



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 11
to
Contract Number **071B1300188**

CONTRACTOR	IBM CORPORATION
	196 Crescent Road
	Lansing, MI 48824
	Russ Desy
	517-335-1159
	rdesy@us.ibm.com
	*****1985

STATE	Program Manager	Dave Gabler	DTMB
		517-335-4097	
		gablerD@Michigan.gov	
STATE	Contract Administrator	Jarrod Barron	DTMB
		(517) 284-7045	
		BarronJ1@michigan.gov	

CONTRACT SUMMARY				
DESCRIPTION: Main Hosting and Services				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
January 18, 2011	December 31, 2017	3 - 1 Year	December 31, 2017	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NA		NA		
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				
NA				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		Click here to enter a date.
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$50,875,601.48		\$ 0.00	\$50,875,601.48	

DESCRIPTION: Effective August 16, 2016, the parties add 500 hours to change authorization order number A22 (found in Contract Change Notice No. 10) to subcontractor George Owens at \$215.00 per hour, not to exceed \$107,500.00. All other terms, conditions, pricing and specifications remain the same. Per contractor and agency agreement and DTMB Procurement approval.

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

CHANGE NOTICE NO. 10
 to
CONTRACT NO. 071B1300188
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
IBM Corporation 196 Crescent Road East Lansing, MI 48824	James Foley	jfoley@us.ibm.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	(517) 335-1159	1985

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Dave Gabler	517-335-4097	gablerd@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mike Breen	517-284-7002	breenm@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: MAIN Hosting & Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 31, 2011	December 31, 2017	3, one year	December 31, 2017
PAYMENT TERMS		DELIVERY TIMEFRAME	
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				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$50,875,601.48		\$0.00	\$50,875,601.48	

DESCRIPTION: Effective October 1, 2015, this contract is amended to include the attached change authorization order number A22 to retain subcontractor (George Owens) for 1200 hours at \$215.00 per hour, with a not to exceed \$258,000.00. The subcontractor provides optimal work in design/engineering for new service installs and troubleshooting existing operations. All other terms, conditions, pricing and specifications remain the same. Per contractor and agency agreement and DTMB Procurement approval.



IBM Global Services George W Romney Building
111 S. Capitol – 9th Floor Lansing, MI 48913
1- 517-231-0693 email:
jfoley@us.ibm.com

September 15, 2015

Mr. David Wilson
State of Michigan – DTMB Telecommunications
608 West Allegan
Lansing, MI 48913

Dear Mr. Wilson,

IBM Global Services is pleased to respond to the State's request to extend Network Consulting Services currently provided under Change Order A19 to the MAIN Hosting and Services Contract 071B1300188. As a result of this extension, services will continue to be provided through 09/30/2016.

Attached is Change Order Number: A22

This Change Order is open for acceptance until September 30, 2015.

Sincerely,

 James
Foley

Digitally signed by James Foley
DN: cn=James Foley, o=us,
email=jfoley@us.ibm.com, c=US
Date: 2015.09.17 08:59:20 -0400

James Foley
IBM Project Executive

cc: Tim Hyde
Michael Ouendag

Enclosure

Change Authorization Form

Change Authorization Order for the Contract for MAIN Hosting and Services Contract Number 071B1300188

Change Authorization Order Number A19

I. Effect on Contract

This Change Authorization Order (the "Order") is subject to all terms and conditions of the Contract for MAIN Hosting and Services (the "Contract") between the State of Michigan and IBM Global Services dated January 31, 2011 and is issued in accordance with Section 2.024 of the Contract. Except as expressly specified in this Order, all terms and conditions of the Contract shall remain in full force and effect upon execution of this Order. This Order is not valid until it is executed in accordance with Section 2.024 of the Contract. In the event of any inconsistency or ambiguity between the terms and conditions of this Order and the terms and conditions of the Contract, the terms and conditions of this Order shall control.

II. Description of Change

A. Scope of Work

IBM Global Services will provide a consultant to perform Network Analysis Services for up to 1200 hours to support the State of Michigan Department of Technology Management and Budget (DTMB) Telecommunications division. These services will be provided from October 01, 2015 through September 30, 2016.

The State has expressed a desire to retain George Owen to provide these services. IBM will use commercially reasonable efforts to provide this specific individual as a resource if the State accepts this Change Order on or before September 30, 2015.

Work will be performed at the State's location, under direction by the State.

B. Charges

The price for a network consultant to provide these services is \$215.00 per hour. The total Change Order value for 1200 hours of services is \$258,000.

C. State Responsibilities

The State is responsible for providing a workstation, suitable office space, supplies and a telephone for the resources noted above at no expense to IBM Global Services.

The State is responsible for securing the cooperation and participation of Subject Matter Experts, as required, for their system knowledge throughout this effort to assist and resolve questions.

The State is responsible for communicating and coordinating the overall project goals and project results to all affected parties.

D. Schedule

The effective date of this Change Order shall be the date that it is signed by the State and shall continue through September 30, 2016.

E. Completion Criteria

IBM Global Services will have completed its obligations under this Change Order when one of the following first occurs:

1. IBM Global Services provides the maximum number of hours of services specified in the Charges section of this Change Order; or
2. The total price contained in the Charges section of this Change Order has been reached; or
3. The Change Order end date of September 30, 2016 has been reached; or
4. This Change Order is terminated in accordance with the provisions of the Contract.

F. Payment Schedule

The work effort contained herein will be performed on a time and materials basis. (IBM is providing skills and hours.) These charges will be billed to the State of Michigan monthly for the previous month's services. Payment is due within 45 days after receipt of a valid invoice from IBM.

Timesheets signed by the resource and the State's supervisor will be attached to the invoices.

III. State Authorization

Check One:

This order shall be performed for the benefit of the Infrastructure Services Network Operations Center (NOC) in the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM pursuant to this order shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this Order and shall have the right to enforce the terms and conditions of this Order and the Contract (insofar as they apply to this Order) in its own name directly against IBM Global Services. This order is not valid until signed by an authorized representative of the Authorizing Agency and by the Purchasing Director, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This Order shall be performed for the benefit of the DTMB and is not valid until signed by Acquisition Services or a designated representative or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

IBM Corporation IBM Global Services

By:  James Foley Digitally signed by James Foley
DN: cn=James Foley, o=us
email=jfoley@us.ibm.com, c=US
Date: 2015.09.17 08:56:03 -0400
Title: James Foley – Project Executive
Date: 15 September 2015

Authorizing Agency (Department of Technology Management and Budget)

By: _____
Title: Mr. David Wilson – DTMB Telecommunications
Date: _____

IV. Attachments

None.



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

Project Title: State of Michigan FY 2014 Network Subject Matter Expert Staff Aug Owens	Period of Coverage: 10/1/2015 – 9/30/16
Requesting Department: DTMB Network and Telecommunications Services	Date: 9/20/2015
Agency Project Manager: David Wilson	Phone: 517-241-7552
DTMB Project Manager: David Wilson	Phone: 517-241-7552

Brief Description of Services to be provided:

BACKGROUND:

The State of Michigan Department of Technology, Management, and Budget (DTMB) Network and Telecommunications Services (NTS) has ongoing network design and installation projects. A subject matter expert is necessary for optimal work in design and engineering of new service installations.

PROJECT OBJECTIVE:

IBM Global Services has been requested to provide subject matter expertise to support these projects. NTS would like to retain the services of George Owen for fiscal year 2016.

SCOPE OF WORK:

The primary function of this position will be to assist DTMB NTS Managed Network Services with the design and engineering of the State of Michigan enterprise network systems.

DELIVERABLES:

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them.

ACCEPTANCE CRITERIA:

Acceptance of the defined deliverables will be the responsibility of NTS Managed Network Services in conjunction with NTS management review. Each deliverable must be met with the satisfaction of said parties in the time frame allotted for this contract.

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:

N/A

PAYMENT SCHEDULE:

Payment will be made on a time and materials 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:

David Wilson
Department of Information Technology Management and Budget
Network and Telecommunications Services
Hannah Building, 1st Floor
608 W. Allegan Street
Lansing, MI, 48933
517-241-7552
Wilson7@michigan.gov

The designated DTMB Project Manager is:

David Wilson
Department of Information Technology Management and Budget
Network and Telecommunications Services
Hannah Building, 1st Floor
608 W. Allegan Street
Lansing, MI, 48933
517-241-7552
Wilson7@michigan.gov

AGENCY RESPONSIBILITIES:

DTMB will provide a single point of contact that has the authority to make decisions regarding the operation of services and training.

DTMB will be available to assist the vendor consultant with any questions or issues relating to the SOM environment, according to the schedule outlined in the project timeline. DTMB will arrange for backup resources in case the primary contacts are unable to participate.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work at 608 W. Allegan, 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.

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. 9
 to
CONTRACT NO. 071B1300188
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
IBM Corporation 196 Crescent Rd. East Lansing, MI 48824	Russ Desy	rdesy@us.ibm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 335-1159	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Dave Gabler	517-335-4097	GablerD@michigan.gov
BUYER	DTMB	Whitnie Zuker	517-335-5306	zukerw@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: MAIN Hosting & Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 31, 2011	December 31, 2017	3, One-Year	December 31, 2017
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"/>		December 31, 2017
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$50,875,601.48		

Effective October 21, 2014, this Contract is hereby amended to include the attached Change Authorization Order Number A19, to retain subcontractor (George Owens) for 1200 hours @ \$213.15 (Network Analyst). Subcontractor provides optimal work in design/engineering for new service installs and troubleshooting for existing operations. This will not exceed \$255,780.00. Subcontractor is part of Department of Technology, Management and Budget Telecommunication Services. All other pricing, terms and conditions remain the same. Per contractor and agency agreement and the approval of DTMB Procurement.



IBM Global Services
George W Romney Building
111 S. Capitol – 9th Floor
Lansing, MI 48913
1- 517-231-0693
email: rdesy@us.ibm.com

September 25, 2014

Mr. Greg Faremouth
State of Michigan – DTMB Telecommunications
608 West Allegan
Lansing, MI 48913

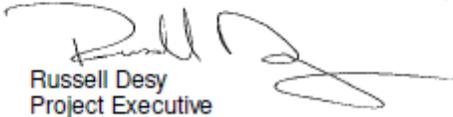
Dear Mr. Faremouth,

IBM Global Services is pleased to respond to the State's request to extend Network Consulting Services currently provided under Change Order A19 to the MAIN Hosting and Services Contract 071B1300188. As a result of this extension, services will continue to be provided through 09/30/2015.

Attached is Change Order Number: A19

This Change Order is open for acceptance until October 31, 2014.

Sincerely,



Russell Desy
Project Executive

cc: Dave Gabler

Enclosure

Change Authorization Form

Change Authorization Order for the Contract for MAIN Hosting and Services Contract Number 071B1300188

Change Authorization Order Number A19

I. Effect on Contract

This Change Authorization Order (the "Order") is subject to all terms and conditions of the Contract for MAIN Hosting and Services (the "Contract") between the State of Michigan and IBM Global Services dated January 31, 2011 and is issued in accordance with Section 2.024 of the Contract. Except as expressly specified in this Order, all terms and conditions of the Contract shall remain in full force and effect upon execution of this Order. This Order is not valid until it is executed in accordance with Section 2.024 of the Contract. In the event of any inconsistency or ambiguity between the terms and conditions of this Order and the terms and conditions of the Contract, the terms and conditions of this Order shall control.

II. Description of Change

A. Scope of Work

IBM Global Services will provide a consultant to perform Network Analysis Services for up to 1200 hours to support the State of Michigan Department of Technology Management and Budget (DTMB) Telecommunications division. These services will be provided from October 01, 2014 through September 30, 2015.

The State has expressed a desire to retain George Owen to provide these services. IBM will use commercially reasonable efforts to provide this specific individual as a resource if the State accepts this Change Order on or before September 30, 2014.

Work will be performed at the State's location, under direction by the State.

B. Charges

The price for a network consultant to provide these services is \$213.15 per hour. The total Change Order value for 1200 hours of services is \$255,780.

C. State Responsibilities

The State is responsible for providing a workstation, suitable office space, supplies and a telephone for the resources noted above at no expense to IBM Global Services.

The State is responsible for securing the cooperation and participation of Subject Matter Experts, as required, for their system knowledge throughout this effort to assist and resolve questions.

The State is responsible for communicating and coordinating the overall project goals and project results to all affected parties.

D. Schedule

The effective date of this Change Order shall be the date that it is signed by the State and shall continue through September 30, 2015.

E. Completion Criteria

IBM Global Services will have completed its obligations under this Change Order when one of the following first occurs:

1. IBM Global Services provides the maximum number of hours of services specified in the Charges section of this Change Order; or
2. The total price contained in the Charges section of this Change Order has been reached; or
3. The Change Order end date of September 30, 2015 has been reached; or
4. This Change Order is terminated in accordance with the provisions of the Contract.

F. Payment Schedule

The work effort contained herein will be performed on a time and materials basis. (IBM is providing skills and hours.) These charges will be billed to the State of Michigan monthly for the previous month's services. Payment is due within 45 days after receipt of a valid invoice from IBM.

Timesheets signed by the resource and the State's supervisor will be attached to the invoices.

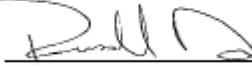
III. State Authorization

Check One:

This order shall be performed for the benefit of the Infrastructure Services Network Operations Center (NOC) in the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM pursuant to this order shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this Order and shall have the right to enforce the terms and conditions of this Order and the Contract (insofar as they apply to this Order) in its own name directly against IBM Global Services. This order is not valid until signed by an authorized representative of the Authorizing Agency and by the Purchasing Director, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This Order shall be performed for the benefit of the DTMB and is not valid until signed by Acquisition Services or a designated representative or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

**IBM Corporation
IBM Global Services**

By: 
Title: Russell Desy, Project Executive
Date: September 25, 2014

Authorizing Agency (Department of Technology Management and Budget)

By: _____
Title: Mr. Greg Faremouth – DTMB Telecommunications
Date: _____

IV. Attachments

None.



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

Project Title: State of Michigan FY 2014 Network Subject Matter Expert Staff Aug	Period of Coverage: 10/1/2014 – 9/30/15
Requesting Department: DTMB Network and Telecommunications Services	Date: 10/9/2014
Agency Project Manager: David Wilson	Phone: 517-241-7552
DTMB Project Manager: David Wilson	Phone: 517-241-7552

Brief Description of Services to be provided:

BACKGROUND:

The State of Michigan Department of Technology, Management, and Budget (DTMB) Network and Telecommunications Services (NTS) has ongoing network design and installation projects. A subject matter expert is necessary for optimal work in design and engineering of new service installations.

PROJECT OBJECTIVE:

IBM Global Services has been requested to provide subject matter expertise to support these projects. NTS would like to retain the services of George Owen for the remainder of fiscal year 2015

SCOPE OF WORK:

The primary function of this position will be to assist DTMB NTS Managed Network Services with the design and engineering of the State of Michigan enterprise network systems.

DELIVERABLES:

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them.

ACCEPTANCE CRITERIA:

Acceptance of the defined deliverables will be the responsibility of NTS Managed Network Services in conjunction with NTS management review. Each deliverable must be met with the satisfaction of said parties in the time frame allotted for this contract.

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:

N/A

PAYMENT SCHEDULE:

Payment will be made on a time and materials 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:

David Wilson

Department of Information Technology Management and Budget
Network and Telecommunications Services
Hannah Building, 1st Floor
608 W. Allegan Street
Lansing, MI, 48933
517-241-7552
Wilson7@michigan.gov

The designated DTMB Project Manager is:

David Wilson

Department of Information Technology Management and Budget
Network and Telecommunications Services
Hannah Building, 1st Floor
608 W. Allegan Street
Lansing, MI, 48933
517-241-7552
Wilson7@michigan.gov

AGENCY RESPONSIBILITIES:

DTMB will provide a single point of contact that has the authority to make decisions regarding the operation of services and training.

DTMB will be available to assist the vendor consultant with any questions or issues relating to the SOM environment, according to the schedule outlined in the project timeline. DTMB will arrange for backup resources in case the primary contacts are unable to participate.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work at 608 W. Allegan, 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.

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. 8
 to
CONTRACT NO. 071B1300188
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
IBM Corporation 196 Crescent Rd. East Lansing, MI 48824	Russ Desy	rdesy@us.ibm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 335-1159	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Dave Gabler	517-335-4097	GablerD@michigan.gov
BUYER	DTMB	Whitnie Zuker	517-335-5306	zukerw@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: MAIN Hosting & Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 31, 2011	December 31, 2017	3, One-Year	December 31, 2017
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"/>		December 31, 2017
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$50,875,601.48		

Effective October 20, 2014, this Contract is hereby amended to include the attached Change Authorization Order Number A17, to retain one(1) J2EE Application Developer for the BRIDGES-MAIN interface project for up to 1760 hours at the rate of \$130.12 per hour, for the period of 11/1/2014 to 9/30/2015. This resource will not exceed \$229,011.00. This is for Pradeep Battul (DHS). All other pricing, terms and conditions remain the same. Per contractor and agency agreement and the approval of DTMB Procurement.



IBM Global Services
George W Romney Building
111 S. Capitol - 9th Floor
Lansing, MI 48913
1- 517-231-0693
email: rdesy@us.ibm.com

September 9, 2014

Dave Gabler
Business Relationship Manager - DTMB
Department of Technology Management and Budget
George W. Romney Building
111 S. Capitol Ave, 9th Floor
Lansing, MI 48913

Dear Dave,

IBM Global Services is pleased to respond to the State's request to retain one (1) J2EE Application Developer for the Bridges - MAIN interface project via Change Order A17 to the MAIN Hosting and Services Contract 071B1300188. These services will be provided via the Contract through 09/30/2015.

Attached is Change Order Number: A17

This Change Order is open for acceptance until October 31, 2014.

Sincerely,


Russell Desy
Project Executive

cc: Kemal Tekinel

Enclosure

Change Authorization Form

Change Authorization Order for the Contract for MAIN Hosting and Services Contract Number 071B1300188

Change Authorization Order Number A17

I. Effect on Contract

This Change Authorization Order (the "Order") is subject to all terms and conditions of the Contract for MAIN Hosting and Services (the "Contract") between the State of Michigan and IBM Global Services dated January 31, 2011 and is issued in accordance with Section 2.024 of the Contract. Except as expressly specified in this Order, all terms and conditions of the Contract shall remain in full force and effect upon execution of this Order. This Order is not valid until it is executed in accordance with Section 2.024 of the Contract. In the event of any inconsistency or ambiguity between the terms and conditions of this Order and the terms and conditions of the Contract, the terms and conditions of this Order shall control.

II. Description of Change

A. Scope of Work

IBM Global Services will extend one (1) J2EE Application Developer to assist the State of Michigan Department of Technology Management and Budget (DTMB) with the Bridges – MAIN interface project team as follows:

1. Continue to analyze, gather requirements, design, develop and test Bridges interfaces with MAIN
2. Test changes
3. Provide documentation
4. Provide support to DTMB and DHS during QAT and UAT testing

Work will be performed at the State's location, under the direction of the State of Michigan, reporting to the State's manager/technical lead.

B. Charges

One (1) Senior J2EE application developer will be extended for a maximum of 1760 hours (11 months) at the rate of \$130.12 per hour. This PCR authorizes the resource to continue on the DHS project from 11/01/2014 through 09/30/2015. The total charges for one (1) resource will not exceed \$229,011.

The State agrees to compensate IBM for inflationary factors as described in the Inflationary Adjustment process in Exhibit L- Section 9 of the Contract. However, the exact affect on the rates in the preceding paragraph will not be known until January, 2015.

C. State Responsibilities

The State is responsible for providing a workstation, suitable office space, supplies and a telephone for the resources noted above at no expense to IBM Global Services.

The State is responsible for securing the cooperation and participation of Subject Matter Experts, as required, for their system knowledge throughout this effort to assist and resolve questions.

The State is responsible for communicating and coordinating the overall project goals and project results to all affected parties.

D. Schedule

The effective date of this Change Order shall be the date that it is signed by the State and shall continue through September 30, 2015.

The services authorized by PCR A17 represent an extension of services already being provided under PCR A14 through 10/31/2014. Therefore the schedule for services to be provided under PCR A17 will be from 11/01/2014 through 09/30/2015.

E. Completion Criteria

IBM Global Services will have completed its obligations under this Change Order when one of the following first occurs:

1. IBM Global Services provides the maximum number of hours of services specified in the Charges section of this Change Order; or
2. The total price contained in the Charges section of this Change Order has been reached; or
3. The Change Order end date of September 30, 2015 has been reached; or
4. This Change Order is terminated in accordance with the provisions of the Contract.

F. Payment Schedule

The work effort contained herein will be performed on a time and materials basis. (IBM is providing skills and hours.) These charges will be billed to the State of Michigan monthly for the previous month's services. Payment is due within 45 days after receipt of a valid invoice from IBM.

