shall be made available for public access only upon acceptance of the site, or functionality, by DTMB on behalf of the State of Michigan. DTMB will accept each site, or functionality, promptly upon demonstration that the site is configured and functioning as agreed by approval of the Social Media Plan and meets generally accepted standards for attractiveness and usability.

Ongoing operations of social media as a service shall be deemed accepted unless the State of Michigan notifies the Contractor in writing that the service is not performing to expectations. In the event of such notice, Contractor shall cure the deficiencies identified by the State of Michigan within 30 calendar days unless a longer period for cure is authorized in writing by the State of Michigan.

• **C. Social Media Implementation Services**

When this option is exercised, the Contractor shall provide social media implementation services in support of Michigan’s SNS, including the related initiatives. The number and configuration of sites and the required implementation services for each site will be decided by DTMB based on recommendations provided by the Contractor in the Social Media Plans required above and may be adjusted from time-to-time based on Social Media Evaluation Services provided by Contractor as described below. Primary purpose of implementation services for each site will be successful launch and development of a self-sustaining community of users, but support may be requested throughout the duration of this contract.

Deliverable(s)

Specific social media implementation deliverables to be provided for each site will be determined by State of Michigan and may include:

- Training for social media site facilitators and managers;
- Training for community level (and others) regarding potential opportunities and uses for social networking application;
- Liaison with social media site facilitators and managers to implement software features and configuration;
- Ongoing utilization and perception feedback for revising site management practices;
- Assistance with traditional media communications to build participation in the social media site(s);
- Assistance with site content production; and,
- Launching ongoing evaluation of the social media site.

• **Acceptance Criteria**



All Social Media Implementation tasks shall be timely and professionally executed. Any performance concerns shall be addressed through direct and open communications between Contractor and the State of Michigan.

- **D. Social Media Evaluation Services Option**

For each social media site in Michigan's SNS, the State may elect to include social media evaluation services. When this option is exercised—from instantiation until either site shut-down or contract termination—the Contractor shall:

- Conduct analysis of utilization trends and conversation theme;
- Measure success of accomplishing pre-defined goals and objectives using the evaluation criteria developed during Social Media Planning;
- Analyze behavioral traces captured by systems to evaluate the functioning and "health" of the social media system and community;
- As needed and by specific agreement with DTMB, conduct direct user evaluation using methods such as focus groups, surveys, ethnography, advanced statistical analysis and visualization of data;
- Prepare and submit to DTMB a progress report for each site six months after site launch and at six-month intervals thereafter for duration of this engagement; by mutual agreement progress reports on the various sites may be combined and the reporting schedule adjusted to provide a single report that specifically addresses progress of each of the sites; and,
- Prepare and submit to DTMB a final evaluation report for each of the sites within 30 days of the end of this engagement; by mutual agreement, the site reports may be combined into a single report that specifically addresses each of the sites.
- State acknowledges that in order to provide Evaluation Services, Contractor and/or its Subcontractors shall be enabled to access all content and data generated within the SNS for research and analysis purposes.

- **Deliverable(s)**

Monthly for the first three months after initial operation of each site shall provide to DTMB a brief informal report addressing:

- Utilization trends and conversation themes;
- Success of accomplishing pre-defined goals and objectives using the evaluation criteria developed during Social Media Planning;
- Behavioral traces captured by systems to evaluate the functioning and "health" of the social media system and community; and,
- Recommendations for changes in site configuration, operation, or support to improve success of Michigan's SNS.

For each site, six months after site launch and at six-month intervals thereafter for duration of this engagement, Contractor shall submit to DTMB an evaluation and progress report on the site; by mutual agreement progress reports on the various sites may be combined and the reporting schedule adjusted to provide a single report that specifically addresses progress of each of the sites. Such progress reports shall present and evaluate:

- Utilization trends and conversation themes;
- Success of accomplishing pre-defined goals and objectives using the evaluation criteria developed during Social Media Planning;
- Behavioral traces captured by systems to evaluate the functioning and "health" of the social media system and community;
- Results of any direct user evaluation using methods such as focus groups, surveys, ethnography, advanced statistical analysis and visualization of data; and,
- Recommendations for changes in site configuration, operation, or support to improve success of Michigan's SNS.



Contractor shall prepare and submit to DTMB a final evaluation report for each of the DTMB sites within 30 days of the end of this engagement; by mutual agreement, the site reports may be combined into a single report that specifically addresses each of the sites.

- **Acceptance Criteria**

Reports shall be simply prepared and clearly and coherently report evaluation results and recommendations.

- **E. Social Media Transition Services (Option)**

At the end of the period of performance of this contract, at the discretion of the State of Michigan, Contractor shall facilitate termination or transition of social media services for each site in Michigan's SNS to another platform, including:

- Data and content conversion;
- Data and content migration;
- Domain name service update; and,
- Transition coordination with new social media services provider,

The State of Michigan anticipates determining follow-on plans for the site(s) approximately three months before termination of sites under this contract.

- **Deliverable(s)**

At the option of the State of Michigan, Contractor shall provide reasonable efforts and deliverables to enable transition of each of the sites to either another Contractor or to the State of Michigan. Specific form, schedule, and contents of deliverables will be negotiated by the parties when the State has determined follow-on plans for the site(s).

- **Acceptance Criteria**

Transition deliverables will be judged acceptable when transition has been successfully completed.

1.200 Roles and Responsibilities

1.201 Contractor Staff, Roles, and Responsibilities

- **A. Contractor Staff**

The Contractor will identify a Single Point of Contact (SPOC). The duties of the SPOC shall include, but not be limited to:

- Supporting the management of the Contract;
- Facilitating dispute resolution; and
- Advising the State of performance under the terms and conditions of the Contract.

The State reserves the right to require a change in the current SPOC if the assigned SPOC is not, in the opinion of the State, adequately serving the needs of the State.

The contractor must submit a letter of commitment for Key Personnel, signed by the identified resource, stating their commitment to work for the contractor/subcontractor on this project contingent on award of the bid. If the identified personnel are currently assigned to a State project the contractor must provide a letter signed by the State Project Manager releasing the individual from the project upon execution of the contract.

The Contractor will provide, and update when changed, an organizational chart indicating lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work.

All Key Personnel may be subject to the State's interview and approval process. Any key staff substitution must have the prior approval of the State. The State has identified the following as key personnel for this project:

- Project Manager



- Social Media Producer

The Contractor will provide a project manager for each statement of work to interact with the designated personnel from the State to insure a smooth implementation of Michigan's SNS. The project manager will coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by State. The Contractor's project manager/technical lead responsibilities include, at a minimum:

- Manage all defined Contractor responsibilities in this Scope of Services;
- Manage Contractor's subcontractors, if any;
- Develop the project plan and schedule, and update as needed;
- Serve as the point person for all project issues;
- Coordinate and oversee the day-to-day project activities of the project team;
- Assess and report project feedback and status;
- Escalate project issues, project risks, and other concerns;
- Review all project deliverables and provide feedback;
- Proactively propose/suggest options and alternatives for consideration;
- Utilize change control procedures;
- Prepare project documents and materials; and,
- Manage and report on the project's budget.

The Contractor will provide sufficient qualified staffing to satisfy the deliverables of this Statement of Work.

The Contractor will provide, as noted in Section 2.263, regular datasets including any and all data captured. The frequency will be bi-annual unless specifically noted within subsequent statements of work. Dataset formats or samples must be submitted to the State's Project Manager for approval within 30 business days after the execution of this contract. Once both parties have agreed to the format of the dataset, it shall become the standard to follow for the duration of the contract, unless otherwise noted in a subsequent statement of work.

- **B. On Site Work Requirements**

- 1. Location of Work**

- Meetings and other work involving State of Michigan staff shall occur within the boundaries of the State and generally in the Lansing region, except by mutual agreement.

- 2. Hours of Operation:**

- Normal State working hours are 8:00 a.m. to 5:00 p.m. EST, Monday through Friday, with work performed as necessary after those hours to meet project deadlines. No overtime will be authorized or paid.
- The State is not obligated to provide State management of assigned work outside of normal State working hours. The State reserves the right to modify the work hours in the best interest of the project.
- Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay.

- 3. Travel:**

- Travel expenses will be reimbursed to the Contractor at current State of Michigan approved rates.
- Travel time to the Lansing area will not be reimbursed.

- 4. Additional Security and Background Check Requirements:**

- None

1.202 State Staff, Roles, and Responsibilities

The State project team will consist of Executive Subject Matter Experts (SME's), project support, and a DTMB and Agency project manager. Each SOW will address specific key state staff and roles.



Executive Subject Matter Experts

The Executive Subject Matter Experts representing the business units involved will provide the vision for the business design and how the application shall provide for that vision. They shall be available on an as needed basis. The Executive SME's will be empowered to:

- Resolve project issues in a timely manner;
- Review project plan, status, and issues;
- Resolve deviations from project plan;
- Provide acceptance sign-off;
- Utilize change control procedures;
- Ensure timely availability of State resources; and,
- Make key implementation decisions, as identified by the Contractor's project manager, within 48-hours of their expected decision date.

• Name	• Agency/Division	• Title	• Phone/e-mail
Lynn Draschil	DTMB	Deputy Director/Agency Services	517-241-7422/ draschill@michigan.gov

State Project Manager- (DTMB and Agency)

DTMB will provide a Project Manager who will be responsible for the State's infrastructure and coordinate with the Contractor in determining the system configuration.

The State's Project Manager will provide the following services:

- Provide State facilities, as needed;
- Coordinate the State resources necessary for the project;
- Facilitate coordination between various external contractors;
- Facilitate communication between different State departments/divisions;
- Provide acceptance and sign-off of deliverable/milestone;
- Review and sign-off of timesheets and invoices;
- Resolve project issues;
- Escalate outstanding/high priority issues;
- Utilize change control procedures;
- Conduct regular and ongoing review of the project to confirm that it meets original objectives and requirements;
- Document and archive all important project decisions; and,
- Arrange, schedule and facilitate State staff attendance at all project meetings.

• Name	• Agency/Division	• Title
Kirt Berwald	DTMB/Agency Service	Information Officer

State of Michigan shall provide a Contract Administrator whose duties shall include, but not be limited to, supporting the management of the Contract.

• Name	• Agency/Division	• Title
Sara Williams	DTMB/Contracts and Procurement	Contract Administrator

1.203 Other Roles and Responsibilities

Numerous other persons who are engaged in related activities—such as subject matter experts—in Michigan will be asked to participate in Michigan's SNS. These people will be identified as part of the Social Media Planning activity and may be identified as participants in training or as content contributors.

1.300 Project Plan

1.301 Project Plan Management



- **Preliminary Project Plan**

Contractor will provide a Preliminary Project Plan within 10 business days of contract execution, including necessary time frames and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State.

