

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

October 5, 2010

**NOTICE
 OF
 CONTRACT NO. 071B1300055
 between
 THE STATE OF MICHIGAN
 And**

Cell: (619) 980-0215

NAME & ADDRESS OF CONTRACTOR EquaTerra, Inc. 700 Twelfth Street, NW Suite 700 Washington, DC 20005 Email: mike.moore@equaterra.com	TELEPHONE (760) 788-2054 Michael Moore
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-1455 Laura Gyorkos
Contract Compliance Inspector: Mike Breen (517) 241-7720 Data Center Strategy Technical Advisory Services	
CONTRACT PERIOD: 2 yrs. + 2 one-year options From: October 1, 2010 To: September 30, 2012	
TERMS Net 30 Days	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION:	

TOTAL ESTIMATED CONTRACT VALUE: \$349,513.00

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Cell: (619) 980-0215

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MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of RFP #07110200226 this Contract Agreement and the vendor's quote dated August 19, 2010. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.	
Estimated Contract Value: \$349,513.00	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 07110200226. Orders for delivery will be issued directly by the Department of Department of Technology, Management and Budget through the issuance of a Purchase Order Form.

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

FOR THE CONTRACTOR:

FOR THE STATE:

EquaTerra, Inc.

 Firm Name

 Authorized Agent Signature

 Authorized Agent (Print or Type)

 Date

 Signature
 Laura Gyorkos, Buyer Specialist

 Name/Title
 IT Division

 Division

 Date



STATE OF MICHIGAN
Department of Technology, Management and Budget
Purchasing Operations

Contract No. [071B1300055](#)
Data Center Strategy Technical Advisory Services

Buyer Name: [Laura Gyorkos](#)
Telephone Number: [517-373-1455](#)
E-Mail Address: GyorkosL@michigan.gov



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Attachments

- Attachment B – Preliminary Project Plan**
- Attachment C – Cost Tables**



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	Michigan 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 technical advisory services related to the State of Michigan (State) data center strategy for the Michigan Department of Technology, Management and Budget (DTMB) Office of Enterprise Development (OED).

Considering the four key business drivers of this data center project (described below), DTMB-OED seeks to build upon previous work to define the optimal service delivery approach, including the appropriate level of risk allocation among potential partners. The technical advisor is responsible for the following deliverables:

- Describe the full scope and operations of current data center activities performed by DTMB.
- Identify the current annual and future estimated costs to the State related to data center activities.
- Identify and evaluate scenarios (optional approaches) for the future-state service delivery model, considering the key drivers for this project and priorities of State leadership.
- Identify the required functional and technical requirements for the future-state data center site, facility, and information technology related services.
- Outline transition and migration requirements, including anticipated costs such as: hardware, applications, and applicable licenses.
- Develop a recommended best value approach for the data center delivery project.

The State requires a vendor-agnostic technical advisor for this project. See Section 2.035 regarding future bidding preclusion.

1.002 BACKGROUND

DTMB is responsible for providing centralized hosting services for Michigan's state agencies, including a variety of mainframes and some 4,000 servers. Since 2004, the State has migrated 37 aging agency-based computer/server rooms and equipment into one of three secure centers. This consolidation has improved the security, reliability, manageability and availability of critical agency applications. It has saved over \$19 million and reclaimed 30,000 square feet of office space.

As a result of the consolidation, growing usage of IT services, advances in IT equipment and increased power consumption/cooling requirements, the demand for energy, technology and computer room floor space are outpacing Michigan's current hosting center capabilities. Recognizing this, the State's auditor issued findings supporting a new primary hosting center and DTMB engaged the Mayotte Group to conduct preliminary engineering and alternatives analysis. A high level assessment of the project and its delivery has been conducted, the outcome of which indicated that there may be some merit in delivering the project via a Design-Build-Finance-Operate-Maintain (DBFOM).

Based on this background, the State is currently pursuing an initiative—referred to as the Great Lakes IT Center (GL-ITC)—to replace two of its existing hosting centers.

Key project drivers:

- Improve Efficiency – Securely hosting the State's critical data through this scalable approach will enable future power, cooling and service capabilities to be ramped as needed and it will support the State's strategic facilities planning activities.
- Maximize Energy Usage – Allow the State to reduce the carbon footprint and cost of operations through renewable energy and green practices.
- Encourage Economic Development – Help encourage job growth and investment both during and beyond construction, help advance Michigan's information technology infrastructure and act as a magnet for related economic activity.
- Provide Better Government – Enable cooperation and improved business continuity capabilities across traditional government lines.



Among other alternatives, the State is exploring a public-private partnership, in which it would engage the private sector, as well as local governments and higher education partners.

Phase I: Request for Information (RFI)

The State completed a Request for Information (RFI) with the vendor community to gauge the interest of the private sector in the project, as well as to gather input on next steps and project scope. Some 58 responses to the RFI were received, providing valuable information about opportunities for partnership, innovation and project next steps.

Phase II: Technical & Financial Advisement

Based on the information gathered during the RFI, the State is initiating technical and financial assessments to finalize the following: acceptable detailed and measurable service levels; state versus vendor roles, responsibilities and risks; and detailed technical requirements for the GL-ITC.

Phase III: Procurement

Based on the detailed requirements from Phase II, the State plans to move forward with a competitive procurement for the data center.

1.100 Scope of Work and Deliverables

1.101 IN SCOPE

The technical advisor will work closely with DTMB to meet the desired outcomes for Phase II of this project. As noted below, additional optional services may also be needed for Phase III. The current state assessment will include the State's two primary data centers and one disaster recovery facility located in the greater Lansing, Michigan area. The technical advisor will prepare and develop the following deliverables:

- As-Is Assessment findings, including data gathering, analysis and a report
- Data center current annual operating cost baseline
- GL-ITC scenario-based cost projections
- Functional and technical requirements (technology and facility) of the future state data center
- Transition and migration requirement development
- A recommended approach for the future state data center including the financial arrangement

Optional Activities:

In addition, as an option the State may need additional Phase II scope items and/or Phase III services and beyond, after the assessments and recommendations have been finalized. In that case, the following identified activities may be needed from the contractor. As part of the contractor's proposal the vendor should provide their capabilities and pricing as it relates to these types of services:

- Review and assist in the evaluation of the responses from participants at the pre-qualification and final procurement phases.
- Assist in preparation of service-level specifications for building/facility and information technology components of transaction.
- Attend project meetings in Lansing, Michigan to support active procurement activities.
- Assist in the finalization of GL-ITC scope with qualified bidders.
- Refine the development of payment structure, including performance based mechanisms.
- Provide clarifications/briefing papers in response to bidders' comments and clarifications.
- Attend bidder briefing and one-on-one sessions to discuss contractual terms and provide advice to DTMB on the same.
- Review extent of acceptance of draft contract terms relating to technical issues.
- Provide additional on-going technical advisement services.

A more detailed description of some of the work that could be requested, the optional services and deliverables that may be sought, and the vendor's proposed process overview for this work is provided in Article 1, Section 1.104, Work and Deliverables – Optional Activities.



1.102 OUT OF SCOPE

Reserved.

1.103 ENVIRONMENT

The links below provide information on the State's Enterprise IT policies, standards and procedures which include 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 for this contract 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:

www.michigan.gov/dmb/0,1607,7-150-56355---,00.html

All software and hardware items provided by the Contractor must run on and be compatible with the DTMB Technology 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. Any changes must be approved, in writing, by the State's Project Manager and DTMB, before work may proceed based on the changed environment.

Enterprise IT Security Policy and Procedures:

www.michigan.gov/dmb/0,1607,7-150-56355---,00.html

The State's security environment includes:

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

ICT Strategic Plan:

www.michigan.gov/ictstrategicplan

IT eMichigan Web Development Standard Tools:

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: www.michigan.gov/suite



1.104 Work and Deliverables

I. Requirements

The technical advisor will assist the State in determining the best future-state strategy for the GL-ITC. Note that the approach and work plan outlined by the selected bidder will help form the contractual documents with the State. The contractor will provide overall project management and oversight for the scope of work outlined below:

1. Perform a current state/As-Is Assessment gathering sufficient data relative to the current operating environment, including physical assets and resources, processes and procedures, service level agreements, and licenses and contracts. The following information, at minimum, should be identified for the existing data centers for the three prior years (if information / data is available):
 - Historical hosting growth
 - Historical revenue for the hosting center
 - Telephony and Network Service within the hosting centers, costs and capacity of the existing Data Center facilities, including leased lines and connections to networks inside and outside the facility
 - Data center security zones within in the hosting center along with any cost information pertaining to each zone (DMZ, Zone 1.49, 2.2P and 3, etc.)
 - Current power capacity, usage, Power Use Efficiency (PUE) rating where available
 - Existing HVAC capacity and usage along with the cost of these systems
 - Existing smoke and water detection, fire suppression systems, physical security systems for each service by facility
 - Physical data center floor space in use and available space
 - Infrastructure (all physical devices) within each hosting center, including ownership, asset cost, warranty/maintenance status and cost, and purpose (verify physical inventory, CMDB data and Aperture data)
 - Services offered within the hosting centers including services provided by 3rd party vendors

The contractor is to provide documentation of the As-Is Data Center Assessment results in an Electronic and hard copy format.