Timesheets signed by the resource and the State's supervisor will be attached to the invoices.

III. State Authorization

Check One:

This order shall be performed for the benefit of the Infrastructure Services Network Operations Center (NOC) in the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM pursuant to this order shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this Order and shall have the right to enforce the terms and conditions of this Order and the Contract (insofar as they apply to this Order) in its own name directly against IBM Global Services. This order is not valid until signed by an authorized representative of the Authorizing Agency and by the Purchasing Director, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

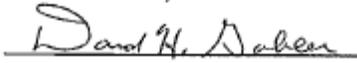
This Order shall be performed for the benefit of the DTMB and is not valid until signed by Acquisition Services or a designated representative or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

**IBM Corporation
IBM Global Services**

By: 
Title: Russell Desy, Project Executive
Date: September 9, 2014

Authorizing Agency (Department of Technology Management and Budget)

By: 
Title: Kemal Tekinel, Project Manager - DTMB Director, DTMB Eligibility
Date: 9/10/2014

By: 
Title: Dave Gabler, Business Relationship Manager - DTMB
Date: 9/12/14

IV. Attachments

None.



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

Project Title: Bridges Payroll Project	Period of Coverage: 11/1/14-9/30/15
Requesting Department: Department of Human Services	Date: 9/23/14
Agency Project Manager:	Phone:
DTMB Project Manager: Kemal Tekinel	Phone: 517-241-5779

Brief Description of Services to be provided:

BACKGROUND:

DTMB/DHS would like to retain Pradeep Battul to continue to work on how Bridges payroll interfaces with MAIN and complete the MAIN interface project.

PROJECT OBJECTIVE:

Complete the Bridges payroll project

SCOPE OF WORK:

1. Continue to analyze, gather requirements, design, develop and test Bridges Payroll interfaces with MAIN
2. Test changes
3. Provide documentation
4. Provide support to DTMB and DHS during QAT and UAT testing

TASKS:

Technical support is required to assist with the following tasks:

1. Analyze, gather requirements, design, develop and test Bridges Payroll interfaces with MAIN
2. Test changes
3. Provide documentation
4. Provide support to DTMB and DHS during QAT and UAT testing

DELIVERABLES:

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them.

Deliverables for this project include:

- Requirements documentation
- Design documentation
- Testing documentation and test results
- Source code checked into the appropriate configuration management tool

Note: SUITE documentation should be used for all project related documentation and deliverables

ACCEPTANCE CRITERIA:

- Successful execution of payrolls project

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:

- **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.

- **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
- **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 time and materials 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 DTMB Project Manager is:

Kemal Tekinel
DTMB-DHS/CSES
Grand Tower, 3rd floor
235 S Grand Ave
Lansing, MI 48909
517-241-5779
TekinelK@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.

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. 7
 to
CONTRACT NO. 071B1300188
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
IBM Corporation 196 Crescent Rd. East Lansing, MI 48824	Russ Desy	rdesy@us.ibm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 335-1159	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Dave Gabler	517-335-4097	GablerD@michigan.gov
BUYER	DTMB	Whitnie Zuker	517-335-5306	zukerw@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: MAIN Hosting & Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 31, 2011	December 31, 2017	3, One-Year	December 31, 2017
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"/>		December 31, 2017
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$50,875,601.48		

Effective immediately, this Contract is hereby amended to include the attached Change Authorization Order Number A15, to add six (6) resources to assist with MAIN Development and maintenance projects. All other pricing, terms and conditions remain the same. Per vendor and agency agreement and the approval of DTMB Procurement.

Change Authorization Form

Change Authorization Order for the Contract for MAIN Hosting and Services Contract Number 071B1300188

Change Authorization Order Number A15

I. Effect on Contract

This Change Authorization Order (the "Order") is subject to all terms and conditions of the Contract for MAIN Hosting and Services (the "Contract") between the State of Michigan and IBM Global Services dated January 31, 2011 and is issued in accordance with Section 2.024 of the Contract. Except as expressly specified in this Order, all terms and conditions of the Contract shall remain in full force and effect upon execution of this Order. This Order is not valid until it is executed in accordance with Section 2.024 of the Contract. In the event of any inconsistency or ambiguity between the terms and conditions of this Order and the terms and conditions of the Contract, the terms and conditions of this Order shall control.

II. Description of Change

A. Scope of Work

IBM Global Services will provide six (6) resources to assist the State of Michigan Department of Technology Management and Budget (DTMB) with MAIN development and maintenance projects:

Resource Description	Hourly Rate	Start Date	End Date	Estimated Annual Price	Current Resource
MAIN FACS Application Software Architect	\$138.88	1/1/2014	12/31/2014	\$266,649.60	TBD
Time & Expense Java Developer - Senior	\$128.19	1/1/2014	12/31/2014	\$123,062.40	Martin Kendall
MAIN FACS and Time & Expense Java Developer - Senior	\$128.19	1/1/2014	12/31/2014	\$246,124.80	Scott Horton
MAIN FACS and Time & Expense Java Developer - Senior	\$128.19	1/1/2014	6/30/2014	\$123,062.40	Ankit Bhurat
MAIN FACS COBOL Developer	\$91.87	1/1/2014	12/31/2014	\$176,390.40	Fariborz Davarpanah
MAIN FACS COBOL Developer	\$91.87	1/1/2014	12/31/2014	\$176,390.40	Don Sweatland
Total Price:				\$1,111,680.00	

Work will be performed under the direction of the State of Michigan, reporting to the State's managers and/or technical leads at the State's location.

B. General Provisions

As requested by the State, the resource being proposed to fill the Java Developer - Senior role covered by this Change Order is Marty Kendall. Marty is currently a critical resource supporting another IBM account, and those responsibilities will continue in parallel with his

proposed efforts MAIN projects. As a result, he is available to support MAIN projects only on a part time basis, and the priorities of both efforts must be balanced.

- On average, IBM estimates that Marty will be available 20 hours per week, not including time off for planned vacations. His availability in any individual week may be higher or lower than this estimate.
- If a Severity 1 problem arises with the system Marty supports for the other IBM account, he must be immediately available to assist with that problem through its resolution.
- When conflicts in priority result in Marty's availability not meeting the expectations of the MAIN EDI HIPAA Compliance project manager, the issue should be escalated to the IBM Project Executive, Russ Desy who will resolve with concurrence from the MAIN State Administrative Manager, Dave Gabler.

C. Charges

Charges for the AMS resources listed above are in accordance with the 2013 rates contained in Exhibit L.1 of the contract and subsequent Economic Change Adjustments.

All charges listed above will be billed under Change Order A15

The State agrees to compensate IBM for inflationary factors as described in the Economic Change Adjustment process in Exhibit L- Section 9 of the Contract. However, the exact effect on the rates in the preceding paragraph will not be known until January, 2014.

D. State Responsibilities

The State is responsible for providing a workstation, required software tools, suitable office space, supplies and a telephone for the resources noted above at no expense to IBM Global Services.

The State is responsible for securing the cooperation and participation of Subject Matter Experts, as required, for their system knowledge throughout this effort to assist and resolve questions.

The State is responsible for communicating and coordinating the overall project goals and project results to all affected parties.

E. Schedule

The effective date of this Change Order shall be the date that it is signed by the State and shall continue through December 31, 2014.

F. Completion Criteria

IBM Global Services will have completed its obligations under this Change Order when one of the following first occurs:

1. IBM Global Services provides the maximum number of hours of services specified in the Scope section of this Change Order; or
2. The total price contained in the Scope section of this Change Order has been

- reached; or
3. The Change Order end date of December 31, 2014 has been reached; or
 4. This Change Order is terminated in accordance with the provisions of the Contract.

G. Payment Schedule

The work effort contained herein will be performed on a time and materials basis. (IBM is providing skills and hours.) These charges will be billed to the State of Michigan monthly for the previous month's services. Payment is due within 45 days after receipt of a valid invoice from IBM.

Timesheets signed by the resource and the State's supervisor will be attached to the invoices.

III. State Authorization

Check One:

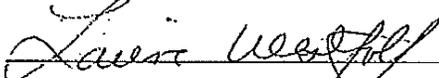
This order shall be performed for the benefit of the Infrastructure Services Network Operations Center (NOC) in the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM pursuant to this order shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this Order and shall have the right to enforce the terms and conditions of this Order and the Contract (insofar as they apply to this Order) in its own name directly against IBM Global Services. This order is not valid until signed by an authorized representative of the Authorizing Agency and by the Purchasing Director, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This Order shall be performed for the benefit of the DTMB and is not valid until signed by Acquisition Services or a designated representative or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

**IBM Corporation
IBM Global Services**

By: 
Title: Russell Desy, Project Executive
Date: 12-16-2013

Authorizing Agency (Department of Technology Management and Budget)

By: 
Title: Laurie Westfall, General Manager - DTMB
Date: 12/19/13



IBM Global Services
George W Romney Building
111 S. Capitol – 9th Floor
Lansing, MI 48913
1- 517-231-0693
email: rdesy@us.ibm.com

December 16, 2013

Dave Gabler
State Administrative Manager DTMB
Department of Technology Management and Budget
George W. Romney Building
111 S. Capitol Ave, 9th Floor
Lansing, MI 48913

Dear Dave,

IBM Global Services is pleased to respond to the State's request to extend the services of existing AMS Application Developers for MAIN projects via Change Order #A15 to the MAIN Hosting and Services Contract 071B1300188. These services will be provided via the Contract through 12/31/2014.

Attached is Change Order Number: A15:

This Change Order is open for acceptance until December 31, 2013.

Sincerely,

Russell Desy
Project Executive

cc: Lisa Evani

LDE.
12-19-13

Enclosure

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. 6
 to
CONTRACT NO. 071B1300188
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
IBM Corporation 196 Crescent Rd. East Lansing, MI 48824	Russ Desy	rdesy@us.ibm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 335-1159	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Dave Gabler	517-335-4097	GablerD@michigan.gov
BUYER	DTMB	Whitnie Zuker	517-335-5306	zukerw@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: MAIN Hosting & Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 31, 2011	December 31, 2017	3, One-Year	December 31, 2017
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"/>		December 31, 2017
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$50,875,601.48		

Effective immediately, this Contract is hereby amended to include the attached Change Authorization Order Number A14, to extend services of only one (1) J2EE Application Developer to assist the State of Michigan DTMB with the Bridges—Main interface project. Resource at a rate of \$128.19/hour, not to exceed 1920 hours. All other pricing, terms and conditions remain the same. Per vendor and agency agreement and the approval of DTMB Procurement.



IBM Global Services
George W Romney Building
111 S. Capitol – 9th Floor
Lansing, MI 48913
1- 517-231-0693
email: rdesy@us.ibm.com

October 11, 2013

Laurie Westfall
General Manager - DTMB
Department of Technology Management and Budget
George W. Romney Building
111 S. Capitol Ave, 9th Floor
Lansing, MI 48913

Dear Laurie,

IBM Global Services is pleased to respond to the State's request to provide one (1) J2EE Application Developer for the Bridges - MAIN interface project to continue to work on how Bridges payroll interfaces with MAIN and complete the project via Change Order #A14 to the MAIN Hosting and Services Contract 071B1300188. These services will be provided via the Contract through 10/31/2014.

Attached is Change Order Number: A14.

This Change Order is open for acceptance until October 24, 2013.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell Desy", is written over a light blue horizontal line.

Russell Desy
IBM Project Executive

cc: Lisa Evani
Kemal Tekinel

Enclosure

Change Authorization Form

Change Authorization Order for the Contract for MAIN Hosting and Services Contract Number 071B1300188

Change Authorization Order Number A14

I. Effect on Contract

This Change Authorization Order (the "Order") is subject to all terms and conditions of the Contract for MAIN Hosting and Services (the "Contract") between the State of Michigan and IBM Global Services dated January 31, 2011 and is issued in accordance with Section 2.024 of the Contract. Except as expressly specified in this Order, all terms and conditions of the Contract shall remain in full force and effect upon execution of this Order. This Order is not valid until it is executed in accordance with Section 2.024 of the Contract. In the event of any inconsistency or ambiguity between the terms and conditions of this Order and the terms and conditions of the Contract, the terms and conditions of this Order shall control.

II. Description of Change

A. Scope of Work

IBM Global Services will extend one (1) J2EE Application Developer to assist the State of Michigan Department of Technology Management and Budget (DTMB) with the Bridges – MAIN interface project team as follows:

1. Continue to analyze, gather requirements, design, develop and test Bridges Payroll interfaces with MAIN
2. Test changes
3. Provide documentation
4. Provide support to DTMB and DHS during QAT and UAT testing

Work will be performed at the State's location, under the direction of the State of Michigan, reporting to the State's manager/technical lead.

B. Charges

One (1) Senior J2EE application developer will be extended for a maximum of 1920 hours at the rate of \$128.19 per hour. The resource will continue starting from 11/01/2013 through 10/31/2014. The total charges for one (1) resource will not exceed \$246,124.80.

The State agrees to compensate IBM for inflationary factors as described in the Inflationary Adjustment process in Exhibit L- Section 9 of the Contract. However, the exact affect on the rates in the preceding paragraph will not be known until January, 2014.

C. State Responsibilities

The State is responsible for providing a workstation, suitable office space, supplies and a telephone for the resources noted above at no expense to IBM Global Services.

The State is responsible for securing the cooperation and participation of Subject Matter Experts, as required, for their system knowledge throughout this effort to assist and resolve questions.

The State is responsible for communicating and coordinating the overall project goals and project results to all affected parties.

D. Schedule

The effective date of this Change Order shall be the date that it is signed by the State and shall continue through October 31, 2014.

E. Completion Criteria

IBM Global Services will have completed its obligations under this Change Order when one of the following first occurs:

1. IBM Global Services provides the maximum number of hours of services specified in the Charges section of this Change Order; or
2. The total price contained in the Charges section of this Change Order has been reached; or
3. The Change Order end date of October 31, 2014 has been reached; or
4. This Change Order is terminated in accordance with the provisions of the Contract.

F. Payment Schedule

The work effort contained herein will be performed on a time and materials basis. (IBM is providing skills and hours.) These charges will be billed to the State of Michigan monthly for the previous month's services. Payment is due within 45 days after receipt of a valid invoice from IBM.

Timesheets signed by the resource and the State's supervisor will be attached to the invoices.

III. State Authorization

Check One:

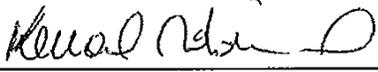
This order shall be performed for the benefit of the Infrastructure Services Network Operations Center (NOC) in the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM pursuant to this order shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this Order and shall have the right to enforce the terms and conditions of this Order and the Contract (insofar as they apply to this Order) in its own name directly against IBM Global Services. This order is not valid until signed by an authorized representative of the Authorizing Agency and by the Purchasing Director, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This Order shall be performed for the benefit of the DTMB and is not valid until signed by Acquisition Services or a designated representative or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

IBM Corporation (IBM Global Services)

By: 
Title: Russell Desy, IBM Project Executive
Date: 10/11/2013

Authorizing Agency (Department of Technology Management and Budget)

By: 
Title: Kemal Tekinel, Project Manager - DHS
Date: 10/18/13

By: 
Title: Nathan Buckwalter, Business Relationship Manager - DHS
Date: 10/17/13

By: _____
Title: Laurie Westfall, General Manager - DTMB
Date: _____

IV. Attachments

None.

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. 5
 to
CONTRACT NO. 071B1300188
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
IBM Corporation 196 Crescent Rd. East Lansing, MI 48824	Russ Desy	rdesy@us.ibm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 335-1159	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Dave Gabler	517-335-4097	GablerD@michigan.gov
BUYER	DTMB	Whitnie Zuker	517-335-5306	zukerw@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: MAIN Hosting & Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 31, 2011	December 31, 2017	3, One-Year	December 31, 2017
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"/>		December 31, 2017
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$50,875,601.48		

Effective immediately, this Contract is hereby amended to include the attached Change Authorization Order Number A11, to update pricing tables to include MAIN data at rest. Please also note that the buyer has been changed to Whitnie Zuker. All other pricing, terms and conditions remain the same. Per vendor and agency agreement and the approval of DTMB Procurement.



IBM Global Services
George W Romney Building
111 S. Capitol - 9th Floor
Lansing, MI 48913
1- 517-231-0693
email: rdesy@us.ibm.com

September 25, 2013

Laurie Westfall
General Manager- DTMB
Department of Technology Management and Budget
George W. Romney Building
111 S. Capitol Ave, 9th Floor
Lansing, MI 48913

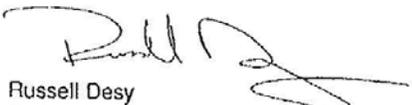
Dear Laurie,

IBM is pleased to respond to your Request for Services on the MAIN Hosting and Services Contract 071B1300188. This change request is to modify the current DASD and onsite tape solution for MAIN so that data at rest is always encrypted.

Attached is Change Order: A11.

This Change Order is open for acceptance until October 31, 2013.

Sincerely,



Russell Desy
Project Executive

cc: Laurie Westfall
Dave Gabler

Enclosure

Change Authorization Form

Change Authorization Order for the
Contract for MAIN Hosting and Services
Contract Number 071B1300188

Change Authorization Order Number A11

I. Effect on Contract

This Change Authorization Order (the "Order") is subject to all terms and conditions of the Contract for MAIN Hosting and Services (the "Contract") between the State of Michigan and IBM Global Services dated January 31, 2011 and is issued in accordance with Section 2.024 of the Contract. Except as expressly specified in this Order, all terms and conditions of the Contract shall remain in full force and effect upon execution of this Order. This Order is not valid until it is executed in accordance with Section 2.024 of the Contract. In the event of any inconsistency or ambiguity between the terms and conditions of this Order and the terms and conditions of the Contract, the terms and conditions of this Order shall control.

II. Description of Change

A. Objectives

In order to adhere to recent additions to State security standards, IBM is proposing a solution to protect MAIN data at rest on the Direct Access Storage Device (DASD), onsite tapes and the Virtual Tape Server (VTS) in the IBM Boulder hosting environment.

B. Scope of Work

B.1. Overview

Currently, State of Michigan MAIN FACS data at rest is stored in 4 ways:

1. Data on disk is not encrypted and is stored in a DASD environment that is shared with multiple IBM clients.
2. Data intended to be written to onsite tapes is not encrypted and is first stored on a VTS disk. However the VTS may elect to write data to unencrypted onsite tapes that reside in an Automated Tape Library (ATL). The VTS and ATL are both shared by multiple IBM clients.
3. MAIN FACS data intended for disaster recovery purposes is encrypted and written to tapes using 3592 native tape drives and is then stored offsite.
4. Data required to recover the base system (not client data) in the event of a disaster is written unencrypted to tapes using 3592 native tape drives and is then stored offsite.

The scope of this Order is for IBM to provide an encryption-capable, shared storage environment for MAIN FACS data at rest that will replace the shared storage environment currently supporting the DASD and onsite tape requirements described in bullets 1 and 2 above.

B.2. IBM Approach

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Contract 071B1300188 MAIN

- B.2.1. Develop a project schedule for the transition from the current unencrypted DASD & VTS environments to the new encrypted environments. The plan will identify the project tasks and associated durations, milestones for the various stages of the project and the responsibilities and obligations of both IBM and the State.
- B.2.2. If any IBM subject matter experts are required to travel to perform the implementation tasks assigned to IBM in the project plan, their travel costs will be included in the IBM price.
- B.2.3. Implement an encryption-capable DASD environment to be shared with multiple IBM clients including MAIN.
- The encrypted DASD environment will utilize IBM System Storage series DS8870 model 961
 - DASD support is provided by separate volumes, preventing other clients from accessing State volumes or attaching other volumes to the State LPARs
 - A single set of encryption keys will be used for all clients using the encrypted DASD. Therefore, IBM support will manage the DASD encryption keys using Tivoli Key Lifecycle Manager (TKLM).
 - There will be sufficient capacity in this shared DASD environment to accommodate the State's current storage needs and provide for future needs identified through the capacity planning process.
- B.2.4. Implement an encryption-capable VTS and onsite tape environment to be shared with multiple IBM clients including MAIN.
- The encrypted environment for onsite tapes will utilize an IBM TS7700 Virtualization Engine (VTS) combined with a TS3500 automated tape library.
 - The tapes used in the current and proposed environments have a unique set of volume serial numbers; no other clients have the same ranges. This has prevented and will continue to prevent other clients from accessing MAIN tapes.
 - A single set of encryption keys will be used for all clients using the encrypted DASD. Therefore, IBM support will manage the DASD encryption keys using TKLM.
 - There will be sufficient capacity in this shared VTS and tape library to accommodate the State's current capacity requirements and future needs identified through the capacity planning process.
- B.2.5. Physically connect encrypted DASD and VTS environments to MAIN mainframe.
- B.2.6. Make configuration changes required on the encrypted DASD and VTS devices as well as the MAIN LPARs to allow them to interact. This activity will be performed with the objective to minimize impact to customer application components (e.g. JCL).
- B.2.7. Acquire Transparent Data Migration Facility (TDMF) license and install on the MAIN mainframe. This software will facilitate the copy of data from the current, unencrypted DASD to the new, encrypted DASD.
- B.2.8. Develop any data migration scripts and jobs required to copy data from current DASD and VTS/Tape environments to the new environments.
- B.2.9. Write change requests to schedule the maintenance window(s) required to activate the new encrypted DASD & VTS.