1. In particular, the Preliminary Project Plan will include a MS Project plan or equivalent (check the SUITE/PMM standard):
 - a. A description of the deliverables to be provided under this contract.
 - b. Target dates and critical paths for the deliverables.
 - c. Identification of roles and responsibilities, including the organization responsible. Contractor is to provide a roles and responsibility matrix.
 - d. The labor, hardware, materials and supplies required to be provided by the State in meeting the target dates established in the Preliminary Project Plan.
 - e. Internal milestones
 - f. Task durations
2. The Preliminary Project Plan shall include the following deliverable/milestones for which payment shall be made.
 - a. Payment to the Contractor will be made upon the completion and acceptance of the deliverable or milestone, not to exceed contractual costs of the phase. A milestone is defined as complete when all of the deliverables within the milestone have been completed.
 - b. Failure to provide deliverable/milestone by the identified date may be subject to liquidated damages as identified in Article 2.

Note: A Final Project Plan will be required as stated in Article 1, Section 1.301 (C) Project Control, within 15 business days of acceptance of the Social Media Plan(s).

- **Orientation Meeting**

Upon 10 calendar days from execution of the Contract, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract. The meeting will be held in or near Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor. However, Contractor personnel other than the Contractor's Project Manager may attend the meeting remotely by conference bridge or Internet meeting technology. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

- **Performance Review Meetings**

The State will require the Contractor to attend monthly meetings, at a minimum, to review the Contractor's performance under the Contract. The meetings will be held in Lansing or East Lansing, Michigan, or by teleconference, as mutually agreed by the State and the Contractor. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

- **Project Control**

1. The Contractor will carry out this project under the direction and control of DTMB.
2. Within 15 working days of the execution of the Contract, the Contractor will submit to the State project manager(s) for final approval of the project plan. This project plan must be in agreement with Article 1, Section 1.104 Work and Deliverables, and must include the following:
 - The Contractor's project organizational structure.
 - The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - The project work breakdown structure (WBS) showing sub-projects, activities and tasks, and resources required and allocated to each.
 - The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the WBS.



3. The Contractor will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology, which includes standards for project management, systems engineering, and associated forms and templates which is available at <http://www.michigan.gov/suite>
 - a. Contractor will use an automated tool for planning, monitoring, and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract. The tool shall have the capability to produce:
 - Staffing tables with names of personnel assigned to Contract tasks.
 - Project plans showing tasks, subtasks, deliverables, and the resources required and allocated to each (including detailed plans for all Services to be performed within the next 60 calendar days, updated semi-monthly).
 - Updates must include actual time spent on each task and a revised estimate to complete.
 - Graphs showing critical events, dependencies and decision points during the course of the Contract.
 - b. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State standards.

1.302 Reports

Reporting formats or samples must be submitted to the State's Project Manager for approval within 30 business days after the execution of this contract. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract. Project reporting shall be monthly and contain:

- Updated project plan
- Summary of activity during the report period
- Accomplishments during the report period
- Deliverable status
- Schedule status
- Action Item status
- Issues
- Change Control
- Repair status
- Maintenance Activity

1.400 Project Management

1.401 Issue Management

An issue is an identified event that if not addressed may affect schedule, scope, quality, or budget.

The Contractor shall maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State's Project Manager on an agreed upon schedule, with email notifications and updates. The issue log must be updated and must contain the following minimum elements:

- Description of issue;
- Issue identification date;
- Responsibility for resolving issue;
- Priority for issue resolution (to be mutually agreed upon by the State and the Contractor);
- Resources assigned responsibility for resolution;
- Resolution date; and,
- Resolution description.

Issues shall be escalated for resolution from level 1 through level 3, as defined below:

Level 1 – Business leads

Level 2 – Project Managers

Level 3 – Executive Subject Matter Experts (SME's)



If there are disagreements during the Contract during the Contractual period, the State's project manager will bring the matter to the attention of the contractor's project manager. If resolution cannot be agreed upon, the Contract Administrator, with final resolution to be determined by the Director of Purchasing Operations, will then address the issue. The Contractor agrees to keep a problem resolution log that he/she will provide to the State's project manager/contract administrator on a monthly basis.

1.402 Risk Management

A risk is an unknown circumstance or event that, if it occurs, may have a positive or negative impact on the project.

The Contractor is responsible for establishing a risk management plan and process, including the identification and recording of risk items, prioritization of risks, definition of mitigation strategies, monitoring of risk items, and periodic risk assessment reviews with the State.

A risk management plan format shall be submitted to the State for approval within twenty (20) business days after the effective date of the contract resulting from the upcoming RFP. The risk management plan will be developed during the initial planning phase of the project, and be in accordance with the State's PMM methodology. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract. The plan must be updated bi-weekly, or as agreed upon.

The Contractor shall provide the tool to track risks. The Contractor will work with the State and allow input into the prioritization of risks.

The Contractor is responsible for identification of risks for each phase of the project. Mitigating and/or eliminating assigned risks will be the responsibility of the Contractor. The State will assume the same responsibility for risks assigned to them.

1.403 Change Management

Change management is defined as the process to communicate, assess, monitor, and control all changes to system resources and processes. The State also employs change management in its administration of the Contract.

If a proposed contract change is approved by the Agency, the Contract Administrator will submit a request for change to the Department of Technology, Management and Budget, Purchasing Operations Buyer, who will make recommendations to the Director of Purchasing Operations regarding ultimate approval/disapproval of change request. If the DTMB Purchasing Operations Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Purchasing Operations Buyer will issue an addendum to the Contract, via a Contract Change Notice. **Contractors who provide products or services prior to the issuance of a Contract Change Notice by the DTMB Purchasing Operations, risk non-payment for the out-of-scope/pricing products and/or services.**

The Contractor must employ change management procedures to handle such things as "out-of-scope" requests or changing business needs of the State while the migration is underway.

The Contractor will employ the change control methodologies to justify changes in the processing environment, and to ensure those changes will not adversely affect performance or availability.

This Contract may be modified, provided that any changes proposed by either party are requested in writing and mutually agreed to by the official representative of the contractor as shown in the contract(s) and DTMB contract administrator. The request is not valid until all parties sign it, and the Issuing Office issues a Contract Change Notice.

1.500 Acceptance

1.501 Criteria



The following are standard acceptance criteria for document and software deliverables. Any specific criteria, processes and/or procedures required by your agency for each deliverable/milestone should be identified in Section 1.104 Work and Deliverables.

Document Deliverables

1. Documents are to be dated and in electronic format, compatible with State of Michigan software in accordance with Article 1.302.
2. Requirements documents are reviewed and updated throughout the development process to assure requirements are delivered in the final product.
3. Draft documents are not accepted as final deliverables.
4. The documents will be reviewed and accepted in accordance with the requirements of the Contract and Appendices.
5. DTMB will review documents within a mutually agreed upon timeframe.
 - a. Approvals will be written and signed by DTMB Project Manager.
 - b. Issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor shall resubmit documents for approval within 30 days of receipt.

Social Media Deliverables - Software includes, but is not limited to, software product, development tools, support tools, data migration software, integration software, and installation software.

1. Beta software is not accepted as final deliverable.
2. The social media software and configuration will be reviewed and accepted in accordance with the requirements of the contract.
3. State of Michigan will review software within a mutually agreed upon timeframe for acceptance of functionality, usability, installation, performance, security, standards compliance, backup/recovery, and operation.
 - a. Approvals will be written and signed by DTMB Project Manager.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
4. State of Michigan will review content within a mutually agreed upon timeframe for acceptance of relevance, accuracy, usability, security, and standards compliance.
 - a. Approvals will be written and signed by DTMB Project Manager.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
5. After issues are resolved or waived, the Contractor shall resubmit software for approval within 30 days of receipt.
6. Software is installed and configured in an appropriate environment.
7. Contingency plans, de- installation procedures, and software are provided by the Contractor and approved by DTMB Project Manager.
8. Final acceptance of a social media site will depend on the successful completion of User Acceptance Testing (UAT).
9. Testing will demonstrate the social media system's compliance with the requirements of the contract and the Social Media Plan(s). At a minimum, the testing will confirm the following:
 - a. Functional - the capabilities of the system with respect to the functions and features described in the RFP.
 - b. Performance - the ability of the system to perform the workload throughput requirements. All problems should be completed satisfactorily within the allotted time frame.
 - c. After issues are resolved or waived, the Contractor shall resubmit test software, data and results for approval within 30 days of receipt.
10. DTMB will review software license agreements within a mutually agreed upon timeframe.
 - a. Approvals will be written and signed by DTMB Project Manager.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor shall resubmit the license agreement for approval and final signature by the authorized State signatory within 30 days of receipt

1.502 Final Acceptance



Final Acceptance is when the project is completed and functions according to the requirements. Deliverables will not be considered complete until the State’s project managers have formally accepted them.

1.600 Compensation and Payment

1.601 Compensation and Payment

Compensation under this Contract will be based on unit prices per unit of services delivered. Units of service to be delivered must be approved by the DTMB Project Manager prior to delivery. Contractor will provide a budget for completion of Social Media Plan(s) prior to the project kickoff meeting. Contractor will provide a budget for the balance of the contract as part of the Social Media Plan(s), which may be amended from time-to-time, as the project proceeds.

The rates quoted in this Contract will be firm for the duration of this Contract.

These rates shall be inclusive of any indirect or overhead costs applied by Contractor or its subcontractors. If Contractor or a subcontractor has a negotiated indirect rate for the State of Michigan, indirect rates applied under this contract shall not exceed the negotiated indirect rates for the State of Michigan.

OPTION A – SERVICES DELIVERED IN A VIRTUAL PRIVATE CLOUD ENVIRONMENT

INgage Networks has heavily invested in the design and delivery of enterprise class Software as a Service (SaaS) solutions that enable large-scale public outreach in government and in business. In this Option, State of Michigan instances would be segregated from all other customer instances by utilizing virtualization technology and hosted within our secure, commercial hosting infrastructure.

Description

\$ Amount

ELAvate Community is a social networking community specifically configured around the branding and position of an organization, public, or professional association enterprise.

ELAvate Community 1 st Year License Fee (includes Prof Services)	<u>\$75,000</u>
ELAvate Community Subsequent Year License Fee	<u>\$50,000</u>
Uplift cost above 10,000 members (per 10,000 members)	<u>\$ 9,300</u>



ELAvate Crowdsourcing centers ideation on Social Campaigns. Social Campaigns are structured calls to action that encourage Members to respond with input, Ideas, opinions, etc. regarding a specific topic.

ELAvate Crowdsourcing 1 st Year License Fee (includes Prof Services)	<u>\$50,000</u>
ELAvate Crowdsourcing Subsequent Year License Fee	<u>\$35,000</u>
Uplift cost above 10,000 members (per 10,000 members)	<u>\$ 9,300</u>

ELAvate Public Comment enables enterprises (government agencies, elected officials, legislative bodies, political candidates, and consulting agencies) to leverage social media to make informed decisions and improve public outreach and participation.

ELAvate Public Comment 1 st Year License Fee (includes Prof Services)	<u>\$30,000</u>
ELAvate Public Comment Subsequent Year License Fee	<u>\$20,000</u>
Uplift cost above 10,000 members (per 10,000 members)	<u>\$ 9,300</u>

ELAvate MOVO enables Enterprises to leverage all US mobile carrier networks to call their stakeholders to action for campaign subscriptions, surveys or alerts.