Contractor Responsibilities:

Task 1: As-Is-Assessment

The first task in this engagement will be conducting is the As-Is-Assessment. This task will lay the foundation for the next tasks in the project. As such, EquaTerra will focus on an effective kickoff of the project and ensuring that there is an alignment of expectations in sub-tasks 1.1 and 1.2. Once these sub-tasks are completed, in the first few days of the project, EquaTerra will begin the process of gathering data, validating it and base-lining the current environment.

Task 1.1: Project Kickoff - Scoping and Goal Alignment

Within five business days of the contractual start of the project, EquaTerra will facilitate a project kickoff meeting with appropriate stakeholders (to be identified by the State) to ensure all parties have a common understanding of the scope of the assessment, the associated timeline, roles and responsibilities among both State and EquaTerra staff and the expected outcomes. All conflicts and special considerations will be addressed.



Task 1.2: Project Management Planning

Project Plan/Schedule

A comprehensive project plan and the attendant project management disciplines are critical to keeping the project on track. Accounting for all tasks and milestones will allow the joint team to know exactly where the assessment is at any moment in time. It will also allow for the project management team to take proactive action if any task is encountering a problem. EquaTerra will present the State with a baselined resource-loaded project plan that shows all tasks, their dependencies, and the resources and time required to complete each task within five business days after the project kickoff meeting. EquaTerra will develop a plan in accordance with State guidelines to communicate information to the various stakeholders in a manner that is easy to understand.

Quality Plan

EquaTerra will present the State with a proposed quality assurance plan within five business days after the project kickoff meeting. EquaTerra will leverage the State's PMM/SUITE template PMM-07 to document the quality management strategy for this initiative.

Communication Plan/Matrix

EquaTerra will present the State with a communications plan/matrix within five business days after the project kickoff meeting. The communications plan/matrix will outline the communication vehicles to be used throughout the project and include, at a minimum, the following information: name, description and purpose of the communication; owner; audience/recipients; format (e.g. meeting, e-mail, etc.); and frequency.

Risk/Issue Plans/Matrices

EquaTerra will present the state with initial risk and issue plans/logs (refer to contract sections 1.401 and 1.402 for additional detail) as well as a proposed status report format within five business days after the project kickoff meeting. Status reports will be updated and provided to the State on a regular basis, no less frequently than bi-weekly, as agreed to by the State and EquaTerra project managers. Refer to contract section 1.302 for minimum requirements.

Task 1.3: Data Gathering/Current State As-Is-Assessment

A current state assessment is a critical step to analyzing any operational strategy. EquaTerra will leverage its methodology and associated tools and templates to enable the capture and organization of the State's data center environment. EquaTerra will draw upon its experience to identify additional data elements to provide the State with a complete As-Is Assessment. After gathering the data, EquaTerra will review historical trends, analyze the data for reasonableness (based on EquaTerra's expertise and industry standards) and identify potential gaps and anomalies. During this validation period, EquaTerra will visit the three existing data centers and conduct interviews with relevant State personnel before completing the As-Is Assessment. All data will then be consolidated into a single, well organized report that clearly articulates the State's baseline data center information.

Outlined below are the key deliverables and activities for this task.

State Responsibilities:

- Provide historic growth information (hosting, storage, etc.)
- Provide financial data information (revenue, costs by category, etc.)
- Provide telephony and network service information within and supporting the data centers
- Provide security information (DMZs, firewalls, physical security, etc)
- Provide environmental information (power capacity, power usage efficiency (where available), power configuration, heating and cooling capacity and usage, fire suppression, etc.)
- Provide applications inventory
- Provide asset register, CMBD, and Aperture data to capture all physical devices within each hosting center.
- Provide existing contracts



- Provide service catalogues for the data centers
- Enable site visits of data centers
- Schedule interviews with data center and financial staff
- Schedule interviews with data center clients
- Review initial information with EquaTerra and identify any gaps
- Provide final acceptance of deliverables

Required Deliverables:

Consolidated As-Is Assessment of the State's three current data centers (spanning the last three years of data) (including Total Cost of Ownership model outlined in item #2).

Work Modules	Key Deliverables and Activities
1. As-Is Assessment	
1.1 Scoping, and Goal Alignment	<ul style="list-style-type: none"> » Prepare agenda/facilitate project kickoff meeting and document resulting actions, issues, risks, and decisions » Validate vision/mission » Confirm goals and objectives
1.2 Project Management Planning	<ul style="list-style-type: none"> » Develop, maintain and obtain the State project manager's acceptance of the following: <ul style="list-style-type: none"> ○ Comprehensive baselined project plan ○ Communications plan/matrix ○ Quality assurance plan ○ Issues/Risks Tracking log ○ Status Report format » Revise methodology and approach as required to accomplish deliverables
1.3 Data Gathering/Baseline Current Environment	<ul style="list-style-type: none"> » Configure data collection templates » Capture historic growth information (hosting, storage, etc.) » Capture financial data information (revenue, costs by category, etc.) » Capture telephony and network service information within and supporting the data centers » Capture security information (DMZs, firewalls, physical security, etc) » Capture environmental information (power capacity, power configuration, heating, cooling, fire suppression, etc.) » Capture applications inventory » Review asset register, CMBD, and Aperture data to capture all physical devices within each hosting center. » Review existing contracts » Capture complete cost information for the data center environment » Understand current costs » Consolidate baseline data » Review service catalogues for the data centers » Conduct site visits of data centers » Conduct interviews of data center and financial staff » Conduct interviews of data center clients » Consolidate data center information into reporting templates » Review initial information with State and identify any gaps and closure plan

Acceptance Criteria:

Once a joint State and EquaTerra determination that a true and accurate assessment of the environment has been developed, the State's Project Manager, relevant subject matter experts and if deemed applicable by the State, appropriate executive team members will sign off on deliverables. The State will review and provide feedback on draft materials as required during this stage of the project.

Interim signoff of the As-Is Assessment deliverables noted in contract item #1 will occur at the conclusion of contract item #3.



All project management deliverables will be reviewed and signed off by the State’s Project Manager at the conclusion of contract item #1.

- 2. Develop a Total Cost of Ownership (TCO) model for the data center operations on a per annum basis¹, including but not limited to, facility, services, hardware, licenses, personnel, and energy consumption

Contractor Responsibilities:

Task 2: Develop Total Cost of Ownership

A Total Cost of Ownership Model (TCO) provides the State with a clear forecast of its existing operational costs projected over a period of time and based on a current baseline and forecasted economic factors and assumptions. EquaTerra will provide a framework that incorporates the information gathered to develop the current As-Is Assessment and applies economic factors and assumptions for per annum projections on the cost profile. The input for the economic factors and assumptions will be a combination from the State, and EquaTerra, to formulate the right financial forecast adjustments to represent the TCO of the State’s data centers going forward. EquaTerra will review the economic factors and assumptions with the State to validate and document before developing a complete TCO. Once the initial TCO model is complete, the contractor will review the final documented assumption set and explain the forward-looking financials. EquaTerra will also facilitate any discussion on changes to the economic factors or assumptions. Outlined below are the key deliverables and activities for this task.

State Responsibilities:

Provide facility costs, third party costs, personnel costs, asset costs, maintenance costs and energy costs that feed in to the TCO model.

Required Deliverables:

The TCO model will provide direct and indirect costs associated with the State of Michigan current environment and gauge the viability of any capital investment going forward.

Work Modules	Key Deliverables and Activities
<p>2. Develop Total Cost of Ownership (TCO) Model</p>	<ul style="list-style-type: none"> » Develop a Total Cost of Ownership model » Review major cost categories and sub categories » Finalize TCO model » Review assumptions and inputs <ul style="list-style-type: none"> • Facility costs (operating and one-time) • Third-party services • Personnel costs • Asset costs • Maintenance costs • Energy costs » Build TCO model and populate cost elements » Review initial TCO cost model with the State » Revise TCO model based on the State’s input

Acceptance Criteria:

Once a joint State and EquaTerra determination that a true and accurate depiction of the total cost of ownership and profitability lifecycle of the State’s data centers has been developed, the State’s Project Manager, relevant subject matter experts and if deemed applicable by the State, appropriate executive

¹ For the physical facility and related components, the State is considering a period of 20-30 years. For information technology, hardware, software, licenses and services, the State is considering a period of 5-10 years.



team members will sign off on deliverables. The State will review and provide feedback on preliminary materials as required during this stage of the project.

Interim signoff of the Total Cost of Ownership deliverables noted in contract item #2 will occur at the conclusion of contract item #3.

- 3. Benchmark current costs against available industry standards and/or the contractor’s understanding of the current market

Contractor Responsibilities:

Task 3: Benchmark Current Costs against Industry Standards

EquaTerra will break down the appropriate cost drivers within the State’s current baseline and using its knowledgebase of IT and data center cost elements, compare against the market rates to determine whether the State of Michigan’s cost profile is in line with the market or if opportunities for improvement exist. EquaTerra will use comparators that are similar in nature to the State of Michigan, based on mutually agreed to selection criteria (e.g. similar scope, scale, industry, geography, etc.). EquaTerra will also normalize the comparators as necessary. EquaTerra will then create a draft report that will include all market rates, normalizations, comparable conditions and assumption sets are discussed/reviewed.

Deviations to the market rates will be highlighted in the report. EquaTerra will provide recommendations and observations for each cost element and discuss these items in detail during a walkthrough presentation. The purpose of the presentation is to discuss the report results with the State and validate all assumptions are correct before preparing a final report.