B.2.10. Activate encrypted DASD and VTS/Tape environments within the approved change window(s) and migrate from the old environments to the new environments. The DASD and VTS/Tape migrations will likely occur in separate change windows in order to control risk.

B.2.11. IBM will provide proof to the State that encryption is enabled on the DASD and VTS/Tape environment within 7 days of activation and during the regularly scheduled GSD331 Security Policy update. The proof will be sent to the State through an email which will include attached screen shots of the configuration panel(s) showing encryption is enabled or system log entries indicating data is being written using encryption. If these items are not available another mutually agreeable method of proof will be sent.

B.2.12. During disaster recovery tests and in the event of an actual disaster, the DASD and VTS/Onsite Tape environments at the recovery site will provide encryption for MAIN data at rest.

B.3. Modifications to Contract Provisions – If this Order is approved by the State, the Contract is amended as follows (additions underlined and deletions struck through for emphasis) :

B.3.1. In Contract Section 1.103 Environment, the fourth bullet is added to the "Tools utilized" section. The revised section is as follows:

- Tools utilized:
 - IBM z Mainframe incorporates on board security functions such as firewall protection for the LPAR at the network level.
 - Optimization of our enterprise tools with the addition of the IBM Services Connection portal. The portal will increase the level of government transparency with real time reporting of the system capacity and process performance versus the current monthly view.
 - Increased security with the encryption of the State's data on portable media.
 - Increased security with the encryption of the State's data at rest on DASD, VTS and onsite tapes.

B.3.2. Exhibit L, Processing Services, section 2.1 will be replaced with the following:

Prime Shift Host CPU Utilization (measured in Prime Shift Application CPU Hours), Off-Prime Shift Host CPU Utilization (measured in Off-Prime Shift Application CPU Hours), DASD Utilization (measured in Application DASD Gigabytes for the unencrypted environment and after the migration to the encrypted environment will be measured in Gigabytes Installed using a combination of a baseline plus or minus any deviation above or below that baseline), Tape Utilization (measured in Application Tape Mounts for the unencrypted environment and after the migration to the encrypted environment will be measured in Gigabytes Stored on tape including VTS using a combination of a baseline plus or minus any deviation above or below that baseline), and Web Host CPU Utilization (Measured in Application CPU Hours) -- are used to determine the charges payable by the State for the Processing Services. The measures of utilization of these Key Resource Units are intended to be defined in such a way that the levels of utilization are within the control of the State's end users, not IBM. No other measure of resource utilization will be considered in

*Added
reference*

determining the charges payable by the State for the Processing Services. IBM's charges for all other resources used in the provision of the Processing Services have been bundled into the Rate Cards for Prime Shift Host CPU Utilization, Off-Prime Shift Host CPU Utilization, DASD Utilization, Tape Utilization, and WebHost CPU Utilization.

B.3.3. In Contract Exhibit L, Processing Services, section 2.6 Application DASD Gigabytes will be replaced with the following:

2.6 Application DASD Gigabytes

2.6.1 Unencrypted DASD Charges

Current

2.6.1.1 While MAIN is using the unencrypted DASD environment, Application DASD Gigabytes are charged based on the MVS peak number of Gigabytes of DASD allocated on SOMD and SOMP by or for the State's application-level work during the month, and measured using the DECOLLECT or other mutually agreed-upon facility.

2.6.1.2 For each Application DASD Gigabyte used during each calendar month, as measured by the peak utilization described in 2.6.1.1 above, the State shall pay the amount set forth in the Table 3 (DASD Usage) associated with the peak number of Application DASD Gigabytes, for such month for the applicable year. The peak Application DASD Gigabytes will be rounded to the nearest 1/1000 of a Gigabyte Month. For purposes of this contract, 1 Gigabyte = 1,024x1,024x1,024 bytes.

2.6.1.3 Example Calculation - If in August 2012, 640.382846 peak Application DASD Gigabytes were used by the State, this would be rounded to 640.383, and billed at the rate of \$65.36 per Application DASD Gigabyte as detailed in Table 3, yielding a total Application DASD Gigabyte charge of \$41,855.43 for that month.

2.6.2 Encrypted DASD Charges

New Charges

2.6.2.1 While MAIN is using the encrypted DASD environment, storage will be charged based on the MVS peak number of DASD Allocated Gigabytes available for use on SOMD and SOMP. This includes data used by the State's application data, flash copy space, operating system space, and space that is unused but available to the State for temporary storage and/or expansion. It will be measured using the Allocated Space measurement from the DECOLLECT facility. The peak DASD Allocated Gigabytes will be rounded to the nearest 1/1000 of a Gigabyte Month. For purposes of this contract, 1 Gigabyte = 1,024x1,024x1,024 bytes.

2.6.2.2 For DASD Allocated Gigabytes during each calendar month, as measured by the peak allocation described in 2.6.2.1 above, the State shall pay IBM the charges associated with the DASD Allocated Gigabytes baseline set forth in Table 3 (DASD Usage). Additionally, if the actual DASD Allocated Gigabytes for the month exceeds the baseline, the State will

pay IBM an Additional Resource Charge (ARC) equal to the product of the ARC Rate set forth in Table 3 (DASD Usage) multiplied by the difference between the Actual DASD Allocated Gigabytes for the month and the baseline. Similarly, if the actual DASD Allocated Gigabytes for the month are less than the baseline, IBM will give the State a Reduced Resource Charge (RRC) credit equal to the product of the RRC Rate set forth in Table 3 (DASD Usage) multiplied by the difference between the baseline and the Actual DASD Allocated Gigabytes for the month.

2.6.2.3 Example Calculations

ARC - If in March 2014, MAIN's peak DASD Allocated Gigabytes are 3,954,123,456, this would be rounded to 3,954,123. The baseline charge of \$48,370 established in Table 3 for DASD Allocated Gigabytes of 3,795 would be billed to the State. Then, since the actual allocation exceeded the baseline, the difference would be calculated ($3,954,123 - 3,795 = 159,123$) and multiplied by the ARC rate of \$1.93 resulting in an ARC of \$307.11, and a total charge for DASD Allocated Gigabytes for that month of 48,677.11.

RRC - If in March 2014, MAIN's peak DASD Allocated Gigabytes are 3,554,123,456, this would be rounded to 3,554,123. The baseline charge of \$48,370 established in Table 3 for DASD Allocated Gigabytes of 3,795 would be billed to the State. Then, since the actual allocation is less than the baseline, the difference would be calculated ($3,795 - 3,554,123 = 240,877$) and multiplied by the RRC rate of \$1.93 resulting in a RRC of \$464.89, and a total charge for DASD Allocated Gigabytes for that month of \$47,905.11.

B.3.4. In Contract Exhibit L, Processing Services, section 2.7 Application Tape Mounts will be replaced with the following:

2.7 Application-Tape Usage Mounts

2.7.1 Unencrypted Tape Charges

2.7.1.1 While MAIN is using the unencrypted tape environment, tape usage will be charged for each Application Tape Mount required during each calendar month. The State shall pay the amount set forth in Table 4 (Tape Mounts) associated with the total number of Application Tape Mounts, for such month for the applicable year.

2.7.1.2 Example Calculation - If in June 2012, 4,822 Application Tape Mounts were used by the State, this would be billed at the rate of \$1.51 per Application Tape Mount as detailed in Table 4, yielding a total Application Tape Mount charge of \$7,281.22 for that month.

2.7.2 Encrypted Tape Charges

2.7.2.1 While MAIN is using the encrypted tape environment, tape usage will be charged based on the peak Tape Gigabytes Stored from both SOMD and SOMP. This includes both application and system data written to tape, but will not include data stored on scratch volumes. It

will be measured by querying the ZARA database to determine the Gigabytes stored on all non-scratch volumes. The peak Tape Gigabytes Stored will be rounded to the nearest 1/1000 of a Gigabyte Month. For purposes of this contract, 1 Gigabyte = 1,024x1,024x1,024 bytes.

2.7.2.2 For Tape Gigabytes Stored during each calendar month, as measured by the peak usage described in 2.7.2.1 above, the State shall pay IBM the charges associated with the Tape Gigabytes Stored baseline set forth in Table 4 (Tape Usage). Additionally, if the actual Tape Gigabytes Stored for the month exceeds the baseline, the State will pay IBM an ARC equal to the product of the ARC Rate set forth in Table 4 (Tape Usage) multiplied by the difference between the Actual Tape Gigabytes Stored for the month and the baseline. Similarly, if the actual Tape Gigabytes Stored for the month are less than the baseline, IBM will give the State a RRC credit equal to the product of the RRC Rate set forth in Table 4 (Tape Usage) multiplied by the difference between the baseline and the Actual Tape Gigabytes Stored for the month.

2.7.2.3 Example Calculations

ARC - If in March 2014, MAIN's peak Tape Gigabytes Stored are 47,015.123456, this would be rounded to 47,015.123. The baseline charge of \$14,581 established in Table 4 for Tape Gigabytes Stored of 46,080 would be billed to the State. Then, since the actual Tape Gigabytes Stored exceeded the baseline, the difference would be calculated (47,015.123-46,080=935.123) and multiplied by the ARC rate of \$0.09 resulting in an ARC of \$84.16, and a total charge for Tape Gigabytes Stored for that month of \$14,665.16.

RRC - If in March 2014, MAIN's peak Tape Gigabytes Stored are 45,515.123456, this would be rounded to 45,515.123. The baseline charge of \$14,581 established in Table 4 for Tape Gigabytes Stored of 46,080 would be billed to the State. Then, since the actual Tape Gigabytes Stored is less than the baseline, the difference would be calculated (46,080-45,515.123=564.877) and multiplied by the RRC rate of \$0.09 resulting in a RRC of \$50.84, and a total charge for Tape Gigabytes Stored for that month of \$14,530.16.

B.3.5. In Contract Exhibit B, Technical Requirements, item 11-16 will be replaced with the following:

#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		IBM	State
11-16	<p>Encryption Key Management for offsite tape encryption</p> <p>The State will manage the following Encryption Key Management responsibilities,</p> <ul style="list-style-type: none"> Logon to the user interface of the tool Create keys/certificates Move keys to the key storage files, and Schedule when the new keys would take effect. 	S	P

	The Contractor will use either ISKLM or EKM encryption key tools. If these tools are not chosen or are later changed, then the Encryption Key Management responsibilities are subject to the contract change management process for review and potential modifications.		
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B.3.6. In Contract Exhibit B, Technical Requirements, item 11-17 will be added as follows:

#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		IBM	State
11-17	<u>Encryption Key Management for DASD, VTS and onsite tape encryption</u> <u>Since the DASD, VTS and onsite tape environments are shared by multiple IBM clients, the IBM support team will manage encryption keys for these devices. The only support expected by the State is to approve change requests to implement key changes as deemed necessary by IBM support.</u>	P	S

B.3.7. Attachment 1 – Pricing Table Updates has been included with this Order. It contains modifications to Contract Exhibit L, Pricing Table. Specifically, it includes replacements for Table 3: DASD Usage, Table 4: Tape Mounts and Table 5: Disaster Recovery Services. The rates included in these tables reflect the impact of ECAs processed since the start of the Contract.

C. General Provisions

- C.1. There will be no changes to the current solution for MAIN offsite backups. They are encrypted currently and will remain so following the approval of this Order.
- C.2. No performance test of the new encrypted DASD and VTS/Tape environments is included in this Order. The new, encrypted environments represent newer, faster technologies than currently in use by MAIN.

D. State Responsibilities

- D.1. IBM will primarily interact with the MAIN Security Officer and Application Manager to coordinate activities to be performed under the scope of this Order. Status reporting and communications required in support of the statewide encryption effort will be the responsibility of the State.
- D.2. The State will contribute to the project planning effort for this Order by reviewing the tasks and milestones developed by IBM and working with IBM to develop an implementation schedule that is acceptable both the DTMB MAIN support team and the OFM business customer.
- D.3. While planning the migration of data to the new, encrypted DASD and VTS/Tape environments IBM will do so with the objective of not impacting State or IBM JCL. However, if changes to State application JCL are required in order to write to the encrypted DASD and VTS/Tape devices it will be the State's responsibility to make these changes.

D.4. The State will develop a test plan and execute that plan within the change window when IBM will enable the encrypted DASD and VTS/Tape to confirm the new environments support the required application functionality.

D.5. The State will make maintenance windows available of sufficient length to allow IBM to install, configure and test the new encrypted DASD and VTS/Tape environments as well as to execute the required data migrations. It is likely the DASD and VTS/Tape activations will take place in separate maintenance windows in order to minimize risk.

D.6. The State will adapt their capacity planning process to accommodate the new measurements used for billing DASD usage (DASD Allocated Gigabytes) and Tape usage (Tape Gigabytes Stored).

E. Schedule

The effective date of this Change Order shall be the date that it is signed by the State and shall continue through the current contract end date, December 31, 2017.

After the State signs this Order IBM will assign a transition project manager who will then manage the transition to the new encrypted DASD and VTS/Tape environments. The high level estimate to complete those tasks is 3 months following the assignment of a transition manager. This estimate will be validated after the transition manager is assigned and they assess resource availability. The estimate may also be affected by the availability of change windows based on the business needs of the State.

F. Charges

All Charges defined in the Contract and subsequent ECA processing remain in effect under this Order with the following exceptions:

F.1. All Charges defined in the Contract and subsequent ECA processing remain in effect under this Order with the following exceptions:

F.1.1. A one time charge of \$93,575 will be billed upon the State's approval of this Order. This one time charge will compensate IBM for the efforts and investment required to transition from the current unencrypted DASD, VTS and onsite tape environments to the new, encrypted environments.

F.1.2. When MAIN begins to write system data to encrypted DASD, the DASD usage charges will change from the pure usage approach outlined in section 2.6.1 of this Order to the baseline + ARC/RRC approach described in section 2.6.2. The applicable rates for both of these approaches can be found in Attachment 1 – Pricing Table Updates, Table 3; DASD Usage. The first invoice produced after enabling the encrypted DASD environment for MAIN will include DASD usage charges calculated using the method in 2.6.2, until then the method described in 2.6.1 will be used.

F.1.3. When MAIN begins to write system data to encrypted VTS and onsite tapes, the tape usage charges will change from the pure usage approach outlined in section 2.7.1 of this Order to the baseline + ARC/RRC approach described in section 2.7.2. The applicable rates for both of these approaches can be found in Attachment 1 – Pricing Table Updates, Table 4; Tape Usage. The first invoice

produced after enabling the encrypted VTS and onsite tape environment for MAIN will include Tape usage charges calculated using the method in section 2.7.2, until then the method described in section 2.7.1 will be used.

F.1.4. When MAIN begins to write system data to encrypted DASD, VTS and onsite tapes, the monthly subscription charge for disaster recovery services will increase by \$2,053. The updated monthly disaster recovery subscription charges that will take effect when encryption is live can be found in Attachment 1 – Pricing Table Updates, Table 5: Disaster Recovery Services. Since encryption is not expected to be in use before 2014, only the rates for 2014 and beyond were adjusted.

G. Termination Provision

The current termination provisions in the Contract, notably section 2.150 and Exhibit L, Pricing Table, Table 8: Termination Charges will remain in effect, and unchanged by this Order.

H. Completion Criteria

The new encryption services authorized by this Order will be provided throughout the remaining Contract term and for any optional extension years. No additional Completion Criteria are added specific to these services.

III. State Authorization

Check One:

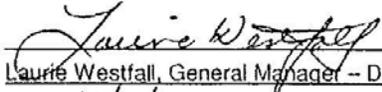
This order shall be performed for the benefit of the Infrastructure Services Network Operations Center (NOC) in the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM pursuant to this order shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this Order and shall have the right to enforce the terms and conditions of this Order and the Contract (insofar as they apply to this Order) in its own name directly against IBM Global Services. This order is not valid until signed by an authorized representative of the Authorizing Agency and by the Purchasing Director, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This Order shall be performed for the benefit of the DTMB and is not valid until signed by Acquisition Services or a designated representative or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

**IBM Corporation
IBM Global Services**

By: 
Title: Russell Desy, Project Executive
Date: _____

Authorizing Agency (Department of Technology Management and Budget)

By: 
Title: Laurie Westfall, General Manager -- DTMB
Date: 10/1/13
OKC. okay to pay 9-26-13

IV. Attachments

None.

Attachment 1 – Pricing Table Updates

As a result of the encryption services implemented through this Order, three pricing tables from Contract Exhibit L – Pricing Table must be modified. Table 3: DASD Usage, Table 4: Tape Mounts and Table 5: Disaster Recovery Services from the Contract are replaced by the three tables below.

Note that for the current pricing the tables from original Contract have been replaced with the rates currently in effect as a result of ECAs executed since the signing of the contract.

Table 3: DASD Usage

While no DASD encryption services are in use, and DASD usage is billed using the methodology described in Section 2.6.1 of this Order, the following rate table shall be considered Table 3:

DASD GB-Months (\$'s per GB per Month)	2012		2013		2014		2015		2016		2017		2018 Option Year		2019 Option Year		2020 Option Year	
	Min	Max																
445	\$85.66	\$86.27	\$84.76	\$84.55	\$84.30	\$84.08	\$83.87	\$83.70	\$83.44									
495	\$77.61	\$78.17	\$76.80	\$76.60	\$76.38	\$76.18	\$75.99	\$75.83	\$75.60									
545	\$70.95	\$71.46	\$70.21	\$70.03	\$69.83	\$69.65	\$69.48	\$69.33	\$69.12									
595	\$65.36	\$65.82	\$64.67	\$64.51	\$64.32	\$64.15	\$63.99	\$63.86	\$63.67									
645	\$60.58	\$61.02	\$59.95	\$59.79	\$59.62	\$59.46	\$59.32	\$59.19	\$59.01									
695	\$56.55	\$56.96	\$55.96	\$55.82	\$55.66	\$55.51	\$55.37	\$55.26	\$55.09									
745	\$52.89	\$53.27	\$52.34	\$52.21	\$52.05	\$51.92	\$51.79	\$51.68	\$51.52									
795	\$49.75	\$50.10	\$49.23	\$49.10	\$48.96	\$48.83	\$48.71	\$48.61	\$48.46									
845	\$46.95	\$47.29	\$46.46	\$46.34	\$46.21	\$46.09	\$45.98	\$45.88	\$45.74									
895	\$44.46	\$44.78	\$43.99	\$43.88	\$43.75	\$43.64	\$43.53	\$43.44	\$43.31									
945	\$42.21	\$42.51	\$41.77	\$41.67	\$41.55	\$41.44	\$41.33	\$41.25	\$41.12									

After DASD encryption services are enabled, and DASD usage is billed using the methodology described in Section 2.6.2 of this Order, the following rate table will be considered Table 3:

Baseline DASD Allocated Gigabytes	Monthly Baseline Charge	ARC/RRC Rate per DASD Allocated Gigabyte Above or Below Baseline
3,795 GB	\$48,370	\$1.93

Inflation Sensitivity 70%

Table 4: Tape Usage Mounts

While no VTS and onsite tape encryption services are in use, and tape usage is billed using the methodology described in Section 2.7.1 of this Order, the following rate table shall be considered Table 3:

Tape Mounts (\$'s per Month)	2012	2013	2014	2015	2016	2017	2018 Option Year	2019 Option Year	2020 Option Year
	Min	Max							
2250	\$2.85	\$2.83	\$2.78	\$2.75	\$2.73	\$2.72	\$2.70	\$2.68	\$2.63
2690	\$2.42	\$2.41	\$2.36	\$2.33	\$2.32	\$2.31	\$2.29	\$2.27	\$2.23
3130	\$2.10	\$2.10	\$2.05	\$2.03	\$2.01	\$2.01	\$1.99	\$1.98	\$1.94
3570	\$1.86	\$1.85	\$1.81	\$1.79	\$1.78	\$1.77	\$1.76	\$1.75	\$1.72
4010	\$1.67	\$1.66	\$1.63	\$1.61	\$1.60	\$1.59	\$1.58	\$1.57	\$1.54
4450	\$1.51	\$1.51	\$1.47	\$1.46	\$1.45	\$1.44	\$1.43	\$1.42	\$1.39
4890	\$1.38	\$1.38	\$1.35	\$1.33	\$1.32	\$1.32	\$1.31	\$1.30	\$1.28
5330	\$1.27	\$1.27	\$1.24	\$1.23	\$1.22	\$1.22	\$1.21	\$1.20	\$1.18
5770	\$1.18	\$1.17	\$1.15	\$1.14	\$1.13	\$1.13	\$1.12	\$1.11	\$1.09
6210	\$1.10	\$1.09	\$1.07	\$1.06	\$1.06	\$1.05	\$1.04	\$1.04	\$1.02
6650	\$1.03	\$1.03	\$1.01	\$1.00	\$0.99	\$0.98	\$0.98	\$0.97	\$0.95

After VTS and onsite tape encryption services are enabled, and tape usage is billed using the methodology described in Section 2.7.2 of this Order, the following rate table will be considered Table 3:

Baseline Tape Gigabytes Used	Monthly Baseline Charge	ARC/RRC Rate per Tape Gigabytes Used Above or Below Baseline
46,080 GB	\$14,581	\$0.09

Inflation Sensitivity 70%

Table 5: Disaster Recovery Services

Business Recovery Services	2012	2013	2014	2015	2016	2017	2018 Option Year	2019 Option Year	2020 Option Year
Price Per Month	\$19,063	\$14,393	\$20,862	\$20,507	\$20,166	\$16,005	\$19,524	\$19,222	\$15,515

Inflation Sensitivity 50%

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. 4
 to
CONTRACT NO. 071B1300188
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
IBM Corporation 196 Crescent Rd. East Lansing, MI 48824	Russ Desy	rdesy@us.ibm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 335-1159	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Dave Gabler	(517) 335-4097	GablerD@michigan.gov
BUYER	DTMB	Steve Motz	(517) 241-3215	motzs@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: MAIN Hosting & Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 31, 2011	December 31, 2017	3, One-Year	December 31, 2017
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"/>		December 31, 2017
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$50,875,601.48		

Effective immediately, this Contract is hereby amended to include the services of a part time Java Senior developer to support the federally mandated HIPAA Compliance requirements as outlined in the Attached Change Authorization Order Number A12. These services will be performed utilizing the Optional hours available in the Contract. All other pricing, terms and conditions remain the same. Per vendor and agency agreement and the approval of DTMB Procurement.