ELAvate MOVO Mobile 1 st Year License Fee (includes Prof Services)	<u>\$10,000</u>
ELAvate MOVO Mobile Subsequent Year License Fee	<u>\$5,000</u>
ELAvate MOVO Mobile Monthly Messaging (25k messages/month)	<u>\$1,000</u>

ELAvate Marketplace creates an enterprise-focused online marketplace to facilitate connections that lead to partnerships, business transactions and relationships.

ELAvate Marketplace 1 st Year License Fee (includes Prof Services)	<u>\$150,000</u>
ELAvate Marketplace Subsequent Year License Fee	<u>\$75,000</u>
Uplift cost above 10,000 members (per 10,000 members)	<u>\$9,300</u>

OPTION B - MICHIGAN PRIVATE CLOUD ENVIRONMENT

*INgage Networks offers customers an option to acquire a Private Cloud for hosting and operation of its SNC. The **Private Cloud** provides large enterprise customers a turnkey, dedicated environment that combines the cost benefits of Software-as-a-Service (SaaS) delivery with the personalization of an on-premise model.*

<u>Description</u>	<u>\$ Amount</u>
ELAvate Community 1 st Year License Fee (includes Prof Services)	<u>\$75,000</u>
ELAvate Community Subsequent Year License Fee	<u>\$50,000</u>
ELAvate Crowdsourcing 1 st Year License Fee (includes Prof Services)	<u>\$50,000</u>
ELAvate Crowdsourcing Subsequent Year License Fee	<u>\$35,000</u>
ELAvate Public Comment 1 st Year License Fee (includes Prof Services)	<u>\$30,000</u>
ELAvate Public Comment Subsequent Year License Fee	<u>\$20,000</u>
ELAvate MOVO Mobile 1 st Year License Fee (includes Prof Services)	<u>\$10,000</u>
ELAvate MOVO Mobile Subsequent Year License Fee	<u>\$5,000</u>



ELAvate MOVO Mobile Monthly Messaging (25k messages/month)	\$1,000
ELAvate Marketplace 1 st Year License Fee (includes Prof Services)	\$150,000
ELAvate Marketplace Subsequent Year License Fee	\$75,000
Uplift cost above 10,000 members (per 10,000 members, per Business Service)	\$9,300

OPTION C – MICROSOFT SOLUTIONS INTEGRATION

This Option enables integration of a SNC instance into Microsoft's Dynamics CRM solution, so that key social data can be used to build CRM system preferences, build profiles and analyze interactions. Use that knowledge to map back with communication and marketing strategies in order to create more effective, targeted campaigns that maximize ROI.

Microsoft Dynamics CRM Integration (Price per ELAvate License)	\$10,000 ea
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Standard License Pricing from Microsoft

Microsoft Dynamics CRM Server (4)	\$2,100 ea
Microsoft Dynamics CRM External Connector (4)	\$5,100 ea
Dynamics CRM Client Access License – Full	
QTY 1-49	\$1,055 ea
QTY 100	\$ 900 ea
QTY 200	\$ 884 ea
Dynamics CRM Client Access License – Read only	
QTY 50	\$ 317 ea
QTY 100	\$ 299 ea
QTY 200	\$ 279 ea

Microsoft Azure Cloud Services Integration

The Windows Azure platform provides a wide range of Internet services that can be consumed from either on-premises environments or the Internet.

OPTION D – INTEGRATION AND SUPPORT PROFESSIONAL SERVICES

	<u>\$ Amount</u>
Professional Services Fees – Priced per project	\$90 – 150/Hour
Sales & Marketing: Account Management	\$90/Hour
Sales & Marketing: Business Analyst	\$110/Hour
Creative Services: Graphic Artist	\$110/Hour
Tech Delivery: Project Management	\$110/Hour
Tech Delivery: UI Engineers	\$150/Hour
Tech Delivery: Software Engineers	\$150/Hour
Business Analytics	\$150/Hour
Product Management (Feature Acceleration and Customization Only)	\$110/Hour
R&D Engineers (Feature Acceleration and Customization Only)	\$150/Hour
Shared Services: Quality Assurance Engineers	\$110/Hour
Tech Ops: Production Engineering & Customer Support	\$110/Hour
Tech Ops: Infrastructure & Systems Administration	\$110/Hour
Data Management	\$150/Hour

See Attachment A for description of Contractor Roles

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- **Method of Payment**
The project will be paid monthly for completed deliverables or ongoing operations.
- **Travel**
Travel expenses will be reimbursed to the Contractor at current State of Michigan approved rates. Travel time will not be reimbursed.



- **Price Changes**

If Contractor reduces its prices for any of the software or services during the term of this Contract, the State shall have the immediate benefit of such lower prices for new purchases. Contractor shall send notice to the State's Contract Administrator with the reduced prices within fifteen (15) Business Days of the reduction taking effect.

- **Statements of Work and Issuance of Purchase Orders**

- Unless otherwise agreed by the parties, each Statement of Work will include:
 1. Background
 2. Project Objective
 3. Scope of Work
 4. Deliverables
 5. Acceptance Criteria
 6. Project Control and Reports
 7. Specific Department Standards
 8. Payment Schedule
 9. Travel and Expenses
 10. Project Contacts
 11. Agency Responsibilities and Assumptions
 12. Location of Where the Work is to be performed
 13. Expected Contractor Work Hours and Conditions
- The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract. Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.

- **Invoicing**

Contractor will submit properly itemized invoices to "Bill To" Address on Purchase Order. Invoices must provide and itemize, as applicable:

- Contract number;
- Purchase Order number;
- Contractor name, address, phone number, and Federal Tax Identification Number;
- Description of any commodities/hardware, including quantity ordered;
- Date(s) of delivery and/or date(s) of installation and set up;
- Price for each item, or Contractor's list price for each item and applicable discounts;
- Maintenance charges;
- Net invoice price for each item;
- Shipping costs;
- Other applicable charges;
- Total invoice price; and,
- Payment terms, including any available prompt payment discount.

The State may pay maintenance and support charges on a monthly basis, in arrears. Payment of maintenance service/support of less than one (1) month's duration shall be prorated at 1/30th of the basic monthly maintenance charges for each calendar day.

Incorrect or incomplete invoices will be returned to Contractor for correction and reissue.

1.602 Holdback



The State will not holdback payments under this contract except where deliverables or services are unacceptable.



Article 2, Terms and Conditions

These are blanket terms and conditions for this contract and any releases, however there may be specific provisions needed for future statements of work.

2.000 Contract Structure and Term

2.001 Contract Term

This Contract is for a period of 3 years beginning May 18, 2010 through May 17, 2013. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued. Term software licenses and hosting services shall be provided pursuant to Purchase Orders co-terminous with the term of the software licenses or hosting service which may extend beyond the termination of the contract.

2.002 Options to Renew

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to 3 additional 1-year periods.

2.003 Legal Effect

Contractor shall show acceptance of this Contract by signing two copies of the Contract and returning them to the Contract Administrator. The Contractor shall not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

2.004 Attachments and Exhibits

All Attachments and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing this Contract, are incorporated in their entirety and form part of this Contract.

2.005 Ordering

The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under this Contract. All orders are subject to the terms and conditions of this Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown, however, the Contractor will be required to furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

2.006 Order of Precedence

The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005**.



In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of the Contract, which may be modified or amended only by a formal Contract amendment.

2.007 Headings

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of the Contract.

2.008 Form, Function and Utility

If the Contract is for use of more than one State agency and if the Deliverable/Service does not meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.009 Reformation and Severability

Each provision of the Contract is severable from all other provisions of the Contract and, if one or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

2.010 Consents and Approvals

Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

2.011 No Waiver of Default

If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

2.012 Survival

Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section

2.020 Contract Administration

2.021 Issuing Office

This Contract is issued by the Department of Technology, Management and Budget, Purchasing Operations (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. The Purchasing Operations Contract Administrator for this Contract is:

Jacque Kuch
Buyer
Purchasing Operations
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
kuchj@michigan.gov
517-241-0239



2.022 Contract Compliance Inspector

The Director of Purchasing Operations directs the person named below, or his or her designee, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. Monitoring Contract activities does not imply the authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract. Purchasing Operations is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract. The Contract Compliance Inspector for this Contract is:

Sara Williams
DTMB Contracts and Procurement
Chandler Plaza Building, 1st Floor
300 E. Michigan Avenue
Lansing, MI 48933
(517) 335-1277
williamss11@michigan.gov

2.023 Project Manager

The following individual will oversee the project:

Kirt Berwald
Information Officer
Department of Technology, Management and Budget
Ottawa Building 4th Floor
611 West Ottawa Street
Lansing, MI 48933
517-335-6487
BerwaldK@Michigan.gov

2.024 Change Requests

The State reserves the right to request from time to time any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the Services/Deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the State requests or directs the Contractor to perform any Services/Deliverables that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to notify the State before commencing performance of the requested activities, any such activities performed before the Contractor gives notice shall be conclusively considered to be in-scope Services/Deliverables, not New Work.

If the State requests or directs the Contractor to perform any services or provide deliverables that are consistent with and similar to the Services/Deliverables being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the Statements of Work, then before performing such services or providing such deliverables, the Contractor shall notify the State in writing that it considers the services or deliverables to be an Additional Service/Deliverable for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable. If the Contractor does so notify the State, then such a service or deliverable shall be governed by the Change Request procedure in this Section.



In the event prices or service levels are not acceptable to the State, the Additional Services or New Work shall be subject to competitive bidding based upon the specifications.

- (1) Change Request at State Request
If the State should require Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").
- (2) Contractor Recommendation for Change Requests:
Contractor shall be entitled to propose a Change to the State, on its own initiative, should it be of the opinion that this would benefit the Contract.
- (3) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal will include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.
- (4) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").
- (5) No proposed Change must be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Technology, Management and Budget, Purchasing Operations.
- (6) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.025 Notices

Any notice given to a party under the Contract must be deemed effective, if addressed to the party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

State:

State of Michigan
Purchasing Operations
Attention: Jacque Kuch
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor:

Lori Bacon, Senior Director of Operations
INGage Networks
2210 Vanderbilt Beach Blvd.
Naples, FL 34109



Either party may change its address where notices are to be sent by giving notice according to this Section.

2.026 Binding Commitments

Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in the Contract. Contractor may change the representatives from time to time upon written notice.

2.027 Relationship of the Parties

The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be or must be deemed to be an employee, agent or servant of the State for any reason. Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

2.028 Covenant of Good Faith

Each party must act reasonably and in good faith. Unless stated otherwise in the Contract, the parties will not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.029 Assignments

Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under the Contract that all payments must be made to one entity continues.

If the Contractor intends to assign the contract or any of the Contractor's rights or duties under the Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

2.030 General Provisions

2.031 Media Releases

News releases (including promotional literature and commercial advertisements) pertaining to the RFP and Contract or project to which it relates shall not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the RFP and Contract are to be released without prior written approval of the State and then only to persons designated.

2.032 Contract Distribution

Purchasing Operations retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.



