



STATE OF MICHIGAN
ENTERPRISE PROCUREMENT
 Department of Technology, Management, and Budget
 525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
 P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **6**

to

Contract Number **071B1300146**

CONTRACTOR	HTC GLOBAL SERVICES INC
	3270 West Big Beaver Road
	Troy, MI 48084
	Sutbir Randhawa
	248-786-2500
	sutbir.randhawa@htcinc.com
*****6583	

STATE	Program Manager	Susan Nordyke	DTMB
	Contract Administrator	517-373-9784	
		nordykes@michigan.gov	
	Contract Administrator	Simon Baldwin	DTMB
		(517) 284-6997	
		baldwins@michigan.gov	

CONTRACT SUMMARY				
SOFTWARE MAINTENANCE AND SUPPORT				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
October 1, 2010	September 30, 2015	5 - 1 Year	September 30, 2016	
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	1-Year	<input type="checkbox"/>	N/A	September 30, 2017
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$1,989,924.00	\$120,600.00	\$2,110,524.00		
DESCRIPTION				

Effective 10/01/2016, The State is exercising the second option year and increasing the Contract by \$120,600.00. The attached pricing tables are now incorporated into the Contract and Maintenance, Support and Hosting for Federal Compliance Division is removed. Please note, the Contract Administrator has been changed to Simon Baldwin. All other terms, conditions, specifications, and pricing remain the same. Per Contractor and Agency agreement and

A. Children's Trust Fund

Children's Trust Fund	(10/1/16 – 09/30/17)
Maintenance & Support	\$11,250
Hosting	\$15,120
*Enhancements (Est @100 hrs/year)	\$12,500
TOTAL	\$38,870

B. Department of Human Services (OCSE)

Department of Human Services (OCSE)	(10/1/16 – 09/30/17)
Maintenance & Support	\$11,250
Hosting	\$22,680
*OCE - Enhancements (Est @200 hrs/year)	\$25,000
TOTAL	\$58,930

C. Department of Community Health (DCH)

Department of Human Community Health	(10/1/16 – 09/30/17)
Maintenance & Support	\$22,500
Hosting	\$37,800
*Enhancements (Est @500 hrs/year)	\$62,500
TOTAL	\$122,800

* Enhancements are estimates. No funds for Enhancements, will be added to the Contract and no work approved without a DTMB Procurement approved Statement of work.



STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number 5
to
Contract Number 071B1300146

CONTRACTOR	HTC GLOBAL SERVICES INC
	3270 West Big Beaver Road
	Troy, MI 48084
	Sutbir Randhawa
	248-786-2500
	sutbir.randhawa@htcinc.com
	*****6583

STATE	Program Manager	Nordyke, Susan	
		517-373-9784	
		nordykes@michigan.gov	
	Contract Administrator	Jarrod Barron	DTMB
		(517) 284-7045	
		BarronJ1@michigan.gov	

CONTRACT SUMMARY				
DESCRIPTION: Software Maintenance and Support				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
October 1, 2010	September 30, 2015	5 - 1 Year	September 30, 2016	
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$1,989,924.00		\$ 0.00	\$1,989,924.00	

DESCRIPTION: Effective June 10, 2016, the parties add the configuration services detailed in the attached Statement of Work, utilizing \$13,600.00 of existing funds. All other terms, conditions, specifications, and pricing remain the same. Per Contractor, Agency and DTMB Procurement agreement.



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

Project Title: HTC enhancements for Office of Child Support (OCS)	Period of Coverage: 5/23/16-9/30/16
Requesting Department: DTMB/DHHS	Date: 5/10/16
Agency Project Manager: Duane Noworyta	Phone: 517-373-4320
DTMB Project Manager: Tina Mitchell	Phone: 517-241-9629

BACKGROUND:

This Statement of Work is governed by the terms and conditions of Contract 071B1300146. The Office of Child Support (OCS) is a division of the Department of Human Services. OCS administers Michigan's Title IV-D program through a partnership with local friends of the court and county prosecutors. OCS provides various services like paternity establishment, child support order establishment, etc to custodial parents and families through federally, state and locally funded programs. Currently OCS uses EGrAMS (Electronic Grants Administration & Management System) to automate the child support contracting process used by OCS.

PROJECT OBJECTIVE:

OCS would like to implement the Title IV-D program in EGrAMS beginning in Fiscal Year 2017 as identified in the Scope of Work.

SCOPE OF WORK, TASKS AND DELIVERABLES:

Contractor shall configure Title IV-D Cooperative Reimbursement Program (CRP) for FY 2017 in EGrAMS that includes the following:

- Set up Title IV-D application form templates as per requirements of CRP-2017
- Set up Budget forms for 5 years
- Upload 5 year allocations for applicable agencies
- Upload 5 year GF/GP for applicable agencies
- Upload CRP-2017 applicable documentation
- Copy all active user permissions from CRP-2013 to CRP-2017
- Set up Email notification text and distribution list as applicable; set Project Director as 'Primary' recipient of email
- Copy county application and budget information from CRP-2013 to CRP-2017
- Set up contract manager permissions to route applications as per assignments
- Configure revised contract and amendment templates
- Test configuration; deploy to DHHS test environment
- Provide written documentation verifying completion of the same.

DHHS personnel (Contract Managers, Finance Manager) will conduct a User Acceptance Test (UAT) of the Application, Review and Approval processes of the to ensure that the configuration meets the CRP-2017 requirements. On completion of UAT and on confirmation from the DHHS Finance Manage, the CRP-2017 will be deployed to production,

ACCEPTANCE CRITERIA:

Deliverables will not be considered complete until the DHHS and DTMB Project Managers have formally accepted them. The following high-level acceptance criteria apply:

Document Deliverables

1. Documents are dated and in electronic format, compatible with State of Michigan software.
2. Any changes to requirements once they are approved will be captured in the change control document and the revised Work Requests.
3. Draft documents are not accepted as final deliverables.
4. The documents will be reviewed and accepted in accordance with the requirements of the Contract and Appendices.

Software Deliverables - General

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

1. Beta software is not accepted as final deliverable.
2. The software will be reviewed and accepted in accordance with the requirements of the contract.
3. DEQ and DTMB will review software within a mutually agreed upon timeframe for acceptance of functionality, usability, installation, performance, security, standards compliance, backup/recovery, and operation.
 - a. Approvals will be written and signed by both the DTMB Project Manager and Agency Project Manager.
 - a. Unacceptable issues will be documented and submitted to the Contractor.
 - b. After issues are resolved or waived, the Contractor will resubmit software for approval within 30 days of receipt.
4. Software is installed and configured, with assistance from DTMB, in an appropriate environment (e.g. development, conversion, QA testing, UAT testing, production, and training).
5. Contingency plans, de-installation procedures, and software are provided by the Contractor and approved by both the DTMB Project Manager and Agency Project Manager.
6. Final acceptance of the software will depend on the successful completion of User Acceptance Testing (UAT).
7. Testing will demonstrate the system's compliance with the requirements of the Contract. At a minimum, the testing will confirm the following:
 - a. Functional - the capabilities of the system with respect to the functions and features described in the Contract.
 - b. Performance - the ability of the system to perform the workload throughput requirements. All problems should be completed satisfactorily within the allotted time frame.
8. Software source code, where applicable, is reviewed by DTMB within a mutually agreed upon timeframe for readability, structure, and configuration management.
 - a. Approvals will be written and signed by both the DTMB Project Manager and Agency Project Manager.

- b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit source code for approval.
9. Deliverable approval process outlined in the contract terms has been followed and met.
 10. Contractor developing MiCaRS participates in a design meeting to review and confirm the service calls, signatures, authentication and access. A DTMB architect participates in this call to identify any environment changes that need to be put in place for system to system communication.
 11. DTMB processes any environment changes (e.g. Enterprise Architecture Diagram updates, firewall changes) needed to support the system to system communication.

CRP-2017 Specific Acceptance Criteria / Requirements

The following acceptance criteria apply to this project's Scope Items delivered:

- All appropriate worksheets have been copied to the new grant and function properly.
- The county allocations provided have been properly implemented in the system and communicated to counties
- All active users have been transferred as requested
- The agreement templates have been implemented correctly and function properly
- The electronic signature process works correctly

PROJECT CONTROL AND REPORTS:

Contractor shall provide status reports throughout the life of this project. Each report must contain current status, actions taken, progress made, and any risks identified since the previous report.

PROJECT CONTACTS:

The designated DHS/OCS Project Manager is:

Duane Noworyta
MDHHS
Office of Child Support
201 N. Washington Square
Suite 410, 4th Floor
Lansing, MI 48933
517-241-7728
Noworytad@michigan.gov

The designated DTMB Project Manager is:

Tina Mitchell
DTMB/AS/DHS
Romney, 12th floor
111 S Capital Ave
Lansing, MI 48933
517-335-0004
symingtont@michigan.gov

AGENCY RESPONSIBILITIES:

The DTMB/AS/DHHS will provide necessary on-site office accommodations with necessary equipment (PC, phone, printer and copier) access and privileges granted for data access.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

HTC's Technical Consultants will work from HTC office using HTC development environment and visit onsite as and when required which will be at the Department of Human Services located at the Grand Tower at 235 S. Grand Avenue, Lansing, MI

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing. No overtime will be permitted.

PAYMENT:

Price is \$13,600.00 firm-fixed. Payment will be made in one lump sum after the State formally accepts all deliverables. Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices. The State will NOT pay for expenses beyond the fee shown above.

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

CHANGE NOTICE NO. 4
 to
CONTRACT NO. 071B1300146
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
HTC Global Services, Inc. 3270 West Big Beaver Road Troy, MI 48084	Sutbir Randhawa	Sutbir.Randhawa@HTCinc.com
	PHONE	VENDOR TAX ID # (LAST FOUR DIGITS ONLY)
	(248) 786-2500 Ext 123	6583

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Susan Nordyke	(517) 373-9784	nordykes@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jarrold Barron	(517) 284-7045	barronj1@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Software Maintenance and Support			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2010	September 30, 2015	(5) 1-Year Options	September 30, 2016
PAYMENT TERMS	F.O.B.	SHIPPED TO	
N/A	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF EXTENSION/OPTION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>	N/A	September 30, 2016
CURRENT VALUE	VALUE/COST OF CHANGE NOTICE	ESTIMATED REVISED AGGREGATE CONTRACT VALUE		
\$1,827,424.00	\$162,500.00	\$1,989,924.00		

DESCRIPTION:
 Effective September 11, 2015, this Contract is hereby increased by \$162,500.00 per the attached Statement of Work. Please note, the Program Manager has been changed to Susan Nordyke. All other terms, conditions, specifications, and pricing remain the same, per Contractor and Agency agreement, DTMB Procurement approval and State Administrative Board approval on 8/18/2015.
 Available Ad Board dollars remaining after this request for SIGMA Interface work for this Contract: \$0.00.

HTC Global Services, Inc. EGrAMS SIGMA Interface SOW

I. Background

The SIGMA system will impact all areas of State business operations, from payroll and purchasing, to payment of suppliers, disbursement of grant funding and processing of unemployment, financial aid and child support. The system must interface with each of the applications managing these process areas, as well as those utilized for payment processing and revenue generating applications. To successfully implement the required functionality and realize projected efficiencies of SIGMA, the interfaces must be in established, tested and fully implemented. The State does not have resources with the necessary technical ability and bandwidth to accomplish the transition independently. Thus contract change notices will be processed for those interfaces which can be managed through existing contracts and staff augmentation resources will be obtained through bids completed under the pre-qualification program.

II. Environment / IT Standards

HTC will have a development and a test environment. The development environment will be used for the initial development and after the initial unit testing, the code will be deployed to the test environment. The test environment will be used to perform System testing prior to deploying the code for DCH / DTMB User Acceptance Testing.

HTC will following DTMB documentation standards and provide the following documents:

- a. Requirements Traceability Matrix
- b. Requirements Specifications
- c. Functional Design
- d. Test Plan
- e. Test Cases
- f. Transition Plan

III. Project Objective

Successfully design and implement necessary interfaces between existing systems and SIGMA for continued and improved operations and business processes throughout the state. The Michigan Department of Community Health (DCH) has been using an Electronic Grants Administration and Management System (EGrAMS) to automate several of their grant programs. In addition, EGrAMS also supports an interface to Michigan Administrative Information Network (MAIN) to generate the required accounting transactions. The State of Michigan is in the process of implementing a new ERP system – Statewide Integrated Governmental Management Applications (SIGMA) that will replace MAIN. In view of the above the EGrAMS may need to undergo certain changes to adapt to the new system. At

this point the exact changes or the specific scope of work is not known. However DCH would like to make some budgetary provision for EGrAMS enhancements related to the SIGMA interface. DCH provided HTC with a high level scope document to aid HTC in developing a budgetary proposal for the SIGMA interface as outlined Scope of Work section below.

IV. Scope of Work

a. Deliverables

List specific interface(s) to be covered by this change request (provide task detail in table below):

HTC Global Services (EGrAMS); Contract: 071B1300146

1. *Upload of PCA related information*
2. *Interface to SIGMA*
3. *Payment Request ByPass*
4. *Interface from SIGMA and update coding modifications.*

- b. Acceptance Criteria – List in **Requirements column** for Milestone Acceptance & Signoff row, and identify those authorized to signoff in **Acceptance/Signoff Column**.
- c. Cost/Price Model – List in table, **Hours, Rate, Total and Total Payment** Columns.
- b. Project Contacts – Should all be listed on iTRAC, either in contact fields, description fields or on an attached document.
- c. Agency Responsibilities and Assumptions – Identify in **State Staff and Roles** columns.
- d. Contractor Staff – Numbers, **roles, anticipated hours, and duration by task and total** columns below.

V. Terms and Conditions

Per established contract #071B1300146.

Project Plan:

Tasks & Deliverables	Requirements	Anticipated Completion Date	State Staff	State Staff Hours	Contractor Staff	Role	Hours	Rate	Total	Acceptance / Signoff	Total Payment
Milestone I Requirements Gathering	Deliverable: Requirements Traceability Matrix. Design Plan. Detailed Design Docs.	10/20/2015			Business Analyst Developer Project Manager	Meet with agency SME's to establish interface requirements	200			Review Design Plan, State PM & Program Manager sign off after edits incorporated and final is accepted.	
• Task I Define Content (create RTM)					Business Analyst	Lead Requirements Gathering	180	\$125	\$22,500	State PM & Program Manager	
• Task II Define Timeline					Org Process Lead	Training, Change Management	20	\$125	\$2,500	State PM & Program Manager	
• Task III Milestone Acceptance & Signoff											
Milestone II Design the Interface		11/24/2015			System Architect	Design interfaces	160	\$125	\$20,000	State PM & Program Manager	
• Task Program		03/15/2016			Programmer	Program Interfaces	700	\$125	\$87,500	State PM & Program Manager	
• Task II Test		03/29/2016			Test Lead	Configure System modifications	60	\$125	\$7,500	State PM & Program Manager	
• Task III Resolve Defects		03/29/2016			Programmer		60	\$125	\$7,500	State PM & Program Manager	
• Task III Milestone Acceptance & Signoff		09/30/2016			DTMB / DCH Test Lead		120	\$125	\$15,000	State PM & Program Manager	
Milestone III Go Live											
• Task I Support/											

Maintenance											
• Task III Milestone Acceptance & Signoff											
Totals							1300		\$162,500	State PM & Program Manager	

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

CHANGE NOTICE NO. 3
 to
CONTRACT NO. 071B1300146
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
HTC Global Services, Inc. 3270 West Big Beaver Road Troy, MI 48084	Sutbir Randhawa	Sutbir.Randhawa@HTCinc.com
	PHONE	VENDOR TAX ID # (LAST FOUR DIGITS ONLY)
	(248) 786-2500 Ext 123	6583

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB-IT			
CONTRACT ADMINISTRATOR	DTMB	Jarrod Barron	(517) 284-7045	barronj1@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Software Maintenance and Support			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2010	September 30, 2015	(5) 1-Year Options	September 30, 2015
PAYMENT TERMS	F.O.B.	SHIPPED TO	
N/A	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF EXTENSION/OPTION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1 Year	September 30, 2016
CURRENT VALUE		VALUE/COST OF CHANGE NOTICE	ESTIMATED REVISED AGGREGATE CONTRACT VALUE	
\$1,827,424.00		\$0.00	\$1,827,424.00	

DESCRIPTION:
 Effective October 1, 2015, the first option year available for this Contract is hereby exercised. The revised Contract expiration date is September 30, 2016. Also effective October 1, 2015, this Contract is amended to add the attached pricing table and will utilize \$311,920.00 of existing funds. Please note the Contract Administrator has been changed to Jarrod Barron. All other terms, conditions, specifications, and pricing remain the same, per Contractor and Agency agreement and DTMB Procurement approval.

Attachment A: Pricing

Assumptions:

- Enhancements are only a provision for future additional work and will not be billed without an approved Change Notice.

A. Children's Trust Fund

Children's Trust Fund	(10/1/15 – 09/30/16)
Maintenance & Support	\$11,250
Hosting	\$15,120
Enhancements (Est @100 hrs/year)	\$12,500
TOTAL	\$38,870

B. Department of Human Services (OCSE)

Department of Human Services (OCSE)	(10/1/15 – 09/30/16)
Maintenance & Support	\$11,250
Hosting	\$12,000
OCE - Enhancements (Est @100 hrs/year)	\$12,500
TOTAL	\$35,750

C. Department of Human Services (FCD)

Department of Human Services (FCD)	(10/1/15 – 09/30/16)
Maintenance & Support	\$15,000
Hosting	\$12,000
FCD - Enhancements (Est @100 hrs/year)	\$12,500
TOTAL	\$39,500

D. Department of Community Health (DCH)

Department of Human Community Health	(10/1/15 – 09/30/16)
Maintenance & Support	\$22,500
Hosting	\$37,800
SIGMA Enhancements (Est @600 hrs/year)	\$75,000
Enhancements (Est @500 hrs/year)	\$62,500
TOTAL	\$197,800
TOTAL FOR ALL DIVISIONS	\$311,920

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

CHANGE NOTICE NO. 2
 to
CONTRACT NO. 071B1300146
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
HTC Global Services, Inc. 3270 West Big Beaver Road Troy, MI 48084	Jim Parker	Jim.parker@HTCinc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(248) 786-2500	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB-IT			
BUYER	DTMB	Barb Suska	517-284-7026	suskab2@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Software Maintenance and Support			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2010	September 30, 2015	5, one year	September 30, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$126,600.00		1,827,424.00		

Effective February 4, 2014, adding the Federal Compliance Division of the Michigan Department of Human Services (DHS-FCD) to this contract. This request is to customize the web based COTS software EGrams to automate the Title IV-E process and to provide annual technical support and enhancements. Pricing may be found in the attached vendor proposal and State statement of work. Contract is increased by \$126,600.00. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, DTMB Procurement approval and the approval of the State Administrative Board on February 4, 2014.



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

Project Title: Add Federal Compliance Division to Egrams contract	Period of Coverage: 12/1/13-9/30/15
Requesting Department: DHS/FCD	Date: 11/21/13
Agency Project Manager: Jennifer Pettibone	Phone: 517- 335-3919
DTMB Project Manager: Sherilyn Hart	Phone: 517-284-1040

Brief Description of Services to be provided:

BACKGROUND:

OCS has been using EGrAMS (Electronic Grants Administration and Management System) for the last 3 years to automate and manage the life cycle of the Title IV-D Cooperative Reimbursement Program. The FCD Title IV-E program requires similar information collected by the IV-D program and has a different set of calculations to determine the IV-E reimbursements costs. Currently FCD uses Excel spreadsheets and to collect budget and expense information from participating counties and then use a manual process to compute the IV-E eligible reimbursement. With a view to leverage the automation and data entry used by the IV-D program and increase the level of participation of Prosecuting Attorneys, FCD would like to implement a web based software that would automate their contracting life cycle.

PROJECT OBJECTIVE:

Have HTC customize its web-based COTS software EGrAMS to automate the Title IV-E process used by FCD.