Change Authorization Form

Change Authorization Order for the Contract for MAIN Hosting and Services Contract Number 071B1300188

Change Authorization Order Number A12

I. Effect on Contract

This Change Authorization Order (the "Order") is subject to all terms and conditions of the Contract for MAIN Hosting and Services (the "Contract") between the State of Michigan and IBM Global Services dated January 31, 2011 and is issued in accordance with Section 2.024 of the Contract. Except as expressly specified in this Order, all terms and conditions of the Contract shall remain in full force and effect upon execution of this Order. This Order is not valid until it is executed in accordance with Section 2.024 of the Contract. In the event of any inconsistency or ambiguity between the terms and conditions of this Order and the terms and conditions of the Contract, the terms and conditions of this Order shall control.

II. Description of Change

A. Scope of Work

IBM Global Services will provide the services of one (1) Java Senior Developer to assist the State of Michigan Department of Technology Management and Budget (DTMB) with the MAIN EDI HIPAA Compliance Project.

Work will be performed at the State's location, under the direction of the State of Michigan, reporting to the State's managers and/or technical leads.

B. General Provisions

- a. As requested by the State, the resource being proposed to fill the Java Senior Developer role covered by this Change Order is Marty Kendall.
 - i. Marty is currently a critical resource supporting another IBM account, and those responsibilities will continue in parallel with his proposed efforts on the MAIN EDI HIPAA Compliance project. As a result, he is available to support the MAIN project only on a part time basis, and the priorities of both efforts must be balanced.
 - On average, IBM estimates that Marty will be available 20 hours per week, not including time off for planned vacations. His availability in any individual week may be higher or lower than this estimate.
 - If a Severity 1 problem arises with the system Marty supports for the other IBM account, he must be immediately available to assist with that problem through its resolution.
 - When conflicts in priority result in Marty's availability not meeting the expectations of the MAIN EDI HIPAA Compliance project manager, the issue should be escalated to the IBM Project Executive, Russ Desy who will resolve with concurrence from the MAIN State Administrative Manager, Dave Gabler.

- ii. IBM will use commercially reasonable efforts to provide this specific individual as a resource if the State accepts this PCR on or before May 31, 2013.
- b. The IBM resource will use the State's Infrastructure (i.e. software and systems) as required for development, testing and production environments.
- c. If the State requires a resource replacement, IBM will work with the State as required, and will provide candidates as appropriate and available. The State will make a decision within five (5) days of the candidate presentation. Based on a selection by the State of a replacement candidate, said replacement resource will be deployed by IBM within two (2) weeks of the confirmation.

C. Charges

Charges for the Java developer – senior resource offered in this Change Order are in accordance with the 2013 rates contained in Exhibit L.1 of the contract as modified by previously approved inflationary adjustments.

All charges for this Change Order will be identified in invoices as Change Order A12.

Resource Description	Hourly Rate	Start Date	End Date	Estimated Annual Charge	Proposed Resource
Java developer – senior	\$128.19	5/20/2013	12/31/2013	\$96,142.50	Marty Kendall

D. State Responsibilities

The State is responsible for providing a workstation, suitable office space, supplies and a telephone for the resources noted above at no expense to IBM Global Services.

The DTMB project manager for the MAIN EDI HIPAA Compliance project will manage and direct the IBM resource assigned to this project. The DTMB project manager will have the authority to act on the State's behalf in matters regarding the day-to-day business decisions in the execution of the work.

The State is responsible for securing the cooperation and participation of Subject Matter Experts, as required, for their system knowledge throughout this effort to assist and resolve questions.

The State is responsible for communicating and coordinating the overall project goals and project results to all affected parties.

E. Schedule

The effective date of this Change Order shall be the date that it is signed by the State and shall continue through December 31, 2013. The estimated work start date for this resource is 5/20/2013.

F. Completion Criteria

IBM Global Services will have completed its obligations under this Change Order when one of the following first occurs:

1. IBM Global Services provides the maximum number of hours of services specified in the Scope section of this Change Order; or
2. The total price contained in the Scope section of this Change Order has been reached; or
3. The Change Order end date of December 31, 2013 has been reached; or
4. This Change Order is terminated in accordance with the provisions of the Contract.

G. Payment Schedule

The work effort contained herein will be performed on a time and materials basis. (IBM is providing skills and hours.) These charges will be billed to the State of Michigan monthly for the previous month's services. Payment is due within 45 days after receipt of a valid invoice from IBM.

Timesheets signed by the resource and the State's supervisor will be attached to the invoices.

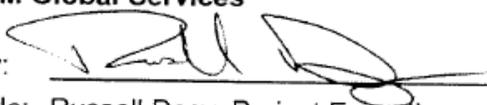
III. State Authorization

Check One:

This order shall be performed for the benefit of the Infrastructure Services Network Operations Center (NOC) in the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM pursuant to this order shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this Order and shall have the right to enforce the terms and conditions of this Order and the Contract (insofar as they apply to this Order) in its own name directly against IBM Global Services. This order is not valid until signed by an authorized representative of the Authorizing Agency and by the Purchasing Director, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This Order shall be performed for the benefit of the DTMB and is not valid until signed by Acquisition Services or a designated representative or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services

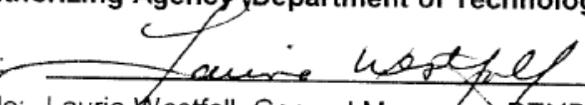
IBM Corporation IBM Global Services

By: 

Title: Russell Desy, Project Executive

Date: 5-7-2013

Authorizing Agency (Department of Technology Management and Budget)

By: 

Title: Laurie Westfall, General Manager - DTMB

Date: 5/7/13

J&E. 5-7-13

IV. Attachments

None.

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. 3
 to
CONTRACT NO. 071B1300188
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
IBM Corporation 196 Crescent Rd. East Lansing, MI 48824	Russ Desy	rdesy@us.ibm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 335-1159	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Dave Gabler	517-335-4097	GablerD@michigan.gov
BUYER	DTMB	Steve Motz	517-241-3215	motzs@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: MAIN Hosting & Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 31, 2011	December 31, 2017	Three, One-Year	December 31, 2017
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"/>		12/31/2017
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$50,875,601.48		
Effective February 1, 2013, this Contract is amended to include the updated Exhibit L charges, based on the Economic Change Adjustment allowed for in Exhibit L, Section 9.				
All other pricing, terms and conditions remain the same.				



IBM Corporation
 George W. Romney Building
 111 S. Capitol – Ground Floor
 Lansing, MI 48909

February 11, 2013

Mr. Glenn Gorton
 Business Relationship Manager - DMB
 Department of Technology Management and Budget
 Stevens T. Mason Building – Ground Floor
 530 West Allegan Street
 Lansing, MI 48909

Subject: Economic Change Adjustment (ECA) in Contract 071B41300188

Dear Glenn,

Per Exhibit L, Section 9 Economic Change Adjustment in the MAIN Hosting and Services Contract, IBM has calculated and will apply an adjustment to the charges in Exhibit L beginning February 1, 2013

The actual percent increase in inflation used in the ECA calculations is 1.74% based on the CPI-U for December 2012 of 229.601 and the base year index of 225.672 as reflected in the CPI-U for December 2011 as published in the U.S. Department of Labor, Bureau of Labor Statistics (please see the attached). However, this percent increase is moderated in the ECA Factor calculations for most rates due to the application of an inflation sensitivity factor.

As defined in Exhibit L, Section 9.5.2 in the Contract, "The ECA is equal to the ECA Factor times the sum of the Pricing due IBM for each month of the calendar year succeeding the calendar year during which Actual Inflation is greater than the Base Year Index."

Excerpts of the Exhibit L pricing tables are attached to this letter. The values in the "New Rates 2013" columns will take effect beginning February 1, 2013. The tables show that per the Contract's rate tables, the prices for CPU, DASD, Tape Mounts and BCRS decreased in 2013 to account for operating efficiencies. The ECA is being applied to these reduced rates to account for inflation.

Please indicate your concurrence with the above by signing and returning one copy of this letter and retaining a copy for your files.

Thank you.

Sincerely,

Russell Desy
 Project Executive

cc: Lisa Evani

*lfe
 ddc
 2-13-13
 okay to
 approve*

On behalf of the State of Michigan, I concur with the above:

 Glenn Gorton

2-13-13
 Date

Databases, Tables & Calculators by Subject

FONT SIZE:

Change Output Options:

From: To:

Include graphs

[More Formatting Options](#) →

Data extracted on: January 26, 2013 (4:19:27 PM)

Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SA0
 Not Seasonally Adjusted
 Area: U.S. city average
 Item: All items
 Base Period: 1982=84=100

Download: .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8	201.6	200.6	202.6
2007	202.416	203.499	203.352	206.686	207.949	208.352	208.299	207.917	208.490	208.936	210.177	210.036	207.342	205.709	208.975
2008	211.680	211.693	213.528	214.823	216.632	218.815	219.964	219.096	218.783	216.573	212.425	210.228	215.303	214.429	216.177
2009	211.143	212.193	212.789	213.240	213.856	215.693	213.351	215.834	215.569	216.177	216.330	215.949	214.537	213.139	215.938
2010	216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179	218.056	217.535	218.576
2011	220.223	221.309	223.467	224.906	225.961	225.722	225.922	226.545	226.889	226.421	226.230	225.672	224.939	223.598	226.280
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601	229.594	228.650	230.338

ECA Factor Calculation Summary for 2013

	Inflation Sensitivity Factor	CPI-U Dec 2011*	CPI-U Dec 2012*	ECA Percent 2013	ECA Factor 2013
Exhibit L Pricing Table					
Table 1 CPU Usage - Prime	70%	225.672	229.601	1.74%	1.22%
Table 2 CPU Usage - Off Prime	70%	225.672	229.601	1.74%	1.22%
Table 3 DASD Usage	70%	225.672	229.601	1.74%	1.22%
Table 4 Tape Mounts	70%	225.672	229.601	1.74%	1.22%
Table 5 Disaster Recovery Services	50%	225.672	229.601	1.74%	0.87%
Table 6 FEDI Network Support	N/A	N/A	N/A	N/A	N/A
Table 7 Reserved - Training and Documentation Costs	N/A	N/A	N/A	N/A	N/A
Table 8 Termination Charges	N/A	N/A	N/A	N/A	N/A
Exhibit L.1 Hourly Rates	100%	225.672	229.601	1.74%	1.74%

* Source for these values is the US Department of Labor - Bureau of Labor Statistics.
<http://www.bls.gov/data/#prices>

EXHIBIT L
Pricing Tables

Table 1
Monthly CPU Usage-Prime

Min	Max	Rates 2012	Rates 2013	New Rates 2013	ECA Impact
255	304	\$ 437.99	\$433.69	\$438.98	\$5.29
305	354	\$ 371.48	\$367.82	\$372.31	\$4.49
355	404	\$ 322.67	\$319.50	\$323.40	\$3.90
405	454	\$ 285.29	\$282.48	\$285.93	\$3.45
455	504	\$ 255.72	\$253.21	\$256.30	\$3.09
505	554	\$ 232.07	\$229.79	\$232.59	\$2.80
555	604	\$ 212.08	\$210.00	\$212.56	\$2.56
605	654	\$ 195.49	\$193.57	\$195.93	\$2.36
655	704	\$ 181.29	\$179.51	\$181.70	\$2.19
755	754	\$ 169.02	\$167.36	\$169.40	\$2.04
755	804	\$ 158.30	\$156.74	\$158.65	\$1.91

Inflation Sensitivity 70%

EXHIBIT L
Pricing Tables

Table 2
Monthly CPU Usage-Off-Prime

Min	Max	Rates 2012	Rates 2013	New Rates 2013	ECA Impact
620	709	\$ 166.25	\$165.85	\$167.87	\$2.02
710	799	\$ 146.69	\$146.33	\$148.12	\$1.79
800	889	\$ 131.28	\$130.95	\$132.55	\$1.60
890	979	\$ 118.82	\$118.53	\$119.98	\$1.45
980	1,069	\$ 108.53	\$108.26	\$109.58	\$1.32
1,070	1,159	\$ 100.10	\$99.86	\$101.08	\$1.22
1,160	1,249	\$ 92.59	\$92.37	\$93.50	\$1.13
1,250	1,339	\$ 86.29	\$86.08	\$87.13	\$1.05
1,340	1,429	\$ 80.78	\$80.58	\$81.56	\$0.98
1,430	1,519	\$ 75.94	\$75.75	\$76.67	\$0.92
1,520	1,609	\$ 71.64	\$71.46	\$72.33	\$0.87

Inflation Sensitivity

70%

EXHIBIT L
Pricing Tables

Table 3
DASD GB-Months (\$'s per GB per Month)

Min	Max	Rates 2012	Rates 2013	New Rates 2013	ECA Impact
376	425	\$ 85.66	\$85.23	\$86.27	\$1.04
426	475	\$ 77.61	\$77.23	\$78.17	\$0.94
476	525	\$ 70.95	\$70.60	\$71.46	\$0.86
526	575	\$ 65.36	\$65.03	\$65.82	\$0.79
576	625	\$ 60.58	\$60.28	\$61.02	\$0.74
626	675	\$ 56.55	\$56.27	\$56.96	\$0.69
676	725	\$ 52.89	\$52.63	\$53.27	\$0.64
726	775	\$ 49.75	\$49.50	\$50.10	\$0.60
776	825	\$ 46.95	\$46.72	\$47.29	\$0.57
826	875	\$ 44.46	\$44.24	\$44.78	\$0.54
876	925	\$ 42.21	\$42.00	\$42.51	\$0.51

Inflation Sensitivity

70%

EXHIBIT L
Pricing Tables

Table 4
Tape Mounts (Price Per Mount per Month)

Min	Max	Rates 2012	Rates 2013	New Rates 2013	ECA Impact
2,250	2,689	\$ 2.85	\$2.80	\$2.83	\$0.03
2,690	3,129	\$ 2.42	\$2.38	\$2.41	\$0.03
3,130	3,569	\$ 2.10	\$2.07	\$2.10	\$0.03
3,570	4,009	\$ 1.86	\$1.83	\$1.85	\$0.02
4,010	4,449	\$ 1.67	\$1.64	\$1.66	\$0.02
4,450	4,889	\$ 1.51	\$1.49	\$1.51	\$0.02
4,890	5,329	\$ 1.38	\$1.36	\$1.38	\$0.02
5,330	5,769	\$ 1.27	\$1.25	\$1.27	\$0.02
5,770	6,209	\$ 1.18	\$1.16	\$1.17	\$0.01
6,210	6,649	\$ 1.10	\$1.08	\$1.09	\$0.01
6,650	7,089	\$ 1.03	\$1.02	\$1.03	\$0.01

Inflation Sensitivity

70%

EXHIBIT L
Pricing Tables

Table 5
Business Recovery Services

	Rates 2012	Rates 2013	New Rates 2013	ECA Impact
Price Per Month	\$19,063	\$14,393	\$14,518	\$125

Inflation Sensitivity **50%**

EXHIBIT L.1
Hourly Rates

Exhibit L.1 Hourly Rates

Annual Application Development and Maintenance Pricing Table for Additional Resources

Skill Description	Rates 2012	Rates 2013	New Rates 2013	ECA Impact
1. Project Manager	\$126.00	\$126.00	\$128.19	\$2.19
2. Business Analyst	\$99.75	\$99.75	\$101.49	\$1.74
3. System Analyst	\$90.30	\$90.30	\$91.87	\$1.57
4. Programmer/Developer	----	----	----	----
a. Java developer - senior	\$126.00	\$126.00	\$128.19	\$2.19
b. Java developer - junior	\$90.30	\$90.30	\$91.87	\$1.57
c. COBOL developer	\$99.75	\$99.75	\$101.49	\$1.74
d. Database Programmer Analyst/Developer	\$90.30	\$90.30	\$91.87	\$1.57
e. Business Objects Consultant	\$126.00	\$126.00	\$128.19	\$2.19
5. System Administrator	\$80.00	\$80.00	\$81.39	\$1.39
6. Quality Assurance Tech Analyst	\$84.00	\$84.00	\$85.46	\$1.46
7. Network Security Specialist	\$109.00	\$109.00	\$110.90	\$1.90
8. Tester	\$84.00	\$84.00	\$85.46	\$1.46
9. Technical Writer	\$84.00	\$84.00	\$85.46	\$1.46
10. System Architect	\$103.00	\$103.00	\$104.79	\$1.79
11. Application/Software Architect	\$136.50	\$136.50	\$138.88	\$2.38
12. Accessibility Specialist	\$84.00	\$84.00	\$85.46	\$1.46
13. Project Assistant	\$90.30	\$90.30	\$91.87	\$1.57
14. Application Trainer	\$84.00	\$84.00	\$85.46	\$1.46
15. EDI Specialist	\$99.75	\$99.75	\$101.49	\$1.74

Inflation Sensitivity

100%

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

January 31, 2013

CHANGE NOTICE NO. 2
 to
CONTRACT NO. 071B1300188
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
IBM Corporation 196 Crescent Rd. East Lansing, MI 48824	Russ Desy	rdesy@us.ibm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 335-1159	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Dave Gabler	517-335-4097	GablerD@michigan.gov
BUYER	DTMB	Steve Motz	517-241-3215	motzs@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: MAIN Hosting & Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 31, 2011	December 31, 2017	Three, One-Year	December 31, 2017
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"/>		12/31/2017
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$50,875,601.48		

Effective immediately, this Contract is amended to include Change Authorization Order Number A08 to extend the services for existing AMS Application Developers and add additional COBOL Developers for MAIN.

All other pricing, terms and conditions remain the same.



IBM Global Services
George W Romney Building
111 S. Capitol – 9th Floor
Lansing, MI 48913
1- 517-231-0693
email: rdesy@us.ibm.com

December 5, 2012

Dave Gabler
State Administrative Manager DTMB
Department of Technology Management and Budget
George W. Romney Building
111 S. Capitol Ave, 9th Floor
Lansing, MI 48913

Dear Dave,

IBM Global Services is pleased to respond to the State's request to extend the services of existing AMS Application Developers and add additional COBOL Developers for MAIN projects via Change Order #A08 to the MAIN Hosting and Services Contract 071B1300188. These services will be provided via the Contract through 12/31/2013.

Attached is Change Order Number: A08.

This Change Order is open for acceptance until December 31, 2012.

Sincerely,

Russell Desy
Project Executive

cc: Lisa Evani

Enclosure

Change Authorization Form

Change Authorization Order for the Contract for MAIN Hosting and Services Contract Number 071B1300188

Change Authorization Order Number A08

I. Effect on Contract

This Change Authorization Order (the "Order") is subject to all terms and conditions of the Contract for MAIN Hosting and Services (the "Contract") between the State of Michigan and IBM Global Services dated January 31, 2011 and is issued in accordance with Section 2.024 of the Contract. Except as expressly specified in this Order, all terms and conditions of the Contract shall remain in full force and effect upon execution of this Order. This Order is not valid until it is executed in accordance with Section 2.024 of the Contract. In the event of any inconsistency or ambiguity between the terms and conditions of this Order and the terms and conditions of the Contract, the terms and conditions of this Order shall control.