2.033 Permits

Contractor must obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.034 Website Incorporation

The State is not bound by any content on the Contractor's Website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

2.035 Future Bidding Preclusion

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP; it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any bidder if the State determines that the bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a competitive advantage on the RFP

2.036 Freedom of Information

All information in any proposal submitted to the State by Contractor and this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, et seq (the "FOIA").

2.037 Disaster Recovery

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under this Contract will provide the State with priority service for repair and work around in the event of a natural or man-made disaster.

2.040 Financial Provisions

2.041 Fixed Prices for Services/Deliverables

Each Statement of Work or Purchase Order issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.042 Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

2.043 Services/Deliverables Covered

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under this Contract, the State shall not be obligated to pay any amounts in addition to the charges specified in this Contract.

2.044 Invoicing and Payment – In General

- (a) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.



- (b) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.
- (c) Correct invoices will be due and payable by the State upon receipt of Contractor invoice, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., provided the State determines that the invoice was properly rendered.
- (d1) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Purchasing Operations, Department of Technology, Management and Budget. This activity will occur only upon the specific written direction from Purchasing Operations.

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) will mutually agree upon. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month.

The Government may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.045 Pro-ration

To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services shall be pro-rated for any partial month.

2.046 Antitrust Assignment

The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

2.047 Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.048 Electronic Payment Requirement

Electronic transfer of funds is required for payments on State Contracts. Contractors are required to register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in Public Act 431 of 1984, all contracts that the State enters into for the purchase of goods and services shall provide that payment will be made by electronic fund transfer (EFT).

2.050 Taxes



2.051 Employment Taxes

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes.

2.052 Sales and Use Taxes

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining “two or more trades or businesses under common control” the term “organization” means sole proprietorship, a partnership (as defined in § 701(a) (2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

2.060 Contract Management

2.061 Contractor Personnel Qualifications

All persons assigned by Contractor to the performance of Services under this Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

2.062 Contractor Key Personnel

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor’s removal of Key Personnel without the prior written consent of the State is an unauthorized removal (“Unauthorized Removal”). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel’s employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.



- (e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

2.063 Re-assignment of Personnel at the State's Request

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted for a time as agreed to by the parties.

2.064 Contractor Personnel Location

All staff assigned by Contractor to work on the Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.065 Contractor Identification

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

2.066 Cooperation with Third Parties

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor will provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

2.067 Contract Management Responsibilities

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services. Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with the Project Plan is likely to delay the timely achievement of any Contract tasks.

The Contractor will provide the Services/Deliverables directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor will act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.



2.068 Contractor Return of State Equipment/Resources

The Contractor must return to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

2.070 Subcontracting by Contractor

2.071 Contractor full Responsibility

Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.

2.072 State Consent to delegation

Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Technology, Management and Budget, Purchasing Operations has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work will not be counted for a time agreed upon by the parties.

2.073 Subcontractor bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. A list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract is attached.

2.074 Flow Down

Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, and 2.200** in all of its agreements with any Subcontractors.

2.075 Competitive Selection

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.



2.080 State Responsibilities

2.081 Equipment

The State will provide only the equipment and resources identified in the Statements of Work and other Contract Exhibits.

2.082 Facilities

The State must designate space as long as it is available and as provided in the Statement of Work, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). The Contractor must have reasonable access to, and unless agreed otherwise by the parties in writing must observe and comply with all rules and regulations relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor agrees that it will not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

2.090 Security

2.091 Background Checks

On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/dit>. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.092 Security Breach Notification

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

2.093 PCI DATA Security Requirements

Contractors with access to credit/debit card cardholder data must adhere to the Payment Card Industry (PCI) Data Security requirements. Contractor agrees that they are responsible for security of cardholder data in their possession. Contractor agrees that data can ONLY be used for assisting the State in completing a transaction, supporting a loyalty program, supporting the State, providing fraud control services, or for other uses specifically required by law.

Contractor agrees to provide business continuity in the event of a major disruption, disaster or failure.



The Contractor will contact the Department of Technology, Management and Budget, Financial Services immediately to advise them of any breaches in security where card data has been compromised. In the event of a security intrusion, the Contractor agrees the Payment Card Industry representative, or a Payment Card Industry approved third party, will be provided with full cooperation and access to conduct a thorough security review. The review will validate compliance with the Payment Card Industry Data Security Standard for protecting cardholder data. Contractor agrees to properly dispose sensitive cardholder data when no longer needed. The Contractor will continue to treat cardholder data as confidential upon contract termination.

The Contractor will provide the Department of Technology, Management and Budget, Financial Services documentation showing PCI Data Security certification has been achieved. The Contractor will advise the Department of Technology, Management and Budget, Financial Services of all failures to comply with the PCI Data Security Requirements. Failures include, but are not limited to system scans and self-assessment questionnaires. The Contractor will provide a time line for corrective action.

2.100 Confidentiality

2.101 Confidentiality

Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below), which is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. "Confidential Information" excludes any information (including this Contract) that is publicly available under the Michigan FOIA.

2.102 Protection and Destruction of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

Promptly upon termination or cancellation of the Contract for any reason, Contractor must certify to the State that Contractor has destroyed all State Confidential Information.

2.103 Exclusions

Notwithstanding the foregoing, the provisions in this Section will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of



confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 No Implied Rights

Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

2.105 Respective Obligations

The parties' respective obligations under this Section must survive the termination or expiration of this Contract for any reason.

2.110 Records and Inspections

2.111 Inspection of Work Performed

The State's authorized representatives must at all reasonable times and with 10 days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and must have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon 10 Days prior written notice and at all reasonable times, the State's representatives must be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that the access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives.

2.112 Examination of Records

For seven years after the Contractor provides any work under this Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The State must notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

2.113 Retention of Records

Contractor must maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract according to generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records must be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

2.114 Audit Resolution

If necessary, the Contractor and the State will meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within 30 days from receipt of the report, unless a shorter response time is specified in the report. The Contractor and the State must develop, agree upon and monitor



an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

2.115 Errors

If the audit demonstrates any errors in the documents provided to the State, then the amount in error must be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of the contract, whichever is earlier.

In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than 10%, then the Contractor must pay all of the reasonable costs of the audit.

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.
- (b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
- (c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.
- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.



- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.
- (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.
- (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Technology, Management and Budget, Purchasing Operations.

2.122 Warranty of Merchantability

Goods provided by Contractor under this agreement shall be merchantable. All goods provided under this Contract shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the Contractor or on the container or label.

2.123 Warranty of Fitness for a Particular Purpose

When the Contractor has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the Contractor's skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

2.124 Warranty of Title

Contractor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by Contractor shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by Contractor, under this Contract, shall be delivered free of any rightful claim of any third person by or infringement or the like.

2.125 Equipment Warranty

To the extent Contractor is responsible under this Contract for maintaining equipment/system(s), Contractor represents and warrants that it will maintain the equipment/system(s) in good operating condition and will undertake all repairs and preventive maintenance according to the applicable manufacturer's recommendations for the period specified in this Contract.

The Contractor represents and warrants that the equipment/system(s) are in good operating condition and operates and performs to the requirements and other standards of performance contained in this Contract, when installed, at the time of Final Acceptance by the State, and for a period of (1) one year commencing upon the first day following Final Acceptance.

Within 20 business days of notification from the State, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.



The Contractor must provide a toll-free telephone number to allow the State to report equipment failures and problems to be remedied by the Contractor.

The Contractor agrees that all warranty service it provides under this Contract must be performed by Original Equipment Manufacturer (OEM) trained, certified and authorized technicians.

The Contractor is the sole point of contact for warranty service. The Contractor warrants that it will pass through to the State any warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.

2.126 Equipment to be New

If applicable, all equipment provided under this Contract by Contractor shall be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.

2.127 Prohibited Products

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Purchasing Operations has approved a change order pursuant to **Section 2.024**.

2.128 Consequences for Breach

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, the breach may be considered as a default in the performance of a material obligation of this Contract.

2.130 Insurance

2.131 Liability Insurance

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims that may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether the services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain under this Contract.

All insurance coverage provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance must be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor must have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract must be issued by companies that have been approved to do business in the State.

See www.michigan.gov/dleg.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State must be entitled to coverage to the extent of the higher limits.



The Contractor is required to pay for and provide the type and amount of insurance checked below:

- 1. Commercial General Liability with the following minimum coverage:
 \$2,000,000 General Aggregate Limit other than Products/Completed Operations
 \$2,000,000 Products/Completed Operations Aggregate Limit
 \$1,000,000 Personal and Advertising Injury Limit
 \$1,000,000 Each Occurrence Limit

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

- 2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor’s business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

- 3. Workers’ compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor’s domicile. If a self-insurer provides the applicable coverage, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees’ activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

- 4. Employers liability insurance with the following minimum limits:
 \$100,000 each accident
 \$100,000 each employee by disease
 \$500,000 aggregate disease

- 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).

- 6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.

- 7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.

- 8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and



control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132 Subcontractor Insurance Coverage

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) must fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.

2.133 Certificates of Insurance and Other Requirements

Contractor must furnish to DTMB Purchasing Operations, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **The Contract Number or the Purchase Order Number must be shown on the Certificate of Insurance To Assure Correct Filing.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) must contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Technology, Management and Budget. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insured under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

The Contractor must maintain all required insurance coverage throughout the term of the Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and must not be construed; to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor is responsible for all deductibles with regard to the insurance. If the Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, then the State may, after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.

2.140 Indemnification

2.141 General Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of this Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its subcontractors, or by anyone else for whose acts any of them may be liable.

2.142 Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.



2.143 Employee Indemnification

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

2.144 Patent/Copyright Infringement Indemnification

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.

2.145 Continuation of Indemnification Obligations

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

2.146 Indemnification Procedures

The procedures set forth below must apply to all indemnity obligations under this Contract.

- (a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the



Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.

- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

2.150 Termination/Cancellation

2.151 Notice and Right to Cure

If the Contractor breaches the contract, and the State in its sole discretion determines that the breach is curable, then the State will provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

2.152 Termination for Cause

- (a) The State may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State
- (b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.
- (c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.



- (d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

2.153 Termination for Convenience

The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

2.154 Termination for Non-Appropriation

- (a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).
- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.
- (c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.155 Termination for Criminal Conviction

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

2.156 Termination for Approvals Rescinded

The State may terminate this Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State will pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.



2.157 Rights and Obligations upon Termination

- (a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 Reservation of Rights

Any termination of this Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

2.160 Termination by Contractor

2.161 Termination by Contractor

If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.160** before it terminates the Contract.

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, data, content, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in



no event will exceed 30 calendar days. These efforts must include, but are not limited to, those listed in **Sections 2.141, 2.142, 2.143, 2.144, and 2.145.**

2.172 Contractor Personnel Transition

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.

2.173 Contractor Information Transition

The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

2.174 Contractor Software Transition

The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

2.175 Transition Payments

If the transition results from a termination for any reason, the termination provisions of this Contract must govern reimbursement. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 State Transition Responsibilities

In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to reconcile all accounts between the State and the Contractor, complete any pending post-project reviews and perform any others obligations upon which the State and the Contractor agree.