SCOPE OF WORK:

The customization and configuration for the Title IV-E program will involve the following tasks:

1. Requirements Management – is a process to get an understanding of the respective program / contract to ensure that EGrAMS is configured correctly as per the requirements.
 - a. Review of existing program / contract documentation – This task involves HTC reviewing any existing program / contract documentation prior to any requirement meetings.
 - b. Requirement Confirmation meetings – This task involve HTC meeting with program / contact staff to get an understanding of the program / contract requirements
 - c. Requirement Confirmation Document – This task involves documentation of the business requirements for the program / contract requirements
2. Customization to EGrAMS – based on the Requirements, HTC will customize EGrAMS to meet the FCD requirements. Details of the customization will be finalized after the Requirements meetings. However some examples of customization are setup of County / State %, penetration rates, modification to budget to include IV-E %, capture of time record, IV-E computation, etc.)
3. Configuration of the various designer components - Configuration is a process of setting up the basic program information, business rules, form templates, workflow and security requirements for a program / contract. Listed below are the various configuration components configured in EGrAMS.
 - a. Program – This component is used to set up the basic program information and associated business rules for the respective program / contract. Examples of basic rules include Program Name, Office information, Year, Type of Program (Allocation, Competitive, etc), CFDA information, Type of Program (New, Continuation, Renewal, etc), Total available amount, Match

- information, workflow to be used, contract templates, match requirements, synopsis of the program, program / contract documentation to be shared with applicants / contractors
- b. Workflow – is a series of stages an application goes through from entry to closeout. This component is used to define the workflow for the respective grant / contract.
 - c. Security – This component is used to define the various access permissions based on the role and workflow stages.
 - d. Reporting Requirements – This component is used to define the reporting requirements (type of report, frequency, grace days, payment links, hold payment rules) for the respective grant / contract.
4. System Testing – Involves test of the program / contract cycle to ensure that the configuration is correct and the system produces the desired results.
 5. EGrAMS Presentation – This task involves demonstrating the EGrAMS software to the client based on the documented business requirements.
 6. Refining Configuration – This task involves refining the configuration and incorporating feedback received (within the boundaries of the requirements documentation) during the EGrAMS presentation.
 7. Training – This task involve training of FCD personnel to use the system to perform the various job functions.
 8. User Acceptance Testing – On completion of training, the system will be deployed to a test environment. This task involves FCD personnel testing the system to ensure that the changes meet the requirements as per the Requirements Confirmation document.

The effort involved in performing the above tasks for the configuration of EGrAMS, together with the customization and training is 660 hours

DELIVERABLES:

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

#	Description
1	Requirement Confirmation Documentation sign-off
2.	Completion of EGrAMS presentation demonstrating IV-E customization and functionality
3.	UAT Sign-off
4.	Completion of Training
5.	Project Management & Administration

ACCEPTANCE CRITERIA: Completion of each deliverable

PROJECT CONTROL AND REPORTS:

A bi-weekly progress report must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each bi-weekly progress report must contain the following:

1. **Hours:** Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
2. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
3. **Funds:** Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:

Agency standards, if any, in addition to DTMB standards.

PAYMENT SCHEDULE:

Payment will be made on a deliverable basis. DTMB will pay CONTRACTOR upon receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date, and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State's satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

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

EXPENSES:

The State will NOT pay for any travel expenses, including hotel, mileage, meals, parking, etc.

PROJECT CONTACTS:

The designated Agency Project Manager is:

Jennifer Pettibone
DHS
FCD
Grand Tower
235 S Grand Ave
Lansing, MI 48909
517- 335-3919
Pettibonej@michigan.gov

The designated DTMB Project Manager is:

Sherilyn Hart
DTMB
Agency Services
Grand Tower, 9th floor
235 S Grand Ave
Lansing, MI 48909
517-284-1040
Harts3@michigan.gov

AGENCY RESPONSIBILITIES:

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work at 235 S Grand Ave in Lansing, Michigan.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

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

No overtime will be permitted.

This purchase order is a release from Contract Number 071B1300146. This purchase order, statement of work, and the terms and conditions of Contract Number 071B1300146 constitute the entire agreement between the State and the Contractor.



The Federal Compliance Division (FCD) is a division of the Department of Human Services. FCD administers Michigan's Title IV-E program through a partnership with county prosecutors.

The Office of Child Support (OCS) is a division of the Department of Human Services. OCS administers Michigan's Title IV-D program through a partnership with local friends of the court and county prosecutors. OCS provides various services like paternity establishment, child support order establishment, etc. to custodial parents and families through federally, state and locally funded programs.

OCS has been using EGrAMS (Electronic Grants Administration and Management System) for the last 3 years to automate and manage the life cycle of the Title IV-D Cooperative Reimbursement Program. The FCD Title IV-E program requires similar information collected by the IV-D program and has a different set of calculations to determine the IV-E reimbursements costs. Currently FCD uses Excel spreadsheets and to collect budget and expense information from participating counties and then use a manual process to compute the IV-E eligible reimbursement. With a view to leverage the automation and data entry used by the IV-D program and increase the level of participation of Prosecuting Attorneys, FCD would like to implement a web based software that would automate their contracting life cycle.

HTC proposes to customize its web-based COTS software EGrAMS to automate the Title IV-E process used by FCD.

1. Scope of Work

The customization and configuration for the Title IV-E program will involve the following tasks:

9. Requirements Management – is a process to get an understanding of the respective program / contract to ensure that EGrAMS is configured correctly as per the requirements.
 - d. Review of existing program / contract documentation – This task involves HTC reviewing any existing program / contract documentation prior to any requirement meetings.
 - e. Requirement Confirmation meetings – This task involve HTC meeting with program / contact staff to get an understanding of the program / contract requirements
 - f. Requirement Confirmation Document – This task involves documentation of the business requirements for the program / contract requirements
10. Customization to EGrAMS – based on the Requirements, HTC will customize EGrAMS to meet the FCD requirements. Details of the customization will be finalized after the Requirements meetings. However some examples of customization are setup of County / State %, penetration rates, modification to budget to include IV-E %, capture of time record, IV-E computation, etc.)
11. Configuration of the various designer components - Configuration is a process of setting up the basic program information, business rules, form templates, workflow and security requirements for a program / contract. Listed below are the various configuration components configured in EGrAMS.
 - e. Program – This component is used to set up the basic program information and associated business rules for the respective program / contract. Examples of basic rules include Program Name, Office information, Year, Type of Program (Allocation, Competitive, etc), CFDA information, Type of Program (New, Continuation, Renewal, etc), Total available amount, Match information, workflow to be used, contract templates, match requirements, synopsis of the program, program / contract documentation to be shared with applicants / contractors
 - f. Workflow – is a series of stages an application goes through from entry to closeout. This component is used to define the workflow for the respective grant / contract.
 - g. Security – This component is used to define the various access permissions based on the role and workflow stages.
 - h. Reporting Requirements – This component is used to define the reporting requirements (type of report, frequency, grace days, payment links, hold payment rules) for the respective grant / contract.
12. System Testing – Involves test of the program / contract cycle to ensure that the configuration is correct and the system produces the desired results.
13. EGrAMS Presentation – This task involves demonstrating the EGrAMS software to the client based on the documented business requirements.
14. Refining Configuration – This task involves refining the configuration and incorporating feedback received (within the boundaries of the requirements documentation) during the EGrAMS presentation.
15. Training – This task involve training of FCD personnel to use the system to perform the various job functions.

16. User Acceptance Testing – On completion of training, the system will be deployed to a test environment. This task involves FCD personnel testing the system to ensure that the changes meet the requirements as per the Requirements Confirmation document.

The effort involved in performing the above tasks for the configuration of EGrAMS, together with the customization and training is 660 hours.

2. Timeline

HTC proposes to complete the customization in 10 – 12 weeks. The total hours for the proposed enhancements are not to exceed a maximum of 660 hours.

Currently, FCD has contracts with county prosecutors that end on March 31st, 2014. With a view to avoid an manual extension for a few months, HTC proposes to deliver the project in the following phases:

- i. Phase I – Application Entry, Approval & Contract Approval – This phase will include county prosecutors entering IV-E related information to generate the IV-E amounts. The base budget for the computation will be based off the IV-D budgets that are in EGrAMS.
- ii. Phase II – Billing, Payments & Amendments – This phase will include county prosecutors entering IV-E related information to generate the IV-E amounts for reimbursement.

3. Pricing

Pricing comprises of two components – one-time cost and ongoing costs.

Listed below is a one-time cost for the above customization, implementation & training.

#	Description	Hours	Amount	Remarks
1	Requirement meetings & Documentation	60	\$6,600	@110/hr
2.	Design changes & Customization	80	\$7,600	@95/hr
3.	Customization & Development	400	\$36,000	@90/hr
4.	Preparation of Training materials & 1 Training session	40	\$4,400	@110/hr
5.	Project Management & Administration	80	\$12,000	@150/hr
	TOTALS	660	\$66,600	

Listed below is the ongoing cost for the Title IV-E implementation on deployment into the production environment. Ongoing costs are applicable after FCD UAT testing has been completed - tentatively scheduled for April 1st, 2014.

#	Description	Hours	Amount	Remarks
1	Hosting	0	\$0	Included for DHS
2.	Technical Support @10 hrs per month April 1, 2014 thru Sep 30, 2014	60	\$7,500	@125/hr
3.	Technical Support @10 hrs per month – Oct 1, 2014 thru Sep 30 2015	120	\$15,000	@125/hr
	TOTALS	180	\$22,500	

Listed below is a provision for any enhancements during the contract term after the system has been deployed into production. Any enhancements will to be done through a separate Statement of Work that is authorized by FCD.

#	Description	Hours	Amount	Remarks
1.	Enhancements - April 1, 2014 thru Sep 30, 2014	100	\$12,500	@125/hr
2.	Enhancements - Oct 1, 2014 thru Sep 30 2015	200	\$25,000	@125/hr

5. Payment Terms

❖ To be paid in full on completion of work based on sign-off of specific deliverables as listed below.

#	Description	%	Amount	Remarks
1	Requirement Confirmation Documentation sign-off	100	\$6,600	
2.	Completion of EGrAMS presentation demonstrating IV-E customization and functionality	50	\$21,800	
3.	UAT Sign-off	50	\$21,800	
4.	Completion of Training	100	\$4,400	
5.	Project Management & Administration	100	\$12,000	
	TOTALS	660	\$66,600	

Approvals

**MICHIGAN DEPARTMENT OF
HUMAN SERVICES**

By: _____

Name: _____

Title: _____

Date: _____

HTC GLOBAL SERVICES

By: _____

Name: _____

Title: _____

Date: _____

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

July 15, 2013

CHANGE NOTICE NO. 1
 to
CONTRACT NO. 071B1300146
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
HTC Global Services, Inc. 3270 West Big Beaver Road Troy, MI 48084	Jim Parker	Jim.parker@HTCinc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(248) 786-2500	

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

CONTRACT SUMMARY:			
DESCRIPTION: Software Maintenance and Support			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2010	September 30, 2015	5, one year	September 30, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$36,000.00		\$1,700,824.00		

Effective June 10, 2013, the hosting charges for Dept. of Community Health, Office of Budget and Audit are updated, to include annual hosting fees for Contract Tracking Test and Production environments. Table 4 of Attachment 6 – Revised Cost Tables, is amended per the attached document. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval.

Table 4: Annual Software Maintenance and Support, Enhancements and Hosting Michigan Department of Community Health (DCH), Office of Budget and Audit

AGENCY	(10/1/10 – 9/30/11) YEAR 1	(10/1/11 – 9/30/12) YEAR 2	(10/1/12 – 9/30/13) YEAR 3	(10/1/13 – 9/30/14) YEAR 4	(10/1/14 – 9/30/15) YEAR 5	Total Years (1-5)
DCH/Budget & Audit						
Ongoing maintenance & support	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$112,500
Enhancements (5000 Hours)	\$125,000	\$128,750	\$132,613	\$136,591	\$140,689	\$663,642
Hosting	\$37,800	\$37,800	\$37,800	\$37,800	\$37,800	\$189,000
Grand Total DCH/Budget & Audit maintenance and support, enhancements and hosting	\$185,300	\$189,050	\$192,913	\$196,891	\$200,989	\$965,142

REVISED:

Table 4: Annual Software Maintenance and Support, Enhancements and Hosting Michigan Department of Community Health (DCH), Office of Budget and Audit

AGENCY	(10/1/10 – 9/30/11) YEAR 1	(10/1/11 – 9/30/12) YEAR 2	(10/1/12 – 9/30/13) YEAR 3	(10/1/13 – 9/30/14) YEAR 4	(10/1/14 – 9/30/15) YEAR 5	Total Years (1-5)
DCH/Budget & Audit						
Ongoing maintenance & support	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$112,500
Enhancements (5000 Hours)	\$125,000	\$128,750	\$132,613	\$136,591	\$140,689	\$663,642
Hosting	\$37,800	\$37,800	\$37,800	\$55,800	\$55,800	\$225,000
Grand Total DCH/Budget & Audit maintenance and support, enhancements and hosting	\$185,300	\$189,050	\$192,913	\$214,891	\$218,989	\$1,001,143

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET December 15, 2010
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
 OR
530 W. ALLEGAN, LANSING, MI 48933

NOTICE
OF
CONTRACT NO. 071B1300146
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR		TELEPHONE 248-786-2500 Jim Parker
HTC Global Services, Inc 3270 West Big Beaver Road Troy, MI 48084 jim.parker@HTCinc.com		CONTRACTOR NUMBER/MAIL CODE
		BUYER/CA (517) 373-3993 Dale N. Reif
Contract Compliance Inspector: Sara Williams Software Maintenance and Support		
CONTRACT PERIOD: 5 yrs. + 5 one-year options From: October 1, 2010 To: September 30, 2015		
TERMS	N/A	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		
MISCELLANEOUS INFORMATION:		

TOTAL ESTIMATED CONTRACT VALUE: \$1,664,824.00

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

CONTRACT NO. 071B1300146
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR HTC Global Services, Inc 3270 West Big Beaver Road Troy, MI 48084 <div style="text-align: right;">jim.parker@HTCinc.com</div>	TELEPHONE 248-786-2500 Jim Parker CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 Dale N. Reif
Contract Compliance Inspector: Sara Williams <p style="text-align: center;">Software Maintenance and Support</p>	
CONTRACT PERIOD: 5 yrs. + 5 one-year options From: October 1, 2010 To: September 30, 2015	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of the Request For Proposal, this Contract and the Vendor's quote. 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: \$1,664,824.00	

THIS IS NOT AN ORDER: Orders for delivery will be issued directly by the Department of Corrections 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: <hr/> <p style="text-align: center;">HTC Global Services, Inc.</p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	FOR THE STATE: <hr/> <p style="text-align: center;">Signature</p> <hr/> <p style="text-align: center;">Dale Reif, Buyer</p> <hr/> <p style="text-align: center;">Name/Title</p> <hr/> <p style="text-align: center;">IT Division</p> <hr/> <p style="text-align: center;">Division</p> <hr/> <p style="text-align: center;">Date</p>
--	--



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

Buyer Name: Dale N. Reif
Telephone Number: (517) 373-3993
E-Mail Address: reifd@michigan.gov

Contract Number 071B1300146

Michigan Department of Community Health (MDCH), Children's Trust Fund (CTF)
Michigan Department of Human Services (MDHS)



Table of Contents

Article 1 – Statement of Work (SOW)	32
1.000 Project Identification	32
1.001 Project Request	32
1.002 Background	32
1.100 Scope of Work and Deliverables	32
1.101 In Scope	32
1.102 Out Of Scope	32
1.103 Environment	32
1.104 Work and Deliverable	33
A. Software Maintenance and Support	33
B. Application Development for Future Enhancements	35
1.200 Roles and Responsibilities	41
1.201 Contractor Staff, Roles, and Responsibilities	41
1.202 State Staff, Roles, And Responsibilities	43
1.300 Project Plan	43
1.301 Project Plan Management	43
1.302 Reports	43
1.400 Project Management	44
1.401 Issue Management	44
1.402 Risk Management	44
1.403 Change Management	44
1.500 Acceptance	45
1.501 Criteria	45
1.502 Final Acceptance	45
1.600 Compensation and Payment	45
1.601 Compensation And Payment	45
Article 2 - Terms and Conditions	46
2.000 Contract Structure and Term	46
2.001 Contract Term	46
2.002 Options to Renew	46
2.003 Legal Effect	46
2.004 Attachments & Exhibits	46
2.005 Ordering	46
2.006 Order of Precedence	46
2.007 Headings	46
2.008 Form, Function & Utility	47
2.009 Reformation and Severability	47
2.010 Consents and Approvals	47
2.011 No Waiver of Default	47
2.012 Survival	47
2.020 Contract Administration	47
2.021 Issuing Office	47
2.022 Contract Compliance Inspector	47
2.023 Project Manager	47
2.024 Change Requests	47
2.025 Notices	49
2.026 Binding Commitments	49
2.027 Relationship of the Parties	49
2.028 Covenant of Good Faith	49
2.029 Assignments	49
2.030 General Provisions	50
2.031 Media Releases	50
2.032 Contract Distribution	50
2.033 Permits	50
2.034 Website Incorporation	50
2.035 Future Bidding Preclusion	50
2.036 Freedom of Information	50



2.037	Disaster Recovery	50
2.040	Financial Provisions	50
2.041	Fixed Prices for Services/Deliverables	50
2.042	Adjustments for Reductions in Scope of Services/Deliverables	51
2.043	Services/Deliverables Covered	51
2.044	Invoicing and Payment – In General	51
2.045	Pro-ration	51
2.046	Antitrust Assignment	51
2.047	Final Payment	51
2.048	Electronic Payment Requirement	52
2.050	Taxes	52
2.051	Employment Taxes	52
2.052	Sales and Use Taxes	52
2.060	Contract Management	52
2.061	Contractor Personnel Qualifications	52
2.062	Contractor Key Personnel	52
2.063	Re-assignment of Personnel at the State’s Request	53
2.064	Contractor Personnel Location	53
2.065	Contractor Identification	53
2.066	Cooperation with Third Parties	53
2.067	Contract Management Responsibilities	53
2.068	Contractor Return of State Equipment/Resources	54
2.070	Subcontracting by Contractor	54
2.071	Contractor full Responsibility	54
2.072	State Consent to delegation	54
2.073	Subcontractor bound to Contract	54
2.074	Flow Down	54
2.075	Competitive Selection	54
2.080	State Responsibilities	54
2.081	Equipment	54
2.082	Facilities	55
2.090	Security	55
2.091	Background Checks	55
2.092	Security Breach Notification	55
2.093	PCI DATA Security Requirements	55
2.100	Confidentiality	56
2.101	Confidentiality	56
2.102	Protection and Destruction of Confidential Information	56
2.103	Exclusions	56
2.104	No Implied Rights	57
2.105	Respective Obligations	57
2.110	Records and Inspections	57
2.111	Inspection of Work Performed	57
2.112	Examination of Records	57
2.113	Retention of Records	57
2.114	Audit Resolution	57
2.115	Errors	57
2.120	Warranties	58
2.121	Warranties and Representations	58
2.122	Warranty of Merchantability	59
2.123	Warranty of Fitness for a Particular Purpose	59
2.124	Warranty of Title	59
2.125	Equipment Warranty	59
2.126	Equipment to be New	59
2.127	Prohibited Products	60
2.128	Consequences for Breach	60
2.130	Insurance	60
2.131	Liability Insurance	60
2.132	Subcontractor Insurance Coverage	61
2.133	Certificates of Insurance and Other Requirements	61



2.140	Indemnification	62
2.141	General Indemnification	62
2.142	Code Indemnification	62
2.143	Employee Indemnification	62
2.144	Patent/Copyright Infringement Indemnification	62
2.145	Continuation of Indemnification Obligations	63
2.146	Indemnification Procedures	63
2.150	Termination/Cancellation	63
2.151	Notice and Right to Cure	63
2.152	Termination for Cause	63
2.153	Termination for Convenience	64
2.154	Termination for Non-Appropriation	64
2.155	Termination for Criminal Conviction	65
2.156	Termination for Approvals Rescinded	65
2.157	Rights and Obligations upon Termination	65
2.158	Reservation of Rights	65
2.160	Termination by Contractor	65
2.161	Termination by Contractor	65
2.170	Transition Responsibilities	66
2.171	Contractor Transition Responsibilities	66
2.172	Contractor Personnel Transition	66
2.173	Contractor Information Transition	66
2.174	Contractor Software Transition	66
2.175	Transition Payments	66
2.176	State Transition Responsibilities	66
2.180	Stop Work	67
2.181	Stop Work Orders	67
2.182	Cancellation or Expiration of Stop Work Order	67
2.183	Allowance of Contractor Costs	67
2.190	Dispute Resolution	67
2.191	In General	67
2.192	Informal Dispute Resolution	67
2.193	Injunctive Relief	68
2.194	Continued Performance	68
2.200	Federal and State Contract Requirements	68
2.201	Nondiscrimination	68
2.202	Unfair Labor Practices	68
2.203	Workplace Safety and Discriminatory Harassment	68
2.204	Prevailing Wage	69
2.210	Governing Law	69
2.211	Governing Law	69
2.212	Compliance with Laws	69
2.213	Jurisdiction	69
2.220	Limitation of Liability	69
2.221	Limitation of Liability	69
2.230	Disclosure Responsibilities	70
2.231	Disclosure of Litigation	70
2.232	Call Center Disclosure	70
2.233	Bankruptcy	70
2.240	Performance	71
2.241	Time of Performance	71
2.242	Service Level Agreement (SLA)	71
2.243	Liquidated Damages	72
2.244	Excusable Failure	72
2.250	Approval of Deliverables	73
2.251	Delivery of Deliverables	73
2.252	Contractor System Testing	73
2.253	Approval of Deliverables, In General	74
2.254	Process for Approval of Written Deliverables	75



2.255	Process for Approval of Custom Software Deliverables	75
2.256	Final Acceptance	76
2.260	Ownership	76
2.261	Ownership of Work Product by State	76
2.262	Vesting of Rights	76
2.263	Rights in Data	76
2.264	Ownership of Materials	76
2.270	State Standards	76
2.271	Existing Technology Standards	76
2.272	Acceptable Use Policy	77
2.273	Systems Changes	77
2.280	Extended Purchasing – Deleted NA	77
2.290	Environmental Provision	77
2.291	Environmental Provision	77
2.300	Deliverables	78
2.301	Software	78
2.302	Hardware	78
2.310	Software Warranties	78
2.311	Performance Warranty	78
2.312	No Surreptitious Code Warranty	79
2.313	Calendar Warranty	79
2.314	Third-party Software Warranty	79
2.315	Physical Media Warranty	79
2.320	Software Licensing	80
2.323	Deleted NA	80
2.324	License Retained by Contractor	80
2.325	Pre-existing Materials for Custom Software Deliverables	80
2.330	Source Code Escrow	80
2.331	Definition	80
2.332	Delivery of Source Code into Escrow	80
2.333	Delivery of New Source Code into Escrow	81
2.334	Verification	81
2.335	Escrow Fees	81
2.336	Release Events	81
2.337	Release Event Procedures	81
2.338	License	81
2.339	Derivative Works	81
Glossary		82
Exhibit 1 - Office of Enterprise Security Document		84
Exhibit 2 - Current Technical Environment		88
Attachment 1 – EGrAMS License and Service Level Agreement		90
SOFTWARE LICENSING AGREEMENT		92
Attachment 2 – Hardware and Network Infrastructure		101
Attachment 3 – Hosting Environment		102
Attachment 4 – Security and Disaster Recovery Process		104
Attachment 5 - Security Requirement for Hosting		111
Attachment 6 – Revised Cost Tables		117



ARTICLE 1 – STATEMENT OF WORK (SOW)

1.000 Project Identification

1.001 PROJECT REQUEST

This Contract provides for ongoing maintenance, enhancements and hosting options for the proprietary web-based Electronic Grants Administration and Management System® (EGrAMS®) software. The hosting contractor will be responsible for procuring all of the server hardware and software needed to host EGrAMS.