State Responsibilities:

- Work with EquaTerra to determine mutually acceptable cost comparators.
- Attend and provide feedback on report results to validate that all assumptions are correct prior to EquaTerra’s preparation of the final report.

Required Deliverables:

A report that benchmarks the State of Michigan’s data center costs against comparable public and private sector service providers

Work Modules	Key Deliverables and Activities
<p>3.Benchmark Current Costs against Industry Standards</p>	<ul style="list-style-type: none"> » Identify a mutually acceptable industry comparable grouping » Compare and analyze current costs against industry » Identify and present cost drivers, savings opportunities, and recommendations including but not limited to the following: <ul style="list-style-type: none"> ▪ Consolidation opportunities ▪ Virtualization opportunities ▪ Maintenance cost reductions ▪ Energy cost savings ▪ Third-party services cost reductions ▪ Personnel cost reductions » Develop benchmark comparison report and obtain final acceptance » Finalize and consolidate As-Is Assessment report including historical data collection (contract item #1), TCO model (contract item #2), and cost comparison (contract item #3) and obtain final acceptance from the State.



Acceptance Criteria:

Once a joint State and EquaTerra determination that a true and accurate assessment of the State's data center environment including finalized total cost of ownership and market comparisons has been developed, the State's Project Manager, relevant subject matter experts and if deemed applicable by the State, appropriate executive team members will provide an interim sign off on deliverables associated with contract items #1-3.

Final review and signoff of the GL-ITC final report will occur at the conclusion of contract item #11.

- 4. Identify assumptions/drivers/key risks that impact the project including future cost estimates and technical service delivery

Contractor Responsibilities:

Task 4: Identify Assumptions, Drivers, Risks, that Impact the Project

As part of any assessment, all parties involved, as a course of best practice, should document all of their assumptions and sources of information. Financial assumptions are arguably the most important and require solid documentation.

During the various tasks, EquaTerra will provide the initial documentation of assumptions as part of our walk-through sessions with the State. Each task provides an opportunity for all parties to review the assumptions and modify as appropriate prior to completion of the future operating model's financial business case. The documentation will provide information related to source data, calculation, methodology and modifications. All assumptions (operational, technical and financial) will be documented as part of deliverables to the State within each task deliverable and summarized in the final deliverable input into Task 11.

State Responsibilities:

The State will work with EquaTerra to identify and validate assumptions, define the State's drivers and evaluate risks to insure the deliverables can be met.

Required Deliverables:

Work Modules	Key Deliverables and Activities
4. Identify Assumptions, Drivers, Risks, that Impact the Project	<ul style="list-style-type: none"> » Document assumptions used in developing the As-Is-Assessment and TCO model » Document cost drivers by category » Document risks and risk cost impact » Document technical assumptions and drivers » Document operational assumptions and drivers » Review preliminary documentation with and obtain feedback from the State

Acceptance Criteria:

Once a joint State and EquaTerra determination that a true and accurate depiction of the assumptions, drivers, and risks has been developed, the State's Project Manager, relevant subject matter experts and if deemed applicable by the State, appropriate executive team members will sign off on deliverables. The State will review and provide feedback on preliminary materials as required during this stage of the project.

Final signoff of the assumptions, drivers and risks noted in contract item #4 will occur at the conclusion of contract item #11.



5. Identify service delivery scenarios based on prioritization and cost-benefit analysis of key project drivers.

Contractor Responsibilities:

Task 5: Identify Service Delivery Model Scenarios

In Task 5, EquaTerra will identify potential future service delivery model options and how these service delivery models align with the State’s key drivers. EquaTerra will validate project drivers and priorities with the State, identify potential service delivery model options, analyze how each service delivery model performs relative to the specific project drivers, conduct a cost-benefit analysis of key business drivers, and incorporate lessons learned from other organizations deploying similar service delivery models.

State Responsibilities:

Participate in sessions to review benefits, risks, and considerations of future data center models.

Review scenarios and based on this information, prioritize key drivers and future-state data center models based on inherent benefits, risks, and other considerations as well as the associated cost-benefit trade-offs.

Required Deliverables:

Work Modules	Key Deliverables and Activities
<p>5. Identify Service Delivery Model Scenarios</p>	<ul style="list-style-type: none"> » Review key project drivers with the State » Identify future state service delivery models including but not limited to the following: <ul style="list-style-type: none"> – State-specific – Private sector options <ul style="list-style-type: none"> ▪ Single provider ▪ Multi-provider – Blended – Hybrid – Public-Private Partnership » Review benefits, risks, and considerations of future state models with the State » Identify scenarios that will help the State prioritize key drivers and cost benefit trade-offs » Obtain interim signoff on the State’s prioritized future state models.

Acceptance Criteria:

Once a joint State and EquaTerra determination that a true and accurate depiction of the benefits, risks, considerations, and cost-benefit analysis of potential future state models has been developed, the State’s Project Manager, relevant subject matter experts and if deemed applicable by the State, appropriate executive team members will review and provide feedback as necessary.

Interim signoff of the State’s prioritized future state models, for purposes of focusing the content of contract items 6-11 will be provided at the conclusion of contract item #5.

Final signoff of the benefits, risks, considerations, and potential future state models noted in contract item #5 will occur at the conclusion of contract item #11.



6. Based on the future operating environment, provide detailed independent cost estimates for the all aspects of a future GL-ITC including:
 - a. Construction cost
 - b. Lifecycle cost
 - c. Maintenance cost
 - d. Operating cost
 - e. Green energy options
 - f. Renewal asset management cost
 - g. Facilities management (FM) service cost
 - h. IT infrastructure costs
 - i. Transition costs
 - j. Appropriate contingencies
 - k. Any other project costs likely to be incurred by the State

Contractor Responsibilities:

Task 6: Based on Future Operating Model, Develop Independent Cost Estimates

In Task 6 EquaTerra will utilize its database to develop cost estimates for future operating models. The contractor will use cost estimates from Tasks 2 and 3 to develop the forecasted costs for each cost category and, where appropriate, each sub-category. In developing such a model, it is important to consider the costs incurred to achieve the future cost estimates.

EquaTerra will work with the State to provide cost estimates for each aspect of the data center, extracting similar cost elements from its database. This key consideration allows EquaTerra to develop a full TCO model for the future operating model for purposes of comparison to the State's current TCO model.

EquaTerra, will then provide a walk-through review of each element with the State for input and validation.

State Responsibilities:

Participate in a walk-through review of the preliminary future operating model cost estimate vs. the State's current TCO and provide EquaTerra with feedback.

Required Deliverables:

Work Modules	Key Deliverables and Activities
<p>6. Based on Future Operating Model, Develop Independent Cost Estimates</p>	<ul style="list-style-type: none"> » Develop independent cost estimates for all aspects of future GL-ITC » Review major cost categories and sub categories » Finalize model <ul style="list-style-type: none"> • Construction costs • Lifecycle costs • Maintenance costs • Operating costs • Renewal costs • Green energy options • Facilities management costs • IT infrastructure costs • Transition costs • Contingency costs • Third-party services • Other costs » Build cost estimate » Review initial Future Operating model cost estimate with the State » Revise cost estimate with State input



Acceptance Criteria:

Once a joint State and EquaTerra determination that a true and accurate depiction of the future operating model independent cost estimates has been developed, the State’s Project Manager, relevant subject matter experts and if deemed applicable by the State, appropriate executive team members will review and provide feedback as necessary.

Final signoff of the independent cost estimates noted in contract item #6 will occur at the conclusion of contract item #11.

- 7. Advise on the potential to leverage the GL-ITC for use by other governmental entities and businesses in Michigan to develop a revenue position and/or offset the State’s expenses

Contractor Responsibilities:

Task 7: Advise on the Potential to Leverage GL-ITC for Use by Other Government Entities and Businesses in Michigan

A shared services environment has several essential elements. First, one must know what it costs to deliver a unit of service and what service levels come with that price. Second, one must know what the value proposition is to the potential external client. Third, and most importantly, one must be perceived as the “Service Provider of Choice.” Every potential client will be asking itself: “Why would I move my critical IT services to the State provided IT organization?”

EquaTerra will develop a Federated Model of service delivery that reflects the complex issues associated with the funding and decision making bodies within this environment. EquaTerra will develop a business case that accounts for various funding streams and establishes shared services governance models and help the State bring in external clients.

State Responsibilities:

N/A

Required Deliverables:

Work Modules	Key Deliverables and Activities
<p>7. Advise on the Potential To Leverage GL-ITC for Use by Other Government Entities and Business in Michigan</p>	<ul style="list-style-type: none"> » Produce a business case that advises the State on opportunities and feasibility to leverage the GL-ITC to support other government entities <ul style="list-style-type: none"> – Revenue/cost implications to GL-ITC – Governance considerations – Market feasibility » Produce a business case that advises the State on opportunities and feasibility to leverage the GL-ITC to support other business <ul style="list-style-type: none"> – Revenue/cost implications to GL-ITC – Governance considerations – Market feasibility

Acceptance Criteria:

Once a joint State and EquaTerra determination that a true and accurate depiction of the business cases associated with leveraging the GL-ITC to support other government entities and other businesses has been developed, the State’s Project Manager, relevant subject matter experts and if



deemed applicable by the State, appropriate executive team members will review and provide feedback as necessary.