- (a) Reconciling all accounts between the State and the Contractor;
- (b) Completing any pending post-project reviews.

2.180 Stop Work

2.181 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.150**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work



stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.130**.

2.182 Cancellation or Expiration of Stop Work Order

The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.024**.

2.183 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.153**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not liable to Contractor for loss of profits because of a stop work order issued under this Section.

2.190 Dispute Resolution

2.191 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192 Informal Dispute Resolution

(a) All disputes between the parties must be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DTMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:

(1) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

(2) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other's position.

(3) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.

(4) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DTMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.



(b) This Section will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under Section 2.193.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

2.193 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.194 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, and marital status, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

2.202 Unfair Labor Practices

Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.203 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.204 Prevailing Wage

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this Contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Labor and Economic Development, Wage and Hour Bureau, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term



Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Labor and Economic Development, the office responsible for enforcement of the wage rates and fringe benefits. You shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

2.210 Governing Law

2.211 Governing Law

The Contract must in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.212 Compliance with Laws

Contractor shall comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

2.213 Jurisdiction

Any dispute arising from the Contract must be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.220 Limitation of Liability

2.221 Limitation of Liability

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The Contractor's liability for damages to the State is limited to two times the value of the Contract or \$500,000 which ever is higher. The foregoing limitation of liability does not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor is limited to the value of the Contract.



2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor must disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements that are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.

If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

- (a) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or
- (b) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
 - (1) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and
 - (2) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.
- (c) Contractor must make the following notifications in writing:
 - (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DTMB Purchasing Operations.
 - (2) Contractor must also notify DTMB Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
 - (3) Contractor must also notify DTMB Purchase Operations within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure

Contractor and/or all subcontractors involved in the performance of this Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information is a material breach of this Contract.

2.233 Bankruptcy

The State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.



Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

2.240 Performance

2.241 Time of Performance

- (a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.241**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.
- (c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

2.242 Service Level Agreement (SLA)

- (a) SLA for this services provided under this contract is provided in attached Exhibit 1.
- (b) Chronic Failure for any Service(s) will be defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service will not affect any tiered pricing levels.
- (c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.
- (d) All decimals must be rounded to two decimal places with five and greater rounding up and four and less rounding down unless otherwise specified.

2.243 Liquidated Damages

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.141**, the State is entitled to collect liquidated damages in the amount of \$5,000.00 and an additional \$100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

Unauthorized Removal of any Key Personnel

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.141**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is \$25,000.00 per individual, only if the Contractor fails to identify a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.



If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 days, in addition to the \$25,000.00 liquidated damages for an Unauthorized Removal, Contractor must pay the amount of \$833.33 per day for each day of the 30 day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide 30 days of shadowing must not exceed \$50,000.00 per individual.

2.244 Excusable Failure

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. But the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.250 Approval of Deliverables

2.251 Delivery of Deliverables

A list of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable") or a Custom Software Deliverable is attached, if applicable. All Deliverables shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of this Contract.



Prior to delivering any Deliverable to the State, Contractor will first perform all required quality assurance activities, and, in the case of Custom Software Deliverables, System Testing to verify that the Deliverable is complete and in conformance with its specifications. Before delivering a Deliverable to the State, Contractor shall certify to the State that (1) it has performed such quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during such quality assurance activities and testing, (4) the Deliverable is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

In discharging its obligations under this Section, Contractor shall be at all times (except where the parties agree otherwise in writing) in compliance with Level 3 of the Software Engineering Institute's Capability Maturity Model for Software ("CMM Level 3") or its equivalent.

2.252 Contractor System Testing

Contractor will be responsible for System Testing each Custom Software Deliverable in Contractor's development environment prior to turning over the Custom Software Deliverable to the State for User Acceptance Testing and approval. Contractor's System Testing shall include the following, at a minimum, plus any other testing required by CMM Level 3 or Contractor's system development methodology:

Contractor will be responsible for performing Unit Testing and incremental Integration Testing of the components of each Custom Software Deliverable.

Contractor's System Testing will also include Integration Testing of each Custom Software Deliverable to ensure proper inter-operation with all prior software Deliverables, interfaces and other components that are intended to inter-operate with such Custom Software Deliverable, and will include Regression Testing, volume and stress testing to ensure that the Custom Software Deliverables are able to meet the State's projected growth in the number and size of transactions to be processed by the Application and number of users, as such projections are set forth in the applicable Statement of Work.

Contractor's System Testing will also include Business Function Testing and Technical Testing of each Application in a simulated production environment. Business Function Testing will include testing of full work streams that flow through the Application as the Application will be incorporated within the State's computing environment. The State shall participate in and provide support for the Business Function Testing to the extent reasonably requested by Contractor. Within ten (10) days before the commencement of Business Function Testing pursuant to this Section, Contractor shall provide the State for State review and written approval Contractor's test plan for Business Function Testing.

Within five (5) Business Days following the completion of System Testing pursuant to this **Section**, Contractor shall provide to the State a testing matrix establishing that testing for each condition identified in the System Testing plans has been conducted and successfully concluded. To the extent that testing occurs on State premises, the State shall be entitled to observe or otherwise participate in testing under this Section as the State may elect.

2.253 Approval of Deliverables, In General

All Deliverables (Written Deliverables and Custom Software Deliverables) require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications, which, in the case of Custom Software Deliverables, will include the successful completion of State User Acceptance Testing, to be led by the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.

The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables being reviewed. If Contractor fails to provide a Deliverable to the State in a timely manner, the State will nevertheless use commercially reasonable efforts to complete its review or testing within the applicable State Review Period.



Before commencement of its review or testing of a Deliverable, the State may inspect the Deliverable to confirm that all components of the Deliverable (e.g., software, associated documentation, and other materials) have been delivered. If the State determines that the Deliverable is incomplete, the State may refuse delivery of the Deliverable without performing any further inspection or testing of the Deliverable. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable and the applicable certification by Contractor in accordance with this Section.

The State will approve in writing a Deliverable upon confirming that it conforms to and, in the case of a Custom Software Deliverable, performs in accordance with, its specifications without material deficiency. The State may, but shall not be required to, conditionally approve in writing a Deliverable that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable that remain outstanding at the time of State approval.

If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing State approval of a Deliverable, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep this Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the contract price for such Deliverable and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses without the need to furnish proof in substantiation of such general expenses; or (iii) terminate this Contract for default, either in whole or in part by notice to Contractor (and without the need to afford Contractor any further opportunity to cure). Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

The State, at any time and in its own discretion, may halt the UAT or approval process if such process reveals deficiencies in or problems with a Deliverable in a sufficient quantity or of a sufficient severity as to make the continuation of such process unproductive or unworkable. In such case, the State may return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the review or UAT process and, in that event, Contractor will correct the deficiencies in such Deliverable in accordance with the Contract, as the case may be.

Approval in writing of a Deliverable by the State shall be provisional; that is, such approval shall not preclude the State from later identifying deficiencies in, and declining to accept, a subsequent Deliverable based on or which incorporates or inter-operates with an approved Deliverable, to the extent that the results of subsequent review or testing indicate the existence of deficiencies in the subsequent Deliverable, or if the Application of which the subsequent Deliverable is a component otherwise fails to be accepted pursuant to **Section 2.080**.

2.254 Process for Approval of Written Deliverables

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Written Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Written Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Written Deliverable (or at the State's election, subsequent to approval of the Written Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within five (5) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Written Deliverable from Contractor, the State will have a reasonable



additional period of time, not to exceed the length of the original State Review Period, to review the corrected Written Deliverable to confirm that the identified deficiencies have been corrected.

2.255 Process for Approval of Custom Software Deliverables

The State will conduct UAT of each Custom Software Deliverable in accordance with the following procedures to determine whether it meets the criteria for State approval – i.e., whether it conforms to and performs in accordance with its specifications without material deficiencies.

Within thirty (30) days (or such other number of days as the parties may agree to in writing) prior to Contractor's delivery of any Custom Software Deliverable to the State for approval, Contractor shall provide to the State a set of proposed test plans, including test cases, scripts, data and expected outcomes, for the State's use (which the State may supplement in its own discretion) in conducting UAT of the Custom Software Deliverable. Contractor, upon request by the State, shall provide the State with reasonable assistance and support during the UAT process.

For the Custom Software Deliverables listed in an attachment, the State Review Period for conducting UAT will be as indicated in the attachment. For any other Custom Software Deliverables not listed in an attachment, the State Review Period shall be the number of days agreed in writing by the parties (failing which it shall be forty-five (45) days by default). The State Review Period for each Custom Software Deliverable will begin when Contractor has delivered the Custom Software Deliverable to the State accompanied by the certification required by this **Section** and the State's inspection of the Deliverable has confirmed that all components of it have been delivered.

The State's UAT will consist of executing test scripts from the proposed testing submitted by Contractor, but may also include any additional testing deemed appropriate by the State. If the State determines during the UAT that the Custom Software Deliverable contains any deficiencies, the State will notify Contractor of the deficiency by making an entry in an incident reporting system available to both Contractor and the State. Contractor will modify promptly the Custom Software Deliverable to correct the reported deficiencies, conduct appropriate System Testing (including, where applicable, Regression Testing) to confirm the proper correction of the deficiencies and re-deliver the corrected version to the State for re-testing in UAT. Contractor will coordinate the re-delivery of corrected versions of Custom Software Deliverables with the State so as not to disrupt the State's UAT process. The State will promptly re-test the corrected version of the Software Deliverable after receiving it from Contractor.

Within three (3) business days after the end of the State Review Period, the State will give Contractor a written notice indicating the State's approval or rejection of the Custom Software Deliverable according to the criteria and process set out in this **Section**.

2.256 Final Acceptance

"Final Acceptance" shall be considered to occur when the Custom Software Deliverable to be delivered has been approved by the State and has been operating in production without any material deficiency for fourteen (14) consecutive days. If the State elects to defer putting a Custom Software Deliverable into live production for its own reasons, not based on concerns about outstanding material deficiencies in the Deliverable, the State shall nevertheless grant Final Acceptance of the Project.

2.260 Ownership

2.261 Ownership of Work Product by State

The State acknowledges that the SNS Software being provided via a Software as a Service ("SaaS") under this contract is not a work made for hire by the Contract for the State and therefore does not make any claim to ownership of the software code provided via a (SaaS) method. The State owns all other Deliverables, as they are work made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.



2.262 Vesting of Rights

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State's request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

2.263 Rights in Data

The State, or content producer as may be determined by the State, is the owner of all data made available by the State or users of the State's Social Network Service to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

The State is the owner of all State-specific data under the Contract. The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

2.264 Ownership of Materials

The State and the Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

2.270 State Standards

2.271 Existing Technology Standards

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://www.michigan.gov/dit>.

2.272 Acceptable Use Policy

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice>. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 Systems Changes

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's



approval must be done according to applicable State procedures, including security, access and configuration management procedures.

2.280 Extended Purchasing

2.281 MiDEAL (Michigan Delivery Extended Agreements Locally)

Public Act 431 of 1984 permits DTMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at: www.michigan.gov/buymichiganfirst. Unless otherwise stated, the Contractor must ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.