BACKGROUND

The State has a non-exclusive, royalty-free, site-wide, irrevocable, transferable license to use EGrAMS®. EGrAMS® is a commercial-off-the-shelf (COTS) application that allows state agencies to automate and streamline the grant life cycle. EGrAMS® allows potential grantees the ability to apply for grants through the use of a web-portal. The portal provides comprehensive information about available grant programs, eligibility requirements, information on grant writing techniques, access to key statistics, and the ability for applicants to look up grant application status. Additionally, EGrAMS® also allows the state agencies to automate the workflow required to review, approve and deny grant applications.

1.100 Scope of Work and Deliverables

1.101 IN SCOPE

The Contractor must provide the following services for the complete and successful maintenance and support of EGrAMS® including the functionality required for the State's business operations. A more complete description of the supplies and/or services sought for this project is provided in Section 1.104, Work and Deliverables. This Contract consists of the following components:

- **Maintenance** - Maintenance is defined as repair or replacement services provided after the expiration of the warranty period necessary to identify and repair software malfunctions in order to return the system to its original operating condition. Maintenance also includes an agreement to provide an annual renewable software subscription to include future upgrades (both major and minor revisions of the application) and ongoing vendor product support. Help Desk and Technical Support.
- **Enhancements for Current EGrAMS Implementations**– These projects will be determined at time of need and a separate work statement will be developed.
- **New Grant Implementations** – These projects will be determined at time of need and a separate work statement will be developed.
- **Hosting** – Contractor hosted solution to include procuring, installing and maintaining application server(s) and other required hardware/software. The solution must include live, development and test environments. The development and test hardware/operating system environment must resemble the live environment as closely as possible. The State reserves the option of deciding whether to continue with the vendor provided hosting for the duration of the contract or hosting the EGrAMS software within the State's environment.

1.102 OUT OF SCOPE

The following are out of the scope for this Request for Proposal:

- Business process re-engineering services
- Licenses for any product other than those required for the existing EGrAMS® software
- Maintenance and enhancements other than what is required for the EGrAMS® software

1.103 ENVIRONMENT

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

Enterprise IT Policies, Standards and Procedures:

<http://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 MDTMB 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 MDTMB. 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 MDTMB must approve any tools, in writing, before use on any information technology project.

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

Enterprise IT Security Policy and Procedures:

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

The State's security environment includes:

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

IT Strategic Plan:

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

IT eMichigan Web Development Standard Tools:

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

The State Unified Information Technology Environment (SUITE):

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

Current Technical Environment for EGrAMS®:

EGrAMS hosting includes both a production site and a testing site. The production and test site are live for the agencies listed above. The test environment is mainly used for testing new programs and training to grantees. See Exhibit 2 for additional details on the current technical environment.

1.104 WORK AND DELIVERABLE

A. SOFTWARE MAINTENANCE AND SUPPORT

Contractor shall supply annual software maintenance and support services that provide systems management. Contractor must fully understand all the functionality provided by the EGrAMS® software. Contractor must be able to explain how each aspect of the software works and be able to document needed corrections for submission to EGrAMS® for resolution. Vendor License and Support Level Agreement attached - **Attachment 1**.

1. **System Maintenance Activities** – Contractor will provide Software maintenance. System Maintenance refers to regular and routine work performed by the Contractor on the EGrAMS® software. This includes any work required to correct defects in the system operation as required to meet Contract requirements. This includes any routine file maintenance to update any information required for operation of the system such as data changes, constructing new edits, investigating batch job failures, investigating and correcting application defaults, repairing jobs run incorrectly, repairing problems due to system software failures, repairing problems due to operator or schedule error, rectifying problems due to web page, program, object, class, scripts, control language, or database errors, repairing security problems, repairing and restoring corrupted files, table structures, and databases, rectifying incorrect documentation, and repairing problems due to jobs run with incorrect data.



- a. The Contractor will perform system maintenance as defined in the Scope of Work for the component parts of the system after implementation.
- b. The maintenance period is for the life of this contract for the EGrAMS® software.
- c. All maintenance will be performed by qualified personnel who are familiar with the system.
- d. The Contractor will provide backup maintenance resources.
- e. The Contractor will provide for escalation of maintenance issues to ensure critical issues are resolved.
- f. The Contractor will provide remote diagnostic capabilities.
- g. The Contractor will provide one point of contact to report system malfunction whether malfunction is due to software or is of unknown origin. The Contractor will then be responsible for providing the appropriate remedy.
- h. The Contractor will make maintenance of the system available from the Contractor on an annually renewable Contract basis.
- i. Contractor will provide the following services for the system:
 - i. Error Correction. Upon notice by State of a problem with the system (that can be verified), the Contractor shall use reasonable efforts to correct or provide a working solution for the problem.
 - ii. The Contractor shall notify the State of any material errors or defects in the deliverables known, or made known to the Contractor from any source during the Contract term that could cause the production of inaccurate or otherwise materially incorrect, results.
 - iii. The Contractor shall initiate actions, as may be commercially necessary or proper to effect corrections of any such errors or defects.
- j. Contractor must communicate and coordinate implementing enhancements, new releases and other changes to EGrAMS® with the State's Single Point of Contact (SPOC).
- k. Contractor must inform the State's SPOC, in advance, for any planned downtimes. In addition, Contractor must communicate any unplanned downtimes to the State's SPOC as soon as the Contractor is aware the system is down.

2. Help Desk Support

Contractor must provide a toll free support telephone number. The support number shall be in operation during State business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding State holidays.

Contractor must provide technical support from 8 a.m. to 5 p.m. EST; Monday through Friday with a minimum response time of 4 hours via a Contractor provided toll-free phone number. Internet support and e-mail to authorized state staff is also acceptable.

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.

3. Adaptive and Preventive Maintenance Activities

- a. Adaptive and preventive maintenance addresses upgrades to the system due to technical changes to system components to keep the system maintainable, including the following services:
 - i. Upgrades or patches of the application server, Windows components, operating system, or other system and application software.
 - ii. Software modifications and upgrades necessary because of expiring third party vendor support.
 - iii. Hardware, database, or application conversions that do not modify user functionality.
 - iv. One-time loads or reformats of user data.
 - v. Disaster recovery plan activities – see Attachment 4.
- b. The changes should be transparent to the end user and specifically communicated to the State SPOC.
- c. Adaptive release changes will be performed in a monthly patch release.



- d. For major upgrades requiring a more significant amount of time to develop, test, and implement, the changes should be completed as part of a development release or a quarterly release.
- e. Application Repair –Contractor must offer patches or fixes to acknowledged issues of the EGrAMS® software within an acceptable timeframe.

4. Performance Maintenance Activities – provide or coordinate and assist State staff in performance maintenance activities to improve the performance of the application.

- a. Performance maintenance includes the following services:
 - i. Improve the performance, maintainability, or other attributes of an application system.
 - ii. Data table restructuring.
 - iii. Data purges and or archiving to reduce/improve data storage.
 - iv. Run time improvements.
 - v. Replace utilities to reduce run time.
 - vi. Potential problem correction.
 - vii. Data set expansions to avoid space problems.
- b. Performance maintenance changes will be performed in a monthly patch release or, for major changes requiring significantly more time to develop, test, and implement, the changes should be completed as part of a development release or quarterly release.
- c. Activities that typically can be completed independent of a production release (e.g., data set expansions, data purges) may be completed on a more frequent basis (e.g., daily or weekly).

5. Documentation Update - Information about any unique aspects of the Michigan implementation must be recorded and available to all support personnel.

B. APPLICATION DEVELOPMENT FOR FUTURE ENHANCEMENTS

Future enhancements will be required based on federal and state requirements. A separate Statement of Work will be written for any required enhancements. Contractor will provide future development services and/or software enhancement meeting the definitions below.

The State may purchase additional services related to the environment from this Contractor for up to 8000 hours over the Contract. See below hours per agency:

- Michigan Department of Community Health (MDCH) – 5,000 hours
- Michigan Department of Human Services – 3,000 hours

Services must be dependent upon mutually agreed upon statement(s) of work between the Contractor and the State of Michigan. Once agreed to, the Contractor must not be obliged or authorized to commence any work to implement a statement of work until authorized via a purchase order issued against this contract.

System enhancements / scope modifications include changes to the system that are necessary to meet:

1. New State policy requirements,
2. New Federal regulations,
3. New technology requested by the State, or
4. Accommodate new or updated interfaces requested by the State.

The Contractor must be able to respond with costs and timelines to all requests to modify the EGrAMS software to meet future needed functionality.

1. Application Adjustments & New Development - Contractor must provide the ability to request changes or new development work of the EGrAMS software.
2. Interoperability Development with Other Applications - Contractor must provide the ability to request integrations or interoperability with other products or services of the EGrAMS software.
3. System Interface Adjustments & New Interfaces – Contractor must provide the ability to request changes or customizations to the application user interface of the EGrAMS software.



Acceptance Criteria

Specific acceptance criteria for software enhancements will be included in each Statement of Work (SOW). The following criteria apply to software enhancement deliverables:

- Beta software is not accepted as final deliverable.
- MDTMB will review the software enhancements for acceptance of functionality, usability, installation, performance, security, standards compliance, backup/recovery and operation. Approvals will be written and signed by the SOW Agency/MDTMB Project Manager. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit software for approval.
- Software enhancements are installed and configured in appropriate environment (e.g. development, test, pre-live, live). Contingency plans and de-installation procedures and software are provided by Contractor and approved by the SOW Agency/MDTMB Project Managers.
- Contractor will successfully test software enhancements in the development environment before moving the enhancement to the test and pre-live environments for final software testing by MDTMB. Approvals will be written and signed by SOW Agency/MDTMB Project Managers.
- Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit test software, data and results for approval. Only after successful State testing in the test and pre-live area will the enhancement be implemented in the production environment. This implementation should occur at an agreed upon time during non business hours, such as late evenings or weekends.

C. Application Development for New Grant Implementations

New grant implementations may be requested. A separate Statement of Work (SOW) will be written for any required new implementation. The Contractor will bid each new implementation request as a fixed price proposal. The Contractor will not begin work until authorized by the SOW Agency/MDTMB Project Managers. The order of completion will be determined by the SOW Agency/MDTMB Project Managers. All approvals will be in writing and signed by the SOW Agency/MDTMB Project Managers.

If applicable in a subsequent Statement of Work, Contractor will provide the following for any new implementation requested during the Contract period:

1. Develop Requirements Documentation. The requirement document must be delivered to the SOW Agency/MDTMB Project Managers within one week of the last requirements meeting.
2. Develop Project plan to include the following:
 - a. A work breakdown structure of the major phases of the project, accounting for all tasks, deliverables, resources and milestones for the design, development, testing and implementation of the enhancement including all interfaces and other agency resources.
 - b. Estimated hours and timetable for each task, deliverable, and milestone.
 - c. Vendor resource loading by task and role.
 - d. State resource loading by task and role.
 - e. Any assumptions of constraints identified by the Vendor must be listed in the Project Plan.
 - f. List of any hardware that may need to be purchased, and get State approval before making the purchase.
 - g. The project plan must be delivered to the SOW Agency/MDTMB Project Manager within one week of the approval of the requirements document.
3. Program the application.
4. Develop test cases and conduct unit testing.
5. Develop installation plan.
6. Conduct user acceptance testing to ensure that the requirements are satisfied and to validate the results.
 - a. Vendor will demonstrate to the State that all of the system requirements and functions have been satisfied.
 - b. The State will determine if the Contractor has fulfilled all of the requirements.
 - c. The Contractor will be responsible to modify any functionality or requirement that is viewed by the State as not acceptable.



- d. The Contractor will be responsible to add a function or requirement as defined in the requirements document that the Contractor failed to include.
- e. All modifications and/or additions to a function in the system as defined in the requirements document will be performed without any additional cost.
- f. This entire process will take place prior to installation and live implementation.
7. Documentation - Provide complete, up-to-date, electronic manuals for the EGrAMS system and its components, operations, maintenance, administration and use that are easily referenced, easily used and searchable.
8. Develop User Training for State staff. The training can be by Web conferencing or at State of Michigan's facilities.
9. If State hosted, provide technical support during installation to State's production environment. This includes a 90-day warranty period for the enhancement.
10. Systems information and site data reports must be available on request.
11. Warranty Requirements - After installation and configuration in the production environment, all issues discovered during the following 90-day period are resolved and accepted or waived by MDTMB.

Acceptance Criteria

Specific acceptance criteria for new grant implementations will be included in each Statement of Work and may include, but not limited to, software product, development tools, support tools, data migration software, integration software and installation software. The following criteria apply to software deliverables:

- Beta software is not accepted as final deliverable.
- MDTMB will review the software for acceptance of functionality, usability, installation, performance, security, standards compliance, backup/recovery and operation. Approvals will be written and signed by the SOW Agency/MDTMB Project Manager. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit software for approval.
- Software is installed and configured in appropriate environment (e.g. development, test, pre-live, live). Contingency plans and de-installation procedures and software are provided by Contractor and approved by the SOW Agency/MDTMB Project Managers.
- Contractor will successfully test software in the development environment before moving it to the test and pre-live environments for final software testing by MDTMB. Approvals will be written and signed by the SOW Agency/MDTMB Project Managers.
- Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit test software, data and results for approval. Only after successful State testing in the test and pre-live area will the enhancement be implemented in the production environment. This implementation should occur at an agreed upon time during non business hours, such as late evenings or weekends.
- MDTMB will review for acceptance the documentation for completed, up-to-date, electronic manuals for the EGrAMS system and its components, operations, maintenance, administration and use that are easily referenced, easily used and searchable.. Approvals will be written and signed by the SOW Agency/MDTMB Project Manager. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit documentation for approval.

D. Hosting Requirements

Contractor must provide pricing for all required hardware/software to support their hosting solution. There must not be a disruption in the operation of the EGrAMS software. The State reserves the right to continue with vendor provided hosting for the duration of the contract or hosting the application within the State's environment

1. The Contractor must be able to provide the equipment maintenance and support over the period of the contract that includes:
 - a. Software - Apply hot-fixes and service packs as needed to address anomalies and security concerns. Software support applies to third party software including operating system, back ups, antivirus software, and any application software.



- b. Hardware - Apply Firmware and Bios updates as needed to address anomalies and security concerns. Updates are provided by the hardware vendor and must be tested internally prior to install.
- c. Server - Standard hardware and software maintenance as listed above to ensure reliability and optimal performance. This maintenance must occur weekly, monthly and quarterly depending on tasks.
- d. Firewall - Must be deployed using current industry best practice model. Logs are to be monitored and maintained to ensure reliability and security.
- e. Anti-Viral – Must provide a reliable industry-standard anti-virus system. Virus definition file maintenance and updates must be done daily to ensure complete virus protection. System must have weekly proactive scans during off peak periods.
- f. Power Systems and Infrastructure – The facility must meet or exceed the Uptime Institute Tier 3 Data Facility standards. (<http://www.uptimeinstitute.org/>) Primary infrastructure systems must be monitored and redundant, with battery and generator backup power. Circuit load must be checked regularly to ensure reliable power to systems.
- g. Internet Connectivity - Must be redundant connections with burst able bandwidth support. The connectivity must automatically adjust to handle increased load during an alert.
- h. Telephone Lines - Service must be maintained and operational tested at regular intervals. Contractor must provide a 1-800 toll free phone line for help desk support calls for all users of the system to call.
- i. Encryption & Server Certificates - Must be registered and installed on all web servers. All web traffic transferred from the EGrAMS system to the public internet must be encrypted.
- j. Domain Names – Must be registered for both the primary and alternate sites. Domain Name Services for all public facing web servers and all internal systems must be maintained and redundant.
- k. Systems & Data Backup - Must occur nightly. Data must be transferred to tape or other portable media, removed from the data center, and stored at a secure site.
- l. Systems Failover – Failover to an alternate site is to be available at all times with little or no notice. In order to maintain uptime, critical services must be transferred in the event of a prolonged outage at the primary site. The alternate site must be located geographically separated from the primary site.
- m. Server Computers – Increased hardware capacity may be needed to deal with system expansion and performance needs. The site infrastructure hosting the systems must have the capacity to add additional servers and meet power needs.
- n. Infrastructure Hardware - Should be added as needed to deal with system expansion and performance needs. The site infrastructure hosting the systems must have the capacity to add additional equipment and meet power needs.
- o. Power Systems as Needed - The site infrastructure hosting the systems must have the capacity to add additional power to meet growing needs.
- p. The EGrAMS® software must be fully available 99.9% of the time during normal business hours of 8AM to 6PM on business days and also available on-call during non-business hours to support the hosted infrastructure as well as application software.
 - 1. Definitions
 - a. Normal business hours are defined as Monday through Friday, 8:00am to 5:00pm Eastern Standard Time.
 - b. Non-business hours are defined as Monday through Friday 5:00pm to 8:00am Eastern Standard Time, plus all weekends and State holidays.
 - 2. Response Times for Support - Vendors will be required to establish service level agreements (SLAs) with the State. The SLAs will specify:
 - a. minimum acceptable requirements for system uptime and availability,
 - b. system responsiveness,
 - c. number and expertise of technical support staff,
 - d. back-up schedules,
 - e. software updates,
 - f. system monitoring and maintenance,