Final signoff of the business cases noted in contract item #7 will occur at the conclusion of contract item #11.

8. Advise the State and consider the overall strategy, including potential impact on marketability of the GL-ITC to the private sector and impacts on costs, based on different prioritizations of the key drivers for the project.

Contractor Responsibilities:

Task 8: Advise the State and Consider the Overall Strategy

Even the best strategies and plans require in-flight adjustments to be effective. This task uses information collected throughout the various stages of this engagement and merges this information with the anticipated strategies for the State.

State Responsibilities:

N/A

Required Deliverables:

Work Modules	Key Deliverables and Activities
<p>8. Advise the State and Consider the Overall Feasibility and Strategy to Market the GL-ITC to the Private Sector</p>	<p>» Based on the service delivery scenarios defined in Task 5, and the operating model identified in Task 6, advise the State on the strategy to market the GL-ITC to the private sector</p> <ul style="list-style-type: none"> - Review and document cost impacts - Review GL-ITC and document marketing considerations <ul style="list-style-type: none"> ▪ Public sector ▪ Commercial market - Review and document key drivers and impact of potential changes to drivers on the overall strategy - Review and document potential changes to strategy with the State

Acceptance Criteria:

Once a joint State and EquaTerra determination that a thorough analysis of key drivers, associated cost impacts and marketing considerations has been done in order to advise the State on its strategy to market the GL-ITC to the private sector has been developed, the State’s Project Manager, relevant subject matter experts and if deemed applicable by the State, appropriate executive team members will review and provide feedback as necessary.

Final signoff of the business cases noted in contract item #8 will occur at the conclusion of contract item #11.

9. For “in scope” information technology related services, develop potential payment mechanisms



Contractor Responsibilities:

Task 9: For In-Scope IT Related Services Develop Potential Payment Mechanisms

To Develop Potential Payment Mechanisms, EquaTerra will begin by facilitating a workshop with key Michigan DTMB stakeholders to discuss constraints and ultimately identify and advise the State on possible payment strategies. Ultimately, the selected payment strategy will enable value realization, drive both internal and service provider behavior, shift an appropriate amount of risk to the service provider and provide a structure that is operationally executable. An output of the workshop will be key goals and objectives around cost variability (linkage to business demand), transparency (linkage to cost), and shifting of risk and the level of desired detail. Additionally, payment mechanisms will be linked to the output of Task 6. EquaTerra will document the proposed payment mechanisms and socialize them with DTMB stakeholders. In addition, EquaTerra will assess the linkage, or relationship, to existing cost recovery or internal chargeback mechanisms.

State Responsibilities:

Participate in a potential payment mechanism workshop.

Required Deliverables:

Work Modules	Key Deliverables and Activities
<p>9. Develop Potential Payment Mechanisms</p>	<ul style="list-style-type: none"> » Develop potential payment mechanisms, such as fees for service <ul style="list-style-type: none"> ▪ Conduct pricing workshop ▪ Review pricing model alignment with drivers ▪ Leverage output of workshop and Task 6 and document pricing strategy, and mechanisms ▪ Assess and document linkage of proposed pricing to internal charge back / cost recoveries

Acceptance Criteria:

Once a joint State and EquaTerra determination that a thorough feasibility analysis and validation of potential payment mechanism options has been developed, the State’s Project Manager, relevant subject matter experts and if deemed applicable by the State, appropriate executive team members will review and provide feedback as necessary.

Final signoff of the payment mechanism deliverables noted in contract item #9 will occur at the conclusion of contract item #11.

10. Develop a preliminary transition plan and cost estimates for data center migration

Contractor Responsibilities:

Task 10: Develop Preliminary Transition Plan and Cost Estimates for Data Center Migration

Transition plan readiness assures the assumptions used to develop cost estimates for the future operating model are valid. This is an important step in the financial assessment to ensure that the financials accurately reflect the operational view of activities into the cost model.

EquaTerra will utilize the financial output data completed in Task 6 and align the data to the transition plan assumptions to ensure the financial output assumptions remain the same. EquaTerra will review any additional cost elements identified during the transition plan activities with the State and update the TCO and independent cost estimates that will be used as an input into Task 11.



EquaTerra will provide a comprehensive transition plan and cost estimate, and include all major milestones, critical path items, risks, and other considerations.

State Responsibilities:

If required, participate in a review meeting to discuss any additional cost elements identified during the transition plan activities and their associated impact on the future cost estimates.

Required Deliverables:

Work Modules	Key Deliverables and Activities
<p>10. Develop Preliminary Transition Plan and Cost Estimates for Data Center Migration</p>	<ul style="list-style-type: none"> » Conduct transition readiness activities <ul style="list-style-type: none"> – Review and document process readiness and maturity – Review and document organizational readiness and transition capabilities – Review and document technology readiness – Review and document environmental readiness – Communicate and document overall readiness » Develop preliminary transition plan <ul style="list-style-type: none"> – Identify and document critical path items – Document risks and risk mitigation approaches » Identify and document cost components and drivers associated with the data center migration » Review any additional cost elements identified during the transition plan activities with the State » Revise TCO and cost estimate based on State input

Acceptance Criteria:

Once a joint State and EquaTerra determination that a true and accurate depiction of the transition activities and associated cost impacts has been developed, the State’s Project Manager, relevant subject matter experts and if deemed applicable by the State, appropriate executive team members will review and provide feedback as necessary.

Final signoff of the transition plan and associated cost estimate documentation noted in contract item #10 will occur at the conclusion of contract item #11.

11. Utilizing the data collected above, develop a recommended approach for the future-state data center including associated functional and technical (technology and facility) requirements, financial structure and cost-recovery model, and payment mechanisms including facility and IT related services. The recommended approach document will contain an Executive Summary, a corresponding PowerPoint presentation, as well as a detailed report with supporting data.

Contractor Responsibilities:

Task 11: Develop Recommended Approach, Executive Summary, and Final Report

In Task 11 of the project, EquaTerra will utilize data collected in the previous phases of the project to provide the State with a recommended approach for the future-state data center. The recommendation provides a holistic view for the future-state data center which includes: functional requirements, technical requirements, financial structure, cost recovery model, and payment mechanisms for the facility, and related services.



State Responsibilities:

Schedule and participate in a meeting where EquaTerra will review the deliverables for contract task #11 with the State.

Required Deliverables:

Final Consolidated Report - Minimally, the final report will include the following:

- Table of contents
- Executive summary of the recommended GL-ITC approach and an overview of the activities and methodologies used to formulate the recommendation
- All final supporting documentation deliverables developed and updated throughout the engagement.
- Appendices containing all additional supporting documentation
- Conclusion and recommended next steps

PowerPoint Presentation to be reviewed with the State prior to finalizing the consolidated report.

Work Modules	Key Deliverables and Activities
11. Develop Recommended Approach, Executive Summary, and Final Report	<ul style="list-style-type: none"> » Create Executive Summary document » Create PowerPoint presentation » Create detailed report with supporting data » Review deliverables with the State » Modify deliverables based on State input » Deliver final deliverables

Acceptance Criteria:

Once a joint State and EquaTerra determination that a true and accurate depiction of the State’s current and recommended future data center environment is developed, EquaTerra will present the findings to the State. Once this is complete and all necessary feedback is incorporated into the final report, the State will review the final deliverable and the State’s Executive Sponsors, Project Manager, relevant subject matter experts will review and provide final signoff.

Information and data will be made available to the technical advisor. In addition, personnel from DTMB will be available to work with the technical advisor in completing the aforementioned activities.

II. Optional Activities

EquaTerra is interested in providing optional services as described in Article 1.101 Scope of Work and detailed below. Hourly rates for various types of resources and a blended rate are included in Attachment C.

Phase III – Optional Procurement Activities

Stage 1 Develop RFP & Provider Short List

The GL-ITC RFP should define the future opportunity so potential providers can understand requirements, develop solutions, and prepare a price proposal that is clear and comparable across responses received. Important components include but are not necessarily limited to the following:

- Scope definition and statement of work
- Key volumetrics and baselines
- Service level and transformation expectations
- Key business terms for the contract

Client team training is an ongoing and important part of the EquaTerra methodology and the period immediately following RFP issuance provides some time to ensure the team is prepared for the process ahead.



Leading up to RFP release and between release and response receipt, EquaTerra delivers workshops addressing a number of topics including:

- RFP preparation
- Service level methodology
- Site visit training
- Commercial team negotiations preparation
- Contract governance best practices and how they relate to the State of Michigan's procurement process and requirements

Stage 2 Finalize Solution & Select Provider

The RFP provides a good foundation for determining and documenting the detailed scope of work. The solution development process is also a key step in refining the future-state environment. This step allows potential providers to develop creative and innovative alternatives that bring value to the State.

Stage 3 Negotiate & Contract. During this stage, much of the due diligence and contract development activities are driven in parallel. The resulting contract is a complex agreement consisting of a master agreement and typically includes 15 to 25 supporting schedules. Due diligence ensures that both parties have a common understanding of critical deal elements that are sufficiently detailed to execute enforceable obligations. Subsequent to due diligence, the GL-ITC team and the service provider(s) will draft, negotiate and finalize all elements of the contract. It is also important at this stage to review and make any necessary modifications to business case financial assumptions and final pricing to be used to support the final go/no-go decision and to freeze baselines for measuring future savings over the life of the contract.