The Contractor will supply Contract Services and equipment to these local governmental agencies at the established State of Michigan contract prices and terms to the extent applicable and where available. The Contractor must send its invoices to, and pay the local unit of government, on a direct and individual basis.

To the extent that authorized local units of government purchase quantities of Services and/or equipment under this Contract, the quantities of Services and/or equipment purchased will be included in determining the appropriate rate wherever tiered pricing based on quantity is provided.

Please Visit Mi DEAL at www.michigan.gov/buymichiganfirst under MiDeal.

Estimated requirements for authorized local units of government are not included in the quantities shown in this RFP.

2.282 State Employee Purchases

The State allows State employees to purchase from this Contract. Unless otherwise stated, it is the responsibility of the Contractor to ensure that the State employee is an authorized purchaser before extending the Contract pricing.

The Contractor will supply Contract Services and Deliverables at the established State of Michigan contract prices and terms to the extent applicable and where available. The Contractor must send its invoices to and pay the State employee on a direct and individual basis.

To the extent that authorized State employees purchase quantities of Services or Deliverables under this Contract, the quantities of Services and/or Deliverables purchased will be included in determining the appropriate rate wherever tiered pricing based on quantity is provided.

2.290 Environmental Provision

2.291 Environmental Provision

Energy Efficiency Purchasing Policy: The State seeks wherever possible to purchase energy efficient products. This includes giving preference to U.S. Environmental Protection Agency (EPA) certified 'Energy Star' products for any category of products for which EPA has established Energy Star certification. For other purchases, the State may include energy efficiency as one of the priority factors to consider when choosing among comparable products.

Environmental Purchasing Policy: The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution. Environmental components that are to be considered include: recycled content and recyclables; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bioaccumulative. The Contractor should be able to supply products containing recycled and environmentally preferable materials that meet performance requirements and is encouraged to offer such



products throughout the duration of this Contract. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.

Hazardous Materials: For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, and any other material the manufacture, use, treatment, storage, transportation or disposal of which is regulated by the federal, state or local laws governing the protection of the public health, natural resources or the environment. This includes, but is not limited to, materials the as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.

- (a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State must provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.
- (b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State must order a suspension of Work in writing. The State must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State must terminate the affected Work for the State's convenience.
- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

Labeling: Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html

Refrigeration and Air Conditioning: The Contractor shall comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this contract.

Environmental Performance: Waste Reduction Program - Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this contract. The Contractor's programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).



2.300 Deliverables

2.301 Software

A list of the items of software the State is required to purchase for execution the Contract is attached. The list includes all software required to complete the Contract and make the Deliverables operable; if any additional software is required in order for the Deliverables to meet the requirements of this Contract, such software shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Statement of Work or Contract Change Notice). The attachment also identifies certain items of software to be provided by the State.

2.302 Hardware

A list of the items of hardware the State is required to purchase for execution the Contract is attached. The list includes all hardware required to complete the Contract and make the Deliverables operable; if any additional hardware is required in order for the Deliverables to meet the requirements of this Contract, such hardware shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Contract Change Notice). The attachment also identifies certain items of hardware to be provided by the State.

2.303 Equipment to be New

If applicable, all equipment provided under this Contract by Contractor shall be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.

2.304 Equipment to be New and Prohibited Products

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Purchasing Operations has approved a change order pursuant to **Section 2.024**.

2.310 Software Warranties

2.311 Performance Warranty

The Contractor represents and warrants that Deliverables, after Final Acceptance, will perform and operate in compliance with the requirements and other standards of performance contained in this Contract (including all descriptions, specifications and drawings made a part of the Contract) for a period of (90) ninety days. In the event of a breach of this warranty, Contractor will promptly correct the affected Deliverable(s) at no charge to the State.

2.312 No Surreptitious Code Warranty

The Contractor represents and warrants that no copy of licensed Software provided to the State contains or will contain any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty."

As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than the licensee of the software. Self-Help Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.



As used in this Contract, "Unauthorized Code" means any virus, Trojan horse, spyware, worm or other Software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code. Unauthorized Code does not include Software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the State.

2.313 Calendar Warranty

The Contractor represents and warrants that all software for which the Contractor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure calendar year rollover compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

2.314 Third-party Software Warranty

The Contractor represents and warrants that it will disclose the use or incorporation of any third-party software into the Deliverables. At the time of Delivery, the Contractor shall provide in writing the name and use of any Third-party Software, including information regarding the Contractor's authorization to include and utilize such software. The notice shall include a copy of any ownership agreement or license that authorizes the Contractor to use the Third-party Software.

2.315 Physical Media Warranty

Contractor represents and warrants that each licensed copy of the Software provided by the Contractor is free from physical defects in the media that tangibly embodies the copy. This warranty does not apply to defects discovered more than (30) thirty days after that date of Final Acceptance of the Software by the State. This warranty does not apply to defects arising from acts of Excusable Failure. If the Contractor breaches this warranty, then the State shall be entitled to replacement of the non-compliant copy by Contractor, at Contractor's expense (including shipping and handling).

2.320 Software Licensing

2.321 Cross-License, Deliverables Only, License to Contractor

The State grants to the Contractor, the royalty-free, world-wide, non-exclusive right and license under any Deliverable now or in the future owned by the State, or with respect to which the State has a right to grant such rights or licenses, to the extent required by the Contractor to market the Deliverables and exercise its full rights in the Deliverables, including, without limitation, the right to make, use and sell products and services based on or incorporating such Deliverables.



2.322 Cross-License, Deliverables and Derivative Work, License to Contractor

The State grants to the Contractor, the royalty-free, world-wide, non-exclusive right and license under any Deliverable and/or Derivative Work now or in the future owned by the State, or with respect to which the State has a right to grant such rights or licenses, to the extent required by the Contractor to market the Deliverables and/or Derivative Work and exercise its full rights in the Deliverables and/or Derivative Work, including, without limitation, the right to make, use and sell products and services based on or incorporating such Deliverables and/or Derivative Work.

2.323 License Back to the State

Unless otherwise specifically agreed to by the State, before initiating the preparation of any Deliverable that is a Derivative of a preexisting work, the Contractor shall cause the State to have and obtain the irrevocable, nonexclusive, worldwide, royalty-free right and license to (1) use, execute, reproduce, display, perform, distribute internally or externally, sell copies of, and prepare Derivative Works based upon all preexisting works and Derivative Works thereof, and (2) authorize or sublicense others from time to time to do any or all of the foregoing.

2.324 License Retained by Contractor

Contractor grants to the State a non-exclusive, royalty-free, site-wide, irrevocable, transferable license to use the Software and related documentation according to the terms and conditions of this Contract. For the purposes of this license, "site-wide" includes any State of Michigan office regardless of its physical location.

The State may modify the Software and may combine such with other programs or materials to form a derivative work. The State will own and hold all copyright, trademarks, patent and other intellectual property rights in any derivative work, excluding any rights or interest in Software other than those granted in this Contract.

The State may copy each item of Software to multiple hard drives or networks unless otherwise agreed by the parties.

The State will make and maintain no more than one archival copy of each item of Software, and each copy will contain all legends and notices and will be subject to the same conditions and restrictions as the original. The State may also make copies of the Software in the course of routine backups of hard drive(s) for the purpose of recovery of hard drive contents.

In the event that the Contractor shall, for any reason, cease to conduct business, or cease to support the Software, the State shall have the right to convert these licenses into perpetual licenses, with rights of quiet enjoyment, but subject to payment obligations not to exceed the then current rates.

2.325 Pre-existing Materials for Custom Software Deliverables

Neither Contractor nor any of its Subcontractors shall incorporate any preexisting materials (including Standard Software) into Custom Software Deliverables or use any pre-existing materials to produce Custom Software Deliverables if such pre-existing materials will be needed by the State in order to use the Custom Software Deliverables unless (i) such pre-existing materials and their owners are identified to the State in writing and (ii) such pre-existing materials are either readily commercially available products for which Contractor or its Subcontractor, as the case may be, has obtained a license (in form and substance approved by the State) in the name of the State, or are materials that Contractor or its Subcontractor, as the case may be, has the right to license to the State and has licensed to the State on terms and conditions approved by the State prior to using such pre-existing materials to perform the Services.

2.330 Source Code Escrow

Reserved



2.400 Other Provisions

2.411 Forced Labor, Convict Labor, or Indentured Servitude Made Materials

Bidder represents and certifies that, to the best of its knowledge and belief no foreign (outside of the U.S.) made equipment, materials, or supplies, will be furnished to the State under any resulting Contract, that have been produced in whole or in part by forced labor, convict labor, or indentured servitude.

_____ (Initial)

2.421 Knowledge of Child Labor for Listed End Products

(a) "Forced or indentured child labor" means all work or service:

- (i) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or
- (ii) Performed by any person under the age of 18 under a contract the enforcement of which can be accomplished by process or penalties.

(b) *Listed end products.* The following end product(s) being acquired under this solicitation is (are) included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, identified by their country of origin. There is a reasonable basis to believe that listed end products from the listed countries of origin may have been mined, produced, or manufactured by forced or indentured child labor.

Listed End Product	Listed Country of Origin

(c) *Certification.* The State will not make award to a Bidder unless the Bidder, by checking the appropriate block, certifies to one of the following:

- () The Bidder will not supply any end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in a corresponding country as listed for that end product.
- () The Bidder may supply an end product listed in paragraph (b) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The Bidder certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture the end product. On the basis of those efforts, the Bidder certifies that it is not aware of any the use of child labor.

_____ (Initial)



Attachment A – Contractor Staff

- **Senior Director of Technology Delivery**

The Senior Director of Technology Delivery will be responsible for “hands-on” management of estimation, design, and development of technology solutions in a rapidly-moving environment. This will include maintaining high standards for design, development, and unit testing, employing metrics from past initiatives to manage continuous improvement.

- **Senior Manager of Technology Delivery**

The Sr. Manager of Technology Delivery will be responsible for “hands-on” management of estimation, architecture, development, and release of software development solutions. This includes maintaining high standards for process, coding, unit testing, and measurement tracking to ensure success of ongoing initiatives and to foster an environment for continuous improvement.

- **Project Manager – Tech Delivery**

As project manager for delivery of social networking projects, the Project Manager will be responsible for the following:

- Identifying tasks, dependencies and the critical path for project delivery.
- Developing and managing project and work force plans for on-time project delivery.
- Employing project governance to pro-actively manage risks, issues and decisions.
- Managing all aspects of project budget allocation and tracking.
- Providing weekly Health & Status reports to senior management.
- Managing communication of project risk, issues, decisions, activities and milestones across all project stakeholders including customer.

- **Software Engineer**

Software Engineers at INgage Networks will be accountable for:

- Leading and mentoring small teams in the development and integration of social networking services for our customers using the ELAvate platform.
- Creating clean, well-structured code that can be rapidly configured and reused to solve many customers’ enterprise social networking needs.
- Working with project managers to plan and execute on-time development.
- Documenting and unit testing your work.
- Supporting quality assurance and operations in the certification and release of your work.