- g. responsiveness of technical support staff when problems are encountered (including help desk response time, time to answer, time to resolution, time to escalation, etc.)
 - h. problem management and escalation procedures,
 - i. types and frequency of management reports pertaining to the performance of the outsourcing vendor.
 - j. notification plan to State SPOC for downtimes.
- q. Performance and Capacity Management
- Monitor, collect, and analyze Server utilization data for CPU, memory, and disk space;
 - Compile configuration data and usage patterns;
 - Monitor Server performance;
 - Establish thresholds and exception reporting procedures;
 - Perform tuning based on available performance data;
 - Review Server capacity trends;
 - With the State's assistance, establish a schedule for vendor's performance of Server maintenance (for example, virus and malicious software detection, backup, disk space cleanup) and for implementing modifications and enhancements to the Web Hosting Environment so as to minimally impact availability of the Web Hosting Environment;
 - Fire detection and suppression a system for early detection of fires and suppression in a manner that does not damage state equipment
 - Air conditioning monitored facilities to control for temperature and humidity
 - Facility monitoring for electrical and mechanical failures, fire detection, and leak detection
 - Support services including system and network monitoring of backbone routers, WAN interfaces, routers, switches, and servers
 - Network problem detection, tracking, and resolution process
 - Installation of new and/or replacement hardware (procured by the State)
- r. Security Management (See Exhibit 1)
- Define access controls for the Web Hosting Environment;
 - Attempt to monitor the Web Hosting Environment for unauthorized access;
 - Notify the State in accordance with the security procedures specified in the vendor's Security Guidelines if the vendor detects a security violation;
 - Follow the procedures specified in the vendor Security Guidelines for logging, alarming and reporting of security violations;
 - Provide and maintain virus and malicious software avoidance, detection, and elimination software for Servers;
 - Conduct periodic security reviews;
 - Validate the correct use of logical control features such as time-out password screens and password and logon administration;
 - Verify proper assignment as per the State's instructions of access rights to source code and licensed software products; Physical security of the hosting location 24/7 and 365 day (monitored)
 - Controlled access to facilities during business, including logged access by time and date
 - Report access rights for State approval
- s. Storage Management Services
- Maintain and implement database backup and restore processes and procedures to Attempt to restore Servers following outages or corruption;
 - Conduct routine backup and restore procedures so as not to adversely impact scheduled operations, including regular backups from disk to tape for the Servers during nightly backup windows;
 - Assist the State in the restoration of files deleted or corrupted because of the State's actions.
 - The Web Hosting Environment will provide daily incremental backup of all Servers with the ability to restore to the most recent backup;
 - Backup and restore Content;



- t. Reports
1. Server Availability Reports
 - Outage Summary Report
 - Outage by Server Report
 - i. The start and end time of each outage;
 - ii. The duration of the outage;
 - iii. The IP address experiencing the outage;
 - iv. Reason for the outage, if known;
 - v. Description of the actions required to resolve the outage problem;
 - vi. Total time the Server was unavailable; and
 - vii. Name of the vendors technical team member responsible for resolving the problem.
 2. Performance and Capacity Reports - graphical summary report contains a line graph and a bar chart showing the percentage of Servers in which utilization of a particular resource (i.e., CPU, memory, disk space) was either red, yellow, or green.
 3. Capacity Summary Report - contains a bar chart and a table showing the percentage of Servers in which utilization of a particular resource (i.e., CPU, memory, and disk space) was either red, yellow, or green as defined above. There is also a bar chart and table that show overall resource utilization. The report shows approximately 24 months of data.
- u. Hardware - diagram of Contractor's Hardware and Network infrastructure (Attachment 2) and server information (Attachment 3) is attached. The Production infrastructure shall be designed to be a High Availability environment. It is expected the Contractor will meet the following Standards:
- Connection: Minimum uptime: 99.9%.
 - System availability: 24x7x365.
 - An Uninterruptible Power Supply must protect all servers.
 - All servers should have dual network cards for fail-over.
 - All servers must be located in a security locked room accessible only by authorized personnel
 - All outside connections must pass through an approved State of Michigan Firewall.
 - All servers are protected by State of Michigan approved Anti-Virus software.
 - All servers must pass a State of Michigan approved vulnerability scan, with remediation in 48 hours.
 - All servers have their OS upgraded upon release with ample time allowed for bug fixes.
 - The contractor's solution must include the following environments:
 - Development
 - Testing
 - Live Production

The contractor may propose combining environments; however, the Live Production environment must be physically separate from the other environments.

Redundancy shall be designed into the system to handle failure situations and make system maintenance possible without experiencing downtime. Server redundancy is not required; however backup procedures minimize the chance of data loss in the event of a hardware failure. In the event of a prolonged outage due to hardware failure, other servers are available to temporarily run the application. Contractor may provide additional alternatives that will meet the redundancy requirement and will provide a cost savings to the State.

2. Posting & Site Security (See Exhibit 1 and Attachment 5)

Physical system security is paramount. All systems must be housed within a secured facility and kept within a secured cabinet or cage. The facility must track and control all access entering and exiting the building and server room, as well as having physical security systems and video surveillance. Additionally, the State of Michigan will have rights in accordance with the Software License Agreement to continue use of the software without renewal of the Software Maintenance Agreement.



- a. Location of Work Requirements - The work is to be performed, completed, and managed in (1) secure data center. CONTRACTOR proposes maintaining and hosting the EGrAMS application from its headquarters in Troy, Michigan. The servers dedicated to EGrAMS will be secured in server cabinet. Access to the server room is controlled by access card based security system and the server room monitored by video surveillance.
- b. Security and Confidentiality Requirements
 - i. All sites must be secured from Internet, Intranet or On-Site intrusions or attacks.
 - ii. All equipment must be kept secure from On-Site intrusions or attacks.
 - iii. All data must be secured from Internet, Intranet or On-Site intrusions or attacks.
 - iv. All Internet based data transmission must be encrypted.
- c. The equipment must comply with the State of Michigan standards.

3. Disaster Recovery (See Attachment 4)

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 manmade disaster.

The Contractor’s disaster recovery strategy must include:

- The strategy to recover to a known good state & resume after a site-loss disaster
- The ability to recover on-line transactions since the last backup in a non-site-loss disaster
- An annual demonstration of the ability to recover full functionality to another site
- Off-site transport of system and database backups

The Vendor must provide a document indicating the strategy to maintain system availability in the event of the loss of one or more system components.

Security – In addition to documenting the disaster recovery and back up process, the Contractor must describe the security for all of the IT environments being hosted. See Attachment 5.

Acceptance Criteria

- 1. The services will be accepted in accordance with the requirements of the contract.
- 2. State will review maintenance requests within a mutually agreed upon timeframe from.
 - a. Approvals will be written and signed by State Project Managers.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit a revised Maintenance Request for Approval of Services within 10 days.
- 3. The Contractor will maintain the tools and connectivity installed, in compliance with DTMB standards, to properly support and monitor the application.

1.200 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

A. Contractor Staff

- The Contractor will provide sufficient qualified staffing to satisfy the deliverables of the Statement of Work. Professional support staff must be well-trained on the EGrAMS® software.
- Must provide normal services Monday through Friday, 8:00 a.m. to 5:00 p.m. EST
- All personnel provided by the Contractor shall be subject to the rules, regulations, approval, and policies of the State.
- Must replace all employees whose work was found to be unsatisfactory within five (5) business days of notification
- As required, the Contractor must attend and conduct program meetings using appropriate and most effective communication methods. These meetings will review the status of any outstanding service requests submitted to the Contractor.
- Must provide responses to program-related questions and issues



- Support personnel must be English-speaking and be available via a toll-free number. Due to sensitivities of the system, it is preferable for all support activities to occur in the continental United States of America.

The Contractors Maintenance Responsibilities include the following:

- Must support the application in any technical capacity necessary to ensure proper functionality
- Must provide help desk support for handling inquiries and problems
- Must implement timely resolutions to problems, traveling to State facilities as needed

The Contractor shall assign a Single Point of Contact (SPOC). Contractor's SPOC must perform the following duties:

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

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

The core CONTRACTOR members selected for this project are:

James Joseph - HTC's Vice President Government Solutions will provide Executive Project Oversight and escalation point for issues and facilitate issue resolution. Working with James will be HTC's Program

Joseph Rodrigues - Manager (PMI certified PMP). He is a subject matter expert in Grants Management processes. He will work closely with the state stakeholders to ensure quality and timely delivery of the project.

Samit Taneja - (PMI certified PMP). Senior Business Analyst for the project and Subject Matter expert in Grants Management processes.

Shibu Madhavan - development and configuration lead.

Srinivas Maranganti - senior developer.

B. On Site Work Requirements

1. Security and Background Check Requirements

Contractor must present certifications evidencing satisfactory Michigan State Police Background checks ICHAT and drug tests for all staff identified for assignment to this project. Contractor personnel will be required to complete and submit an RI-8 Fingerprint Card for the National Crime Information Center (NCIC) Finger Prints, if required by project. Contractor will pay for all costs associated with ensuring their staff meets all requirements.

2. Location of Work

The work is to be performed, completed and managed at the Contractors location or at locations in Lansing, Michigan.

3. 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.



4. Travel:

- a. No travel or expenses will be reimbursed. This includes travel costs related to training provided to the State by Contractor.
- b. Travel time will not be reimbursed.

STATE STAFF, ROLES, AND RESPONSIBILITIES

MDTMB Agency Services/Agency staff will oversee Maintenance and Support Responsibilities including:

- Provide a technical production support team available for transition activities
- Provide a technical support team for hardware support, patches and maintenance

The below named MDTMB Single Point of Contact (SPOC) is responsible for coordinating the maintenance and support responsibilities between the Contractor and State Agencies.

Name	Agency/Division	Title
Sherilyn Hart	MDTMB/DHS Agency Services	SPOC
TBD	MDTMB/DCH Agency Services	Back-Up SPOC

The below named MDTMB Contract Administrator duties include, but not be limited to, supporting the management of the Contract.

Name	Agency/Division	Title
Sara Williams	MDTMB/Agency Services	Contract Administrator

If applicable, the State will provide resources (Work space, Telephone, PC workstation, etc.) for the Contractor’s use on this project.

For future enhancements and new implementations, State staff to be identified in each subsequent statement of work.

1.300 Project Plan

PROJECT PLAN MANAGEMENT

Section 1.300 may be required for each subsequent Statement of Work that requests enhancement services through this Contract. At a minimum, the Project Plan must contain the following items, or reasonable substitutions:

1. A work breakdown structure of the major phases of the project, accounting for all tasks, deliverables and milestones.
2. A timetable for each task, deliverable, and milestone.
3. A summary of total Contractor and State staff hours by phase. The Work Plan, as described above, must cover the entire project and each phase, and must reflect State staff, tasks, and schedules.
4. Any assumptions or constraints identified by the Contractor. If there are needs for State staff in addition to those referenced in Section 1.202, the Contractor should note this need at this point.
5. An explanation of how the schedule provides for the handling of potential and actual problems, this must also include general plans for dealing with the slippage of critical dates.

1.302 REPORTS

A monthly progress report must be submitted to the MDTMB Project Manager. Monthly reports will include a narrative to explain problems experienced in the period, recommendations for change to the project plan, and any comments the Contractor may have. The report may be submitted with the billing invoice. Each progress report must also contain the following:

4. **Hours:** Indicate the number of hours expended during the past month, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
5. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
6. **Funds:** Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.



1.400 Project Management

Section 1.400 may be required for each subsequent Statement of Work that requests enhancement services through this contract.

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 MDTMB Project Manager on an agreed upon schedule, with email notifications and updates. Issue management shall include an escalation path for resolution. 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

1.402 RISK MANAGEMENT

A risk is an unknown circumstance or event that, if it occurs, may have a positive or negative impact on the project. The Contractor is responsible for establishing a risk management plan and process, including the identification and recording of risk items, prioritization of risks, definition of mitigation strategies, monitoring of risk items, and periodic risk assessment reviews with the State.

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

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

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

1.403 CHANGE MANAGEMENT

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

If a proposed Contract change is approved by the Agency, the Contract Administrator will submit a request for change to the Department of 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 DMB 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 an authorized Contract Change Notice are at risk of 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.

1.500 Acceptance

1.501 CRITERIA

Acceptance criteria for deliverables will be identified in each individual project SOW.

1.502 FINAL ACCEPTANCE

Final acceptance criteria for deliverables will be identified in each individual project SOW.

1.600 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

This is a fixed price deliverable based Contract. The rates quoted will be firm for the duration of this Contract. See **Attachment 6** for Contract Cost Table.

The State will not pay for travel expenses including travel time, hotel, mileage, meals and parking.

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 must submit properly itemized invoices to "Bill To" Address on the Purchase Order. Incorrect or incomplete invoices will be returned to Contractor for correction and reissue. Invoices must provide and itemize, as applicable:

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

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



Article 2 - Terms and Conditions

2.000 Contract Structure and Term

2.001 CONTRACT TERM

This Contract is for a period of five (5) years beginning October 1, 2010 through September 30, 2015. All outstanding Purchase Orders must also expire upon the termination 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, shall remain in effect for the balance of the fiscal year for which they were issued.

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 five (5) additional one-year periods.

2.003 LEGAL EFFECT

Contractor accepts this Contract by signing two copies of the Contract and returning them to the Purchasing Operations. 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 shall not be liable 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), 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 must issue an approved written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order 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 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 shall 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. The Contract 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, the Michigan Department of Community Health (Children's Trust Fund) and the Michigan 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:

Dale N. Reif, Buyer
Purchasing Operations
Procurement & Real Estate Services Administration
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
reifd@michigan.gov
517.373.3993

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 identified in Section 1.202.

2.023 PROJECT MANAGER

The Project Manager is identified in Section 1.202.

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, Contractor shall provide a detailed outline of all work to be done, including tasks necessary to accomplish the Additional 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 before commencing performance of the requested activities it believes 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 and 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 requires 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 Contractor believe the proposed Change 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 shall 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 shall 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 shall 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: Dale N. Reif
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor: Jim Parker
3270 West Big Beaver Road
Troy, MI 48084

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 giving 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 shall be deemed to be an employee, agent or servant of the State for any reason. Contractor shall 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 shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties shall 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 shall pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.034 WEBSITE INCORPORATION

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

2.035 FUTURE BIDDING PRECLUSION

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP; it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any 2.035 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 shall 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 shall 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

The State shall not be obligated to pay any amounts in addition to the charges specified in this Contract for all Services/Deliverables to be provided by Contractor and its Subcontractors, if any, under 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 shall 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 shall 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 1.600**.
- (c) Correct invoices shall 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 shall 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 shall 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) shall 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 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 shall 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 shall be made by electronic fund transfer (EFT).

2.050 Taxes**2.051 EMPLOYMENT TAXES**

Contractor shall collect and pay all applicable federal, state, and local employment taxes, including the taxes.

2.052 SALES AND USE TAXES

Contractor shall register and 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 shall 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 shall notify the State of the proposed assignment, shall introduce the individual to the appropriate State representatives, and shall 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 shall 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, and 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 shall 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 shall perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel shall, 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 shall 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 shall not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

2.067 CONTRACT MANAGEMENT RESPONSIBILITIES

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services. Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties shall 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 shall provide the Services/Deliverables directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall provide only the equipment and resources identified in the Statement 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 shall 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 shall 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 shall be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations shall 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 shall be initiated by the State and shall be reasonably related to the type of work requested.

All Contractor personnel shall 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 shall be expected to agree to the State's security and acceptable use policies before the Contractor personnel shall be accepted as a resource to perform work for the State. It is expected the Contractor shall present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff shall 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 shall cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State in writing any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

2.093 PCI DATA SECURITY REQUIREMENTS

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

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

The Contractor shall contact the Department of Technology, Management and Budget, Financial Services immediately to advise them of any breaches in security where card data has been compromised. In the event of a security intrusion, the Contractor agrees the Payment Card Industry representative, or a Payment Card Industry approved third party, shall be provided with full cooperation and access to conduct a thorough security review. The review will validate compliance with the Payment Card Industry Data Security Standard for protecting cardholder data.

Contractor agrees to properly dispose sensitive cardholder data when no longer needed. The Contractor shall continue to treat cardholder data as confidential upon contract termination.



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

2.100 Confidentiality

2.101 CONFIDENTIALITY

Contractor and the State each acknowledge that the other possesses and shall 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 shall 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 shall (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 shall 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 shall 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 shall 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 shall 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 shall 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 shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that the access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor shall provide all reasonable facilities and assistance for the State's representatives.

2.112 EXAMINATION OF RECORDS

For seven years after the Contractor provides any work under this Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The State shall 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 shall 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 shall 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 shall 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 shall meet to review each audit report promptly after issuance. The Contractor shall 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 shall 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 shall 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 shall 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 shall pay all of the reasonable costs of the audit.



2.120 Warranties

2.121 WARRANTIES AND REPRESENTATIONS

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.
- (b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
- (c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State shall 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 for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other Bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.
- (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants



that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.

- (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Technology, Management and Budget, Purchasing Operations.

2.122 WARRANTY OF MERCHANTABILITY

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

2.123 WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE

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

2.124 WARRANTY OF TITLE

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

2.125 EQUIPMENT WARRANTY

To the extent Contractor is responsible under this Contract for maintaining equipment/system(s), Contractor represents and warrants that it shall maintain the equipment/system(s) in good operating condition and shall 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 thirty (30) 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 shall 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 INSURED 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 INSURED(S) 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

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 MDTMB 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 SHALL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Technology, Management and Budget. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its agents, officers and employees are listed as additional insured under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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



coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.

2.140 Indemnification

2.141 GENERAL INDEMNIFICATION

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

2.142 CODE INDEMNIFICATION

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

2.143 EMPLOYEE INDEMNIFICATION

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

2.144 PATENT/COPYRIGHT INFRINGEMENT INDEMNIFICATION

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

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

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



2.145 CONTINUATION OF INDEMNIFICATION OBLIGATIONS

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

2.146 INDEMNIFICATION PROCEDURES

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

- (a) After the State receives notice of the action or proceeding involving a claim for which it shall 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 shall 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 shall 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 convenience 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 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 shall 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 shall 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 shall pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

2.157 RIGHTS AND OBLIGATIONS UPON TERMINATION

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

2.158 RESERVATION OF RIGHTS

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

2.160 Termination by Contractor**2.161 TERMINATION BY CONTRACTOR**

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

The Contractor may terminate this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the



Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.160** before it terminates the Contract.

2.170 Transition Responsibilities

2.171 CONTRACTOR TRANSITION RESPONSIBILITIES

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor shall 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 forty-five (45) days. These efforts must include, but are not limited to, those listed in **Section 2.150**.

2.172 CONTRACTOR PERSONNEL TRANSITION

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

2.175 TRANSITION PAYMENTS

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

2.176 STATE TRANSITION RESPONSIBILITIES

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

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



2.180 Stop Work

2.181 STOP WORK ORDERS

The State may, at any time, by written Stop Work Order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the Stop Work Order is delivered to Contractor, and for any further period to which the parties may agree. The Stop Work Order must be identified as a Stop Work Order and must indicate that it is issued under this **Section**. 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 2.182**.

2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER

The Contractor shall resume work if the State cancels a Stop Work Order or if it expires. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall 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 shall be deemed to be a termination for convenience under **Section 2.153**, and the State shall pay reasonable costs resulting from the Stop Work Order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be 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 shall be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any dispute after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DTMB, or designee, 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 at issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall 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 shall 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 shall 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, shall 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 shall 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 shall 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 shall 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 that the damages to the party resulting from the breach shall 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 shall 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, shall 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 shall 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 shall 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

Wages rates 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. Contractor shall also post, in a conspicuous place, the address and telephone number of the Michigan Department of Labor and Economic Development, the agency responsible for enforcement of the wage rates and fringe benefits. 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.

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 shall 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 shall 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 shall be 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 shall 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) shall 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 shall 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 shall 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 shall 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 MDTMB Purchasing Operations.
 - (2) Contractor shall also notify MDTMB 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 shall also notify MDTMB 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 shall 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 shall 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 shall 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 shall 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

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.152**, the State is entitled to collect liquidated damages in the amount of \$5,000.00 and an additional \$100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

Unauthorized Removal of any Key Personnel

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.152**, the State may assess liquidated damages against Contractor as specified below.

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

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

2.244 EXCUSABLE FAILURE

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

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

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



termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

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

2.250 Approval of Deliverables

2.251 DELIVERY OF DELIVERABLES

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

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

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

2.252 CONTRACTOR SYSTEM TESTING

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

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

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

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



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

2.253 APPROVAL OF DELIVERABLES, IN GENERAL

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

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

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

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

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

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

Approval in writing of a Deliverable by the State shall be provisional; that is, such approval shall not preclude the State from later identifying deficiencies in, and declining to accept, a subsequent Deliverable based on or which incorporates or inter-operates with an approved Deliverable, to the extent that the results of subsequent



review or testing indicate the existence of deficiencies in the subsequent Deliverable, or if the Application of which the subsequent Deliverable is a component otherwise fails to be accepted pursuant to **Section 2.080**.