Data Center Implementation RFP

Key activities and milestones associated with this step include the following:

- » Review go/no-go decision evaluation criteria
- » Configure go/no-go decision evaluation criteria to DTMB and participating agency requirements
- » Develop scenario cost models
 - Create scenario assumption list
 - Conduct financial comparison analysis
 - Cost/Benefit
 - Net Present Value Analysis
 - ROI
 - Cost in specific years comparisons
 - Cost per agency

Outputs/deliverables include, but are not necessarily limited to:

- » Documented business requirements for IT Infrastructure Services
- » Implementation RFP for IT Infrastructure Services
- » All appendices and supporting schedules for the RFP
 - A service level methodology that sets out the required service levels and a mechanism for automatic continuous improvement year to year
 - A pricing methodology that includes transition costs, baseline volumes, unit pricing and usage based pricing for the ongoing services
 - A detailed statement of work for all services to be delivered
 - A detailed service management and governance model
 - An appropriate participation agreement document to be executed by DTMB with its Agency customers
 - An updated timeline for the procurement process that includes evaluation and contract negotiations
 - Copies of all collected business requirements documentation, supporting documentation and files



Service Provider Evaluation

In this activity, EquaTerra will lead the development of a comprehensive evaluation methodology and provide assistance to the evaluation team during the process.

Key activities and milestones associated with this step include the following:

- » Conduct sourcing evaluation workshops
- » Review sourcing evaluation scoring templates and methodologies with DTMB and participating agencies
 - Financial evaluation template
 - Pricing analysis
 - Pricing sensitivity analysis
 - Technical solution evaluation template
 - Terms and conditions evaluation template
 - Risk evaluation template
 - Weighting criteria
 - Criteria definitions
 - Evaluation team configuration
 - Configure evaluation scoring templates and methodologies to DTMB's requirements
 - Provide training on vendor site visit questionnaires and agenda
 - Configure vendor site visit templates
 - Provide evaluation assistance

Outputs/deliverables include, but are not necessarily limited to:

- » Evaluation methodology for this RFP
- » Evaluation tools for both technical and pricing evaluations
- » Impact analysis tools
- » Evaluation training materials, if required
- » Copies of all supporting documentation and files

Contract Negotiations Plan and Strategy

In this activity, EquaTerra will lead the development of a the pre-negotiations strategy and work with DTMB and the participating agencies to plan how best to negotiate a final contract

Key milestones associated with this activity include:

- » Conduct terms and conditions workshop
- » Conduct negotiating style and roles workshop
- » Review key objectives for negotiations with DTMB and participating agencies
- » Review current improvement opportunity areas to consider open for negotiation
- » Review vendor due diligence best practices
- » Conduct vendor due diligence
- » Document key positions
- » Document negotiation roles and responsibilities

Output / Deliverables to include, but not be limited to:

- » Pre-negotiation strategy
- » Negotiation strategy
- » Due diligence strategy

Negotiate Contract

In this activity, EquaTerra will actively participate in contract negotiations with the apparent service provider by monitoring and supporting the process and working with appropriate State legal counsel and DTMB staff.

EquaTerra will leverage their knowledge of industry best-practices and current deal data points to ensure that DTMB obtains the best contract that aligns with the State of Michigan's requirements. .



Key activities and milestones associated with this step include the following:

- » Conduct deal point to market analysis
- » Provide input on negotiation positions
- » Review relevant Master Services Agreement (MSA) templates
- » Review relevant MSA Schedules templates
- » Negotiate/revise the MSA
- » Finalize the MSA
- » Provide issue tracking and reporting support
- » Support schedules to MSA negotiations and revisions
- » Conduct and support stakeholder briefings and updates
- » Provide revision and version control support of the final MSA and associated schedules
- » Update and finalize risk management matrix

Should the State require additional advisement services during and/or beyond the procurement phases of the GL-ITC initiative, EquaTerra will provide additional statement of work and pricing information as requested by the State.

1.200 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

A. Contractor Staff

1. The contractor has provided key personnel who will be assigned to the Contract. The contractor has committed that staff identified will actually perform the assigned work.

In addition to the key personnel, EquaTerra will be utilizing its **Grand Rapids Service Center** to support the financial analysis. This Center will be responsible for:

- » Customizing exhaustive Excel based tool sets.
- » Supporting the development of the current-state and future-state analysis.
- » Performing detailed and comprehensive process benchmarking, cost and staffing analysis.

2. EquaTerra shall perform all work within this contract. No sub-contractor resources will be used.
3. The contractor has identified 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.

EquaTerra’s SPOC for this project will be:

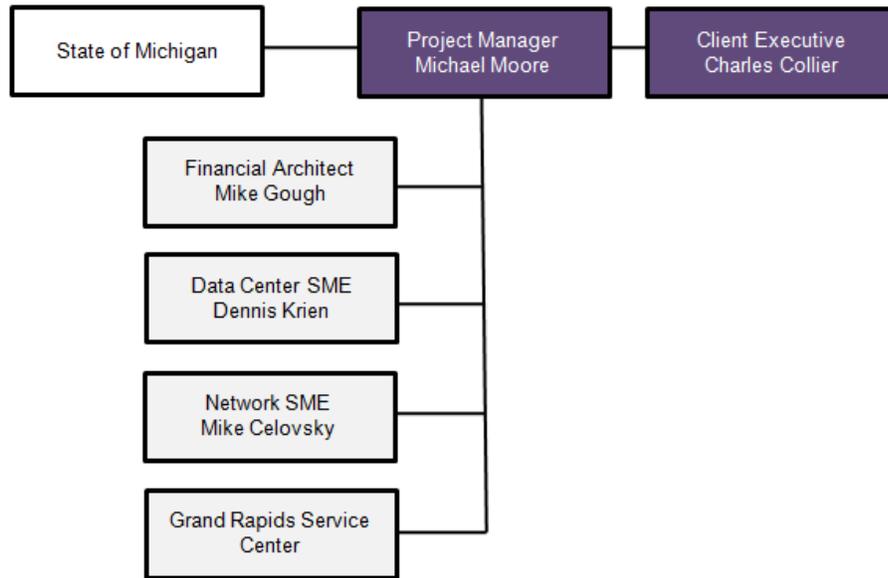
Michael Moore, Project Manager
Phone: 619-980-0215
Email: mike.moore@equaterra.com

4. The contractor shall 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.



Organizational Chart

EquaTerra’s project team will be organized as follows:



5. The State has identified the following as Key Personnel (see section 2.062) for this project:

a. **Project Manager: Michael Moore**

The Project Manager will interact with the designated personnel from the State to insure all deliverables are met. 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 responsibilities include, at a minimum:

- Manage all defined Contractor responsibilities in this Scope of Work and ensure the timely completion of all required deliverables
- Develop the necessary project management supporting documents including the project plan and schedule, communications plan, etc. 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
- Manage and report on the project’s budget

b. **Financial Architect: Mike Gough**

- Develop Service delivery model scenarios
- Produce future operating model and cost estimates
- Analyze and document marketing considerations
- Develop potential payment mechanisms
- Develop cost estimates for data center migration

c. **Data Center Expert: Dennis Krien**

- Develop the transition plan for data center migration
- Conduct data center and related shared infrastructure services As-Is Assessment



- Conduct future state data center assessment and strategy initiatives including financial analysis, gap analysis, risk analysis and approach

B. On Site Work Requirements

1. Location of Work

The contractor will perform work in Lansing, Michigan. Some analysis work will be done at EquaTerra’s Grand Rapids, MI Service Center. Normal working hours are 8:00 a.m. to 5:00 p.m. Monday through Friday. As needed, the State will provide acceptable on-site work locations for use by staff during this project.

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 and per-diem expenses for consultants providing services under this contract are not considered allowable within the scope of this contract.
- No travel or expenses will be reimbursed. This includes travel costs related to training provided to the State by Contractor.
- Travel time will not be reimbursed.

4. Additional Security and Background Check Requirements:

All Contractors assigned to this project must agree to and pass a Michigan State Police Background checks ICHAT. In addition, proposed Contractor personnel will be required to complete and submit an RI-8 Fingerprint Card for the National Crime Information Center (NCIC) Finger Prints prior to beginning work on this project.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The State will provide the following resources for the Contractor’s use on this project:

- Work space
- Desk
- Printer
- Access to copiers and fax machine

The State project team will consist of Executive Subject Matter Experts (SME’s), project support, and a DTMB Project Manager:

The sponsoring department is:

DTMB Office of Enterprise Development, Amy Baumer, Director

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 project 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
- Make key implementation decisions, as identified by the Contractor's project manager, within 48-hours of their expected decision date.

The State's Project Manager(s) 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
- Arrange, schedule and facilitate State staff attendance at all project meetings.