II. Description of Change

A. Scope of Work

IBM Global Services will provide nine (9) resources to assist the State of Michigan Department of Technology Management and Budget (DTMB) with MAIN development and maintenance projects:

Resource Description	Hourly Rate	Start Date	End Date	Estimated Annual Price	Current Resource
MAIN FACS Application Software Architect	\$136.50	1/1/2013	12/31/2013	\$262,080.00	Satyakant Evani
Time & Expense Java Developer - Senior	\$126.00	1/1/2013	12/31/2013	\$241,920.00	Zahid Hussain
MAIN FACS and Time & Expense Java Developer - Senior	\$126.00	1/1/2013	12/31/2013	\$241,920.00	Scott Horton
MAIN FACS and Time & Expense Java Developer - Senior	\$126.00	1/1/2013	12/31/2013	\$241,920.00	Ankit Bhurat
Time & Expense PL/SQL Application Developer	\$90.30	1/1/2013	12/31/2013	\$173,376.00	Rabisankar Talukdar
MAIN FACS COBOL Developer	\$90.30	1/1/2013	12/31/2013	\$173,376.00	TBD
MAIN FACS COBOL Developer	\$90.30	1/1/2013	8/31/2013	\$115,584.00	TBD
MAIN FACS COBOL Developer	\$90.30	1/1/2013	8/31/2013	\$115,584.00	TBD
MAIN FACS COBOL Application Developer	\$90.30	1/1/2013	8/31/2013	\$115,584.00	TBD
Total Price:				\$1,681,344.00	

Work will be performed at the State's location, under the direction of the State of Michigan, reporting to the State's managers and/or technical leads.

B. Charges

Charges for all AMS resources listed above are in accordance with the 2012 rates contained in Exhibit L.1 of the contract. All charges listed above will be billed under Change Order A08

The State agrees to compensate IBM for inflationary factors as described in the Economic Change Adjustment process in Exhibit L- Section 9 of the Contract. However, the exact affect on the rates in the preceding paragraph will not be known until January, 2013.

C. State Responsibilities

The State is responsible for providing a workstation, suitable office space, supplies and a telephone for the resources noted above at no expense to IBM Global Services.

The State is responsible for securing the cooperation and participation of Subject Matter Experts, as required, for their system knowledge throughout this effort to assist and resolve questions.

The State is responsible for communicating and coordinating the overall project goals and project results to all affected parties.

D. Schedule

The effective date of this Change Order shall be the date that it is signed by the State and shall continue through December 31, 2013.

E. Completion Criteria

IBM Global Services will have completed its obligations under this Change Order when one of the following first occurs:

1. The total price contained in the Scope section of this Change Order has been reached; or
2. The Change Order end date of December 31, 2013 has been reached; or
3. This Change Order is terminated in accordance with the provisions of the Contract.

F. Payment Schedule

The work effort contained herein will be performed on a time and materials basis. (IBM is providing skills and hours.) These charges will be billed to the State of Michigan monthly for the previous month's services. Payment is due within 45 days after receipt of a valid invoice from IBM.

Timesheets signed by the resource and the State's supervisor will be attached to the invoices.

III. State Authorization

Check One:

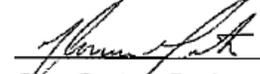
This order shall be performed for the benefit of the Infrastructure Services Network Operations Center (NOC) in the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM pursuant to this order shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this Order and shall have the right to enforce the terms and conditions of this Order and the Contract (insofar as they apply to this Order) in its own name directly against IBM Global Services. This order is not valid until signed by an authorized representative of the Authorizing Agency and by the Purchasing Director, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This Order shall be performed for the benefit of the DTMB and is not valid until signed by Acquisition Services or a designated representative or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

**IBM Corporation
IBM Global Services**

By: 
Title: Russell Desy, Project Executive
Date: 12-5-12

Authorizing Agency (Department of Technology Management and Budget)

By: 
Title: Glen Gorton, Business Relationship Manager - DTMB
Date: 12/7/12

*late
okay to approve
12-6-12*

IV. Attachments

None.

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

CHANGE NOTICE NO. 1
 to
CONTRACT NO. 071B1300188
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
IBM Corporation One Michigan Avenue Lansing, MI 48933	Russ Desy	rdesy@us.ibm.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(517) 335-1159	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Mike Breen	(517) 241-7720	BreenM@michigan.gov
BUYER:	DTMB	Steve Motz	(517) 241-3215	motzs@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: MAIN Hosting & Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL OPTIONS INCLUDED	CURRENT EXPIRATION DATE
January 31, 2011	December 31, 2017	Three One-Year	December 31, 2017
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:		
OPTION EXERCISED: <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES	IF YES, EFFECTIVE DATE OF CHANGE:	NEW EXPIRATION DATE:
<p>Effective immediately, this Contract is amended to include Change Authorization Order Number A05.</p> <p>All other pricing, terms and conditions remain the same.</p> <p>Per vendor agreement and DTMB Procurement approval.</p>		
VALUE/COST OF CHANGE NOTICE:	\$0.00	
ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:	\$50,875,601.48	

Change Authorization Form

Change Authorization Order for the Contract for MAIN Hosting and Services Contract Number 071B1300188

Change Authorization Order Number A05

I. Effect on Contract

This Change Authorization Order (the "Order") is subject to all terms and conditions of the Contract for MAIN Hosting and Services (the "Contract") between the State of Michigan and IBM Global Services dated January 31, 2011 and is issued in accordance with Section 2.024 of the Contract. Except as expressly specified in this Order, all terms and conditions of the Contract shall remain in full force and effect upon execution of this Order. This Order is not valid until it is executed in accordance with Section 2.024 of the Contract. In the event of any inconsistency or ambiguity between the terms and conditions of this Order and the terms and conditions of the Contract, the terms and conditions of this Order shall control.

II. Description of Change

A. Scope of Work

IBM Global Services will provide four (4) J2EE Application Developers to assist the State of Michigan Department of Technology Management and Budget (DTMB) with the Bridges – MAIN interface project team as follows:

5. Review of existing payroll process to determine modifications.
6. Design of modifications to Bridges and SWSS
7. Implementation of changes in conjunction with established quarterly SSP issuance schedule
8. Test changes
9. Provide support to DTMB and DHS during QAT and UAT testing

Work will be performed at the State's location, under the direction of the State of Michigan, reporting to the State's manager/technical lead.

B. Charges

Two senior J2EE application developers will be provided for a maximum of 1786 hours each at the rate of \$126 per hour, and two junior J2EE application developers will be provided for a maximum of 1786 hours each at the rate of \$90.30 per hour. The resources may start as early as 08/06/2012 and can continue through 08/31/2013. The total charges for four all (4) resources will not exceed \$858,278.40.

The State agrees to compensate IBM for inflationary factors as described in the Inflationary Adjustment process in Exhibit L- Section 9 of the Contract. However, the exact affect on the rates in the preceding paragraph will not be known until January, 2013.

C. State Responsibilities

The State is responsible for providing a workstation, suitable office space, supplies and a telephone for the resources noted above at no expense to IBM Global Services.

The State is responsible for securing the cooperation and participation of Subject Matter Experts, as required, for their system knowledge throughout this effort to assist and resolve questions.

The State is responsible for communicating and coordinating the overall project goals and project results to all affected parties.

D. Schedule

The effective date of this Change Order shall be the date that it is signed by the State and shall continue through August 31, 2013.

E. Completion Criteria

IBM Global Services will have completed its obligations under this Change Order when one of the following first occurs:

1. IBM Global Services provides the maximum number of hours of services specified in the Charges section of this Change Order; or
2. The total price contained in the Charges section of this Change Order has been reached; or
3. The Change Order end date of August 31, 2013 has been reached; or
4. This Change Order is terminated in accordance with the provisions of the Contract.

F. Payment Schedule

The work effort contained herein will be performed on a time and materials basis. (IBM is providing skills and hours.) These charges will be billed to the State of Michigan monthly for the previous month's services. Payment is due within 45 days after receipt of a valid invoice from IBM.

Timesheets signed by the resource and the State's supervisor will be attached to the invoices.

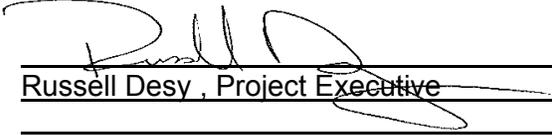
III. State Authorization

Check One:

This order shall be performed for the benefit of the Infrastructure Services Network Operations Center (NOC) in the Department of Information Technology (the "Authorizing Agency") and all amounts to be paid to IBM pursuant to this order shall be paid solely from funds available to the Authorizing Agency. IBM Global Services hereby acknowledges that the Authorizing Agency is a Party to the Contract solely with respect to this Order and shall have the right to enforce the terms and conditions of this Order and the Contract (insofar as they apply to this Order) in its own name directly against IBM Global Services. This order is not valid until signed by an authorized representative of the Authorizing Agency and by the Purchasing Director, or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

This Order shall be performed for the benefit of the DTMB and is not valid until signed by Acquisition Services or a designated representative or by electronic issuance of a Change Notice from the Department of Management and Budget Acquisition Services.

**IBM Corporation
IBM Global Services**

By: 
Title: Russell Desy , Project Executive
Date: _____

Authorizing Agency (Department of Technology Management and Budget)

By: _____
Title: Rich DeMello, Business Relationship Manager - DHS
Date: _____

By: _____
Title: Scott Thompson, General Manager - DTMB
Date: _____

IV. Attachments

None.

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY MANAGEMENT AND BUDGET February 14, 2011
PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

NOTICE
OF
CONTRACT NO. 071B1300188
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR IBM Corporation One Michigan Avenue Lansing, MI 48933 Email: jeff.williams@us.ibm.com	TELEPHONE Jeff Williams (248) 552-4894
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-3215 Steve Motz
Contract Compliance Inspector: Mark Lawrence <p style="text-align: center;">MAIN Hosting & Services</p>	
CONTRACT PERIOD: From: January 31, 2011 To: December 31, 2017	
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: \$ 50,875,601.48

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

**CONTRACT NO. 071B1300188
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF CONTRACTOR IBM Corporation One Michigan Avenue Lansing, MI 48933 Email: jeff.williams@us.ibm.com	TELEPHONE Jeff Williams (248) 552-4894 CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 241-3215 Steve Motz
Contract Compliance Inspector: Mark Lawrence <p style="text-align: center;">MAIN Hosting & Services</p>	
CONTRACT PERIOD: From: January 31, 2011 To: December 31, 2017	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of ITB # 07110200172, this Contract Agreement 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: \$ 50,875,601.48	

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

FOR THE CONTRACTOR: IBM Corporation Firm Name	FOR THE STATE: Signature Tony DesChenes, Acting Director
Authorized Agent Signature	Name/Title Procurement & Real Estate Services Administration
Authorized Agent (Print or Type)	Division
Date	Date



STATE OF MICHIGAN
Department of Technology Management and Budget
Purchasing Operations

Contract No. 071B1300188
MAIN Hosting & Services

Buyer Name: **Steve Motz**
Telephone Number: **517-241-3215**
E-Mail Address: **MotzS@michigan.gov**



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DEFINITIONS

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.
Application Software	State of Michigan software which is neither free nor open source. For the purposes of this RFP, Application Software refers to the MAIN application including all of its subcomponents.
Audit Period	See Section 2.110
Bidder	Bidder refers to the Vendor submitting a response to this RFP.
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.
Chronic Failure	Defined in any applicable Service Level Agreements.
Contractor	The term vendor and Contractor are sometimes used interchangeably in this RFP.
Days	Means calendar days unless otherwise specified.
Deliverable	Physical goods required or identified by a Statement of Work and agreed upon by the parties.
Deleted – Not Applicable	This section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering.
Development Region	The development region is a partitioned portion of the server that allows for the development of new features as well thorough unit testing of upgrades. The Development Region is also referred to as Development.
Education Region	The education region is a partitioned portion of the server that allows for application training of State staff. The Education Region is also referred to as Education. (Note: Training is conducted by State staff on a regular basis.)
Effective Date	Effective Date Means January 31, 2011
Excusable Failure	See Section 2.244.
Incident	Any interruption in Service.
ITB	A generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential bidders
JEC	Joint Evaluation Committee (JEC) is led by the Buyer within Purchasing Operations of the DTMB to evaluate proposals in response to an ITB or RFP relative to the evaluation criteria included within the ITB or RFP. It typically consists of 3-6 persons.
Key Personnel	Any Personnel designated in Article 1, Section 1.201, as Key Personnel.
DTMB	Department of Technology, Management and Budget
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.
OES	The Office of Enterprise Security that resides within DTMB IT.
PCI	Payment Card Industry – establishes strict standards for ensuring that cardholder information is protected and secured. PCI Data Security Standard (PCI DSS) includes requirements for security management, policies and procedures, network architecture, and software design.
Production Region	The production region is a partitioned portion of the server that is completely separate from the development and Test environments. The Production Region is also referred to as Production.
PMM	The Project Management Methodology (PMM) was created by DTMB IT to manage



	and monitor Information Technology projects by establishing formal project management practices.
PSR	Project Status Report
Remote Cold Site	A disaster recovery facility that provides adequate space and equipment available when needed. Operational recovery time usually requires days instead of minutes.
RFP	Request for Proposal designed to solicit proposals for services
SAS-70	Statement on Auditing Standards (SAS) No. 70, <i>Service Organizations</i> , is a widely recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA). 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. The issuance of a service auditor's report prepared in accordance with SAS No. 70 signifies that a service organization has had its control objectives and control activities examined by an independent accounting and auditing firm. The service auditor's report, which includes the service auditor's opinion, is issued to the service organization at the conclusion of a SAS 70 examination.
Service	Any function performed for the benefit of the State.
SEM	The System Engineering Methodology (SEM) was created by DTMB it and provides guidance for information systems engineering related practices and procedures.
SOM	State of Michigan, also sometimes referenced simply as "the State."
State Location	Any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
Subcontractor	A company that the 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.
State Proprietary Software	State of Michigan software which is neither free nor open source.
SUITE	SUITE stands for State Unified Information Technology Environment. SUITE is meant to standardize methodologies, procedures, training and tools for project management and systems development lifecycle management throughout DTMB IT.
System Software	System software is computer software designed to operate the computer hardware and to provide and maintain a platform for running application software. The term system software is also used to designate middleware and software development tools (like a compiler, linker or debugger).
Test Region	The test region is a partitioned portion of the server that allows for the testing of new features as well thorough UAT testing of upgrades prior to being moved into production. The Test Region is also referred to as Test.
UAT	User Acceptance Testing. UAT is performed by State Subject Matter Experts to verify the system works as intended before moving the system to production. UAT does not commence until after the Contractor has completed other tests per the Test Plan including, for example, unit, functional, stress, and system testing.
Unauthorized Removal	Contractor's removal of Key Personnel without the prior written consent of the State.
Vendor	Vendor and Contractor are used interchangeably in this RFP
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 and identified as a Deliverable as a result of an in furtherance of performing the services required by this Contract.



Article 1, Statement of Work

1.0 Project Identification

1.001 PROJECT REQUEST

The State of Michigan (State), through the Michigan Department of Technology, Management, and Budget (DTMB) and the State Budget Office (SBO) has issued this Contract for hosting and consulting services for the State owned Michigan Administrative Information Network (MAIN) application. MAIN is primarily a mainframe application comprised of accounting, purchasing, report distribution, vendor management, electronic transaction processing, and payment processing functions. However, there are server based functions being provided which are intricately tied with the applications residing on the mainframe. The server based functionality is currently (and will continue to be) hosted by the State of Michigan. See Section 1.002 Background for additional application information. Processing services required will consist generally of all central hardware for Development/Test and Production/Education regions, certain associated peripheral equipment, and the System Software for processing the MAIN Application Software, including providing dedicated redundant communications equipment (including encryption) to the internetwork in Lansing and the bank associated with the electronic distribution of State's funds.

The Contractor is also responsible for all aspects of systems operation and management for the MAIN Application Software, including:

- workload scheduling
- print management
- performance management
- capacity management
- configuration management
- change management
- problem management
- service level management
- data management
- resource accounting
- security management
- business continuity and disaster recovery functionality

Contract transition activities must be completed by **December 31, 2011**.

The contract has a term of seven (7) years, with three (3) one (1) year extensions possible. Renewal of the contract will be at the sole discretion of the State and will be based on acceptable performance of the selected Contractor as determined by the State.

1.002 BACKGROUND

MAIN is the State's primary accounting and purchasing application. MAIN is comprised of the R*STARS, ADPICS, RMDS, Contract and Payment Express, and Electronic Transaction Processing applications.

R*STARS: The Relational Standard Accounting and Reporting System (R*STARS) is a comprehensive statewide financial management and accounting information system. The system was designed to comply with the accounting requirements imposed on state governments by the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association, as well as allow an entity to comply with Generally Accepted Accounting Principles (GAAP). R*STARS includes basic accounting requirements, such as budgetary and general ledger accounting, and more sophisticated cost accounting requirements, such as program accounting, indirect cost accumulation and allocation, and grant accounting.



In addition, R*STARS includes a nightly batch process that either generates or records all payments made by the State of Michigan. Due to the volume of payments, batch processing is the optimal method to perform payment processing. During the batch cycle payments are consolidated, where appropriate, which reduces the number of warrants printed and the number of EFTs transmitted. An 'Expedite' Cycle runs daily. This group of batch jobs gives the State the ability to process warrants that need to be issued immediately.

Reports and data extracts for both the R*STARS and ADPICS systems are created during the batch cycle. This information is distributed to various agencies throughout the State.

ADPICS: The Advanced Purchasing and Inventory Control System (ADPICS) is a statewide procurement management system designed to specifically address the purchasing, receiving, and accounts payable requirements of the State of Michigan. ADPICS addresses a wide range of processing requirements in the following six functional areas:

- Requisition processing
- Bid processing
- Purchase orders/contracts
- Receiving
- Accounts payable
- Checks available funding from R*STARS
- Posts relevant information to R*STARS in order to maintain real-time funding information

RMDS: The Report Management and Distribution System controls access and retention of all reports generated by MAIN. Reports are categorized as control reports or requestable reports. Control reports are generated automatically as a result of a program running the nightly batch cycle. Requestable reports are generated based on agency request profiles in R*STARS. Certain critical reports should be reviewed each morning for any system or posting errors. The reports that are designated as official records for the State of Michigan are then migrated to the Computer Output to Laser Disk (COLD) application for long term storage.

Contract and Payment Express: Is a web application that allows vendors/payees to register with the State to receive payments including Electronic Fund Transfers (EFT). Payees perform self-registration, EFT authorization (supports multiple bank accounts), W-9 processing, various data changes and remittance viewing. In addition, an intranet version of this application allows Treasury to review and approve the release of EFT payments into the Automated Clearing House (ACH) network. Contract and Payment Express data is heavily integrated with the R*STARS batch cycle and ADPICS data. The web portion of this application currently is (and will remain) hosted by the State of Michigan. However, the database resides with the rest of the application and will be hosted by the Contractor.

Electronic Transaction Processing: This system is designed to increase invoice processing speed and efficiency by providing an Electronic Data Interchange (EDI) interface between specified vendors and the State of Michigan. Electronic invoices replace paper invoices. In addition, this system provides a method for automatic generation of payment for repetitious monthly lease payments where invoices are not received. In both cases, a transaction is initiated that automatically creates a payment and places the voucher into an approval payment without manual data entry. The web portion of this application currently is (and will remain) hosted by the State of Michigan. However, the database resides with the rest of the application and will be hosted by Contractor.

MAIN Statistics:

- More than 450 on-line CICS screens
- More than 4,400 batch and on-line programs
- More than 2.4 million lines of code
- More than 1,000 jobs are included in the batch process:
 - Nightly Batch Cycle: 300 jobs (of which approx. 75 jobs are used to schedule the nightly batch and perform data back-ups)
 - Additional Weekly Processes: 300 jobs



- Remaining 400 jobs run for specific processes (month end processing, year end processing, archiving prior years' data, escheating unclaimed money, etc...)
- More than 3,850 GB of on-line data storage and more than 3,300 volumes of on-site and off-site tape storage.
- More than 4,400 tape mounts monthly across both regions.
- In FY08, more than 19.5 million transactions were processed tracking the movement of \$140 billion.
- Average CICS transactions per day (production only): 190,000 (High of 251,000; Low of 167,000)
- CICS Users (production only): 6,000
- Prime time is 08:00 – 17:00 ET Monday through Friday, including holidays

Payment Highlights from FY08:

- EFTs: 6 million EFTs were processed totaling \$32.7 billion.
- Warrants: 8.9 million warrants were processed totaling \$10.1 billion.
- Wires: 3,700 wires were processed totaling \$9.8 billion.