2.254 PROCESS FOR APPROVAL OF WRITTEN DELIVERABLES

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

2.255 PROCESS FOR APPROVAL OF CUSTOM SOFTWARE DELIVERABLES

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

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

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

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

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



2.256 FINAL ACCEPTANCE

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

2.260 Ownership

2.261 OWNERSHIP OF WORK PRODUCT BY STATE

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

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

2.264 OWNERSHIP OF MATERIALS

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

2.270 State Standards

2.271 EXISTING TECHNOLOGY STANDARDS

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



2.272 ACCEPTABLE USE POLICY

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

2.273 SYSTEMS CHANGES

Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's approval must be done according to applicable State procedures, including security, access and configuration management procedures.

2.280 Extended Purchasing – Deleted NA

2.290 Environmental Provision

2.291 ENVIRONMENTAL PROVISION

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

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

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

- (a) The Contractor shall use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State shall provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State shall advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.
- (b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous



Materials, the State shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.

- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor shall resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

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

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

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

2.300 Deliverables

2.301 SOFTWARE

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

2.302 HARDWARE

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

2.310 Software Warranties

2.311 PERFORMANCE WARRANTY

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



2.312 NO SURREPTITIOUS CODE WARRANTY

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

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

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

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

2.313 CALENDAR WARRANTY

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

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

2.314 THIRD-PARTY SOFTWARE WARRANTY

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

2.315 PHYSICAL MEDIA WARRANTY

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



2.320 Software Licensing

2.321 Deleted NA

2.322 Deleted NA

2.323 DELETED NA

2.324 LICENSE RETAINED BY CONTRACTOR

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

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

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

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

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

2.325 PRE-EXISTING MATERIALS FOR CUSTOM SOFTWARE DELIVERABLES

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

2.330 Source Code Escrow

2.331 DEFINITION

"Source Code Escrow Package" shall mean:

- (a) A complete copy in machine-readable form of the source code and executable code of the Licensed Software, including any updates or new releases of the product;
- (b) A complete copy of any existing design documentation and user documentation, including any updates or revisions; and/or
- (c) Complete instructions for compiling and linking every part of the source code into executable code for purposes of enabling verification of the completeness of the source code as provided below. Such instructions shall include precise identification of all compilers, library packages, and linkers used to generate executable code.

2.332 DELIVERY OF SOURCE CODE INTO ESCROW

Contractor shall deliver a Source Code Escrow Package to the Escrow Agent, pursuant to the Escrow Contract, which shall be entered into on commercially reasonable terms subject to the provisions of this Contract within (30) thirty days of the execution of this Contract.

**2.333 DELIVERY OF NEW SOURCE CODE INTO ESCROW**

If at anytime during the term of this Contract, the Contractor provides a maintenance release or upgrade version of the Licensed Software, Contractor shall within ten (10) days deposit with the Escrow Agent, in accordance with the Escrow Contract, a Source Code Escrow Package for the maintenance release or upgrade version, and provide the State with notice of the delivery.

2.334 VERIFICATION

The State reserves the right at any time, but not more than once a year, either itself or through a third party contractor, upon thirty (30) days written notice, to seek verification of the Source Code Escrow Package.

2.335 ESCROW FEES

The Contractor will pay all fees and expenses charged by the Escrow Agent.

2.336 RELEASE EVENTS

The Source Code Escrow Package may be released from escrow to the State, temporarily or permanently, upon the occurrence of one or more of the following:

- (a) The Contractor becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under bankruptcy or insolvency law, whether domestic or foreign;
- (b) The Contractor has wound up or liquidated its business voluntarily or otherwise and the State has reason to believe that such events will cause the Contractor to fail to meet its warranties and maintenance obligations in the foreseeable future;
- (c) The Contractor voluntarily or otherwise discontinues support of the provided products or fails to support the products in accordance with its maintenance obligations and warranties.

2.337 RELEASE EVENT PROCEDURES

If the State desires to obtain the Source Code Escrow Package from the Escrow Agent upon the occurrence of an Event in this **Section**, then:

- (a) The State shall comply with all procedures in the Escrow Contract;
- (b) The State shall maintain all materials and information comprising the Source Code Escrow Package in confidence in accordance with this Contract;
- (c) If the release is a temporary one, then the State shall promptly return all released materials to Contractor when the circumstances leading to the release are no longer in effect.

2.338 LICENSE

Upon release from the Escrow Agent pursuant to an event described in this **Section**, the Contractor automatically grants the State a non-exclusive, irrevocable license to use, reproduce, modify, maintain, support, update, have made, and create Derivative Works. Further, the State shall have the right to use the Source Code Escrow Package in order to maintain and support the Licensed Software so that it can be used by the State as set forth in this Contract.

2.339 DERIVATIVE WORKS

Any Derivative Works to the source code released from escrow that are made by or on behalf of the State shall be the sole property of the State. The State acknowledges that its ownership rights are limited solely to the Derivative Works and do not include any ownership rights in the underlying source code.



Glossary

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.



Exhibit 1 - Office of Enterprise Security Document

Security Standards

The Office of Enterprise Security mission is to ensure that the appropriate level of security is implemented and maintained in order to protect the integrity of the State of Michigan government computing resources and information. Through security awareness, education, incident response, and the enforcement of State policies and procedures, we instill and maintain the confidence and trust of State of Michigan staff and customers. As part of this project the OES office will be an integral part of the review committee and will take pro-active steps to ensure the solution is secure for the SOM and its users.

The best practices would include:

- Microsoft's Guidelines for developing secure applications
- NIST 800 series guidelines located at <http://csrc.nist.gov/publications/nistpubs/> especially 800-64, -53
- Michigan State Standards
- COBIT Audit Standards

Security Architecture

In order to protect SOM assets to the fullest extent possible, multi-layered and highly extensible security architecture has been designed. This architecture seeks to utilize the absolute "best of breed" security products, devices and tools, combined with careful planning and policy-making, across the entire State of Michigan enterprise. In addition to utilizing the best products and tools for each situation, an overall design/implementation strategy has been developed to further enhance the security of State of Michigan data and resources. By utilizing risk analysis, security policy creation, applications and data sources can be protected based upon sensitivity levels assigned to them. According to this methodology, each data source or application to be made available in the e-Government initiative is to be evaluated based upon its sensitivity, attractiveness to intruders, and dependencies. Based upon this evaluation, the data source can be given a security rating that corresponds to a predefined level of protection that must be provided for that class of information. These different "levels" of protection will be constructed with the information at stake in mind, they will be composed of different combinations of security devices, tools and configurations designed to guard the data source from theft or attack in the most up to date and effective manner possible at all times.

Vendor will be required upon Contract award to develop a security threat matrix that includes a complete security plan with disaster recovery, business continuity plan, change management, and identify all controls for Confidentiality, Integrity, and Availability.

POLICY 1350.00

Issued Date: August 8, 2001

Effective Date: August 20, 2001

Executive Branch departments, boards, commissions or agencies and sub-units shall comply with the standards and guidelines set forth under this Enterprise Security Policy. These standards cover all aspects of security for platforms, networks, and physical access to information technology support facilities. Practical business risk methodologies will guide technical security infrastructure decisions and determine the degree to which a risk should be mitigated or accepted. Departments will be required to report their current status in areas where compliance with the State standard is essential to the well being of State information technology resources. To further strengthen the protection of information technology assets, the State will assess events occurring within the State's information technology environment and take actions deemed appropriate to protect the integrity of the Enterprise. The goal of an enterprise security framework of standards established under this policy is to ensure:

Individual Confidentiality and Privacy – ensure information classified as protected by law or having the potential of being personal identifying information is processed in ways to prevent unauthorized access to the extent permitted by current technology.



- System Integrity – information is protected from tampering and unauthorized modification while in route and residing within the State’s controlled infrastructure.
- Application Availability – authorized users of information technology resources can access appropriate resources in a timely manner. Procedures and standards resulting from this Enterprise Security Policy will address and support the security functions of:
 - Authentication – certainty of source.
 - Authorization – granting of rights and privileges.
 - Administration – security management.
 - Auditing – enforcement and reporting.

The standards described in this section are the minimum level of protection that will be implemented across the Enterprise. State Departments desiring to implement more stringent procedures for their information technology environments may do so with the approval of Enterprise Security. Vendor & Vendor Payees must follow Statement on Auditing Standards (SAS) No. 70, auditing standard.

SAS No. 70 is the authoritative guidance that allows service organizations to disclose their control activities and processes to their customers and their customers’ auditors in a uniform reporting format. A SAS 70 examination signifies that a service organization has had its control objectives and control activities examined by an independent accounting and auditing firm. A formal report including the auditor’s opinion (“Service Auditor’s Report”) is issued to the service organization at the conclusion of a SAS 70 examination.

Vendor & Vendor Payees must use ISO 17799 as a baseline or framework for the information security function, to assist in identifying the controls that have been placed into operation. ISO 17799 is intended to provide a single reference point for the wide range of controls needed for most situations where information technology is used in industry, commerce, and communication. This detailed security standard is divided into 10 key sections:

1. Information Security Policy	6. Computer and Network Management
2. Security Organization	7. System Access Control
3. Asset Classification and Control	8. Systems Development and Maintenance
4. Personnel Security	9. Business Continuity Planning
5. Physical and Environmental Security	10. Compliance

A COBIT (or equivalent) process is preferred in controlling the migration of configuration through development, test and production environments while maintaining separation of duties. A process which may be perpetuated by the technical administration staff after the system has been delivered is preferred. At no time shall developers have administrative access to test or production environments.

Risk Management

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

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



A risk management plan format shall be submitted to the State for approval within twenty (30) business days after the effective date of the contract resulting from the upcoming RFP. The risk management plan will be developed during the initial planning phase of the project, and be in accordance with the State's PMM methodology. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract. The plan must be updated bi-weekly, or as agreed upon.

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

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

Acceptable Use Policy

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--,00.html>. 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.

Background Checks

The Contractor shall authorize the investigation of its personnel proposed to have access to State facilities and systems on a case by case basis. 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. Such 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/ditservice/0,1607,7-179-25781-73760--,00.html>. 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.

Protection 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 in order 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) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such 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 such Confidential Information from unauthorized use or disclosure.

**Security Breach Notification**

In the event of a breach of this Section, Contractor shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor shall 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 ten (10) days of becoming aware of such use or disclosure or such shorter time period as is reasonable under the circumstances.

Rights in Data

The State will be and remain the owner of all data made available by the State to Contractor or its agents, Subcontractors or representatives pursuant to the Contract. Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of Contractor, nor will any employee of Contractor other than those on a strictly need to know basis have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, Contractor shall only use personally identifiable information as strictly necessary to provide the Services and shall disclose such information only to its employees who have a strict need to know such information. Contractor shall comply at all times with all laws and regulations applicable to such personally identifiable information.

The State is and shall remain the owner of all State-specific data pursuant to 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 shall only use personally identifiable information as strictly necessary to utilize the Services and shall disclose such information only to its employees who have a strict need to know such information, except as provided by law. The State shall comply at all times with all laws and regulations applicable to such personally identifiable information. Other material developed and provided to the State shall remain the State's sole and exclusive property.

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 manmade disaster.



Exhibit 2 - Current Technical Environment

Production Servers:

Server 1

OS: MS Windows 2003 Web Edition
 Patch: Service Pack 2
 Server Functions: Web Application Server.
 Applications: IIS 6
 Server Hardware: Dell Poweredge 1850
 CPU's Dual Xeon 2.99 GHz
 RAM 2 GB
 Drives: 80 GB RAID 1 SCSI Backplane 1x2

Server 2

OS: MS Windows 2003 Web Edition
 Patch: Service Pack 2
 Server Functions: Web Application Server
 Applications: IIS 6
 Server Hardware: Dell Poweredge 1850
 CPU's Dual Xeon 2.99 GHz
 RAM 2 GB
 Drives: 80 GB RAID 1 SCSI Backplane 1x2

Server 3

OS: MS Windows 2003 Standard Edition
 Patch: Service Pack 2
 Server Functions: Database Server.
 Applications: MS SQL 2000, SP4 Enterprise Edition
 Server Hardware: Dell Poweredge 2850
 CPU's Dual Xeon 2.99 GHz
 RAM 4 GB
 Drives: 140 GB RAID 1 SCSI

Test Servers:

Server 1

OS: MS Windows 2003 Enterprise Edition
 Patch: Service Pack 2
 Server Functions: Web Application Server.
 Applications: IIS 6
 Server Hardware: Dell Poweredge 2850
 CPU's Dual Xeon 2.99 GHz
 RAM 4 GB
 Drives: 350 GB RAID 5 SCSI – DAS

Server 2

OS: MS Windows 2003 Enterprise Edition
 Patch: Service Pack 2
 Server Functions: Database Server.
 Applications: MS SQL 2000, SP4 / MS SQL 2005 / MS SQL 2008
 Server Hardware: Dell Poweredge 2850
 CPU's Dual Xeon 2.99 GHz
 RAM 4 GB
 Drives: 350 GB RAID 5 SCSI - DAS



Other Infrastructure:

Infrastructure Description
9 Mbps Primary Internet Link
3 Mbps Secondary Internet Link
CISCO PIX 515 E – Firewall DMZ Web / Application
CISCO 2600 Router – VLAN
BigIP Link Controller - Load balancing on Internet Bandwidth)
BigIP Application Load Balancer – Web server cluster Load balancing
SSL certificate – www.egrms-mi.com
SSL Certificate – egrms-mi.com
.Net Framework 2.0
Adobe Acrobat 7
SQL Server 2000 Enterprise Edition
SQL Server 2005 Enterprise Edition
EGrAMS – Application Instances
EGrAMS – Application Components
EGrAMS – File Storage (User Data)
6 KVA - UPS Power Backup



Attachment 1 – EGrAMS License and Service Level Agreement

Sample Software License Agreement

SOFTWARE LICENSING AGREEMENT

This agreement made this _____ day of _____, 20__, by and between HTC Global Services, Inc. (hereinafter "Licensor") organized under the laws of the State of Michigan and having its principal place of business at 3270 W. Big Beaver Rd., Troy, MI 48084, and _____, (hereinafter "Licensee") with its principal place of business at _____.

TERMS AND CONDITIONS

1. **Entire Agreement.** This agreement, as an Attachment to Contract No. _____ referenced herein, constitutes the entire agreement between Licensor and the Licensee with respect to the Software Licensed by Licensee.
2. **License.**
 - 2.1 Licensor hereby grants the Licensee a nonexclusive, non-transferable and perpetual license to use without the right to grant sub-licenses, to use, solely for Licensee's own internal business purposes, the EGrAMS Software (hereinafter "Software") as described in Exhibit A. The licensed Software shall include in its meaning, in addition to the description contained in any improvements, additions, or modifications of the version or versions of the Software which Licensor licensed to the Licensee to use and materials related thereto and all materials, documentation and technical information provided to the Licensee in written form and identified in for use in connection with the Software.
 - 2.2. The Licensee may utilize the object code version of the Software as required by Licensee on hardware owned or leased by the Licensee.
 - 2.3 The Licensee may use and copy Documentation pertaining to the Software as supplied by Licensor as required to exercise the license granted herein.
 - 2.4. The Licensee shall be permitted to make back up copies of the Software and Documentation in accord with the back up procedures followed by the Licensee. The Licensee may copy, reproduce, modify, adapt or translate the Documentation as it deems necessary provided that such copies are used in accordance with the License granted herein and any such copies of the Documentation are utilized solely by Licensee.
3. **Payment.** In consideration of the License granted to the Licensee by this Agreement, the Licensee shall pay to Licensor the License Fee as identified in **Attachment B** to Contract No. _____ upon successful completion of the acceptance tests, contingent upon the Licensor's satisfactory completion of contractual obligations related to this License Agreement. Payment invoicing shall be in accordance with the Contract No. _____.
4. **Improvements and Other Modifications.** Improvements in the Software, including any additions or modifications made by the Licensor to or in the Software at any time after Acceptance testing, which improves the efficiency and effectiveness of the basic program functions and which do not change the agreed upon functions, shall be furnished to the Licensee at no charge.
5. **Indemnification and Hold Harmless.** The Indemnification and Hold Harmless provisions of Contract No. _____ shall be applicable to the Indemnification and Hold Harmless provisions of this License Agreement.
6. **Miscellaneous.**
 - 6.1 The terms and conditions of Contract No. _____ shall have precedence and control over any term and condition of this License Agreement, which may be in conflict with Contract No. _____. To the extent that this License Agreement is silent with respect to terms and



conditions in Contract No. _____, the terms and conditions in Contract No. _____ shall control.

6.2 Severability. Any invalidity, in whole or in part, of any provision of this License Agreement shall not affect the validity of any other of its provisions or any provision of Contract No. _____.

6.3 Confidential Information. By virtue of this Licensing Agreement, the Licensee may have access to information that is confidential to the Licensor (hereinafter "Confidential Information"). Confidential Information shall mean information related to the EGrAMS software design and documentation. Licensee shall not disclose Confidential Information without prior written permission of the Licensor.

IN WITNESS WHEREOF, the parties have caused this Licensing Agreement to be executed and do each hereby warrant and represent that their respective signatory who signature appears below has been and is on the date of this License Agreement duly authorized by all necessary and appropriate corporate action to execute this Agreement.

LICENSOR – _____

LICENSEE

By: _____ By: _____

Name: _____ Name: _____

Its: _____ Its: _____

Date: _____

Date: _____

**SOFTWARE LICENSING AGREEMENT****EXHIBIT A****1. DESCRIPTION OF SOFTWARE:****2. SOFTWARE LICENSE FEE:**

The Software License Fee shall be as described in **Attachment B**, Price, to Contract No. _____.

Sample Maintenance / Service Level Agreement

Below is a sample Support & Maintenance Level Agreement for support services provided by HTC. This agreement is modified to meet the service levels agreed with the customer based on the user support and availability requirements of the system.

Support & Maintenance Agreement

Between

HTC

and

[Michigan Department of Technology, Management and Budget (MDTMB)]

For

Support Services

**Submitted to: <Contact Person>
<MDTMB>**

**Submitted by: HTC Global Services
3270 W. Big Beaver Rd.
Troy, MI 48084**



Purpose

The purpose of this Support Service Level Agreement (SLA) is to formalize an arrangement between HTC and MDTMB to deliver specific support services, at specific levels of support, and at an agreed-upon cost. This document is intended to provide details of the provision of support services to MDTMB. This SLA will evolve over time, with additional knowledge of the client requirements.

Scope of Agreement

The following services are provided in response to the transfer of trouble tickets from MDTMB to HTC in accordance with MDTMB's Problem Management process.

Services Automatically Provided Under This Agreement

The following services are provided in response to the transfer of trouble tickets for Level 3 support from MDTMB to HTC:

1. **Corrective maintenance**—Defined as activities associated with root-cause analysis and bug-fix isolation and resolution:
 - **Root-cause analysis**—Analysis of the root causes of problems. Problems will be reviewed to determine their root causes, measures will be taken to correct the sources of the problems, and reports will be prepared and distributed in a timely fashion.
 - **Bug fixes**—Defined as the emergency repair of any system operation that does not comply with the current signed and approved system specification. This includes system errors, "hung" or halted screens, or unexpected results within the system that render it unusable for the purpose for which it was designed.
2. **Ticket status updates**—HTC will provide direct input into MDTMB's problem tickets from its remote support location.

Requests for Support Specifically Covered Under This Agreement

The following application-related services are provided under this agreement:

1. **Level 2 support**—To the extent possible by HTC support staff in assisting MDTMB level 2 support team members with diagnosing problems and working in partnership to their resolution, including configuration changes to Web servers.

If HTC is hosting the application, it will also provide Level 2 support (infrastructure support) for the application, covering web server, database server and network devices and connections.

2. **Change management**—New or changed processes, practices, or policies that affect the HTC support team and that require support team members to understand, learn, and follow.
3. **Status reporting**— Monthly status reports will be completed by HTC support specialists and submitted to MDTMB for each production application supported. Monthly status reports will be discussed by the HTC support manager with client management to ensure that the client is aware of the support issues and risks faced by the support team.

Requests for Services NOT Covered Under This Agreement

This agreement does not cover the following requests. However, HTC would be pleased to provide a separate statement of work in proposing services to address any of the following:

1. **Evaluation of new software or hardware**—Evaluation or approval of new software or hardware for use within MDTMB. This includes systems developed outside of MDTMB, such as third-party systems, or systems developed by MDTMB.