As of the effective date for contract commencement, the **DTMB Project Manager(s) are:**

Karen Buckwalter

Department of Technology, Management and Budget
Agency Services
Hannah Building, 1st Floor
608 W. Allegan
Lansing, MI 48913
E-mail: buckwalterk1@michigan.gov
Phone: 517-241-0074

Richard Novello

Department of Technology, Management and Budget
515 Westshire
Lansing, MI 48913
Email: novellod@michigan.gov
Phone 517- 241-8874

As of the effective date for contract commencement the **DTMB Contract Administrator** is:

Mike Breen

Department of Technology, Management, and Budget
Mason Bldg, 2nd Floor
530 W. Allegan Street
Lansing, MI 48913
Email: breenm@michigan.gov
Phone: (517) 241-7720

The Department of Technology, Management, and Budget, Purchasing Operations, serves as the State's Purchasing Operations Buyer. As of the effective date for contract commencement the **DTMB Purchasing Operations Buyer** is:



Laura Gyorkos
Purchasing Operations
Mason Bldg, 2nd Floor
530 W. Allegan Street
Lansing, MI 48913
Email: gyorkosL@michigan.gov
Phone: 517-373-1455

1.300 Project Plan

1.301 PROJECT PLAN MANAGEMENT

EquaTerra will meet all requirements of this section and intends to manage this engagement with close communication and collaboration with State of Michigan DTMB Project Management. Our preliminary project plan (submitted as Attachment B of this proposal document) will form the basis of the project and will be updated as required and will be utilized throughout the project to ensure successful project implementation. EquaTerra will also comply with all elements included below.

(A) Orientation Meeting

1. Upon five (5) calendar days from execution of the Contract, the Contractor must facilitate a kick-off meeting. Contractor shall submit the meeting agenda for review and approval by the State Project Managers within three (3) days of contract execution.
2. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor.
3. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

(B) Project Control

1. The Contractor must carry out this project under the direction and control of the Michigan Department of Technology, Management and Budget.
2. The Contractor's project Manager will report to the DTMB Project Manager(s). The Contractor will provide a Project Manager. The Contractor Project Manager will provide all contractual reporting documents to the State.
3. The contractor has provided a **Preliminary Project Plan** in **Attachment B** and has identified the proposed time frames, milestone deliverables, and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State. A description of the deliverables to be provided under this contract.
4. Within five (5) working days after the Kick-off Meeting, the Contractor must submit to the State project manager(s) for final approval a **Detailed Project Plan**.
 - a. The Detailed Project Plan will replace the Preliminary Project Plan. This may be further amended by the State, as a result of the kick-off meeting and other subsequent meetings between the Contractor and the State.
 - b. This Detailed Project Plan must include the following
 - i. The Contractor's project organizational structure.
 - ii. The Contractor's staffing table with names and titles of personnel assigned to the project. This must be in agreement with staffing of the accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - iii. The project breakdown (work plan) showing sub-projects, activities and tasks, and resources (both State and Contractor) required and allocated to each.
 - iv. The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the work plan.
 - v. Draft risk and issue logs
 - vi. Draft Communication Plan
 - vii. Draft Quality Plan



5. The Contractor must manage the project in accordance with the PMBOK® (Project Management Body of Knowledge from the Project Management Institute), the state’s Project Management Methodology (PMM) [Methodology is available at www.michigan.gov/projectmanagement], and the state’s Software Engineering Methodology. (Methodology is available at www.michigan.gov/suite.)
 - a. Contractor must 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 must have the capability to produce:
 - i. Staffing tables with names of personnel assigned to Contract tasks.
 - ii. 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 sixty (60) calendar days, updated bi-weekly).
 - iii. Updates must include actual time spent on each task and a revised estimate to complete.
 - iv. 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 must support reporting in compliance with the State standards.

(C) Performance Review Meetings

The State will require the Contractor to attend weekly meetings, at a minimum, to review the Contractor’s performance under the Contract. The meetings will be held in 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.

EquaTerra personnel will attend weekly meetings, at a minimum, to review our performance under the Contract. The meetings will be held in Lansing, Michigan, or by teleconference, as mutually agreed by the State and EquaTerra.

1.302 REPORTS

Reporting formats for reports listed below must be submitted to the State’s Project Manager along with the Detailed Project Plan for approval within 5 business days after the kick-off Meeting. Once both parties have agreed to the format of the report, it must be the standard to follow for the duration of the contract.

At a minimum, the Contractor must provide the following reports:

- Weekly Project status
 - Summary of activity during the report period
 - Accomplishments during the report period
- Updated project plan
- Deliverable status
- Schedule status
- Action Item status
- Issues/Risks
- Change Control

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
- Resolution description

EquaTerra's understand that an issue is an identified event that, if not addressed, may affect the schedule, scope, quality, or budget of the project.

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/matrix shall be submitted to the State for approval within five business days after the Orientation Meeting. 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.

EquaTerra's approach to risk management includes engaging the project team, and the client to identify major risks (e.g., the loss of key personnel, difficulties accessing State staff for interviews, and obtaining access to required data/information) to project success, as part of the project planning process. The resulting project plan will identify key risks and remedial actions to be taken. Mitigation of risk is built into the routine of the project management, through regular reviews of project progress against milestones specified in the project plan to ensure timely detection of threats to project schedule, cost, and quality. Project monitoring processes and individuals responsible are specified in the project management plan. Consistent and continuous communications among the project team and the client provide a pathway to both identify and mitigate immediate risks to successful project execution.

Within 5 business days of the Orientation meeting, EquaTerra will submit a Risk Management Plan/Log for review and approval by the State. This plan will conform to the State's PMM methodology and once both parties agree to the format, it will serve as the standard to follow for the duration of the contract. The risk log will be updated bi-weekly.

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.

Of particular concern to large, complex organizational engagements is the issue of expanded scope. The inherent uncertainty, dealing as it does with evolving functions, capabilities, roles and responsibilities, often translates into requests for additional work and modifications to tasks. If not properly managed, such requests can lead to schedule delays and cost escalation, as well as a loss of focus that can compromise the quality and usefulness of the end product. To reduce this risk, the team would work closely with the State and comply with all existing Change Management processes.

1.500 Acceptance

1.501 CRITERIA

All deliverables must be completed and delivered for State for review and written approval.

1.502 FINAL ACCEPTANCE

The State has verified that all deliverables have been completed and accepted by the State.

1.600 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

Method of Payment

Payments will be made for completion and acceptance of task deliverables at the conclusion of Task 3, 6, and 11. Cost Table(s) are provided in **Attachment C**.

Costs are a not-to-exceed amount related to the scope of services based on hourly rates. The price proposal should correlate to the work plan developed by the contractor and indicate, at a general level, what resources will be performing the work and an estimated level of effort.

A separate table is provided for Optional Procurement Services. The hourly rates provided by the contractor shall represent a blended rate.

The State will not pay for any travel expenses, including hotel, mileage, meals, parking, etc. Travel time will not be reimbursed.

Contractor out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State’s current travel reimbursement rates.

In the event travel is required and approved by the State, all travel reimbursement will be paid according to the State of Michigan’s Standardized Travel Rates and Regulations. This information may be found at: http://www.michigan.gov/dmb/0,1607,7-150-9141_13132---,00.html

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;
- 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;
- Net invoice price for each item;
- Other applicable charges;
- Total invoice price; and
- Payment terms, including any available prompt payment discount.

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

1.602 HOLDBACK

Reserved



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 CONTRACT TERM

This Contract is for a period of **two (2) years** beginning **October 1, 2010 through September 30, 2012**. 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.

The State anticipates work for this scope to initiate in mid September of 2010 and be completed by February 28, 2011. Optional services may be requested from the contractor as described in Article 1.

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 two (2) additional one (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 & 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 & 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 and the Department of Human Services (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:

Laura Gyorkos
Buyer
Purchasing Operations
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
gyorkosl@michigan.gov
(517) 373-1455



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:

Mike Breen
Purchasing Operations
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Ph: 517-241-7720
Fax: 517-335-0046

2.023 PROJECT MANAGER

The following individual(s) will oversee the project:

Karen Buckwalter
Department of Technology, Management and Budget
Agency Services
Hannah Building, 1st Floor
608 W. Allegan
Lansing, MI 48913
E-mail: buckwalterk1@michigan.gov
Phone: 517-241-0074

Richard Novello
Department of Technology, Management and Budget
515 Westshire
Lansing, MI 48913
Email: novellod@michigan.gov
Phone 517- 241-8874

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: Laura Gyorkos
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor:

Written correspondence:

EquaTerra, Inc.
700 Twelfth Street, NW, Suite 700
Washington, DC 20005

Electronic correspondence:

Mike.Moore@equaterra.com

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; they will be precluded from bidding on the GL-ITC implementation 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 1.602**.
- (c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.
- (d) 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 Management & 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 applicable to the Contractor personnel and the provision of the Services/Deliverables.

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, security 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

Reserved.

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 security, 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 a period of three years or as required by applicable law, whichever is later, 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; with respect to Deliverables, this performance warranty shall expire one (1) year after the date of the State's approval of a Deliverable.
- (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
RESERVED.**

2.123 WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE

Reserved.

2.124 WARRANTY OF TITLE

Reserved.

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 five 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 & 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 five million dollars (\$5,000,000.00), 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: five million dollars (\$5,000,000.00) 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

Reserved.

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 or service deliverables in a configuration or manner 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 or service deliverables on projects or 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, unless otherwise provided in this Contract, 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, software, 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 120 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 or a termination for convenience by the State, 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.

2.180 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. The contractor 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. The contractor 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. This section shall not apply to work sites outside the State of Michigan or with respect to work sites that are the personal residences of individual persons.

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) SLAs will be completed with the following operational considerations:
 - (1) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.
 - (2) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.
 - (3) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.
 - (4) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:
 - (i) Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
 - (ii) Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.
- (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

Reserved.



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

RESERVED.