- **UI Engineer**

UI Engineers at INgage Networks are self-starters who are able to work with limited supervision. The UI Engineer is responsible for the development and implementation of our Web applications using ASP.NET, CSS, JavaScript, AJAX, XML, XSL, XSLT, XHTML, SQL Server, and web services. In addition to software development, this individual will assist with technical documentation and provide assistance to the Quality Assurance team to resolve highly complex technical issues with the software and improve site usability. Since our software products are highly customer focused, UI Engineers will work with the Technical Support Team on a monthly basis to accommodate customer requests. UI Engineers will also monitor and analyze performance characteristics; conduct unit, integration, and load testing; and research and recommend alterations to development or design in order to enhance the quality of our product and procedures.

- **QA Engineer**

The QA Engineer will be responsible for making sure our software meets the highest quality standards possible by:

- Analyzing requirements and software specifications to develop test points with the software.
- Developing and documenting detailed test cases based on high level test plans.
- Coordinating with Team Lead to obtain and regression test defect repairs.
- Attending requirements reviews and design reviews to provide QA representation.
- Building test harnesses, executing test cases, analyzing results and assigning defects to software engineers.



- **Database Administrator**

The Systems Database Administrator (DBA) will collaborate with the all internal technical teams and provide technical expertise in monitoring and managing the SQL Server database.

- Conducting periodic database backups, recovery, loading new databases, reinitializing and reloading databases upon installation of new software version releases.
- Monitoring database storage allocation and database and application server performance and distribution.
- Maintaining database configuration and server-related parameter tables.
- Database SQL query, form, report and related script design and development.
- Collaboration with the development team on data modeling and database design.
- Monitoring application data flow and processes.
- External system interface implementation at the functional level.
- Reporting database related problems and resolving them to the degree possible consistent with operational site configuration management restrictions.

- **Account Manager**

The Account Manager is responsible for the management and growth of INgage Networks' existing customer base. The Account Manager acts as the primary point of contact within INgage Networks to ensure the customer is highly satisfied with the implementation of our solutions and works to renew and grow the customer base. The Account Manager builds and maintains relationships with key customers and stakeholders in support of the business strategy for each assigned account. The Account Manager delivers innovative ideas, strategy and programs that will potentially drive increased community involvement or participation within the customer online community. The Account Manager functions as the Single Point of Contact (SPOC) for each Customer and project.

- **Business Analyst**

The Business Analyst will act as the interface between internal teams and the customer to elicit and document customer needs for INgage Networks' business services and solutions.

- Facilitating meetings with key project stakeholders to understand customer's business needs, goals and objectives.
- Translating stakeholder requirements into functional Use Case documents, maintaining traceability between requirements and Use Cases.
- Documenting Functional Requirements (FRDs), Product Requirements (PRDs) and Non-Functional Requirements where applicable. Modifying Business Requirements (BRD) if required.
- Translating of architect-defined technical requirements into non-functional Use Case documents, maintaining traceability between requirements and Use Cases.
- Act as the liaison between the technical delivery team and the customer to communicate requirements and develop solutions.
- Capturing detailed solution configuration parameters and custom requirements in the form of use cases.
- Collaborating with Quality Assurance to define acceptance criteria and ensure traceability.

**EXHIBIT 1****SERVICE LEVEL AGREEMENT****INTRODUCTION**

This Exhibit 1 sets forth certain levels of service that INgage is required to meet in performing the Services during the Term (“**Services Levels**”). INgage’s failure to meet the Service Levels shall entitle STATE OF MICHIGAN to receive credits against INgage’s charges as set forth below.

1. GENERAL PROVISIONS**1.1 Measurement and Reporting.**

1.1.2 Except as otherwise agreed upon by the Parties, INgage shall monitor its performance of the Services against the Service Levels. INgage shall provide automated tools, collect and provide to STATE OF MICHIGAN the data reasonably made available to it by such tools, and be responsible for measuring performance as against the Service Levels. Failure to properly measure performance with respect to any particular Service Level for any month shall be deemed to be a Service Level Default (as defined below) with respect to such Service Level for such month.

1.1.3 INgage shall provide STATE OF MICHIGAN with a set of hard copy and soft copy reports to verify INgage’s performance and compliance with the Service Levels. Detailed supporting information for all reports shall be provided to STATE OF MICHIGAN in spreadsheet form, or such other form as reasonably requested by STATE OF MICHIGAN. The raw data, detailed supporting information and other data produced or derived from measurement of the Services shall be deemed STATE OF MICHIGAN Data, and may be accessed by STATE OF MICHIGAN on-line and in real time, where feasible, at any time during the Term.

1.2 Definitions. All capitalized terms used, but not defined, in this Exhibit 1 have the meanings ascribed to them in the Agreement. For purposes of this Exhibit 1, the following terms have the indicated meanings:

1.2.2 “**Actual Uptime**” of a particular service or item means the aggregate amount of time within Scheduled Uptime when the Service is actually available for normal business use by the End User (i.e., Scheduled Uptime – outage). A Service or item is available for normal business if it can be used in accordance with its intended functionality, with the required database files and tables being accessible with current data.

1.2.3 “**Availability**” of a particular service or item means the Actual Uptime expressed as a percentage of the Scheduled Uptime for such service or item (i.e., Availability % = (Actual Uptime)/Scheduled Uptime x 100%).

1.2.4 “**Downtime**” means an Outage that continues for a period of more than two (2) minutes.

1.2.5 “**Hours**” - unless otherwise noted, all references to time of day shall refer to the local time of the STATE OF MICHIGAN sites for which the relevant Services are provided.

1.2.6 “**Maintenance Window**” means the period of time during which INgage shall perform scheduled routine systems maintenance so as not to unreasonably interfere with the business needs of STATE OF MICHIGAN. INgage shall give STATE OF MICHIGAN at least 12 hours advance notice of routine systems maintenance.



1.2.7 **“Monthly Charges”** means the amount invoiced by INgage to STATE OF MICHIGAN, for the Services.

1.2.8 **“Outage”** means any interruption of 60 seconds or more during which 10% or more of STATE OF MICHIGAN Users are unable to access the System or their access to the System is substantially impaired (including through significant logon delay).

1.2.9 **“Service Level Credit”** means, with respect to a failure to meet a Service Level, an amount determined by multiplying INgage’s Monthly Charge for the month in which the failure occurs by the applicable Service Level Credit Percentage for such Service Level.

1.2.10 **“Service Level Credit Percentage”** means, with respect to any Service Level, the maximum percentage of INgage’s Monthly Charge to be paid as a Service Level Credit for failure to meet the Service Level.

1.2.11 **“Service Level Defaults”** shall be deemed to occur when INgage’s level of performance fails to meet a Service Level.

1.2.12 **“Scheduled Uptime”** means that period of time (days of the week and hours per day) during which a Service or item is expected to be available/delivered to STATE OF MICHIGAN for normal business use. Scheduled Uptime shall exclude Maintenance Windows for such service or item, provided that such time has been mutually agreed between the Parties and is scheduled so as to minimize the impact upon STATE OF MICHIGAN Users and STATE OF MICHIGAN’s business.

2. SERVICE LEVEL PROCESS

2.1 Reevaluation of Service Levels. Sections 3 and 4 of this Exhibit 1 identify the Service Levels that shall apply as of the Effective Date and initially during the Term, subject to the following:

2.1.1 The numerical values associated with such Service Levels (e.g., availability of 98%) shall be subject to STATE OF MICHIGAN’s and INgage’s mutual reevaluation 3 months after the Effective Date. The purpose of such reevaluation shall be to confirm or change the numerical value based upon the average performance of INgage with respect to the applicable Service Level during such 3 month period. STATE OF MICHIGAN and INgage may agree to adjust the Service Levels at this time.

2.1.2 The Parties agree that all Service Levels conformed or changed in accordance with Section 2.1.1 hereof shall not be less than those levels reasonably and consistently achievable with the systems and environments used to provide the Services if used in accordance with the practices and standards used in well-managed operations performing services similar to the Services.

2.2 Improvements to Service Levels. STATE OF MICHIGAN and INgage shall review the Service Levels at least annually and shall make adjustments to them as appropriate to reflect improved performance capabilities associated with advances in the technology and methods used to perform the Services or to reflect new information or circumstances affecting the Service Levels. During such reviews, INgage shall work with STATE OF MICHIGAN to identify possible cost/Service Level tradeoffs (but any resulting changes in Service Levels shall be implemented only if approved in writing by both Parties). The Parties expect and understand that, insofar as possible, there shall be continuous improvement in INgage’s delivery of the Services during the Term.

2.3 Additions/Modifications to Service Levels. The Parties shall cooperate to identify additional Service Levels in furtherance of the objective of having a comprehensive set of Service Levels that provide a fair, accurate and consistent measurement of INgage’s performance of the Services. In response to changes in



STATE OF MICHIGAN's business needs or to reflect changes in or evolution of the Services, STATE OF MICHIGAN and INgage shall, at least once per year, review and assess any changes and agree to add or substitute new Service levels to meet such objective(s) as may be redefined from time to time during the Term.

3. SERVICE LEVELS

INgage shall meet or exceed the Service Levels described in Exhibit 1 and herein.

3.1 System Availability and Performance. INgage shall maintain availability and performance of the System to STATE OF MICHIGAN Users so as to meet or exceed the Service Levels set forth in Exhibit 1.

3.2 System Capacity. INgage shall provide sufficient hosting capacity to target the Service Levels, availability and performance objectives in Exhibit 1. STATE OF MICHIGAN shall work with INgage to forecast and anticipate unexpected increases in System usage due to unusual marketing events, one-time events, or other events that could change the rate of system usage typically observed in normal site operation.

3.3 Content Upload. INgage shall upload all STATE OF MICHIGAN Content, including updates, to the System within two (2) Business Days of delivery to INgage, except in the case of content that results in technical changes (i.e., beyond text or graphics) changes to the System.

3.4 Response Time. INgage shall manage equipment, bandwidth and network response times to target Service Levels and performance objectives stated in Exhibit 1.

4. CRITICAL SERVICE LEVELS AND SERVICE LEVEL CREDITS

4.1 General.

4.1.1 INgage recognizes that its failure to meet the Service Levels designated in Exhibit 1 may have a material adverse impact on the business and operations of STATE OF MICHIGAN and that the damage from such failure is not susceptible to precise determination. Accordingly, if INgage fails to meet any such Service Level for any reason other than a Force Majeure Event under the Agreement, then in addition to other remedies that may be available to STATE OF MICHIGAN, STATE OF MICHIGAN shall recover the corresponding Service Level Credit specified herein.

4.1.2 In the event of a failure to meet the Service Levels described in Exhibit 1, the corresponding Service Level Credit shall be a credit against the Monthly Charge owed by STATE OF MICHIGAN in respect of the month during which the Service Level failure occurs.

4.2 Persistent SLA Breach. In the event of a Persistent SLA Breach, STATE OF MICHIGAN may immediately terminate this Agreement, without liability, upon 14 days written notice to INgage. As used herein, a "Persistent SLA Breach" means *during any rolling 6 month period, more than ___ Service Level Defaults*.