2. **On-call HTC support management**—HTC’s support managers are not required to be on call. If at a later date MDTMB requires the support manager to be on call for a specific purpose, or on a longer-term basis, then the HTC support managers will be compensated at the standard on-call rate for level 3 support staff, and MDTMB shall be charged for this service.
3. **Level 1 and 2 support**—Level 1 (help desk) and level 2 (infrastructure support) shall be provided by MDTMB for each production application to be supported, and they shall perform their assigned duties, such as Web server, authentication software, software installation, application installation on production servers, database connections, and database changes, for the duration of this agreement.
HTC will provide level 2 support, if it is hosting the application.
4. **Software licensing**—HTC will not provide software or licensing for software that is specific to an application. MDTMB will provide all software and licensing for software that is specific to an application.
5. **Upgrades to application software and associated hardware**—When an upgrade to an existing system is released. This includes operating system upgrades, database upgrades, authentication software upgrades, and vendor-required upgrades. (Vendor requires MDTMB to upgrade in order to maintain vendor support.)
6. **Assistance with application usage**—Advice about or education on how to use applications, including completing transactions, creating users within or for an application, or on the purpose of an application.
7. **Assistance with application environment support**—Advice about how to use, maintain, and support application environments, including application development tools, application server software, and databases.
8. **Assistance with application usage when unsupported or nonstandard hardware or software is involved**—Use of unsupported or nonstandard hardware or software often results in unexpected behavior of otherwise reliable systems.
9. **Adaptive maintenance**—Defined as activities relating to upgrades or conversions to an application due to new versions of operating environment, including operating system, application server, or database software.
10. **Perfective maintenance**—Defined as activities relating to enhancements, with effort of five days or more, to provide additional functionality to an application.
11. **New development**—Any change in a database or system that involves functionality not within the currently signed and approved release specification, even if the new functionality would seem to be an improvement over the old one.
12. **Modifications to original application specification**—Any functionality not specified in the current approved design specification. Changes in MDTMB’s organization or business needs (such as a reorganization or change in business practice) may make the current specification obsolete. When this occurs, MDTMB should initiate a request for enhancement to update the system. It is highly recommended that MDTMB manager and HTC work closely together to anticipate future needs and prepare timely update of systems to accommodate MDTMB 's constantly changing business.

Applications Covered

This agreement is for services related to support requests concerning the production applications detailed in the Statement of Work.

Changes to Service Level Agreement

Termination of Agreement

In the event that MDTMB wishes to terminate this agreement, a 30-day written notice of intent to terminate must be delivered by MDTMB to HTC.

**Amendment to Agreement**

Any amendment to the Terms and Conditions of this agreement would require the approval of MDTMB and HTC management who signed the Statement of Work in Appendix A. The amendment of the agreement would take place through an addendum to this agreement and the recording of that addendum in Appendix A of this agreement.

There will be an opportunity on a quarterly basis to make adjustments to this SLA. MDTMB and HTC should work together to make changes at that time.

Levels of Effort

Levels of effort (LOE) to address problem tickets will be reviewed and adjusted accordingly for all new applications and versions/enhancements implemented, or applications decommissioned, during the term of this agreement. All changes will be conducted by HTC and MDTMB representatives, with an addendum made to this agreement.

Renewal of Agreement

This agreement will be renegotiated by MDTMB and HTC at the end of the term of this contract for the following year.

Processes and Procedures Related to This Agreement**Call Management Process**

MDTMB's problem-ticket system will be used by all support team levels (where approval and technical access has been granted) to record and track all problem reports, inquires, or other types of calls received by level 1 support. This provides MDTMB with the ability to provide metrics with regard to this SLA. A special project to track each MDTMB application has been created in MDTMB's problem-ticket system.

SLA Funding Agreement

Billing for services provided under this agreement will be accomplished through direct billing to MDTMB under the terms and conditions of the appropriate Work Order/ Purchase Order raised for these services

This support SLA does not include funding for services not covered under this agreement.

Addenda

There are currently no addenda to this agreement. Any future addenda will be referenced in the Statement of Work.

Metrics**Metrics Reporting**

Regular reporting will be provided from MDTMB to HTC on available metrics as related to target performance. These reports are expected to be produced by MDTMB's problem-ticket system, which will detail ticket management performance against SLA targets in MDTMB's Problem Management process.

Support Metrics Package

Metrics reporting against the SLA resolution targets identified in MDTMB's Problem Management guidelines will focus on the time to resolve tickets by application and severity. This metric will include only the support requests that are transferred to HTC for resolution. They will not include support requests that are resolved by other organizations. The metrics will be reported via existing standard problem-ticket system reports as available.

General Terms and Conditions**Term of Agreement**

This agreement is in effect upon the date of acceptance of this agreement and ends on the latest date specified in any terms of the Statement(s) of Work submitted to MDTMB.

Organizations

This agreement is between HTC and MDTMB ,as named on the cover of this agreement.



Approvals

In order to make this agreement operational, approval of the Statement of Work must be in place.

Key Contacts

Key contacts are shown in Appendix B of the Statement of Work.

Dependence on Other Organizations

HTC is dependent on other internal groups within MDTMB of services (i.e., help desk, database services, etc.), and external suppliers (i.e. HP, Microsoft, etc.) in providing application support services to MDTMB. MDTMB will manage the interface into those suppliers as it relates to the provision of services under this agreement.

The list of organizations and vendors that HTC is dependent on may change during the term of this agreement.

Definitions

Support Request

For the purposes of this agreement, a Support Request is generally defined as a request for support to fix a defect in existing application code or a request for support that involves no modifications to application code, such as a question.

Levels of Support

There are three levels of support, only one of which (level 3) is provided under this agreement. These levels, which are integrated into the MDTMB’s support process, are defined as follows:

- **Level 1**—This support is provided by the appropriate MDTMB help desk when it receives the Support Request from their client. This represents generalist support. If this level of support cannot resolve the problem, the Support Request is passed to MDTMB’s level 2 support, which is the infrastructure support specialist.

Support Requests are taken by the appropriate level 1 help desk as follows:

Hours	Phone Contact
8:00 A.M.-6:00 P.M. EST, 5 days a week. (After hours, leave a voice message for return call the following day.)	

- **Level 2**—This support is provided by a MDTMB infrastructure support or subject matter specialist. This level of support does not perform code modifications, if required to resolve the problem. Operational issues will be resolved at this level. If resolution requires code modification, the Support Request is passed to HTC’s level 3 support.
- **Level 3**—This support is provided by a HTC application support specialist. This level of support does perform code modifications, if required to resolve the problem.

Severity Codes

The following characteristics are used to identify the severity of a problem report:

- Business and financial exposure
- Work outage
- Number of clients affected
- Workaround
- Acceptable resolution time

It is not necessary (nor is it likely) to have perfect match of each characteristic to categorize a problem report at a particular severity level. A given problem must be judged against each of the characteristics to make an overall assessment of which severity level best describes the problem. The level 1 support agent and MDTMB jointly determine the initial severity rating for the report. Level 2 and level 3 support personnel may then negotiate with MDTMB to modify this severity after the report is elevated to them.



The characteristics below do not cover work requests. Severity levels for work requests may carry a different set of characteristics and weightings.

Severity 1 (Critical)	Severity 2 (High)	Severity 3 (Medium)	Severity 4 (Low)
Business and financial exposure			
The application failure creates a serious business and financial exposure.	The application failure creates a serious business and financial exposure.	The application failure creates a low business and financial exposure.	The application failure creates a minimal business and financial exposure.
Work Outage			
The application failure causes the client to be unable to work or perform some significant portion of their job.	The application failure causes the client to be unable to work or perform some significant portion of their job.	The application failure causes the client to be unable to perform <i>some small</i> portion of their job, but they are still able to complete most other tasks. May also include questions and requests for information.	The application failure causes the client to be unable to perform a <i>minor</i> portion of their job, but they are still able to complete most other tasks.
Number of Clients Affected			
The application failure affects a <i>large</i> number of clients.	The application failure affects a <i>large</i> number of clients.	The application failure affects a <i>small</i> number of clients.	The application failure may only affect one or two clients.
Workaround			
There is no acceptable workaround to the problem (i.e., the job cannot be performed in any other way).	There is an acceptable and implemented workaround to the problem (i.e., the job can be performed in some other way).	There may or may not be an acceptable workaround to the problem.	There is likely an acceptable workaround to the problem.
Response Time			
Within one hour.	Within four hours.	Within eight hours or by next business day (EST).	Within eight hours or by next business day (EST).
Resolution Time			
The maximum acceptable resolution time is 24 continuous hours, after initial response time.	The maximum acceptable resolution time is five business days.	The maximum acceptable resolution time is 30 business days.	The maximum acceptable resolution time is 90 calendar days.



Levels of Service

The service levels offered by HTC to MDTMB are described below. It is the goal of HTC to meet, and even exceed when possible, the levels of services documented in MDTMB’s Problem Management guidelines.

Service Level	Severity 1, 2, 3, 4
12/7	<ul style="list-style-type: none"> - Requests taken 24/7 by MDTMB’s level 1 - Handoff to MDTMB’s level 2 is through call reporting system - Call back within one hour in normal support day - Level 2, 3 coverage—normal support day - Target resolution: Severity 1—24 hours after initial response time Severity 2—five normal support days Severity 3—30 normal support days Severity 4—90 calendar days

Levels of Effort

The service levels offered by HTC to MDTMB are described in the Statement of Work provided under a separate cover. For applications considered critical by MDTMB , the level of effort will be exercised in full, either through corrective maintenance activities or through preventative maintenance activities. The level of effort for all remaining applications will only be exercised for corrective maintenance activities.

Application Criticality

The criticality of an application determines the support activities to be performed. The client can select a criticality level that best suits their service expectations or budget. These levels can be best described as follows:

Level	Description
High	<ul style="list-style-type: none"> • Support activities must be performed to at least the level of effort indicated for an application. • Should identified problems consume less than the level of effort, then the balance is taken up with preventative maintenance activities. • Should identified problems consume more than the level of effort, then no preventative maintenance activities will be conducted.
Medium	<ul style="list-style-type: none"> • Support activities can be performed as required to provide an acceptable level of service. • Should identified problems consume less than the level of effort, then no preventative maintenance activities will be conducted.
Low	<ul style="list-style-type: none"> • Support activities may be performed as required. • Minimum support activities will be performed.

Roles and Responsibilities

MDTMB

MDTMB has the following general responsibilities under this agreement:

- MDTMB users, clients, and/or suppliers using the application will use the appropriate help desk to request support.
- MDTMB will use their own appropriate help desk to provide level 1 support, including creating problem tickets and work orders and assigning responsibility to the appropriate level 2 MDTMB resource.
- MDTMB will use their own appropriate IS group to provide level 2 server, network, firewall, and infrastructure support services, including Web server, authentication software, software installation, application installation on production servers, database connections, and database changes.
- MDTMB will provide all information required to open a support request.
- MDTMB will assign severity codes adhering to the correct usage of these codes as defined in MDTMB’s Problem Management process.



- Once a support request has been submitted, MDTMB will make identified stakeholders available to work with the HTC support resource assigned to the support request.
- MDTMB end users do not contact HTC support resources directly to report a problem. All problem calls must be logged through the appropriate help desk.
- MDTMB will continue to provide HTC access, software, licensing, training, documentation, and support of its problem-ticket system.
- MDTMB will provide all of the necessary and requested documentation, information, and knowledge capital to HTC prior to the start of support of the application.
- MDTMB will conduct business in a courteous and professional manner with HTC.

HTC

HTC has the following general responsibilities under this agreement:

- HTC will conduct business in a courteous and professional manner with MDTMB.
- HTC will log all information from MDTMB required to establish contact information, document the nature of the problem and MDTMB's hardware/network environment (as applicable).
- HTC will attempt to resolve problems over the phone on first call.
- HTC will escalate support request to next level of internal support within HTC upon approach of established resolution targets.
- HTC will obtain MDTMB 's approval before ticket closure.
- HTC will be the interface on behalf of the client to development and other organizations as appropriate.
- HTC will continue to utilize MDTMB's problem-ticket system for updating, tracking, and closing trouble tickets as assigned.

There are several roles deployed within HTC that are integral to the provision of support services to MDTMB. These roles include the following:

Support Manager

The HTC support manager will provide the overall direction of the activities of the support specialists, participate directly in the production of the associated deliverables, and will negotiate with MDTMB's support manager regarding the classification of problem tickets and the scheduling of tasks. His or her duties will include:

- Ensuring SLA targets are met (coordinating all activities to ensure all tasks are performed in a consistent manner and on schedule).
- Ensuring all work is performed according to the agreed-upon work methods and standards that are in effect within HTC and MDTMB's.
- Acting as point of escalation for issues beyond usual scope (e.g., attending SWAT meetings on application outages, coordination between groups for implementing cross-application solutions, etc.).
- Participating directly in the production of the associated deliverables.
- Ensuring support specialists have all required tools to perform their function.
- Performing resource management and scheduling, including provision of overall direction of the activities of the support specialists.
- Conducting continuous process improvements.
- Liaising with other HTC groups.
- Assessing the workload for each support request and assigning work to the team member having the appropriate technical knowledge.

Support Specialist

The HTC support specialists work as a dynamic team of support professionals who provide level 3 application support for critical Web-based business systems. They are responsible for the timely submission of all deliverables. Their duties include:

- Conducting all root-cause analysis and bug fix isolation and resolution activities, and associated documentation for the individual tasks, as assigned by the HTC support manager.
- Acting as a point of contact for all application issues.



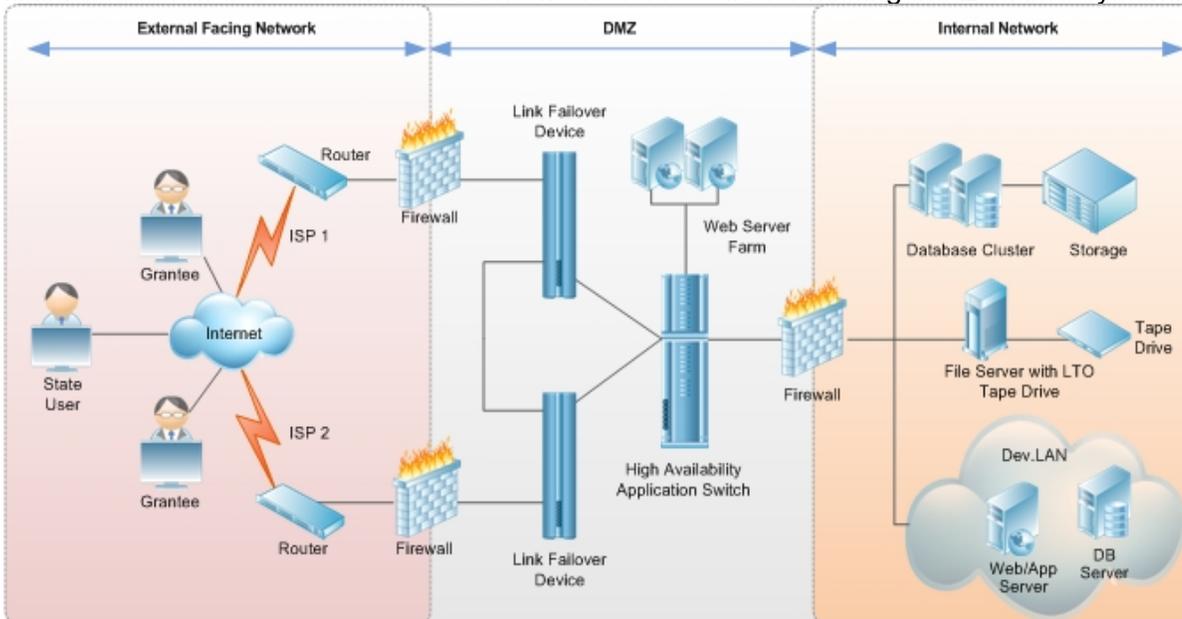
- For enhancements, determining the potential high-level effort for all changes, and based on that, either passing it on to a developer or completing it themselves (if less than five days total), all bugs are addressed by level 3 support (which may at times consult with a developer).
- Identifying all tasks associated with each support request and deriving estimates for the completion of each task.
- Responsibility for currency of application metadata (i.e., URLs, server info, backup schedules, etc.—all this info to be stored in Support Applications Repository).
- Responsibility for responding to and updating tickets.
- Conducting testing (unit testing to be completed by prime, system/integration/acceptance testing activities should be performed by the backup for all fixes/enhancements developed by the prime).
- Conducting coding and testing to resolve application problems.
- Participating in the acceptance testing and implementation activities.
- Providing knowledge transfer to backup support specialist on regular basis.
- Preparing status reports.



Attachment 2 – Hardware and Network Infrastructure

HTC maintains its own Development Environment for maintaining and configuring its EGrAMS product. Hence the Development Environment is not being as part of the proposed hosting environments. Changes to the EGrAMS application are installed in the Testing environment before they are installed in the Live Production environment.

The network architecture proposed for EGrAMS provides a system that is secure, reliable and scalable. Illustrated below is the recommended network architecture for hosting the EGrAMS system.



The web hosting solution comprises of the following hardware, software and networking devices is proposed to optimize application performance and costs.

Hardware

Production

- Web server: Dedicated Dell PowerEdge 1850 server for web front end services running Microsoft Windows Web server
- Database server: Dedicated Dell PowerEdge 2850, running Microsoft Windows Standard Edition and SQL Server. RAID Level 5 for data redundancy
- File server: Dedicated Dell PowerEdge 1850, running Microsoft Windows Standard Edition
- Server peak usage maintained at less than 50% to avoid CPU overload

Test

- Web and Database Servers to be implemented as virtual machines on a Dedicated Dell PowerEdge R300

Network

- Network devices and components (F5 BIGIP Internet Link controller / F5 BIGIP Web application load balancer & Cisco Pix 515E)
- The internet connectivity is provided by Global Crossing and AT&T. Multi-homing enables seamless access to web applications in the event one provider's bandwidth experiences a severe problem and shuts down.
- The data center utilizes enterprise routing and switching engines from technology leaders Cisco, F5 and Dell.
- High-availability network switches
- Daily full backup to disk as well as transferred online to alternate site over VPN



Attachment 3 – Hosting Environment

HTC proposes leveraging the current Production environment hosted at HTC to ensure service continuity into the new contract. HTC will also refresh the hardware during the term of the contract. As required in this Contract, a new separate Test Environment will be installed on a dedicated server using virtualized machines.

Production:

Server Type:	Web Server
Manufacturer:	DELL
Model:	1950
Year:	2007
Storage Disk Space:	80 GB (RAID 1 - 80 GB x 2 Hard Drive)
Ram:	2 GB
Processor:	Intel 3 GHz Dual Core
OS:	Windows Web Edition
Server monitoring software (example: CA Unicenter):	IP Switch – SNMP
Database and Version:	
All Software & Versions:	Symantec Endpoint Security, Net 2
Vulnerability Scans (frequency and types)	MBSA /Nikto2 / Paros proxy or similar – Quarterly security audit
Current Location:	Troy – Michigan
Misc:	

Server Type:	Database Server
Manufacturer:	DELL
Model:	2850
Year:	2006
Storage Disk Space:	80 GB (RAID 1 - 80 GB x 2 Hard Drive)
Ram:	4 GB
Processor:	Intel 3 GHz Dual Core
OS:	Windows Standard Edition
Server monitoring software (example: CA Unicenter):	IP Switch – SNMP
Database and Version:	SQL Server 2005
All Software & Versions:	Symantec Endpoint
Vulnerability Scans (frequency and types)	MBSA / Wireshark or similar Security tools – Quarterly security audit
Current Location:	Troy – Michigan
Misc:	

Server Type:	File server
Manufacturer:	DELL
Model:	1850
Year:	2005
Storage Disk Space:	73 GB
Ram:	2 GB
Processor:	Intel 3 GHz Xeon
OS:	Windows 2003
Server monitoring software	IP Switch - SNMP



(example: CA Unicenter):	
Database and Version:	
All Software & Versions:	Symantec Endpoint Security, ,Net 2
Vulnerability Scans (frequency and types)	MBSA / Wireshark or similar Security tools – Quarterly security audit
Current Location:	Troy – Michigan
Misc:	

Test Environment:

Server Type:	Web Server
Manufacturer:	DELL
Model:	PowerEdge R410 / Similar
Year:	2010
Storage Disk Space:	300 GB (RAID 1)
Ram:	2 GB
Processor:	Intel Xeon Processor E5520
OS:	Windows Server 2008 Web Edition
Server monitoring software (example: CA Unicenter):	IP Switch - SNMP
Database and Version:	
All Software & Versions:	Symantec Endpoint Security, ,Net 2
Vulnerability Scans (frequency and types)	MBSA /Nikto2 / Paros proxy or similar – Quarterly security audit
Current Location:	
Misc:	

Server Type:	Database Server
Manufacturer:	DELL
Model:	1950
Year:	2007
Storage Disk Space:	80 GB (RAID 1 - 80 GB x 2 Hard Drive)
Ram:	2 GB
Processor:	Intel 3 GHz Xeon
OS:	Windows 2003
Server monitoring software (example: CA Unicenter):	IP Switch - SNMP
Database and Version:	SQL Server 2005
All Software & Versions:	Symantec Endpoint Security, Net 2
Vulnerability Scans (frequency and types)	MBSA / Wireshark or similar Security tools – Quarterly security audit
Current Location:	Troy – Michigan
Misc:	



Attachment 4 – Security and Disaster Recovery Process

Security

The following safeguards are implemented to ensure the confidentiality, integrity and availability of the information and the systems that store, transmit and process the information.