2.252 CONTRACTOR SYSTEM TESTING

RESERVED.

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 Deliverable to be delivered has been approved by the State



2.260 Ownership

2.261 OWNERSHIP OF WORK PRODUCT BY STATE

The State owns all 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 is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor will not use the State's non-public data for any purpose other than providing the Services, nor will any part of the State's non-public 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 non-public 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.

Except as provided in Section 2.264 (Ownership of Materials), the following provisions apply: 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, methodologies, software and materials, including all intellectual property rights therein, developed before entering into the Contract or not paid for primarily by the State pursuant to this Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software or Contractor-owned materials licensed through the Contractor and sold to the State, will be licensed directly to the State. Contractor hereby grants to the State a limited, non-exclusive, non-transferable right to use the Contractor-owned materials provided to State in connection to the Services solely for the purpose of enjoying the use and benefit of the Services PROVIDED, HOWEVER, THAT ON PROJECTS IN WHICH CONTRACTOR DOES NOT PARTICIPATE, CONTRACTOR MAKES NO WARRANTY, EXPRESS OR IMPLIED, AND OFFERS NO INDEMNITY OR OTHER PROTECTION WHATSOEVER AGAINST CLAIMS BY THIRD PARTIES OF INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF ANY KIND OR NATURE. No other use of the Contractor-owned materials is allowed without Contractor's prior written consent. Except to the extent a contrary intent is expressly set forth in a Statement of Work, the charge for the State's licensed use of the



Contractor-owned materials is included in the Contractor billing rates described in this Contract and the applicable Statements of Work.

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. 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

Reserved.

2.282 STATE EMPLOYEE PURCHASES

Reserved.

2.290 Environmental Provision

2.291 ENVIRONMENTAL PROVISION

Reserved.

2.300 Deliverables

Reserved.

2.310 Software Warranties

Reserved.

2.320 Software Licensing

Reserved.

2.330 Source Code Escrow

Reserved.

2.400 Other Provisions

2.411 FORCED LABOR, CONVICT LABOR, OR INDENTURED SERVITUDE MADE MATERIALS

Contractor 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 B – Preliminary Project Plan

Task Name	Duration	Start	Finish	Predecessors	Resource Names
1 Kick Off Meeting	1 day	Fri 9/17/10	Fri 9/17/10		Gough,Moore,Collier,Krien,Celovsky,State
2					
3 Deliver Weekly Project Status Reports	71 days	Fri 9/24/10	Fri 12/31/10		Moore
4 Attend Weekly Project Performance Meetings	71 days	Mon 9/20/10	Mon 12/27/10		Moore,DTMB,Collier
5 Deliver Various Weekly Reports (Schedule, Action Items, Issues, Risks, Change Control, Deliverables, Project Plan)	66 days	Fri 9/24/10	Fri 12/24/10		Moore
6					
Task 1 -As-is-Assessment	25 days	Mon 9/20/10	Fri 10/22/10		
8 Scoping and Goal Alignment	2 days	Mon 9/20/10	Tue 9/21/10		Collier,Moore,Gough
Project Management Planning	7 days	Mon 9/20/10	Tue 9/28/10		
10 Develop Comprehensive Project Plan	3 days	Mon 9/20/10	Wed 9/22/10		Krien,Moore,Gough
11 Review Plan with the State	1 day	Thu 9/23/10	Thu 9/23/10	10	Moore,DTMB
12 Develop Communication Plan	4 days	Wed 9/22/10	Mon 9/27/10		Collier
13 Review Plan with the State	1 day	Tue 9/28/10	Tue 9/28/10	12	Moore,DTMB
14 Develop an Issue Tracking Log	5 days	Mon 9/20/10	Fri 9/24/10	1	Moore
15 Review Issue Tracking Log with the State	1 day	Mon 9/27/10	Mon 9/27/10	14	Moore,DTMB
16 Develop a Risk Management Plan	5 days	Mon 9/20/10	Fri 9/24/10	1	Moore
17 Review Risk Management Plan with the State	1 day	Mon 9/27/10	Mon 9/27/10	16	Moore,DTMB
18 Develop Change Control Plan	5 days	Mon 9/20/10	Fri 9/24/10	1	Moore
19 Review Change Control Plan with the State	1 day	Mon 9/27/10	Mon 9/27/10	18	Moore,DTMB
Data Gathering/Baseline Current Environment	25 days	Mon 9/20/10	Fri 10/22/10		
21 Configure data collection templates	3 days	Mon 9/20/10	Wed 9/22/10		Krien,Gough
22 Capture Data (Financial, Operational, assets, etc.)	8 days	Tue 9/21/10	Thu 9/30/10		Gough
23 Review Existing Contracts	3 days	Tue 9/28/10	Thu 9/30/10		Collier,Moore
24 Conduct Interviews	5 days	Fri 10/1/10	Thu 10/7/10	22	Gough,Moore,Krien,Celovsky
25 Consolidate Information into reports	5 days	Fri 10/8/10	Thu 10/14/10	24	Gough,Krien,Moore
26 Review with the State	1 day	Fri 10/15/10	Fri 10/15/10	25	Collier,Moore
27 Develop plan to close gaps	1 day	Mon 10/18/10	Mon 10/18/10	26	Gough,Krien,Moore
28 Deliver As-is-Assessment Report	0 days	Wed 10/20/10	Wed 10/20/10		Moore
Task 2 - Develop Total Cost of Ownership	12 days	Mon 10/11/10	Tue 10/26/10		
32 Review major cost categories	2 days	Mon 10/11/10	Tue 10/12/10		GRSC,Gough
33 Finalize TCO Model	2 days	Tue 10/12/10	Wed 10/13/10		GRSC,Gough,Krien
34 Review assumptions and inputs	2 days	Thu 10/14/10	Fri 10/15/10	33	Gough,Collier,Moore
Build TCO Model	2 days	Mon 10/18/10	Tue 10/19/10		
36 Populate cost elements	2 days	Mon 10/18/10	Tue 10/19/10	34	GRSC,Gough
37 Review TCO Model with the State	2 days	Wed 10/20/10	Thu 10/21/10	36	Gough,Moore
38 Deliver TCO Model Report	0 days	Fri 10/22/10	Fri 10/22/10		Moore
39 Review and Approve TCO Model Report	3 days	Fri 10/22/10	Tue 10/26/10	38	DTMB
Task 3 - Benchmark Current Costs Against Industry Standards	12 days	Wed 10/13/10	Thu 10/28/10		
42 Identify Industry grouping	2 days	Wed 10/13/10	Thu 10/14/10		Collier,Gough,Moore
43 Compare and analyze current costs against industry	4 days	Fri 10/15/10	Wed 10/20/10	42	Gough,GRSC
44 Identify Cost Drivers	2 days	Thu 10/21/10	Fri 10/22/10	43	GRSC,Gough
45 Review Benchmarks with the State	1 day	Mon 10/25/10	Mon 10/25/10	44	Gough,Moore
46 Deliver Benchmark Report	0 days	Tue 10/26/10	Tue 10/26/10		Moore
47 Review and Approve Benchmark Report	3 days	Tue 10/26/10	Thu 10/28/10	46	DTMB
Task 4 - Assumptions, Drivers, Key Risks that Impact Future Cost Estimates	12 days	Wed 10/20/10	Thu 11/4/10		
50 Document assumptions	2 days	Wed 10/20/10	Thu 10/21/10		Krien,Collier,Moore
51 Document by category cost drivers	2 days	Fri 10/22/10	Mon 10/25/10	50	Moore,Collier,Krien
52 Document risks and risk cost impacts	3 days	Tue 10/26/10	Thu 10/28/10	51	Moore,Collier,Krien
53 Review Assumptions, Drivers, Risks that impact Future Cost Estimates	2 days	Fri 10/29/10	Mon 11/1/10	52	Moore,Collier,Krien
54 Deliver Report	0 days	Mon 11/1/10	Mon 11/1/10	53	Moore
55 Review and Approve Report	3 days	Tue 11/2/10	Thu 11/4/10	54	DTMB