5. Changes to Service Levels STATE OF MICHIGAN may add or delete Service Levels by sending written notice to INgage at least 30 days prior to the date that such changes are to be effective, provided that STATE OF MICHIGAN may send such a notice (which notice may contain multiple changes) not more than once every 3 months.



Exhibit 1 to Service Level Agreement

SERVICE LEVELS

Application Availability & Performance Target Standards
 For: [Name of Application]

SERVICE LEVEL #1: SERVICE AVAILABILITY FOR INTERACTIVE APPLICATIONS

1a	Specific Interactive Application Targets for current year:	Peak Time: _____ <u>99.99</u> (%) Off-Peak Time: _____ <u>99.99</u> (%)
1b	INGage Goals for Support Functions:	Percent Uptime is established separately during two distinct time periods: 1. Peak-time: [insert time] 2. Off-peak time: [insert time] Tool Goal: 100% (24 hours per day; 7 days per week) Minimum Acceptable: Peak <u>99.99 %</u> Off-Peak <u>99.99 %</u> <i>General Rule: If the services impact customer-facing activities, availability targets should be set higher than current application targets. At a minimum, 2/10 of a percent higher. Example for one application: If the 2009 target is 99%, the INGage target should be 99.2%. If the service provided by INGage does not impact customer-facing activities (such as maintenance functions), the target for INGage should be set at a minimum equal to the application target.</i>
1c	Expectations:	The Service shall be available seven days per week; 24 hours per day, less the minimum required for planned downtime (routine maintenance shall be conducted during off peak periods).
1d	Measurement Tools:	INGage and STATE OF MICHIGAN shall provide for measurement in a mutually agreed reporting and measurement structure.
1e	INGage Reporting :	<p>INGage shall provide monthly reports of all Service availability that indicates the most frequently encountered errors (e.g. application errors, database “slows”, etc.), including how many times the error occurs on a weekly basis. STATE OF MICHIGAN will work with NA to determine what actions need to be taken to resolve such errors.</p> <p><u>Daily Average Availability Reporting</u> <u>INGage will provide reporting if the daily average availability falls below the following (state threshold):</u></p> <p>INGage shall provide an adequately detailed, technical, written explanation of each problem. Such information shall be provided within 5 days following the occurrence of the problem. INGage shall participate with STATE OF MICHIGAN in root-cause identification when availability Service Levels are not being met.</p> <p>If STATE OF MICHIGAN and INGage agree that the availability issue is isolated to an internal STATE OF MICHIGAN problem, then the time recorded as unavailable can be subtracted from the total time unavailable in order to determine an accurate measurement of availability for the applicable month.</p>



1f	Service Level Credits pursuant to Section 8.3 of the Agreement	If STATE OF MICHIGAN and INgage agree that an availability issue is the result of INgage errors, then INgage will negotiate an appropriate credit level to STATE OF MICHIGAN. An appropriate credit shall be determined as a percentage equal to the Availability as a percentage of monthly service fees (exclusive of professional services).
1g	Emergency Changes:	INgage shall implement emergency changes (e.g., security vulnerabilities) at all necessary times, based on the assessed risk(s). The level of risk and commensurate urgency will generally be determined based on the criteria provided by INgage. Such changes may result in the application being down and may affect the overall availability time for the applicable month. If the site is unavailable to STATE OF MICHIGAN for any reason, then the downtime shall be included in the availability statistic. Scheduled outages are not scrubbed from reported availability numbers. INgage and STATE OF MICHIGAN shall discuss how this information will be reported and what the ultimate impact will be to the monthly results.



SERVICE LEVEL #2: PERFORMANCE RESPONSE TIME FOR INTERACTIVE APPLICATIONS

	Definition of Response Time:	The length of time it takes to complete a transaction across a T1 (broadband) line. Transaction time begins when the page is opened and ends once it is executed. Transaction time does not include end user interaction.										
2a	Specific Interactive Application Targets for current year:	Peak Time: _____ (Best In Class (BIC) -Median Performance Targets): _____ [insert time]										
2b	Explanation of what INgage does to support the site:	<p>INGage Networks will provide the INgage Networks Enterprise Social Network System (“the Service”) on a 24x7 basis, subject to scheduled or emergency maintenance, using INgage Networks’ software installed in an ATT Hosting Center.</p> <p>ATT periodically schedules maintenance during night time off working hours. If extended maintenance is required, INgage Networks will provide Customer with a seven (7) calendar day prior written notice of the dates and times of such extended maintenance. INgage Networks also reserves the right to interrupt access to the INgage Networks Service if necessary to perform emergency maintenance; provided, however, INgage Networks will use commercially reasonable measures to notify Customer in advance. Scheduled maintenance hours may change upon notice.</p>										
2c	INGage’s Goals for Support Functions:	<p>Minimum Acceptable Performance Target : (to achieve the applications BIC level of response times)</p> <p>Peak Time: <u>7.67 seconds</u></p> <p>To Achieve: <u>7.65 seconds</u></p> <p><i>General Rule: If the services impact customer-facing activities, performance targets should be set higher than current application median target. At a minimum, 2/10 of a second higher. Example for one application: If the 2006 Median Response Time target is 7.67 second, INgage target should set at 7.65 seconds. If the service provided by INgage does not impact customer-facing activities (such a; maintenance functions), the target for the NA should be set at a minimum equal to the application Median Response Time target.</i></p>										
2d	Expectations :	<p>Performance Response Times from INgage shall be as detailed below. Routine maintenance shall be conducted during off peak periods.</p> <table border="1"> <thead> <tr> <th>Issue Definition</th> <th>Service Level Targets</th> </tr> </thead> <tbody> <tr> <td>An Urgent Priority Issue (“UPI”) is Functionality not available, no work around</td> <td>Response time: 30 mins Resolution time: 1 hour</td> </tr> <tr> <td>A High Priority Issue (“HPI”) is Functionality not available, work around exists</td> <td>Response time: 1 hour Resolution time: 4 hours</td> </tr> <tr> <td>A Medium Priority Issue IS Functionality not working properly, no work around exists</td> <td>Response time: 2 hours Resolution time: 2 business days</td> </tr> <tr> <td>A Low Priority Issue (“LPI”) is Functionality not working properly, work around exists</td> <td>Response time: 4 hours Resolution time: 5 business days</td> </tr> </tbody> </table>	Issue Definition	Service Level Targets	An Urgent Priority Issue (“UPI”) is Functionality not available, no work around	Response time: 30 mins Resolution time: 1 hour	A High Priority Issue (“HPI”) is Functionality not available, work around exists	Response time: 1 hour Resolution time: 4 hours	A Medium Priority Issue IS Functionality not working properly, no work around exists	Response time: 2 hours Resolution time: 2 business days	A Low Priority Issue (“LPI”) is Functionality not working properly, work around exists	Response time: 4 hours Resolution time: 5 business days
Issue Definition	Service Level Targets											
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A Low Priority Issue (“LPI”) is Functionality not working properly, work around exists	Response time: 4 hours Resolution time: 5 business days											



2e	Measurement Tools:	Should there be any problems with a measurement tool STATE OF MICHIGAN and INgage shall work together to isolate the issue. If all locations are failing, then a root cause analysis shall be conducted to determine if the problem is unique to STATE OF MICHIGAN. Such analysis must identify whether there is a customer impact. If STATE OF MICHIGAN and INgage agree that the performance issue is isolated to an issue then the transaction time recorded may be subtracted from the total time it took the transaction to render in order to determine an accurate measurement of performance for the applicable month.
2f	NA Reporting:	<p>INgage shall provide monthly reports of all performance issues encountered (e.g. page component issues, size of image files utilized, latency errors, etc.), including how many times the issues occurred on a weekly basis. STATE OF MICHIGAN shall work with NA to determine what actions need to be taken to resolve such issues.</p> <p><u>Daily Average Performance Reporting:</u> INgage shall provide reporting if the daily average performance falls below the following: (state threshold) 99%. INgage shall provide an adequately detailed, technical, written explanation of each issue. Such information shall be provided within <u>5</u> days following the occurrence of the issue. INgage shall participate with STATE OF MICHIGAN in root-cause identification when performance levels are not being met.</p>
2g	Service Level Credits pursuant to Section 8.3 of the Agreement	If STATE OF MICHIGAN and INgage agree that an availability issue is the result of INgage errors, then INgage will negotiate an appropriate credit level to STATE OF MICHIGAN. An appropriate credit shall be determined as a percentage equal to the Availability as a percentage of monthly service fees (exclusive of professional services).
2h	Emergency Changes	INgage shall implement emergency changes (e.g.. security vulnerabilities) at all necessary times, based on the assessed risk(s). The level of risk and commensurate urgency will generally be determined based on the criteria provided by INgage. Such changes may result in the application being down and may affect the overall availability time for the applicable month. If the site is unavailable to STATE OF MICHIGAN for any reason, then the downtime shall be included in the availability statistic. Scheduled outages are not scrubbed from reported availability numbers. INgage and STATE OF MICHIGAN shall discuss how this information will be reported and what the ultimate impact will be to the monthly results.



SERVICE LEVEL #3: SERVICE LEVEL AVAILABILITY

3a	Specific hours of system availability/ operational hours for current year:	24 hours per day, 7 days per week, 365 days per year, excluding only scheduled maintenance
3b	INGage Goals for Support & Maintenance Functions:	<p><u>Minimum Acceptable Availability Target:</u></p> <p>Target Availability Time: <u>99.99 (%)</u></p> <p>Acceptable Availability Time: <u>99.99 (%)</u></p> <p><i><u>General Rule:</u> Availability targets should be defined when the service impacts customer-facing activities.. Minimum and target availability time must be agreed upon by the parties. If the service provided by INgage does not impact customer-facing activities (such as maintenance functions), the target for INgage should be set at a minimum equal to the System target response time target as defined by the parties.</i></p>
3c	Measurement Tools:	INGage Networks ELAvate Analytics Reporting System
3d	NA Reporting :	<p>INGage shall provide monthly reports of all performance issues encountered (e.g. page component issues, size of image files utilized, latency errors, etc.), including how many times the issues occurred on a weekly basis. STATE OF MICHIGAN shall work with INgage to determine what actions need to be taken to resolve such issues.</p> <p><u>Daily Average Performance Reporting:</u> INGage shall provide reporting if the daily average performance falls below the following: (state threshold) 99%.</p> <p>INGage shall provide an adequately detailed, technical, written explanation of each issue. Such information will be provided within <u>5</u> days following the occurrence of the issue. INgage shall participate with STATE OF MICHIGAN in root-cause identification when performance levels are not being met.</p>
3e	Emergency Changes:	INGage shall implement emergency changes (e.g.. security vulnerabilities) at all necessary times, based on the assessed risk(s). The level of risk and commensurate urgency will generally be determined based on the criteria provided by INgage. Such changes may result in the application being down and may affect the overall availability time for the applicable month. If the site is unavailable to STATE OF MICHIGAN for any reason, then the downtime shall be included in the availability statistic. Scheduled outages are not scrubbed from reported availability numbers. INgage and STATE OF MICHIGAN shall discuss how this information will be reported and what the ultimate impact will be to the monthly results.