Physical Access - Access to data center is based on access cards. Access to the data center is restricted to System Staff only. Access is granted based on a formal authorization mechanism to control access based on development center, time etc. Security cameras are in place to record all activity in the facility. Access is logged and reviewed by the security administration. After business hours activity is reviewed daily.

System Access – Multi-layered logical controls are in place to protect sensitive data. The network and data access to system is restricted by user name & password that are created & reviewed by system administrator after receiving a formal authorization from the Vice President heading the systems group.

Symantec Norton anti-virus enterprise edition is implemented for anti-virus needs. This product is implemented on multiple layers like gateways, email servers, user workstations, data storage servers, etc. Real time scanning is implemented across all servers and workstations and the processes and procedures ensure regular updates of anti-virus signatures.

Personnel Security

Background checks are performed on employees before they are hired. Employees are trained on the security policies pertaining to HTC and customer security policies

Proprietary Information Access – There is a strict policy that no client information can be carried out of the development and hosting facility. All hard copies are disposed using shredding machines.

Intrusion Detection and Firewall - Industry standard intrusion detection tools are implemented to ensure that unauthorized access attempts are detected and logged. Regular reviews of these logs are used to strengthen and update firewall policies. Intrusions are classified and high priority intrusions raise alerts via several mechanisms including emails, pagers/cell phones etc. DMZs and Cisco firewalls protect the web servers and database servers.

Unauthorized Access Prevention

SSL is used to secure EGrAMS application. Digital Certificate from Certificate Authority Thawte are obtained and installed.

Firewall and Intrusion Detection

Firewalls intercept all traffic entering from the internet and other networks. Cisco Secure PIX has been implemented for leading-edge performance to secure access between an internal network and internal networks containing web, application and database servers.

Intrusion detection tools are used in the hosting environment to ensure that unauthorized access attempts are detected and logged. Regular reviews of these logs are used to strengthen and update firewall policies. Intrusions are classified and high priority intrusions raise alerts via several mechanisms including emails, pagers/cell phones etc.

Server System Monitoring

The network resources are continually probed on timed intervals, to test their availability and responsiveness. In the event of a failure, the administrators are automatically notified and recovery procedures are initiated.

Backups

Daily backup routines copy critical data from servers to backup disks. Data from these disks is encrypted and stored offsite.

EGrAMS supports secure communications and use of digital certificates ensuring information security. The infrastructure includes routers and firewalls configured for secure communications. The Web Server is hosted behind a firewall in a DMZ so that only HTTPS (and optionally HTTP) port is left open for the public users.

Maintenance Services

- Maintenance of the hosing infrastructure
- Server Status monitoring and 24x7x365 server management
- Critical Security Patch /Service Pack /Anti-Virus updates
- Data backup and restore mechanism for redundancy, fault tolerance and uptime
- Performance monitoring
- Network and bandwidth monitoring
- Monitoring of disk space
- Monitoring of System Logs



Disaster Recovery

HTC Disaster Recovery Strategy covers hosting services for its clients with appropriate strategies to ensure maximum uptime and minimal recovery time for every component of our Service Delivery Mechanism.

Strategy for EGrAMS Hosting

- HTC has an offsite backup storage facility located in Flint, MI.
- Daily backup data will be transferred and loaded in the backup storage site
- A disaster recovery plan will be developed, maintained and implemented in the event of an extended outage
- In the event of a disaster, HTC disaster recovery team will work with the DTMB team for disaster assessment, identify the business impact, and implement the action plan to restore operations.

A Disaster Recovery Plan template is provided below. This template is used to document the business impact of a disaster with respect to the system and the activities to be performed to recover from the disaster.

Disaster Recovery Plan Template

Business Impact Analysis

Service Delivery to customers and corporate users is the most mission critical process at HTC’s corporate headquarters and service delivery center at Troy. In addition to corporate functions such as sales, resource management, general administration, the facility also performs systems integration, remote application development and support, and hosting of applications for select customers.

Critical IT resources

The IT resources supporting the Troy facility include: Network (LAN), internet connectivity, voice-connectivity, servers, workstations and peripherals. The critical items of these IT resources are listed below.

Item	Impact	MAO/RTO	Criticality/ Recovery Priority	Backup	RPO

A Business Continuity Plan for the above should be developed to minimize the impact of a disaster on the above IT resources.

Client specific Business Continuity Plans are also created as per the customer or contract requirements.

- MAO/RTO: Determined based on the acceptable down time in case of a disruption of operations. It indicates the latest point in time at which the business operations must resume after disaster.
- RPO: Describes the point in time at which data must be restored in order to successfully resume processing.

Notification

This section of the BCP addresses the initial actions taken to detect and assess damage inflicted by a disruption to the IT system. Based on the assessment of the event, the Business Continuity Plan may be activated by the Security Coordinator. An emergency event may occur with or without prior warning. The notification process will be the same in either case. The manner in which personnel are notified depends on the type of emergency and whether the emergency occurs during or after normal business hours. Notification during normal business hours will be accomplished by phone, e-mail, word of mouth, cell phone, or pager. Notification after normal business hours will be conducted by activating the Call Tree.

Refer: ISMS - Notification Procedure

Damage Assessment

Once the incident has been notified the Security Coordinator intimates the Damage Assessment team leader to start the assessment process. The BCP will be implemented following an emergency event based on the damage assessment performed by the Damage Assessment Team (DAT). It is imperative that the nature of



the emergency and the extent of the damage be assessed as quickly as conditions allow. A disaster is declared in the event that:

- Maximum outage time has exceeded or likely to exceed for critical IT resources
- Safety of essential personnel working at the location is at stake
- Severe damage to the facility precludes further operation

Refer: ISMS - Damage Assessment Procedure

Plan activation

The Damage Assessment Team submits its report to the management team. The report contains details of inflicted damage and time to recover to normalcy. The management team decides, in conjunction with customer, on whether to declare a disaster and start the recovery operations onsite or at alternate site. A communication plan is executed to communicate with employees, customers and vendors.

Recovery/Restoration

IT Infrastructure

Servers and internet connectivity at Alternate Site is leveraged to resume operations with data backed up there regularly.

Physical Security

The data center at Alternate Site has all the physical and logical security controls in place to provide the temporary hosting environment.

Data backup at Alternate site

Daily backup data is readily available for decryption and recovery of critical systems in the event of a disaster.

Recovery Team

The Security Coordinator and designated System Administrators form the Recovery Team trained in the business recovery plan.

Transition of Operations

- The recovery team will bring the remote servers and data online. Include detailed list of tasks to be performed including testing the application and verifying the data.
- Voice traffic to Troy location will be forwarded to alternate numbers for answering questions and forwarding incoming calls and taking messages.
- Recovery team will support day-to-day maintenance of the critical applications and data while the support team changes focus to restoring operations at primary location.

Readiness Review

At the end of the transition, the designated users of the critical resources will be invited to test the services. Any deficiencies found will be addressed based on criticality and feasibility. Lessons learnt from the recovery process will be gathered; recovery processes and solutions will be improved and updated in the BCP.

Plan Maintenance

The Security Coordinator is responsible for ensuring that the plan is reviewed and updated at least annually along with the disaster recovery teams. The BCP cannot be an effective recovery tool if it is not maintained in a ready state. Based on the results of training, testing, and exercising the plan, the BCP will most likely need to be revised to reflect lessons learned. The plan should be scheduled for review/revision during the same time frame as the training, testing, and exercising of the BCP.

A document change history is located at the bottom of this document and should be used to document reviews and revisions. The Security Coordinator must ensure that recovery team members receive changes to the document and that offsite copies are updated as well. The Security Coordinator should distribute a copy of the BCP to all members of the management and recovery



teams involved in responding to a disaster and to ensure all copies of the BCP (and attached plans) can be accounted for and updated as required.

Information update

The accuracy of the data in the BCP is maintained by identifying changes and updating information related to:

- Staff and role changes
- Changes to important client service level agreements and their contact details
- Changes to important suppliers and their contact details

Plan Training, Testing, and Exercises

Training the staff (including recovery teams as well critical business functions) on the BCP covers:

- clear understanding of BCP terminology
- roles and responsibilities of various teams
- all related recovery procedures and tasks
- evaluation and maintenance of the BCP

The above is achieved through periodic reviews and testing of the plan.

Testing the BCP is another critical element of the contingency process. Testing will identify any deficiencies in the BCP in addition to evaluating the ability of recovery team personnel to implement it. Conducting an exercise is a culmination of training and testing of the BCP and must occur, at a minimum, on an annual basis. The Security Coordinator is responsible for training recovery personnel and testing and exercising the plan. Testing and verification of the recovery procedures is essential to check that:

- All work processes for critical functions documented
- The systems used in the execution of critical functions have not changed
- The documented recovery tasks and supporting disaster recovery infrastructure allow staff to recover within the predetermined recovery time objective

The tests to be performed are:

Type of test	Function of test	Participants	Minimum frequency
Desk check	Challenge and QA the content of the BCP	<ul style="list-style-type: none"> ▪ Security Coordinator ▪ Another manager 	On completion of a plan
Desktop walkthrough	Challenge content of BCP	<ul style="list-style-type: none"> ▪ Security Coordinator ▪ Recovery Team Members 	Annually
Desktop scenario	Use a scenario to walk through the plan to validate that the BCP contains both necessary and sufficient information to enable a successful recovery	<ul style="list-style-type: none"> ▪ Recovery Team Members ▪ Member of business function 	Annually
Call out communications	Test that the contact numbers for the people on the call out list are up to date and they know how to respond	<ul style="list-style-type: none"> ▪ Staff on the call out lists 	Annually
Technical Testing	Testing that the information systems can be restored effectively at the alternate sites	<ul style="list-style-type: none"> ▪ Recovery Team Members ▪ Member of business function 	Annually
Activity Testing	Moves business activities to their alternate sites for a fixed time to test that they can access their systems, information, equipment and materials and carry out their critical processes	<ul style="list-style-type: none"> ▪ Business Recovery Teams ▪ Member of business function 	Annually



As a part of ongoing maintenance, components of the technical solutions should be checked for:

- Hardware function
- Virus definitions
- Service and security patches
- Application operability
- Data verification

Failure of any tests should be analyzed and recovery tasks and solutions updated as part of plan maintenance.

Plan Distribution

The Security Coordinator is responsible for not only maintaining the BCP but also ensuring that the latest version of the plan is distributed to and accessible to the team members carefully selected to possess the confidential information contained therein. Only relevant sections of a large plan should be distributed to individuals who are responsible for reacting quickly to their sub-set of assigned tasks. A master distribution list should be maintained containing the individual names and the plan's document number and sections distributed. Copies of the distributed plan should be kept at sites (such as home and office) other than the primary site.

Disaster Recovery Teams

The following teams are associated with the recovery of operations in the event of a disaster.

Management Team comprises of:

- ❖ Security Coordinator
- ❖ President
- ❖ Exec. Vice President
- ❖ Facilities Manager

Responsibility:

- ❖ Ensuring the objective analysis of the damage assessment report
- ❖ Allocating sufficient budgetary provision
- ❖ Ensuring that chosen strategy can be effectively implemented with due consideration of the following.
 - Software, hardware, travel and shipping, testing, training programs
 - Time and effort, and other contracted services
 - Any other applicable resources (e.g., office space, furniture, communication).

Damage Assessment team comprises of:

- ❖ Security Manager
- ❖ Network and Systems Administrators
- ❖ Facilities Manager

Responsibility:

- ❖ Performing Damage Assessment once a disruption is notified
- ❖ Estimation of time for restoration of normalcy.

Recovery Team comprises of:

- ❖ Security Manager
- ❖ Network and Systems Administrators
- ❖ Facilities Manager

Responsibilities:

- ❖ Analysis of Damage Assessment report
- ❖ Restoration of the facilities back to normalcy
- ❖ Coordination among various groups



Transition Facilitation Team

- ❖ General admin executives

Responsibilities:

- ❖ Facilitation of transition of operations to offshore delivery center
- ❖ Coordination among team members.

Contingency Plan Requirements

The BCP plan should focus on the following elements:

- Operational requirements
- Security requirements
- Technical procedures
- Hardware, software, and other equipment (types, specifications, and amount)
- Names and contact information of team members
- Alternate and offsite facility requirements
- Vital records

Disaster Recovery Teams

Management Team

Role	Name	Address	Contact
Security Coordinator			
Security Manager			
Facilities Manager			
President			
Exec. Vice President			

Damage Assessment Team

Role	Name	Address	Contact
Security Manager			
Facilities Manager			

Recovery Team

Role	Name	Address	Contact
Security Manager			
Team Member 1 Systems Admin.			
Team Member 2 Systems Admin.			

Transition Facilitation Team

Role	Name	Address	Contact
Facilities Manager			
Admin Executive			



Call Tree

Management Team

Name	Contact	Date/Time Called	Contacted (Yes/No)



Attachment 5 - Security Requirement for Hosting

Vendor Hosted Option provides a detailed description of the following;

- ♦ A complete description of the proposed web-hosting center/data center, including geographic location(s) and all relevant environmental factors such as power, HVAC, floor space, proposed layout, user accessibility, network configuration and level of redundancy and security.

HTC currently provides a managed hosting environment for EGrAMS. The managed hosting solution offered by HTC will deliver hosting infrastructure technologies that would provide the required performance and resilience efficiently running the software.

The network and facilities at our data center at our corporate headquarters at Troy, Michigan, provide the connectivity, security and support required for high-availability systems. HTC offers application hosting services to its select customers from this data center. The key features of the datacenter include:

- ❖ Multiple-internet connections to Tier 1 internet providers
- ❖ Gigabit network
- ❖ Cisco, Nortel and Dell network equipment

The data center utilizes enterprise routing and switching engines from technology leaders like Cisco, Nortel and F5.

The internet connectivity is provided by Global Crossing and AT&T. Multi-homing enables seamless access to web applications in the event one provider's bandwidth experiences a severe problem and shuts down. The key components of the datacenter are explained in the following sections:

Servers

- ❖ Dual Processor Pentium Xeon servers from HP and Dell
- ❖ Windows 2000 and Windows 2003 servers and clusters
- ❖ Server peak usage maintained at 50% to avoid CPU overload

Redundancy and Reliability:

- ❖ RAID Level 5 for data redundancy for database servers
- ❖ High-availability network switches
- ❖ Hour-plus battery UPS and gas-powered generator on all network equipment
- ❖ Daily tape or online backup
- ❖ 99.9% network uptime
- ❖ Network alerts reported 24x7 to support staff

Facilities

The facilities offer redundancy in power, HVAC, network connectivity, and security. The data center has multiple UPS battery backup power and onsite permanent generator power. The HVAC systems are a combination of chilled water and condenser units to provide redundancy in cooling.

Firewall and Intrusion Detection

Firewalls intercept all traffic entering from the internet and other networks. Cisco Secure PIX has been implemented for leading-edge performance to secure access between an internal network and internal networks containing web, application and database servers.

HTC uses industry standard intrusion detection tools in its hosting facility to ensure that unauthorized access attempts are detected and logged. Periodic reviews of these logs are used to strengthen and update firewall policies. Intrusions are classified and high priority intrusions raise alerts via several mechanisms including emails, pagers/cell phones etc. HTC uses industry standard firewalls and establishes DMZs to protect the web servers and database servers.

Server System Monitoring

The network resources are continually probed on timed intervals, to test their availability and responsiveness. If the event of a failure the administrators are automatically notified and recovery procedures are initiated.

Backups

A high-speed, high-volume backup solution based on technologies from HP, Veritas and EMC have been implemented. Daily backup routines copy critical data from servers to backup disks or alternate sites. Data from these disks is in turn copied to tape for offsite storage. This solution allows back up of every server on our network and ensures that data is safe and quickly recoverable in the event of a loss.

Security

- ❖ All servers are housed in a secure and environmentally-controlled environment.
- ❖ Access and movement is monitored by security cameras, sensors and electronic cards readers.



- ❖ All movement within the building is recorded and also stored electronically.
- ❖ Regular server and network updates, upgrades and maintenance
- ❖ Multi-homed redundancy

Information security involves maintaining safeguards to ensure the confidentiality, integrity and availability of information by an organization, and the systems that store, transmit and process the information. HTC has well defined security policies and HTC hosting facilities support a highly secure environment.

Physical Access - HTC has controlled access to facility, data center and server enclosure racks. Access to an employee is granted based on a formal authorization mechanism to control access based on server/network resource and time. Access is logged and reviewed by the security administration. Monthly reports are generated audited on a quarterly basis.

System Access - HTC has multi-layer logical controls to protect sensitive data. The network and data access to system restricted by user name & password that created & reviewed by system administrator after receiving a formal authorization from departmental heads.

HTC has standardized on Symantec Norton Anti-virus Corporate Edition for its anti-virus needs. This product is implemented on multiple layers like gateways, email servers, user workstations, data storage servers, etc. Real time scanning is implemented across all servers and workstations and the processes and procedures ('auto-update') ensure regular updates of anti-virus signatures.

Proprietary Information Access - HTC has a strict policy that no client information can be carried out of the hosting facility. All hard copies are disposed using shredding machines. Workstations are disabled for floppy USB ports, emails are filtered for specific words, etc.

Review and Audits - HTC uses industry standard monitoring tools to monitor servers, applications and logs and based on pre-defined criteria will be able to alert the administrators of issues with any of them. This also helps consolidate logs for purposes of audits and review by internal and external parties.

SSL Data Encryption

HTC offers an option for 128-bit Secure Socket Layer (SSL) encryption to customers requiring encrypted transmissions. SSL makes use of a digital certificate that verifies the identity of the Internet transaction and allows encryption. The use of SSL between a user and the servers at HTC ensures that information exchanged has not been intercepted by unauthorized third parties. HTC has installed and supported digital certificates, as well as offers solutions based on hardware based SSL termination

Please see Attachment 2 and Attachment 4 for additional details.

- ♦ [A description of the Vendor's experience with hosting sites similar to that which is being acquired through this procurement.](#)

HTC has been hosting EGrAMS for the State of Michigan for the last 5 years. Some of the other relevant experiences with respect to number of users, hardware and network architecture, availability and uptime requirements:

- Hosting of a document management and claims processing application for a large insurance company with hundreds of users spread across multiple locations.
- Hosting of County website and land records system for Oklahoma County

- ♦ [References of current customers with hosting requirements similar to those of the State.](#)

HTC has been hosting EGrAMS for the State of Michigan (DCH, DHS and CTF) for the last 5 years.

- ♦ [A description of the service offerings provided by the Vendor at the web hosting facility. This should include: the use of dedicated and/or shared servers, platforms supported, available software offerings, available storage space, information pertaining to monthly data transmission allowances \(if applicable\), reliability and performance boosting efforts \(e.g., caching, mirroring, and load balancing\), and the range of services available \(including application management, system integration, benchmarking, high-availability configurations, and disaster recovery\).](#)

HTC provides hosting services for its own products (EGrAMS) and applications to select customers and meets customer and application requirements for system performance.

- ♦ [Describe in detail the nature of the Vendor's underlying transport network \(or networks\) to be employed in enabling the solution. Such a description should include size of network, transport protocol employed, security scheme for the network, general network topology \(including internet connectivity\), etc.](#)
 - The data center utilizes enterprise routing and switching engines from technology leaders Cisco, F5 and Dell.
 - High-availability network switches



- Network devices and components (F5 BIGIP Internet Link controller / F5 BIGIP Web application load balancer & Cisco Pix 515E)
- The internet connectivity is provided by Global Crossing and AT&T. Multi-homing enables seamless access to web applications in the event one provider's bandwidth experiences a severe problem and shuts down.