The State DTMB MAIN team is responsible for the development and maintenance of R*STARS, ADPICS, RMDS, Contract and Payment Express, and Electronic Transaction Processing applications. This includes the project management, design, development, delivery, and production support for all MAIN functionality and software. This team works with other State organizations regarding the development and maintenance of State owned server-based hardware and software requirements. This team works with the State Budget Office and the current hosting vendor staff to plan and schedule system support, report project and program status and set priorities. The team currently consists of a manager and 17 State and contractual employees.

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

The below listed items are considered in scope for this Contract. A more complete description of the software and/or services sought for this project is provided in Section 1.104. The Contractor must provide the following software/services for the complete and successful support of MAIN.

- All hardware, network infrastructure, software and hosting services for the identified applications to the active site and disaster recovery site.
- Training and documentation
- Maintenance and on-going support of infrastructure and associated software
- Consulting services

1.102 RESERVED - OUT OF SCOPE

1.103 ENVIRONMENT

The Contractor must comply with all applicable State IT methods, policies, standards and procedures. The Contractor must request any exceptions in accordance with DTMB processes. It will be the responsibility of the State to deny the exception request or to seek an exception to the IT methods, policies, standards or procedures.

Any such exception requests from the Contractor must adhere to open industry standards; they must not be based on vendor-proprietary solutions or products. Any changes must be approved, in writing, by the State's Project Manager and DTMB, before work may proceed based on the changed environment.

Additionally, the State must be able to maintain software and other items produced as the result of the Contract. Therefore, non-standard development tools may not be used unless approved by DTMB.



The State pre-approves the exception of the Contractor’s use of the IBM Project Management process to perform Contractor’s tasks and responsibilities for Contractor managed projects. The Contractor’s procedures and tools must be based on the PMBOK® (Project Management Body of Knowledge).

The Contractor will utilize the SUITE methodology on State managed projects where Contractor services are involved. In cases where SUITE dictates that the Contractor provide services not within the scope of this RFP or change the services provided by the Contractor, the on-site operations manager and the IBM Project Executive will work with the State to define and agree upon the changed scope and process the contract change requests.

The State retains the right to determine if the Contractor’s exception requests will be adopted as enterprise technology standards.

The links below will provide information on State of Michigan IT strategic plans, current environment, policies, and standards.

Strategic Plan	http://www.michigan.gov/itstrategicplan
Enterprise Policies, Procedures and Product Standards	http://www.michigan.gov/dit/0,1607,7-139-34305---,00.html
Contractors must follow the State’s Unified Information Technology Environment (SUITE) methodology	http://michigan.gov/suite
Payment Card Industry Data Security Standards (PCI DSS)	https://www.pcisecuritystandards.org/

The Contractor will modernize the MAIN hosting environment in a manner that provides minimal risk to disrupting the State’s financial operations with an affordable approach. The Contractor will enhance:

- MAIN technology – refreshed mainframe to an IBM z10 for currency of the technical environment helping to reduce maintenance and software costs
- Tools utilized:
 - IBM z Mainframe incorporates on board security functions such as firewall protection for the LPAR at the network level.
 - Optimization of our enterprise tools with the addition of the IBM Services Connection portal. The portal will increase the level of government transparency with real time reporting of the system capacity and process performance versus the current monthly view.
 - Increased security with the encryption of the State’s data on portable media.

In order to provide insight to innovation and new technologies, the Contractor will assign an **IBM Distinguished Engineer** to their Team for the life of the Contract. The IBM Distinguished Engineer will participate in planning for and attending the Annual Technical and Security Plan Meeting.

On an annual basis, the Contractor will investigate the innovation available in IBM’s First of A Kind (FOAK) program which may be applicable to the State. Together, the State and Contractor will determine the ability to participate in selected FOAK programs.

PCI DSS

As per Requirements and Security Assessment Procedures Version 1.2.1, PCI DSS requirements are applicable if a Primary Account Number (PAN) is stored, processed, or transmitted. If a PAN is not stored, processed, or transmitted, PCI DSS requirements do not apply. The Contract has not specifically stated that credit card PAN is stored in this system. Therefore, upon request by the State, The Contractor will scan the mainframe using a PCI compliant scanning tool.. IBM will permit the State to scan the mainframe LPARs using State’s scanning tool. IBM will work with the State to close vulnerabilities discovered with these scans via the agreed upon change management process.



IBM will provide software as identified with a "V" in the License Fees column in **Attachment 2, Software Requirements List**.

All activities will be EST time, unless agreed upon in advance.

1.104 WORK AND DELIVERABLES

The Contractor must provide deliverables, services, staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below and in the attachments and exhibits.

I. REQUIREMENTS

A. TECHNICAL REQUIREMENTS

1. Contractor shall meet all [Technical Requirements](#) provided in **Exhibit B**.
2. [Disaster Recovery](#)
The Contractor must maintain, at a minimum, the [Disaster Recovery Environment](#) as described in **Exhibit B**.
3. [Hosting and Security Environment](#)
The Contractor must maintain, at a minimum, the [Hosting and Security Environment](#) as described in **Exhibit D**.
4. [Technical Architecture Description](#)
The Contractor must maintain, at a minimum, the [Technical Architecture](#) as described in **Exhibit E**.
5. [Server Specifications](#)
 - a. The Contractor must maintain, at a minimum, the [Server Specifications](#) as described in **Exhibit F**.
 - b. The Disaster Recovery environment must, at a minimum, logically mirror the Production region for the life of the contract.
 - c. The State may request additional regions on an individual project basis. New or additional regions will result in a contract change which will follow the Change Request process with a PCR and Change Order.
6. [Testing of Equipment](#)
 - a. The Contractor must test the equipment and software to ensure that the requirements are satisfied, prior to the State beginning the standard change window checkout process.
 - b. RESERVED.
 - c. RESERVED.

B. SERVICE LEVEL REQUIREMENTS

The Contractor must meet the level of service identified in **Exhibit G - [Service Level Requirements](#)**.

II. SERVICES TO BE PROVIDED

The Contractor must complete the z-10 modernization as agreed upon in the 2011 Annual MAIN Technology Plan.

The Contractor must provide the following:

- A. Hardware, network infrastructure and hosting services for the application defined in Section 1.002.



1. **Hardware**
 - a. The Contractor must own all hardware components necessary for supporting the solution. Contractor ownership of hardware requires that the Contractor assume all responsibility for future upgrades, system replacement or the addition of processing power to satisfy demands for increased performance.
 - b. The Contractor must monitor systems, conduct all back-ups and carry out scheduled and unscheduled system maintenance tasks.

2. **Software/Applications**
 - a. The Contractor will procure licenses for the system software and supporting tools as identified in **Attachment 2**. The Contractor will procure the license for the monitoring tools used by the Contractor to monitor the system.

 - b. All specialized software components (application/business logic) and business applications will be owned by the State. Ownership of all application data and intellectual property will be retained by the State.

3. **Facilities**
 - a. The Contractor will host the systems in Contractor's Tier 3 hardened data center at Boulder, CO.
 - b. RESERVED
 - c. The physical/geographic location of the active hosting center and all related services must be based in the continental United States of America.
 - d. The physical location shall not have a negative effect on system performance. This will be validated by the Contractor meeting the SLAs, provided in Exhibit G, on a consistent basis.

4. **Lansing Metropolitan Area Network (LMAN) Connection**
 - a. The Contractor must maintain connection between the hosting facility and the State's LMAN that meet these three requirements:
 - i. It must provide optimal performance.
 - ii. It must ensure a highly secure connection to the State' network.
 - iii. It must provide full end-to-end redundancy so no single point of failure would prevent normal operations.
 - b. RESERVED
 - c. The cost for implementing any high-speed telecommunication circuits between the hosting facility and the State's LMAN must be borne by the Contractor.
 - d. The connection between any external hosting facility and the State's network must occur in the State's DMZ. The Contractor may propose alternative methods for connecting to the LMAN that will improve performance but must demonstrate that the security concerns of the State are not compromised. The State must approve any alternative method.

B. System Upgrade -

1. The Contractor will connect the new processor to the existing infrastructure and execute the tests for the system upgrade during the normal weekly maintenance window, reducing the impact on steady state operations. Once the Contractor is satisfied that the systems and applications come up on the new processor without incident, the Contractor will schedule a test with the State to validate the applications operate correctly in the new environment. Upon successful completion of pre-determined test scenarios and successful execution of the State's normal change window check out processes, the MAIN application will begin to operate on the new processor. This upgrade activity can be carried out on the steady state production system using the existing change management process.



The Disaster Recovery test, scheduled for July 2011, will incorporate the use of encryption on the portable media. The Disaster Recovery test, scheduled for July 2012, will be performed utilizing the z10 environment.

The Contractor will encrypt all MAIN tapes in the IBM Boulder data center within 2 years. Once the encrypted tape devices are set up and tested, the Contractor will start encrypting new tapes that are sent off site. With the usual tape rotation schedule, all the DR tapes will be encrypted over a period of time. The tapes that are not scheduled to be shipped from Iron Mountain facility will be left as they are, as tapes are most vulnerable to loss during shipment.

- C. Training and Documentation** – During the month of January 2011, the Contractor will provide an overview of the MAIN Modernization Approach to the MI MAIN State organization during the Annual Technology and Security Plan briefing. This briefing will include information for the following:
- Features of the System z for security and performance
 - Schedule and plan for the processor refresh
 - Portable media encryption features and plan
 - Disaster Recovery Testing approach for 2011 and 2012
 - Plans for implementation of the IBM Services Connection portal for mainframe performance and capacity which provides access to real-time response time, usage and utilization data

The Contractor will update the operational documentation to reflect the modernization results.

During the first three months of 2012, the Contractor will implement the IBM Services Connection portal for the collective team's use. The Contractor and the State will schedule and the Contractor will conduct a one hour training session to educate the State's team on the portal's access and use.

- The training materials must include quick reference guides suitable for later use by trainees.
- Training materials must become the property of the State of Michigan.
- The Contractor must provide online support for commonly asked questions and/or solutions.

- D. Maintenance and On-Going Support of Infrastructure and Associated Software** - The Contractor must provide maintenance and support for hardware and software.

1. This maintenance and support must include:
 - a. Providing replacement copies or correction services to correct any error, malfunction, or defect in the System Software.
 - b. Providing replacement hardware or correction services to correct any error, malfunction, or defect in the hardware.
 - c. Updated versions of the System Software that are improvements, extensions, maintenance releases and updates, error corrections or other changes that are logical improvements or extensions of the original software supplied to the State.
 - d. Documentation updates.
 - e. Access to remote technical support.
 - f. Provide change management plan and process for hardware and software maintenance for all hosted environments.
 - g. The Contractor must establish and maintain the hardware maintenance schedules.
 - h. Contractor must provide and annual plan for technology upgrades for input and approval by the State.
 - i. As the Contractor is licensing the software on behalf of the State, the Contractor will open technical support requests with the software vendors when appropriate under the terms of licensing and support agreements for the product.



2. All maintenance updates to the software and hardware must be scheduled in advance and take place during off-peak hours as approved by the State.
 - a. The Contractor will provide the State with an annual technology plan for the MAIN infrastructure. This plan will detail the major infrastructure upgrades planned for the year along with a high level schedule, which will be developed with the State's assistance.
 3. The Contractor must update the software and hardware as necessary to maintain performance and solution requirements of the delivered system.
 - a. The Contractor must apply updates to the system in response to Commercial-Off-The-Shelf (COTS) software updates introduced by the publisher or manufacturer of the software with 90 days advance notice by the State.
 - b. The Contractor must ensure software compatibility with COTS software patches and service packs with 30 days advance notice. The Contractor must give 6 months advance notice of major operating system updates.
 - c. All proposed software updates must include the following information at a minimum and must be approved by the State Project Manager. They must identify at a minimum:
 1. The reason for the update.
 2. The plan to ensure recoverability.
 3. The off-line test plan and test results.
 4. Actions to roll back the update if errors or problems are encountered.
 5. Verification procedures to demonstrate the success of the update and that no other systems or subsystems are adversely affected.
 6. The proposed schedule for the update.
 7. Change management notification recipients.
 - d. Updates to system software and/or configuration that are necessary to remove known security vulnerabilities will require more aggressive scheduling and GSD331 updates unless otherwise agreed upon. The Contractor will work with the State to minimize the impact of these changes to application availability and business processes using the agreed upon change management process.
 4. Contractor must provide:
 - a. A process for reporting and tracking problems, and applying software maintenance updates and bug fixes.
 - b. A process for receiving, estimating, and scheduling State-requested software upgrades.
 5. The Contractor must provide electronic access to an archive of all past monthly maintenance activity reports.
- E. Consulting Services** - This contract may require a variety of IT professional services on an as-needed basis to support design and architecture through development, testing, and maintenance of web and/or mainframe applications. Fifteen IT classifications have been defined to accommodate the agency needs across a wide spectrum of experience and skill levels and are listed below:
1. Project Manager
 2. Business Analyst
 3. System Analyst
 4. Programmer/Developer
 - a. Java Programmer Analyst/Developer
 - b. COBOL Programmer Analyst/Developer
 - c. Database Programmer Analyst/Developer
 - d. Business Objects Consultant



5. System Administrator
6. Quality Assurance Tech Analyst
7. Network Security Specialist
8. Tester
9. Technical Writer
10. System Architect
11. Application/Software Architect
12. Accessibility Specialist
13. Project Assistant
14. Software Trainer
15. EDI Specialist

Contractor(s) staff must function as part of an application support team that resides within DTMB/Agency Services and supports SBO. The Contractor(s) staff must work alongside DTMB employees to develop and maintain applications that support SBO's day-to-day business operations. These resources become familiar with DTMB personnel, SBO's business processes, and DTMB's State Unified Information Technology Environment (SUITE) and DTMB Management policies and procedures. This knowledge must be applied to all projects to which the resource is assigned.

If a contract individual is assigned to a State project or support area and the technology associated with their assignment changes [in accordance with the change control procedures], the Contractor is responsible for training in the new or changed technology (e.g., vendor personnel needs training in a particular tool in order to perform their State assignment.) or providing new resources who are trained in the new tool, at the State's discretion. Contractor or the assigned contract staff may elect to pay for the training necessary to continue working on the assignment. The cost of the course, including any travel expenses, and the training hours will not be billable to the State.

A detailed description of the skill set requirements and job duties is provided in **Attachment 4**.

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

- A. The Contractor shall provide all of the staff that will be involved in the installation, configuration, data migration, and system movement/transition, staff requirements are as follows:
 1. The State has identified the following roles as key personnel (see section 2.062) for this contract:
 - a. A Project Executive (PE) will be considered the Contractor's Single Point of Contact (SPOC). This individual must be located at the Romney Building in Lansing Michigan. The duties of the SPOC shall include, but not be limited to:
 - supporting the management of the Contract
 - facilitating dispute resolution
 - advising the State of performance under the terms and conditions of the Contract
 - develops long and short term goals for meeting and improving delivery of service to the State
 - anticipates and analyzes future problems, needs and opportunities, determines probable effects of various alternatives and recommends a course of action to obtain the desired results
 - works closely with the Client Service Director to ensure activities are consistent with department priorities and IT strategic plans



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.

b. On-Site Operations Manager

Once operational, the Contractor must provide a full time on-site Operations Manager, located at the Romney Building in Lansing Michigan, who will serve as the initial point of contact for the State on all operational matters throughout the contract. The Contractor's operations manager responsibilities include, at a minimum:

- Manage all defined Contractor responsibilities in this Scope of Services.
- Manage Contractor's subcontractors, if any.
- Serve as the point person for all operational issues.
- Coordinate and oversee the day-to-day operational activities.
- Assess and report operational feedback and status.
- Escalate operational issues, project risks, and other concerns.
- Review all operational deliverables and provide feedback.
- Proactively propose/suggest options and alternatives for consideration.
- Utilize change control procedures.
- Prepare project documents and materials.
- Manage and report on the operational budget.
- Conduct weekly operational update meetings.
- Provides all reports as identified in Section 1.302.

c. Delivery Project Executive

Once operational, the Contractor must provide a Delivery Project Executive (DPE) at the Hosting Center site. The Delivery Project Executive will be the Project Executive's counterpart located at the hosting center site and will have similar responsibilities.

d. Service Delivery Manager

Once operational, the Contractor must provide a Service Delivery Manager (SDM) at the Hosting Center site. The Service Delivery Manager will be the On-Site Operations Manager's counterpart located at the Hosting Center site and will have similar responsibilities.

e. Data Base Administrator

The Contractor's Data Base Administrator (DBA) responsibilities include, at a minimum:

- Maintains all databases required for development, testing, education and production usage
- Performs capacity planning required to create and maintain databases
- Performs ongoing tuning of all development, testing, education and production databases
- Evaluates new releases of database software and its tools to ensure the hosted site is running on products that are most appropriate
- Plans and implements back-up and recovery of the databases
- Administers all database objects, including tables, views, indexes, sequences, packages and procedures
- Troubleshoots problems regarding the databases.
- Evaluates user requests for modified database components to determine feasibility, time required, compatibility with current systems, and computer capabilities.
- Provides technical support to application development team.

The Contractor identified the following individuals as Key Personnel for this contract:



Position	Resource	Work Location
Project Executive	Jeff Williams	Romney Building, 111 S. Capitol Ave. Lansing, MI 48913
On-Site Operation Project Manager	Mike Keating	Romney Building, 111 S. Capitol Ave. Lansing, MI 48913
Delivery Project Executive	Jerry Struppler	IBM Boulder, CO hosting center
Service Delivery Manager	Bill Smith	IBM Boulder, CO hosting center
Database Administrator	Chris Wan	IBM Boulder, CO hosting center

2. All personnel may be subject to the State’s interview and approval process. Any Key Personnel substitution must have the prior approval of the State.
3. Normal State working hours are 7:00 a.m. to 5:00p.m. ET, Monday through Friday, with work performed as necessary after those hours to meet project deadlines. No overtime will be authorized or paid.
4. The Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay.
5. Should the State of Michigan issue an Executive Order thru the Office of State Employer mandating DTMB furlough days, the Contractor will not seek additional costs from the State for project schedule extensions to the extent such extensions are needed due to Contractor’s inability to complete deliverables and milestones in accordance with the project schedule as a result of the above mentioned furlough days. In every case possible the State and the Contractor will work towards completing respective tasks and deliverables in such a manner as to minimize any extension to the project schedule caused by furlough days.
6. When requested by the State, the Contractor must provide an organizational chart indicating lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work.
 - a. The following subcontractors are approved.

Subcontract or	Place of Business	Description of work to be subcontracted	Point of Contact
AT&T	Boulder, CO	IBM will act as the prime contractor and AT&T will perform as IBM’s subcontractor to provide network connectivity from the IBM Boulder Hosting Center to the State’s network. AT&T also provides mainframe telecommunications support at the IBM Boulder Hosting Center.	The AT&T Project Manager assigned to the project is: Frank Trusheim Strategic Account Manager AT&T Wholesale - IBM BlueSky 430 Bush Street, San Francisco, CA 94108
Deloitte Consulting	Boulder, CO	The CobiT Audit services will be performed by Deloitte & Touche LLP.	The Deloitte & Touche LLP Contact is: Mark Ford Principal, Security & Privacy Services National Alliances & Healthcare Provider Champion Deloitte & Touche LLP 600 Renaissance Center, Suite



			900 Detroit, MI 48243-1895
Iron Mountain	Boston, MA	Iron Mountain will provide offsite storage per Exhibit E.	Iron Mountain Incorporated 745 Atlantic Avenue Boston, MA 02111 (617) 535-4766

B. On Site Work Requirements

1. Location of Work:

- a. The work is to be performed, completed, and managed at the following locations:
 - All application development and consulting services must be performed at the Romney Building, 111 S. Capitol Ave. Lansing, MI 48913
 - Selected Contractor’s hosting center (location dependent based on contract award; hosting center and all related services must be based in the continental United States of America).
- b. The State will provide the following resources for the Contractor’s on-site staff to use on this project:
 - Work station
 - Work space
 - Desk
 - Telephone
 - Printer
 - Access to copiers and fax machine
 - Network connection

2. Travel:

- a. No travel expenses will be reimbursed.
- b. Travel time will not be reimbursed.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The State project team will consist of a steering committee, Executive Subject Matter Experts (SME’s), project support, and a project manager. DTMB is the project sponsor. DTMB will provide a Project Manager. DTMB will be responsible for the State’s infrastructure and work together with the Contractor in determining the system configuration.