	Task Name	Duration	Start	Finish	Predecessors	Resource Names
56						
57	Task 5 - Service Delivery Scenarios Based on Prioritization and Cost Benefit Analysis of Key Project Drivers	9 days	Thu 10/28/10	Tue 11/9/10		
58	Identify industry comparable grouping	2 days	Thu 10/28/10	Fri 10/29/10		Gough, Moore
59	Identify future state service delivery models	2 days	Mon 11/1/10	Tue 11/2/10	58	Collier, Moore
60	Prioritize key drivers	2 days	Wed 11/3/10	Thu 11/4/10	59	Moore, Collier
61	Deliver Service Delivery Model Options Report	0 days	Thu 11/4/10	Thu 11/4/10	60	Moore, Collier
62	Review and Approve Service delivery Model Report	3 days	Fri 11/5/10	Tue 11/9/10	61	DTMB
63						
64	Task 6 - Provide Independent Cost Estimates (ICE) for the Future GL-ITC.	21 days	Mon 11/1/10	Mon 11/29/10		
65	Develop Independent Cost Estimates	5 days	Mon 11/1/10	Fri 11/5/10		Gough, Moore
66	Review Major Cost Categories	1 day	Mon 11/8/10	Mon 11/8/10	65	Moore, Gough, Collier
67	Finalize model	3 days	Tue 11/9/10	Thu 11/11/10	66	Gough
68	Build cost estimate	5 days	Fri 11/12/10	Thu 11/18/10	67	Gough, Moore
69	Review initial cost estimate with the State	1 day	Fri 11/19/10	Fri 11/19/10	68	Gough, Krien, Collier, Moore
70	Revise cost estimate base on review with State	1 day	Mon 11/22/10	Mon 11/22/10	69	Gough, Moore
71	Review Future State Operating Model Cost Estimates	2 days	Tue 11/23/10	Wed 11/24/10	70	Gough, Krien, Moore
72	Deliver Future Operating Model Cost Estimates Report	0 days	Wed 11/24/10	Wed 11/24/10	71	Moore
73	Review and Approve ICE Report	3 days	Thu 11/25/10	Mon 11/29/10	72	DTMB
74						
75	Task 7 - Advise on the Potential to Leverage the GL-ITC for use by Other Governmental Agencies and Businesses.	16 days	Mon 11/15/10	Mon 12/6/10		
76	Develop revenue and cost implications	2 days	Mon 11/15/10	Tue 11/16/10		Krien, Collier, Moore
77	Develop governance implications	3 days	Wed 11/17/10	Fri 11/19/10	76	Moore, Collier, Krien
78	Market Feasibility	3 days	Mon 11/29/10	Wed 12/1/10	77	Moore, Collier, Krien
79	Review potential with the State	1 day	Thu 12/2/10	Thu 12/2/10	78	Moore, Collier, Krien
80	Deliver Report	0 days	Thu 12/2/10	Thu 12/2/10	79	Moore, Collier, Krien
81	Review and Approve Leverage Report	2 days	Fri 12/3/10	Mon 12/6/10	80	DTMB
82						
83	Task 8 - Advise the State and Consider the Overall Strategy of the GL-ITC	9 days	Mon 11/15/10	Thu 11/25/10		
84	Review Options approved in task 5 deliverable	1 day	Mon 11/15/10	Mon 11/15/10		Moore, Collier
85	Review Cost Element	2 days	Tue 11/16/10	Wed 11/17/10	84	Moore, Gough
86	Review Marketing Opportunities	2 days	Thu 11/18/10	Fri 11/19/10	85	Moore, Collier
87	Review Key Drivers	2 days	Mon 11/22/10	Tue 11/23/10	86	Moore, Collier, Gough
88	Deliver Advisory Report on strategy for GL-ITC	0 days	Tue 11/23/10	Tue 11/23/10	87	Moore
89	Review and Approve Report	2 days	Wed 11/24/10	Thu 11/25/10	88	DTMB
90						
91	Task 9 - Develop Potential Payment Mechanisms	14 days	Mon 11/29/10	Thu 12/16/10		
92	Develop Payment Mechanisms	5 days	Mon 11/29/10	Fri 12/3/10		
93	Fee for service	3 days	Mon 11/29/10	Wed 12/1/10		Collier, Moore
94	Conduct Pricing Workshop	2 days	Thu 12/2/10	Fri 12/3/10	93	Gough, Collier, Moore
95	Assess linkage to chargeback/cost recovery	5 days	Mon 12/6/10	Fri 12/10/10	94	Moore, Collier, Gough
96	Review with the State	2 days	Mon 12/13/10	Tue 12/14/10	95	Moore, Collier, Gough
97	Deliver Report	0 days	Tue 12/14/10	Tue 12/14/10	96	Moore, Collier, Gough
98	Review and Approve Payment Report	2 days	Wed 12/15/10	Thu 12/16/10	97	DTMB
99						
100	Task 10 - Develop Preliminary Transition Plan and Costs for Migration	16 days	Mon 12/6/10	Mon 12/27/10		
101	Conduct Transition Readiness Activities	9 days	Mon 12/6/10	Thu 12/16/10		
102	Review Process Readiness and Maturity	3 days	Mon 12/6/10	Wed 12/8/10		Krien, Collier, Celovsky, Moore
103	Review Organizational Readiness	2 days	Thu 12/9/10	Fri 12/10/10	102	Collier, Moore
104	Review Technology Readiness	2 days	Mon 12/13/10	Tue 12/14/10	103	Moore, Celovsky, Collier, Krien
105	Communicate overall readiness	2 days	Wed 12/15/10	Thu 12/16/10	104	Moore, Celovsky, Collier, Krien
106	Develop preliminary transition plan	6 days	Wed 12/8/10	Wed 12/15/10		
107	Identify critical path items	3 days	Wed 12/8/10	Fri 12/10/10		Moore, Celovsky, Collier, Krien
108	Document risks and risk mitigation approach	3 days	Mon 12/13/10	Wed 12/15/10	107	Celovsky, Collier, Krien, Moore



i	Task Name	Duration	Start	Finish	Predecessors	Resource Names
109	Identify cost components and drivers associated with Data Center transition	2 days	Thu 12/16/10	Fri 12/17/10	108	Celovsky, Collier, Krien, Moore
110	Review cost estimates with the State	1 day	Mon 12/20/10	Mon 12/20/10	109	Collier, Moore
111	Revise cost estimates	2 days	Tue 12/21/10	Wed 12/22/10	110	Collier, Moore
112	Deliver Preliminary Transition Report	0 days	Thu 12/23/10	Thu 12/23/10	111	Moore, Celovsky, Collier, Krien
113	Review and Approve Transition Report	3 days	Thu 12/23/10	Mon 12/27/10	112	DTMB
114						
115	<input type="checkbox"/> Task 11 - Recommended Approach for the Future State Data Center	12 days	Thu 12/16/10	Fri 12/31/10		
116	Develop a report on the recommended approach	5 days	Thu 12/16/10	Wed 12/22/10		Moore, Collier
117	Develop a Presentation on the approach	4 days	Thu 12/23/10	Tue 12/28/10	116	Moore, Collier, Gough
118	Deliver the Report and Presentation to the State	0 days	Tue 12/28/10	Tue 12/28/10	117	Moore
119	Review and Approve the Report and Presentation	3 days	Wed 12/29/10	Fri 12/31/10	118	DTMB



ATTACHMENT C – COST TABLE

Deliverable		Resource Name: Collier	Resource Name: Moore	Resource Name: Gough	Resource Name: Krien	Resource Name: GRSC	Resource Name: Celovsky	Project Deliverable Costs
		\$242	\$224	\$187	\$187	\$123	\$187	
1	As-Is Assessment	16	76	100	100	0	36	
		\$3,870	\$17,034	\$18,675	\$18,675	\$0	\$6,723	\$64,977
2	Total Cost of Ownership (TCO) model	12	32	40	24	80	24	
		\$2,903	\$7,172	\$7,470	\$4,482	\$9,840	\$4,482	\$36,349
3	Benchmark current costs	12	24	48	16	72	0	
		\$2,903	\$5,379	\$8,964	\$2,988	\$8,856	\$0	\$29,090
4	Assumptions, drivers, key risks that impact future cost estimates	28	24	0	8	0	0	
		\$6,773	\$5,379	\$0	\$1,494	\$0	\$0	\$13,646
5	Service delivery scenarios based on prioritization and cost benefit analysis of key project drivers	16	32	16	24	32	24	
		\$3,870	\$7,172	\$2,988	\$4,482	\$3,936	\$4,482	\$26,930
6	Provide independent cost estimates for the future GL-ITC.	20	32	80	16	0	24	
		\$4,838	\$7,172	\$14,940	\$2,988	\$0	\$4,482	\$34,420



Deliverable		Resource Name: Collier	Resource Name: Moore	Resource Name: Gough	Resource Name: Krien	Resource Name: GRSC	Resource Name: Celovsky	Project Deliverable Costs
		\$242	\$224	\$187	\$187	\$123	\$187	
7	Advise on the potential to leverage the GL-ITC for use by other governmental agencies and businesses.	20	32	0	32	0	0	
		\$4,838	\$7,172	\$0	\$5,976	\$0	\$0	\$17,986
8	Advise the State and consider the overall strategy of the GL-ITC	40	32	0	32	0	0	
		\$9,676	\$7,172	\$0	\$5,976	\$0	\$0	\$22,824
9	Potential payment mechanisms	24	56	48	8	0	32	
		\$5,806	\$12,551	\$8,964	\$1,494	\$0	\$5,976	\$34,791
10	Preliminary transition plan and costs for migration	40	40	0	48	0	32	
		\$9,676	\$8,965	\$0	\$8,964	\$0	\$5,976	\$33,581
11	Recommended approach for the future state data center	48	64	0	24	0	24	
		\$11,611	\$14,344	\$0	\$4,482	\$0	\$4,482	\$34,919
							Grand Project Total	\$349,513



ATTACHMENT C – COST TABLE
Continued

OPTIONAL HOURLY SERVICES

Staffing Category	Firm Fixed Hourly Rate	Est. Hours	Extended Price
Project Director	\$224	n/a	n/a
Contract Negotiator	\$325	n/a	n/a
RFP Writer	\$215	n/a	n/a
SME	\$187	n/a	n/a
Client Executive	\$242	n/a	n/a
		n/a	n/a
Sub-total – blended rate (sum of the hourly rates, divided by the number of staffing categories)	\$239	2,000	n/a
Hourly Rate Cost (blended rate X total estimated hours)	\$239 (Use same rate as above)	2,000	\$478,000 (Use to fill in Table 1)