Please see Attachment 2 for additional details on hosting environment.

♦ [Description of support that is available for SSL security, database connections.](#)

HTC offers Secure Socket Layer (SSL) encryption to customers requiring encrypted transmissions. SSL makes use of a digital certificate that verifies the identity of the Internet transaction and allows encryption. The use of SSL between a user and the servers at HTC ensures that information exchanged has not been intercepted by unauthorized third parties. HTC has installed and supported digital certificates, as well as offers solutions based on hardware based SSL termination

♦ [Details about the hours of operation at the Vendor's outsourcing locations.](#)

HTC support staff is available at the hosting facility during normal business hours of 8AM to 6PM on business days. The support staff is also available on-call after these hours to support the hosted infrastructure as well as application software.

♦ [Staffing numbers and expertise per location, strategy for new staff hiring, and staff retention programs.](#)

Staffing

HTC maintains a team of 4 support staff with expertise in Microsoft, IBM and Cisco technologies related to system administration, database management and networking. The support team of highly experienced and skilled network and systems administrators is headed by a Support Manager responsible for meeting the SLA for the infrastructure and the hosted applications agreements.

HTC also has access to a virtual team of infrastructure support professionals working at customer sites who are available for consultation and back-filling the core support staff during emergencies and vacations.

HTC is a growing company and it continues to recruit infrastructure support staff for meeting its own and customer's needs. HTC's successful employee care and training programs have led to HTC maintaining an excellent employee retention track record.

HTC Retention Track Records

HTC's retention rate has been consistently higher than the industry average over the past 20 years largely due to employee-focused HR practices, training, mentoring and career development. Our exceptional employee retention rate enables us to offer a stable pool of contractors who can become trusted, long-term members for State Agency/ MDTMB Support team.

♦ [Vendors should discuss their approach for addressing security relative to network layer controls, platform controls and application controls. The discussion should also cover the Vendor's support for advanced security technologies such as managed firewalls, encryption, authentication, intrusion detection, site scanning, server hardening, and the performance of security audits/penetration tests. Vendors should also describe their documented policies and procedures for dealing with security issues on an on-going basis. A description of the advanced security options used at the facility such as managed firewalls, encryption, authentication, intrusion detection, and site scanning.](#)

♦ [Vendors should provide information regarding disaster recovery strategies, prototyping and pilot testing, performance monitoring and problem resolution, knowledge transfer to State employees and exit strategies.](#)

Disaster Recovery Strategies

HTC has a well defined disaster recovery plan. It is built with prudent planning of processes and infrastructure to ensure that all the core business activities pertaining to EGrAMS maintenance and support services continue with very minimal interruption against even unforeseen disasters. HTC's Standard Disaster Recovery Strategy addresses situations that may affect the operations at various levels including the local development center, the city, or the country. The strategy focuses on the following:

- ❖ Process
- ❖ People
- ❖ Infrastructure

Please refer - Disaster Recovery and Backup Process for more details.



Performance Monitoring and Problem Resolution

HTC will hold the performance review meeting with State Contract Administrator once in every month or when required by the State. HTC will consider the State feedback to improve the quality and efficiency of its service. HTC will execute the following processes for Performance Monitoring and Problem Resolution:

Performance Measurements

HTC follows ISO 9001:2008 certified processes to evaluate and maintain project performance levels. HTC achieves this by collecting and analyzing metrics data on the development processes. HTC takes corrective and preventive actions when the metrics go beyond the specified threshold values for a project.

Metrics Data Collection

Metrics data are collected during the phase closures and updated to the Process Capability Baseline (PCB) workbook.

Metric Analysis

The metrics data will be compared with the control limits set at the start of the project. The deviations crossing the threshold limit are identified and analyzed. After analysis, the deviation from the expectation will be discussed and the actions will be taken to maintain project performance.

The following are some of the metrics analyzed by HTC:

- ❖ Effort Variance
- ❖ Schedule Variance
- ❖ Defects Analysis

Knowledge Transfer to State employees

HTC will perform trainings to transfer the technical knowledge to State Agency/ MDTMB regarding the enhancements and updates made to the EGrAMS system. There could be different nature of training based on the scope of the change.

Formal: These trainings will be provided for major changes where a large piece of code is developed for enhancements or changed for maintenance. Trainings will be handled in a training room with projector and connectivity to the Test or QA environment.

One-on-One: These trainings will be provided when a small piece of code is changed that affects only one or few State Agency/ MDTMB team members. The training can be held in State Agency/ MDTMB member's cube or meeting room and HTC will go over the code changes.

Phone or Email: MDIT team will be provided guidance over the phone or email if the changes are not too significant and easy for State Agency/ MDTMB to understand.

Multiple Training: HTC will arrange multiple training sessions for large system changes. These trainings include all of above types of trainings.

In the training sessions, HTC will provide documentation in the form of hand outs, presentations, user documents and technical documents for State Agency/ MDTMB team to support the system in production.

HTC will develop the training plan for State Agency/ MDTMB staff that will cover all aspects of systems and processes necessary to provide stable, efficient and reliable maintenance support for the system. HTC will forward the training plan to State's SPOC and the State Agency/ MDTMB team. The plan will be agreed upon with State Agency/ MDTMB team and updated accordingly.

At the end of the contract term, HTC will plan and conduct a knowledge transfer for the State staff.

- ♦ [Vendors should provide information regarding their recommendation of a development and testing environment.](#)

HTC will maintain the development environment within its network. HTC will make a test environment available that will be accessible to authorized users. Please refer to attachment 2 and 3 for more details on the test environment architecture and configuration.

- ♦ [Describe in detail how you will manage the source code.](#)

The EGrAMS source code is managed in HTC's development environment using Microsoft visual source safe. The source control data is backed-up every night based on a scheduled process. All product builds to be deployed in Test, Pre-live, Live environments are generated using a tested and checked-in version of the source code from the development environment.

- ♦ [Describe in detail how your solution aligns with DTMB Standards.](#)

HTC's solution aligns with DTMB Standards with respect to:

- Network Architecture
 - Availability of Test and Production environments



- Information Access and Processing Security
 - Use of firewall
 - Use of anti-virus to protect from malware
 - OS upgrades as they become available
 - Patch management
 - Sites secured from Internet, Intranet or On-Site intrusions or attacks.
 - All Internet based data transmission encrypted
- Infrastructure (servers, databases)
 - The data center utilizes servers, enterprise routing and switching engines from State approved vendors Cisco and Dell
- Disaster Recovery
 - Set up in geographically separated secure data centers
 - Recover to a known good state & resume after a site-loss disaster
 - Recover on-line transactions since the last backup in a non-site-loss disaster
 - Annual tests to demonstrate recovery of full functionality to another site
 - Off-site transport of system and database backups

◆ **Vendor to provide load testing services to validate architecture, based on State requirements.**

HTC will provide appropriate level of load testing services to test EGrAMS production instance based on State's requirements. The load testing will aim to validate the architecture under peak load conditions.

◆ **Vendor to provide Specific test plan needs.**

HTC will based on State's testing needs, provide specific test plan inputs with respect to EGrAMS and its hosting environment.

◆ **Vendor to describe back up schedules for all system components.**

All system components (source code, binaries and data) are backed up on a nightly basis. The backup data is synchronized with the alternate site on a daily basis.

◆ **Vendor to describe how software updates will be handled for all components.**

HTC will provide patches release for any software updates to keep the system maintainable, as and when the system components undergo necessary technical changes.

◆ **Vendor to describe how system monitoring and maintenance will be handled.**

HTC will provide dedicated, qualified personnel for all maintenance work along and will also assign a SPOC for reporting and monitoring activities.

HTC will provide an Issue Tracking tool through which the state users can create new issues. HTC will respond to these issues based on the severity. The tool will help in tracking the issues and keeping the State SPOC informed of the latest status.

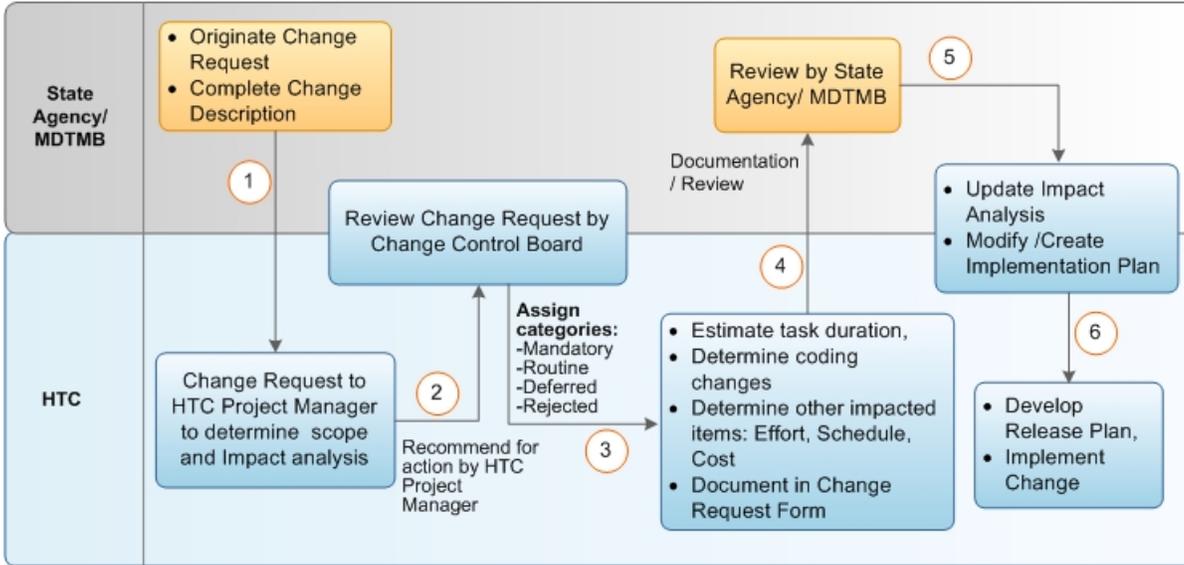
◆ **Vendor to describe how the change control process will be managed.**

A Change Control Board (CCB) will be setup with appropriate representation from the State and HTC (normally Project Managers and Contract Administrators). This group will approve or reject proposed changes for the project. The CCB will evaluate and conduct an impact analysis on all change requests. Based on the analysis, CCB will decide to accommodate or reject the change request and assign it to the appropriate team member for necessary action.

The following diagram illustrates the proposed change control process.



Change Control Process Flow



♦ Vendor to describe how they can provide an archived back-up of data for up to 7 years. HTC will roll-over archived backup data to optical media for storage up to 7 years. The backup data is archived using the backup software’s preening rules that allow weekly, monthly and annual archives to be created. These archives will then be preserved on optical media on a monthly basis.

Vendors proposing a subcontracted or partially subcontracted hosting option are asked to provide samples of SLAs used with current customers. Identifying information related to the customer may be blocked from the samples to ensure confidentiality.

Please refer to Attachment 1 – Section 1.2 for the sample SLA.



Attachment 6 – Revised Cost Tables

Table 1: Summary of EGrAMS 5 year Contract Costs by Agency

No.	Project Costs	Cost (\$)
A.	Michigan Department of Human Services, CTF software maintenance and support, enhancements and hosting – 5 years Breakdown provided in Table 2	\$264,579
B.	Michigan Department of Human Services, CSE software maintenance and support, enhancements and hosting – 5 years Breakdown provided in Table 3	\$435,106
C.	Michigan Department of Community Health – Crime Victim’s software maintenance and support, enhancements and hosting – 5 years Breakdown provided in Table 4	\$965,143
D.	Breakdown of Servers Hardware Cost Breakdown provided in Table 5	NA
E.	Breakdown of Servers Software Licenses Cost Breakdown provided in Table 6	NA
F.	Project Implementation to Vendor Hosting Site Cost Breakdown provided in Table 7	NA
	TOTAL COST FOR 5 YEARS	\$1,664,824

Assumptions:

- Line Items D, E and F costs (Server Hardware, Server Software License and Project Implementation to vendor hosting site) are included in the annual hosting charges.
- The above pricing includes a provision for up to 8000 hours of enhancements. Contractor will bill the State only for work completed through an approved Purchase Order.
- The State would like to reserve the right to implement Hot Backup in the future at the increased (proposed) price of \$105,600 divided and weighted (20%, 30% and, 50%) amongst the State Agencies.

Table 2: Annual Software Maintenance and Support, Enhancements and Hosting Michigan Department of Human Services (DHS), Office of Children Trust Fund (CTF)

AGENCY	(10/1/10 – 9/30/11) YEAR 1	(10/1/11 – 9/30/12) YEAR 2	(10/1/12 – 9/30/13) YEAR 3	(10/1/13 – 9/30/14) YEAR 4	(10/1/14 – 9/30/15) YEAR 5	Total Years (1-5)
DHS/CTF						
Ongoing maintenance & support	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$56,250
Enhancements (1000 Hours)	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$132,728
Hosting	\$15,120	\$15,120	\$15,120	\$15,120	\$15,120	\$75,600
Grand Total DHS/CTF maintenance and support, enhancements and hosting	\$51,370	\$52,120	\$52,893	\$53,688	\$54,508	\$264,579



Assumptions:

- Enhancements are only a provision for future additional work and will not be billed without an approved Purchase Order.
- Annual Hosting does not include Hot Backup, thus the Annual Hosting cost will revert to the existing cost HTC is charging today of \$75,600 (weighted amongst the existing State Agencies – 20% for CTF). Annual Hosting will remain fixed at this price to the point the existing server has sufficient capacity to manage the load (we assume another 3 users could be added before there is an issue with server capacity).
- Annual Maintenance now includes Level Two Support defined as those calls dealing with exiting functionality of the EGrAMS system. Calls to HTC not involving existing functionality will be charged as and considered enhancements (billed in 30 minute blocks).
- Annual Maintenance is based on 18% on the Enterprise License of \$250,000 which amounts to \$45,000 regardless of number of new users joining into the contract. This cost will be shared between the agencies implementing EGrAMS.

Table 3: Annual Software Maintenance and Support, Enhancements and Hosting Michigan Department of Human Services (DHS), Office of Child Support Enforcement (CSE)

AGENCY	(10/1/10 – 9/30/11) YEAR 1	(10/1/11 – 9/30/12) YEAR 2	(10/1/12 – 9/30/13) YEAR 3	(10/1/13 – 9/30/14) YEAR 4	(10/1/14 – 9/30/15) YEAR 5	Total Years (1-5)
DHS/CSE						
Ongoing maintenance & support	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$56,250
Enhancements (2000 Hours)	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$265,457
Hosting	\$22,680	\$22,680	\$22,680	\$22,680	\$22,680	\$113,400
Grand Total DHS/CSE maintenance and support, enhancements and hosting	\$83,930	\$85,430	\$86,975	\$88,566	\$90,205	\$435,107

Assumptions:

- Enhancements are only a provision for future additional work and will not be billed without an approved Purchase Order.
- Annual Hosting does not include Hot Backup, thus the Annual Hosting cost will revert to the existing cost HTC is charging today of \$75,600 (weighted amongst the existing State Agencies – 30% for CSE). Annual Hosting will remain fixed at this price to the point the existing server has sufficient capacity to manage the load (we assume another 3 users could be added before there is an issue with server capacity).
- Annual Maintenance includes Level Two Support defined as those calls dealing with exiting functionality of the EGrAMS system. Calls to HTC not involving existing functionality will be charged as and considered enhancements (billed in 30 minute blocks).
- Annual Maintenance is based on 18% on the Enterprise License of \$250,000 which amounts to \$45,000 regardless of number of new users joining into the contract. This cost will be shared between the agencies implementing EGrAMS.



Table 4: Annual Software Maintenance and Support, Enhancements and Hosting Michigan Department of Community Health (DCH), Office of Budget and Audit

AGENCY	(10/1/10 – 9/30/11) YEAR 1	(10/1/11 – 9/30/12) YEAR 2	(10/1/12 – 9/30/13) YEAR 3	(10/1/13 – 9/30/14) YEAR 4	(10/1/14 – 9/30/15) YEAR 5	Total Years (1-5)
DCH/Budget & Audit						
Ongoing maintenance & support	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$112,500
Enhancements (5000 Hours)	\$125,000	\$128,750	\$132,613	\$136,591	\$140,689	\$663,642
Hosting	\$37,800	\$37,800	\$37,800	\$37,800	\$37,800	\$189,000
Grand Total DCH/Budget & Audit maintenance and support, enhancements and hosting	\$185,300	\$189,050	\$192,913	\$196,891	\$200,989	\$965,142

Assumptions:

- Enhancements are only a provision for future additional work and will not be billed without an approved Purchase Order.
- Annual Hosting does not include Hot Backup, thus the Annual Hosting cost will revert to the existing cost HTC is charging today of \$75,600 (weighted amongst the existing State Agencies – 50% for DCH). Annual Hosting will remain fixed at this price to the point the existing server has sufficient capacity to manage the load (we assume another 3 users could be added before there is an issue with server capacity).
- Annual Maintenance includes Level Two Support defined as those calls dealing with exiting functionality of the EGrAMS system. Calls to HTC not involving existing functionality will be charged as and considered enhancements (billed in 30 minute blocks).
- Annual Maintenance is based on 18% on the Enterprise License of \$250,000 which amounts to \$45,000 regardless of number of new users joining into the contract. This cost will be shared between the agencies implementing EGrAMS.

Table 5: Breakdown of Servers Hardware Cost

No.	Server hardware cost	Cost (\$)	Comments
B.	Servers Hardware - Operating System		Not applicable, as this cost has been included in the annual hosting charges.
	Servers Hardware - DBMS		
	Servers Hardware - Print		
	Server Hardware - Security		
	Servers Hardware - Others		
	Server Hardware - Backup		
	Servers - Fire walls		
	Servers Hardware installation, configuration, and testing.		
	Total Cost of Server Hardware	\$	



Table 6: Breakdown of Servers Software Licenses Cost

No.	Server software cost	Cost (\$)	Comments
C.	Servers Software - Operating System		Not applicable, as this cost has been included in the annual hosting charges.
	Servers Software - DBMS		
	Servers Software - Print		
	Server Software - Security		
	Servers Software - Others		
	Server Software - Backup		
	Servers - Fire walls		
	Servers Software installation, configuration, and testing.		
	Load balancing software		
	Total Cost of Server Software Licenses	\$	

Table 7: Project Implementation to Vendor Hosting Site Cost

No.	Resources Required	Total # of resources	Total # of hours	Unit cost (\$)	Total cost (\$)
D.	1. Project Management	Not applicable, cost are included in the annual hosting charges.			
	2. Integration: (Integration of your COTS/Application software product with customized code and external interfaces)				
	3. Testing: (a) Unit, (b) System, (c) Integration, (d) Performance (load and stress), (e) Parallel Testing VERIS-VVRS), (f) UAT, (g) Other (List):				
	4. Deployment / Cutover				
	Total cost Project Implementation			\$	\$



Table 8: Future Enhancements-New Grant Implementations Rate Card

Resource Type	Hourly Rate (\$)	Comments
Project management	150	
Business analysts	110	
System analysts	95	
Programmer/developers	90	
System administrators	100	
Database administrators	100	
Q/A Manager	90	The parties agree that the Services/Deliverables to be rendered by Contractor using the rate card on this Contract will be defined and described in detail in separate Statements of Work. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a purchase order issued against this Contract.
Security specialist	100	
Testers	80	
Technical writers	55	
CM specialists	80	
System Architects	140	
Network engineer/administrator	100	
Software Architects	140	
CM specialists	80	
Project assistants	50	
Web developers	75	
Application trainers	85	

Notes:

1. Hourly rates quoted are firm, fixed rates for the duration of the contract. Travel and other expenses will not be reimbursed. The State will utilize the fully loaded hourly rates detailed above for each staff that will be used as fixed rates for responses to separate statements of work.
2. Actual funding for enhancements/new implementations will occur on a yearly basis, and there is no guarantee as to the level of funding, if any, available to the project.
3. Unless otherwise agreed by the parties, each Statement of Work will include:
 - a. Background
 - b. Project Objective
 - c. Scope of Work
 - d. Deliverables
 - e. Acceptance Criteria
 - f. Project Control and Reports
 - g. Specific Department Standards
 - h. Payment Schedule
 - i. Travel and Expenses
 - j. Project Contacts
 - k. Agency Responsibilities and Assumptions
 - l. Location of Where the Work is to be Performed
 - m. Expected Contractor Work Hours and Conditions