The project steering committee will provide the following services:

- Approve the project schedule
- Authorize modifications for scope, resources, and budget of the project
- Ensure senior management commitment to the project
- Act as a final arbiter on proposed changes that significantly affect the business interests of the State

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

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



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

- Provide State facilities, as needed
- Coordinate the State resources necessary for the project
- Facilitate coordination between various external Vendors
- Facilitate communication between different State departments/divisions
- Milestone acceptance sign-off
- Resolution of project issues
- Escalation of outstanding/high priority issues
- Utilize change control procedures
- Conducting regular and ongoing review of the project to confirm that it meets original objectives and requirements
- Documentation and archiving of all important project decisions
- Arrange, schedule and facilitate State staff attendance at all project meetings

As of the effective date for contract commencement, the State's Project Manager will be:

Dave Gabler

Department of Technology, Management, and Budget
111 S. Capitol Ave, Romney Bldg, 9th floor
Lansing, MI 48913
Email: gablerd@michigan.gov
Phone: 517-335-4097
Fax: 517-335-6910

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

- Level 1 – Business leads
- Level 2 – Project Managers
- Level 3 – Executive SME's

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.

In addition, the following State personnel/resources may be required at stages of the project. The Contractor's Project Manager will make every effort to provide the State with advance notice of when those services may be required.

- Systems Analyst
- Application Administrator
- User Implementation Coordinator
- Network Administrator
- Remote access to test database environment
- Security Analyst

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

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

Mark Lawrence

Department of Technology, Management, and Budget
525 W. Allegan
Lansing, MI 48913
Email: lawrencem1@michigan.gov
Phone: 517-241-1640



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

Steve Motz
 Purchasing Operations
 Mason Bldg, 2nd Floor
 530 W. Allegan Street
 Lansing, MI 48913
 Email: motzs@michigan.gov
 Phone: 517-241-3215

1.3 Project Plan

1.301 RESERVED - TRANSITION PROJECT

1.302 CONTRACT MANAGEMENT

The Contractor must carry out this project under the direction and control of the Michigan Department of Technology, Management and Budget.

A. Orientation Meeting

1. Upon ten (10) calendar days from execution of the Contract, the Contractor must attend an orientation meeting to discuss the content and procedures of the Contract.
2. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor.
3. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

B. Reports

The Contractor will provide the following reports through the life of the contract:

Weekly Project Status Report

Hosting Transition Project Status Report

- Description: typical project status report.
- Key Elements: current activity status, deliverables and milestone status, significant accomplishments for current period, planned activities for next period, technical issues

Weekly Problem/Change Reports

Weekly Production Scheduling Report

- Description: This report is used at the weekly production scheduling meeting and contains a summary/status of changes implemented since the last meeting as well as information for planning for the upcoming weeks.
- Key Elements: list of changes completed in the last week, list of changes scheduled for the next 4 weeks, on-shift and off-shift support issues, open issues status, disaster recovery planning/testing status, and current projects' status.

Weekly Change Review Report

- Description: This report is used at the weekly change review meeting and contains a list of changes to be reviewed/approved for the current week.
- Key Elements: change number, requester/change owner, assignee name, assignee queue, resource, type, risk, install date, associated problem number, status, associated ChangeMan number, DR impact (y/n)

Hosting Reports

Monthly:

Technology Services Status Report



- Description: Monthly report of hosting related services.
- Key Elements: progress this period including a list changes to each LPAR; changes/problems encountered/corrective action; significant decisions reached or needed; activities planned for next period

DASD Usage Report

- Description: Report that depict system performance, availability, and utilization of DASD and utilization trends. This report may be graphical
- Key Elements: GB of DASD used for each day and LPAR

CPU Usage Reports

- Description: Report that depict system performance, availability, and utilization of CPU and utilization trends. This report may be graphical. Multiple reports may be required.
- Key Elements: Daily CPU usage, CPU usage by time of day (hours), daily average CPU report for each LPAR, time of day (hourly) average CPU report for each LPAR, monthly peak of CPU usage based over rolling 12 month scale.

Job Accounting Reports

- Description: Report listing each job executed during the month and the amount of resources each job utilized.
- Key Elements: job name, CPU utilized, DASD utilized, tape mounts utilized

MAIN SLA Report

- Description: Report of each Service Level Agreement Requirement's status.
- Key Elements: SLA items, status

Firewall Report

- Description: Report of suspicious and/or unauthorized attempts to hit one of MAIN's IP addresses
- Key Elements: date, time, source address, MVS system ID, protocol, source port, destination address, destination port, duplicate record count for each unauthorized attempt.

Quarterly:

MAIN Software Inventory Report

- Description: Report listing all software components, version, revision patch level, and license expiration date.

Yearly:

MAIN Technology Plan

- Description: Annual plan that identifies all planned hardware and system software upgrades.
- Key Elements: executive summary, hardware strategy (including mainframe server strategy, DASD strategy, tape strategy, mainframe component connectivity strategy, router environment, network security strategy), software strategy (including O/S, CICS, DB2, independent software vendor product considerations)
- Contractor must provide documentation related to technology upgrades when requested.

MAIN Upgrade Project Plan

- Description: Project plan that accompanies the MAIN Technology Plan.
- Key Elements: project schedule

Yearly Disaster Recovery Reports

MAIN DR Exercise Objectives

MAIN DR Test Report

DR Problem Log (Following DR test until issues resolved)



C. Meetings

At a minimum, the following meetings must be held between appropriate representatives of the Contractor and the State to review the Contractor's performance under the contract. The meetings will be held in Lansing, Michigan, or by teleconference, as mutually agreed by the State and the Contractor:

- I. Change Management Meeting – Reviews any problems that have occurred during the previous week and reviews the schedule for the next week. This meeting must be attended by both the State and the Contractor management and staff, and must be conducted on a weekly basis;
- II. Production Coordination Meeting – Weekly review the development and production requirements to assure the production schedule must meet the needs of the State;
- III. Service Level Attainment Review – Ad-hoc meetings with the State Division Director and Technical Manager to review Service Level Reports from the prior month as needed;
- IV. Quarterly Capacity Planning Meeting – Quarterly meeting to review projected utilization of server resources.
- V. Annual Technical and Security Plan Meeting - At least once each year representatives of the Contractor must meet with the State to review technical and security plans and discuss possible changes to be implemented during the coming year. At such meetings the Contractor must present recommendations to the State on Hardware and Software improvements and changes that the Contractor believes would significantly reduce costs, improve service or enhance the operability or reliability of MAIN. If necessary, the State can request meetings more frequently
- VI. **Joint Steering Committee (JSC) Meeting** – The objectives of the JSC are:
 - Meeting attendees include representatives from the State and the Contractor
 - State of Michigan Information Officer
 - State of Michigan Client Services Director
 - IBM Delivery Executive
 - IBM Project Executive
 - IBM Delivery Project Executive
 - Discuss the evolving business agenda of both organizations
 - Review and refresh the strategic goals for the ongoing relationship
 - Ratify (and sometimes recommend) changes to the contract and/or how it is being managed
 - Identify changes on the horizon that will need to be managed
 - Review performance against the strategic goals (business and relationship)
 - Review industry business trends and the impact of technology
 - Evaluate Contractor industry initiatives for applicability
 - Explore ways to extend the relationship to solve new business problems
- VII. **Joint Management Committee (JMC) Meeting** – The objectives of the JMC are:
 - Meeting attendees include
 - State of Michigan CSD
 - State of Michigan Manager DTMB
 - IBM Project Executive
 - IBM Delivery Project Executive
 - IBM On-site Operations Project Manager
 - Develop strategies and plans to meet the goals set by the Joint Steering Committee
 - Review performance against set metrics, and address any systemic contractual or management problems
 - Periodically, systematically and formally assess the quality of the working relationship, and plan appropriate actions to strengthen it

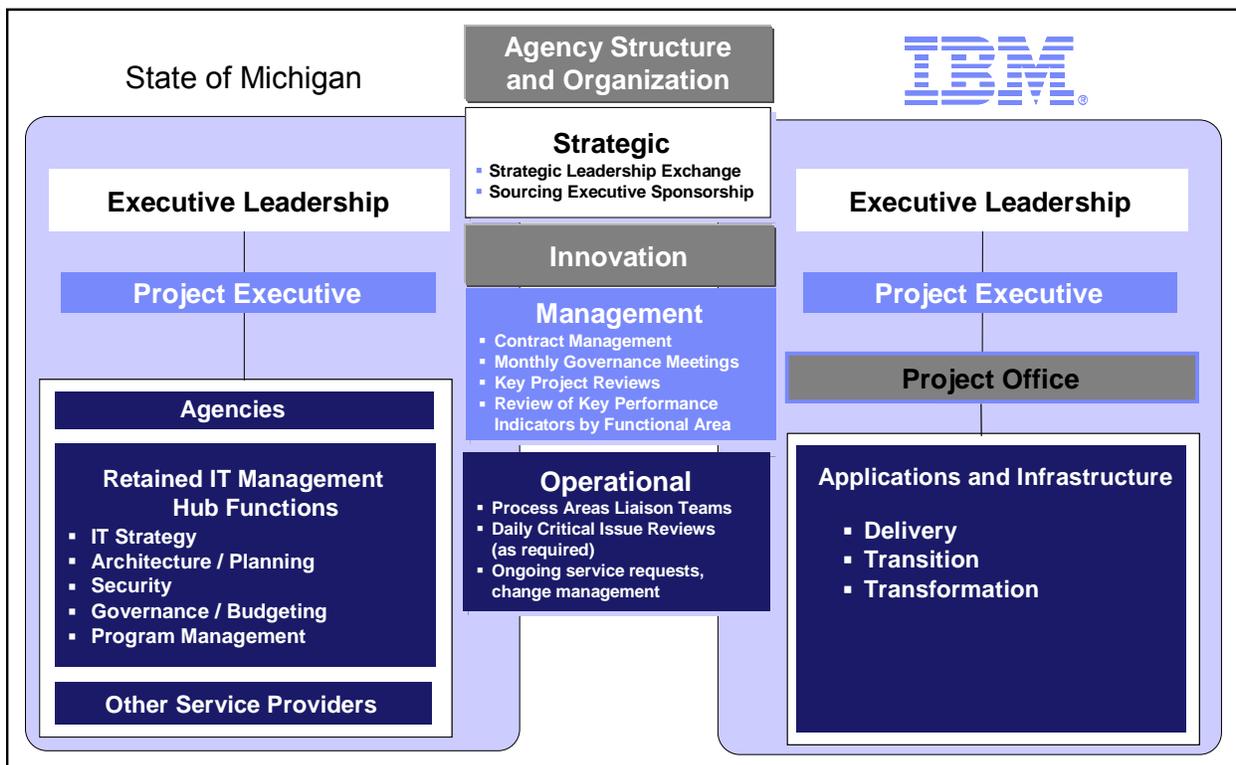


- Spot and address conflicts on the horizon; resolve conflicts escalated to JMC
- Spot and manage impending change
- Continuously (informally) assess how the State and the Contractor are working together, and plans to improve the relationship
- Continuously looks for new places/ways to deliver business value
- Make recommendations to the Joint Steering Committee on any large changes that need to be made to objectives or strategy, the contract, or the relationship

Meetings must have a published agenda distributed sufficiently in advance of the meeting to allow meeting participants a reasonable opportunity to prepare for the meeting.

The Customer Interface Plan describes the details of the joint governance process. The model includes the following three levels and key areas of focus:

- **Strategic.** Sets strategy and direction for the relationship, provides overall governance, and measures performance
- **Management.** Provides IT strategy and direction and managed overall project performance
- **Operational.** Delivers day-to-day services and operational excellence



The middle column describes how the three levels of governance align with the appropriate roles in both the State’s organization and with the Contractor.

As part of contract transition, the Contractor will create a Customer Interface Plan for the management of the contract. Specifically this involves:

- Establishing organizational interfaces for management and operation of the contract; this includes establishing and maintaining organization charts for the State and the Contractor
- Identifying reports and meetings specified within the contract for governance activities; this includes establishing a reporting and meeting calendar
- Defining and documenting the interfaces between the State’s Management System and Contractor’s Management System by establishing roles and authorities to operate the interfaces

The Customer Interface Plan will include:

- Roles and Authorities Matrix



- State Organization Charts
- Contractor Organization Charts
- State – Contractor Committees
- Reporting Plan
- Meeting Plan
- Meeting Charters

1.4 Project Management

1.401 ISSUE MANAGEMENT

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

The Contractor must maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State's Project Manager on an agreed upon schedule, with email notifications and updates. The issue log must be updated weekly 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
- A brief description of the root cause of the issue

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

Level 1 – Business leads

Level 2 – Project Managers

Level 3 – Executive Subject Matter Experts (SME's) (IBM Project Executive and State CSD)

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 Contract. Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact to the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy.

The Contractor must create a risk management plan. A risk management plan format must be submitted to the State for approval within twenty (20) business days after the effective date of the contract. Once both parties have agreed to the format of the plan, it must be the standard to follow for the duration of the contract. The plan must be updated monthly, or as agreed upon. The risk management plan must be developed in accordance with the State's PMM methodology and the PMBOK® (Project Management Institute).

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 DTMB Contract Administrator, the DTMB Contract Administrator will submit a request for change to the DTMB Purchasing Operations Buyer, who will make recommendations to the Director of Purchasing Operations regarding ultimate approval/disapproval of change request. If the DTMB Purchasing Operations Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Purchasing Operations Buyer will issue an addendum to the Contract, via a Contract Change



Notice. **Contractors who provide products or services prior to the issuance of a Contract Change Notice by the DTMB Office of Purchasing Operations, risk non-payment for the out-of-scope/pricing products and/or services.**

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

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

1.5 Acceptance

1.501 CRITERIA

All Deliverables must 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.

The acceptance process of this Contract, as outlined in the Terms and Conditions, Sections 2.251 through 2.256, must be used by the State and the Contractor.

1.502 FINAL ACCEPTANCE

Final Acceptance will be provided after the State has validated that all impacted systems, applications and data have been successfully upgraded to the z10 Business Class mainframe platform and performs according to State requirements and specifications.

1.6 Compensation

1.601 COMPENSATION AND PAYMENT

Regardless of when the upgrade to the z10 Business Class mainframe is completed, pricing for this contract will not commence prior to January 1, 2012.

Pricing Tables

Exhibit L provides pricing for all services and requirement’s identified in this Contract.

Payment

Contractor must submit properly itemized invoices to DTMB Procurement, 525 W. Allegan, Lansing, MI 48913. 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/equipment, 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;
- Net invoice price for each item;
- Shipping costs;
- Time Sheets (Time & Materials)
- Quotes (Fixed Price)
- Other applicable charges;
- Total invoice price; and
- Payment terms, including any available prompt payment discounts.

The State shall pay 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.



APPENDICES & EXHIBITS

RESERVED Exhibit A – ESA



Exhibit B
Technical Requirements

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#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
	1-00 INFRASTRUCTURE & SYSTEM SOFTWARE		
1-01	Support for two logical partitions (LPARs) The infrastructure must support a minimum of two Z/OS LPARs on an IBM Z-series server. One partition must support the production and education regions. The second partition must support the test and development regions.	X	
1-02	Capacity The Contractor must accommodate the current MAIN application's use and capacity as well as an expected growth rate of 5% per year of CPU usage. The infrastructure must be scalable by design in order to accommodate changing capacity as necessary. Adding of processing capacity beyond the current maximum in Exhibit L Table 1 and Table 2 (CPU Usage) may have implications on State provided Software licensing and will be done using the Change Request process.	X	
1-03	Integrating web-based application The Contractor's infrastructure must integrate with State hosted web-based applications including but not limited to the Contract & Payment Express and Electronic Transaction Processing web-based applications.	P	S
1-04	Back-up and Restore The Contractor must perform full volume back-ups on a weekly basis and incremental back-ups before and after each batch cycle.	X	
1-05	The Contractor must perform on-request back-ups as needed. The Contractor will work with the State to evaluate the impact on the system of any on-request backups.	P	S
1-06	The Contractor must perform recovery from backups that allow the recovery of the application as needed by the State.	X	
1-07	Redundancy The Contractor must maintain and document network redundancy to handle a failure situation at the active site. There must not be any single points of failures.	X	
1-08	Connectivity to the bank The contractor must design, document and provide redundant hardware and connectivity with the State's Originating Depository Financial Institution (currently Comerica) This connectivity must include encryption at a 3DES level or higher. The MAIN application will communicate with Comerica (ODFI) using Comerica's GlobalScape Server. Existing connectivity between the State of Michigan network and Comerica will be used to communicate with the bank. The Contractor will use the SFTP protocol for data transfer to verify data privacy and security.	X	
1-09	Connectivity for Electronic Transaction Processing	X	



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
	The contractor must provide a connection to MAIN's Value Added Network (VAN). The connection must be established using American Association of Motor Vehicle Administrators (AAMVA).		
1-10	Telecom Interface Standards The Contractor must ensure the Network successfully meets all telecom interface standards.	X	
1-11	Hardware and Software Planning and Installation The Contractor must provide documentation related to proposed technology design changes; that will be reviewed and approved by State staff using the mutually agreed upon change control process.	P	S
	2-00 DISASTER RECOVERY & BUSINESS CONTINUITY SERVICES		
2-01	Disaster Recovery Plan The Contractor will create an initial Disaster Recovery Plan and review and update it annually (or more often, if needed) including a review of recovery Configurations to ensure there is adequate capacity to meet the requirements of the State in the event of a Disaster. The state will approve the initial plan and each annual update.	P	S
2-02	Recovery Time Objective (RTO) The Contractor will recover the critical MAIN applications within 72 hours of a disaster being declared using the approved declaration process.	X	
2-03	Recovery Point Objective (RPO) The Contractor must meet an RPO of no greater than 40 hours prior to the disaster being declared. Backups will be made daily after the completion of batch and shipped to the offsite storage facility the next morning. The Contractor will recover the systems to the most current backups available off-site at the time of disaster being declared.	X	
2-04	Annual Review of Plan DELETED		
2-05	Update Disaster Recovery Configurations The Contractor must update the recovery Configuration(s) at the Disaster Recovery Center as required by the Disaster Recovery Plan	X	
2-06	Warm Site Recovery Services The Contractor must provide a warm site to recover the critical elements of the MAIN applications during a declared disaster. The Contractor must also maintain and provide resources sufficient to enable Disaster Recovery Services. The Contractor must provide access to the warm site as soon as two (2) hours, but no longer than twenty-four (24) hours, after Declaration of a disaster. In the event of a disaster the	X	



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
	system will continue to operate at the warm site until such time that an active site is reestablished.		
2-07	Recovery Site Location The Contractor must provide a recovery site on a different power grid and in a different geographic location than the active site. The recovery site must be a minimum distance of 500 miles from the active site.	X	
2-08	Disaster Recovery Back-ups - System The Contractor must perform weekly back-ups of all System Software, Configurations, and other Critical Software.	X	
2-09	Disaster Recovery Back-ups - Application The Contractor must schedule and execute daily back-ups for Application Software data and State production libraries.	X	
2-10	Off-site media storage The Contractor must develop, maintain, and execute off-site media storage procedures for archival and recovery purposes, utilizing an authorized off-site third-party contractors, for all back-up media, including: <ul style="list-style-type: none"> • Log and track media both on and off-site • Perform required rotation of media • Pay all fees and costs associated with off-site media storage 	X	
2-11	Disaster Recovery Test Plan The Contractor, with input from the State, must create and maintain a test plan for conducting an Disaster Recovery Tests for the State MAIN System. The state will approve the test plan approximately 6 months preceding the Disaster Recover Test.	P	S
2-12	Disaster Recovery Test The Contractor must conduct a Disaster Recovery Test every 18 months, beginning in 2012, that will adequately demonstrate the Contractor's ability to recover the Data Center Services and critical MAIN Applications, transfer of operations to a Recovery Center and communicate with the State's ODFI. State staff will be actively involved in executing the disaster recovery test. The Dates for the Disaster Recovery Tests will be mutually agreed upon by the State and Contractor.	P	S
2-13	Support Personnel The Contractor must supply the personnel necessary for the maintenance of the Disaster Recovery Plan and the testing of the Disaster Recovery Services.	X	
2-14	Disaster Recovery Test Platform The Contractor must provide a Disaster Recovery test platform sufficient to execute the DR Test Plan and test the recovery of Configurations, Critical Software, and related Application Software data.	X	
2-15	Disaster Recovery Test Dates The contractor, with input from the State, must schedule the disaster recovery test dates and test locations. The State requires forty-eight (48) hours of test time per	X	



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
	year.		
2-16	Disaster Recovery test during transition period DELETED		
2-17	During the scheduled test During the scheduled test the contractor must perform the following tasks: a. Conduct testing by performing test recovery of designated configurations and critical software as defined in the Disaster Recovery Test Plan b. Communicate with recovery site as required before, during, and after completion of testing to adequately conduct and document testing c. Test and verify environment integrity and functionality – The State will be involved in testing functionality as well d. Provide written confirmation that the software and files from the Recovery Site were removed at the conclusion of test. e. Document and track findings to closure, and provide post test results to the State –The State will be involved in documenting findings as well. f. Create and execute an action plan addressing any problems identified in the execution of the DR Test Plan, and provide the State a copy of such plan. g. Provide a Final Report on the DR Test to the State.	JOINT	JOINT
2-18	During a Declared Disaster During a declared disaster the contractor must perform the following tasks: a. Provide immediate notice of any Disaster which has occurred, which may occur, or of events which may lead to a Disaster, via verbal contact with one or more of the State's designated representatives, so that the parties may determine when and whether to declare a Disaster and may do so expeditiously to receive priority Disaster Recovery Services. b. Take immediate action to prepare the Recovery Center for use and provide the resources necessary for recovery of the Configurations and Critical Software; utilizing capacity which is equivalent to the current State configuration or better. c. Provide sufficient office space and equipment at Recovery Center to support the application. d. Reroute the affected data communications circuits to the Recovery Center e. Provide all other network connectivity to the Recovery Center, as specified in the configuration specifications. f. Provide operational and technical service and assistance sufficient to restore and operate all critical MAIN applications as defined within the Disaster Recovery Plan. g. Deliver to the Recovery Center all off-site back-up media necessary to perform Disaster Recovery h. Deliver to the Recovery Center off-site back-up media necessary to allow the State to recover Application Software data within the recovery time objective. i. Operate the Critical Software on the Configuration at the Recovery Center.	P	S



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
	j. Furnish all supplies and storage media which are included in the scope of DR or the contract. k. Pay all costs associated with off-site back-up media, including transportation to and from the storage facility and the Recovery Center. l. Pay all travel and living expenses incurred by contractor personnel in the performance of the contractor's Disaster Recovery responsibilities. m. Assist the State in Application Software data recovery. n. Provide written confirmation that all State data and programs were removed from the Configuration after utilizing the Disaster Recovery Services.		
2-19	The Contractor must provide operational and technical service, and assistance sufficient to restore and operate all critical MAIN applications as defined by the Disaster Recovery Plan. Critical applications are: <ul style="list-style-type: none"> • RSTARS Production • ADPICS Production • ChangeMan • RMDS to support production • ODFI Bank connection • WDI Software • InfoMan • Web Development repository 	X	
	3-00 APPLICATION MONITORING AND PROBLEM MANAGEMENT		
3-01	State staff is primarily responsible for managing application problems; however, the vendor must provide assistance to the State staff with managing application problems.	S	P
3-02	The Contractor and State staff must open Problem records and enter problem information into InfoMan. Problem records must be entered within 15 minutes of when the problem is reported and identified.	J	J
3-03	The Contractor and State staff must perform Problem tracking and monitoring.	J	J
3-04	State staff provides on-call coverage on a rotating schedule. The Contractor and State staff must maintain the State notification process and data.	J	J
3-05	State staff is primarily responsible for the modification of customer data in accordance with approved change record; however, the vendor must assist with the modification of customer data in accordance with approved change record.	S	P
3-06	The Contractor and State staff must maintain the documentation of applications operating procedures (for example batchmap and restart instructions) and system operating procedures.	J	J
3-07	The Contractor and State must mutually agree on the Incident and Change	J	J



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
	Management process and/or procedure changes.		
3-08	The Contractor will notify DTMB contacts and create problem tickets using Infoman and the agreed upon incident and problem processes.	P	S
	4-00 SYSTEMS INSTALLATIONS AND OPERATIONS		
4-01	The Contractor must coordinate, install, configure, maintain, and uninstall System Software.	X	
4-02	The Contractor must monitor availability of System Software fixes and implement such fixes as appropriate including such tasks as: <ul style="list-style-type: none"> • Acceptance testing (shared responsibility with State staff) • Verification process (shared responsibility with State staff) • Actual installation • Production requirements (shared responsibility with State staff) 	P	S
4-03	The Contractor shall track, manage, and communicate system problems to the State.	X	
4-04	The Contractor must install, configure, maintain, and upgrade third party products and tools as requested by the State.	X	
4-05	The Contractor and State staff are both responsible for new technology/product research. The vendor must provide technical guidance regarding products/systems selection and the Contractor must implement the technology solution.	J	J
4-06	The Contractor must maintain contingency back-ups for System Software and associated program products.	X	
4-07	The Contractor must perform Troubleshooting / problem resolution for System Software.	X	
4-08	The Contractor must provide technical assistance to the State.	X	
4-09	The Contractor must provide system and application software back-up/recovery procedures.	X	
	5-00 JOB SCHEDULING		
5-01	State staff is responsible for job set-up; however the Contractor must assist with job set-up.	S	P
5-02	State staff is responsible for defining job dependencies; however the Contractor must assist with defining and set-up of job dependencies.	S	P
5-03	State staff is responsible for identifying job recovery steps; however, the Contractor must implement the job recovery steps.	S	P
5-04	The Contractor must maintain the ZEKE/ZEBB Automated Scheduler System.	X	
5-05	The Contractor must update the scheduler database as requested by the State to reflect scheduling changes/modifications to all environments.	X	
5-06	The Contractor must implement, execute and maintain overall processing schedules	X	.



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
	as directed by the State: <ul style="list-style-type: none"> • Run production jobs in accordance with the processing schedules • Monitor processing for adherence to processing schedules • Complete processing within mutually agreed-upon time periods • Respond to new processing requests and requirements 		
5-07	The Contractor must complete scheduled batch processing jobs in accordance with the scheduled processing specifications (e.g. times, dependencies, etc.).	X	
5-08	The Contractor must assimilate batch jobs into all environments in accordance with processing schedules provided by State, and according to mutually agreed upon implementation requirements.	X	
	6-00 CHANGE MANAGEMENT		
6-01	Software The Contractor must provide, maintain, and utilize InfoMan to manage and track Changes. State staff must have access to utilize this software tool.	X	
6-02	The Contractor must submit change requirements and requests for Systems Software.	X	
6-03	The Contractor must promote application changes to the test and production regions. State staff is responsible for creating the package to be promoted.	J	J
6-04	The Contractor must report on change results.	X	
	7-00 CAPACITY MANAGEMENT		
	Definition and maintenance of the Capacity Management process is a joint effort between the State and the vendor as described below:	-	-
7-01	State staff is responsible for defining application plans and identifying capacity requirements for State Application Software on a quarterly (or more often, if needed) basis. The Contractor must monitor and assess capacity requirements, changes, and/or requests that may impact capacity and make recommendations to the State, as applicable.	J	J
7-02	The Contractor must maintain sufficient resource capacity as necessary to provide the Data Center Services including CPU, DASD and tape resources. <ul style="list-style-type: none"> • Analyze requests to determine action needed to provide sufficient capacity to meet State Requirements • Obtain the State's approval on action(s) needed resulting from analysis of requests 	P	S



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
7-03	The Contractor must increase capacity upon request from the State within ten (10) business days, unless otherwise agreed to at the time of the request. Increases in processing capacity beyond the current maximum in Exhibit L Table 1 and Table 2 (CPU Usage) will be done using the Change Request process.	P	S
	8-00 PERFORMANCE MANAGEMENT		
8-01	The Contractor must maintain the service level agreement documentation. Periodic reviews of the service level agreement requirements must occur at a minimum annually and both parties must approve any changes.	P	S
8-02	The Contractor must utilize tools to achieve real time performance monitoring of the service level agreements	X	
8-03	The Contractor and State staff must perform load balancing, performance tuning, and configuration adjustments to optimize existing Hardware/environment.	P	S
8-04	The Contractor must implement system performance improvements, such as regularly scheduled hardware upgrades.	P	S
8-05	When requested by the State, the Contractor must provide performance management assistance/support for State Application Software. State requests will be coordinated by the IBM Operations Manager.	S	P
8-06	The Contractor must provide performance statistics reporting tools to allow the State to tune State Application Software. The Contractor will provide the following performance statistics reports: <ul style="list-style-type: none"> ▪ CPU consumption by batch program ▪ CPU consumption by started task The Contractor will work with the State on a case-by-case basis to address specific application performance problems.	P	S
	9-00 OPERATIONS ANALYSIS		
	State Proprietary Software installation		
9-01	State staff is responsible for Acceptance testing; however the Contractor must assist with Acceptance testing when reasonably requested by the State. Such assistance requests will be coordinated with the IBM Operations Manager.	S	P
9-02	State staff is responsible for the Verification process; however the Contractor must assist with the Verification process when reasonably requested by the State. Such assistance requests will be coordinated with the IBM Operations Manager.	S	P
9-03	The Contractor must perform the actual installation of State application software.	X	
	System security subsystems (For example: CICS, TSO, RACF)		



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
9-04	The Contractor must perform system security subsystems administration and execution, excluding RACF.	X	
9-05	The Contractor must work with the State to perform system security subsystems administration and execution of RACF. User-IDs for the State employees and resources will be managed by the State RACF administrator. System RACF IDs and Contractor resource IDs will be managed by the Contractor.	S	P
	Automated report distribution		
9-06	The Contractor and State staff must use Report Management and Distribution System (RMDS).	J	J
9-07	The Contractor must perform automated report distribution operation. The Contractor will maintain this system while the State will maintain administrative privileges over this system to define new reports, access controls, and forms.	J	J
	Write standards and procedures		
9-08	The Contractor is responsible for developing standards and procedures with input from the State.	P	S
	10-00 DATABASE SUPPORT		
10-01	The Contractor must provide database management support including providing physical database review / support / modification.	X	
10-02	The Contractor must create new databases at the direction of the State.	P	S
10-03	The Contractor must create database objects at the direction of the State.	P	S
10-04	The Contractor must provide Data Base Management System (DBMS) maintenance, including security and performance management. The Contractor will provide the following Database maintenance: <ul style="list-style-type: none"> ▪ Install, configure, maintain, and upgrade Database System Software and associated program products upon State approval ▪ Install and apply Database fixes as requested by the State ▪ Identify and resolve Database and Database subsystem problems and/or related database problems ▪ Provide ongoing Database subsystem performance management 	P	S
10-05	The Contractor must provide physical database design, review, and support, if required.	P	S
10-06	The Contractor must provide DBMS performance utilization tracking.	X	



10-07	<p>The Contractor must provide application database management and must, at minimum, perform the following services:</p> <ul style="list-style-type: none"> a. Table reorganization, synchronization, and compression activities, as needed, to ensure optimum application performance. b. Table space and directory structure management activities. c. Ensure ongoing data integrity maintenance at the database table level. d. Any other activities, as needed, to ensure the integrity and optimal performance of the database. 	X	
11-00 SECURITY			
11-01	<p>The Contractor and the State must create and maintain documentation of the overall security controls to be implemented on the MAIN system. The documentation must be based on the ISO/IEC 27002:2005 standard, clearly define security related responsibilities of each party, and must be reviewed and approved by each party annually.</p>	J	J
11-02	<p>The Contractor must restrict access to the Contractor Facilities to authorized personnel.</p> <p>The Contractor will provide numerous levels of physical security designed to prevent unauthorized access to the data center and provide protection for the hardware, including but not limited to:</p> <ul style="list-style-type: none"> ▪ Man Trap and Pass Cards: The first access to the building is a Man Trap. A pass card or receptionist lock release is required to access the lobby of the IBM facility. ▪ Electronic Card Access: The second level of security is provided by electronic card access with numeric code and biometric readers throughout the data center facility. Additional security is provided through a system of onsite and remote monitoring. ▪ Video Surveillance: Multiple interior and exterior cameras provide 24 x 7 video surveillance and recording. 	X	
11-03	<p>The Contractor must protect Hardware at Contractor Facilities from unauthorized access.</p>	X	
11-04	<p>The Contractor must implement commercially reasonable security safeguards to protect the integrity, and to prevent unauthorized access to, the State systems, Application Software, systems files and State Data within the Data Center Services environment or off-site archiving location(s).</p> <p>The Contractor will create user IDs for the Contractor staff that require access to the systems based on business justification. This justification will be validated every year.</p> <p>All unauthorized access attempts to the system will be logged and reported.</p>	X	
11-05	<p>The Contractor must continually identify, report to the State, and implement protection improvements for the Contractor operating environment and resources (e.g. unauthorized access, malicious updates).</p>	X	
11-06	<p>The Contractor must review and grant State-specified group access as requested and authorized.</p>	P	S



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
11-07	The Contractor must remove vendor personnel with security-level and/or group level authorities within 30 days of the individual(s) no longer needing that authority. The Contractor must perform an annual review of Contractor personnel with system-level and/or group-level authorities and remove authorities that are no longer necessary.	X	
11-08	The Contractor will provide an identified State Security Manager auditor privilege in RACF, thus allowing him/her to create this report when required.	X	
11-09	The Contractor and State staff must delete inactive logon Ids of vendor and State personnel/users after six months of non-use of such Ids. The Contractor will perform ID validation on an annual basis.	J	J
11-10	The Contractor must create and administer Contractor personnel user IDs and passwords in areas related to the environments for which the Contractor is responsible.	X	
11-11	The Contractor and State staff must grant security access authority for specified State IT Personnel, as requested by the State.	J	J
11-12	The Contractor and State must monitor users of the Processing Environment for attempted unauthorized access. The Contractor and the State must monitor, review and respond to access violations and will log security alerts and notification activity in accordance with procedures and timeframes set forth in the Operations Procedure Manual.	P	S
11-13	The Contractor must provide annual verification of strict compliance with all reasonable State security policies and procedures, provided such security information is provided to the Contractor by State.	P	S
11-14	The Contractor and State staff must enforce State security policies and practices within the State community and Data Center Services environment as documented in GSD331.	P	S
11-15	The Contractor must perform ongoing security reviews of Contractor resources and operational/service delivery groups to verify that appropriate security procedures are in place, including: <ul style="list-style-type: none"> Review, test and evaluate products that are being introduced into the current State environment, to verify that such products are set up to prevent compromise of vendor or State data, access, security resources or information Review, test, evaluate and implement/install security Software products at the request of the State and/or recommend such products to the State. This may be subject to the Change Request process. 	X	
11-16	Encryption Key Management The State will manage the following Encryption Key Management responsibilities, <ul style="list-style-type: none"> Logon to the user interface of the tool Create keys/certificates Move keys to the key storage files, and 	S	P



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
	<ul style="list-style-type: none"> Schedule when the new keys would take effect. The Contractor will use either ISKLM or EKM encryption key tools. If these tools are not chosen or are later changed, then the Encryption Key Management responsibilities are subject to the contract change management process for review and potential modifications.		
	12-00 WDI and ODFI RESPONSIBILITIES		
12-01	The Contractor must provide, maintain, and upgrade all required WDI software to ensure full functionality of the WDI product.	X	
12-02	The Contractor will provide the system software support for the IBM WDI product and the State staff will provide support services for the application objects	J	J
12-03	The Contractor must provide WDI access to authorized State personnel.	X	
12-04	The Contractor must provide separate WDI operations: WDI Development, WDI Test, and WDI Production on separate LPARS.	X	
12-05	The Contractor with assistance from State staff must perform version control migrations of WDI components (e.g. trading partner transactions (maps), application data formats, validation/translation tables etc.) into Test and Production.	P	S
12-06	The Contractor must maintain a secure network connection directly from the MAIN hosting environment to the State of Michigan's ODFI bank. At a minimum the vendor must: <ol style="list-style-type: none"> Provide one point-to-point circuit with back-up between MAIN hosting environment to the State of Michigan's ODFI bank. Provide all equipment necessary to meet this requirement. Manage proactive and reactive network processes 	X	
	13-00 PRODUCTION CONTROL		
13-01	The Contractor must perform all system console operations.	X	
13-02	The Contractor must manage machine resources.	X	
13-03	The Contractor must assure platform product availability within the parameters of the service level agreement as defined in Exhibit G.	X	
13-04	The Contractor must develop and maintain the Tape Library System.	X	
13-05	The Contractor is responsible to perform all tape mounts.	X	
13-06	The State will provide first level support and the Contractor must provide second level support for printing at State local printers.	S	P
13-07	The Contractor must follow documented restart procedures or notify the State's On-Call staff member within 10 minutes of an abnormal ending of a state-owned job. Additional on-call procedures including escalation procedures must be mutually agreed upon between the Contractor and the State.	X	



#	Requirements	Responsibility X=Sole, P=Primary, S=Secondary, J=Joint	
		Contractor	State
13-08	The Contractor must address abends in accordance with State policies and direction.	X	
13-09	Contractor must provide sufficient appropriately certified operations staff to manage the environment, and must ensure all staff are adequately trained and technically qualified.	X	
13-10	The Contractor must execute reruns as requested by the State and performing job restarts in accordance with requirements provided by the State.	X	
13-11	The Contractor must provide notification of the potential to miss Critical Batch Job schedule deadlines.	X	
13-12	The Contractor must document operations procedures	X	
	14-00 GENERAL HOSTING		
	General Hosting Requirements Hosting of the application must include:	-	-
14-01	Secure communications connection with redundant DS3 facilities.	X	
14-02	Space/Operating Environment 1. The hosting environment, including air conditioning, must meet all published manufacturer's guidelines and manufacturers' recommendations for all application system equipment during the term of this Contract. 2. The hosting environment must be equipped with UPS protection and back-up generation capability throughout the entire term of this contract. Such protection must cover the entire server operations area including climate control system, lighting, consoles, LAN, WAN, and phone system, and meets all manufacturers' requirements. 3. All servers must be protected by an Uninterruptible Power Supply allowing the Vendor to manage power during a short term outage, or to provide several hours of emergency power to the most critical systems.	X	
14-03	Firewall configurations.	X	
14-04	The Contractor will use trained personnel for maintenance and support activities. Where a manufacturer requires that only certified personnel be used as part of the support and warranty agreement, certified personnel will be used.	X	
14-05	Controlled Access Facilities to ensure physical site security.	X	
14-06	24-hour, on-call trained staff to respond to problems/outages.	X	
14-07	The Contractor must provide help desk support on a 24/7/365 basis via telephone. The help desk staff must provide assistance related to all hardware, network infrastructure, hosted applications, system software, and hosted file issues. Only State of Michigan authorized DTMB personnel will call the Contractor help desk. Authorized roles will include the team directly supporting the applications in MAIN and their upper management. The Contractor will document problems in the Infoman tool.	X	



14-08	If an outage outside of normal maintenance window is expected, the DTMB MAIN contact must be notified one week in advance once the Contractor is aware of the requirement, if possible.	X	
14-09	If an unexpected outage occurs, the DTMB MAIN contact must be notified immediately after the outage is reported.	X	
	Security and Confidentiality – Contractor must:		
14-10	Supply the same or an equivalent level of security as described below: a. The network must be protected by server and desktop anti-virus enterprise software. Anti-virus software must be updated with the latest virus definitions as they are released by the software publisher. b. Any Contractor workstations not used on the State network will be scanned by the Contractor. c. Any Contractor workstations used on the State network will be scanned by the State and approved prior to being attached to the network for the first time. For purposes of clarity, this process will not obligate IBM to disclose neither IBM nor IBM customer data. d. The network must be protected from hacking by firewalls and intruder detection software, and manual monitoring of incoming traffic as requested.	X	
14-11	The Contractor must ensure documentation, electronic files, and data are developed, used, and maintained in a secure manner, protecting the confidentiality of all materials, records, and files.	X	
14-12	To obtain and provide a third-party certification annually regarding the level of security practiced by the Contractor and based on the COBIT framework which may include the following: a. IS Risk Assessment b. Digital Signatures c. Intrusion Detection d. Viruses and other Malicious Logic e. Control Risk Self-assessment f. Firewalls g. Irregularities and Illegal Acts h. Security Assessment (penetration testing, vulnerability analysis, and effectiveness of controls) Contractor’s solution includes an annual COBIT audit. The Contractor will engage a third party to perform this audit for the State’s dedicated MAIN environment managed by IBM. The Scope of the COBIT Audit is as follows: <ul style="list-style-type: none"> ▪ Conduct an annual Assessment based on the COBIT 4.1 framework using “DS-5 Ensure Systems Security” control objectives from the Deliver and Support Domain. ▪ Evaluate the processes and procedures for each control objective based on the COBIT Maturity Model and ratings provided. 	X	
14-13	Contractor must perform disk space management in accordance with mutually agreeable and documented procedures and guidelines prior to production implementation.	X	



14-14	Hardware and software must be refreshed prior to reaching end of life and being unsupported, unless approved by the State.	X	
14-15	The State and Contractor will work together to develop the changes required for planned maintenance, new request for service and incident actions – both scheduled and immediate.	J	J



RESERVED - Exhibit C – DR Strategy Doc



Exhibit D
Hosting and Security Environment

IBM will continue hosting the State of Michigan MAIN contract in Boulder, Colorado

The Contractor will maintain a Class 3 hosting center.

The Contractor will continue to maintain a solution consisting of two DS3 class circuits using MPLS network connected at geographically diverse VendorNet handoffs to LMAN. The Contractors Layer 3 OSI-based network architecture isolates traffic from other clients' traffic and is designed to make the hosted environment security-rich for information exchange. Client bandwidth is dedicated at the floor level. This infrastructure is designed to prevent each client from being affected by "bursts" in another client's network traffic.

The network topology also includes two disaster recovery circuits to the Gaithersburg, Maryland IBM site.

The Mainframe itself is connected to the network using Gigabit Ethernet interfaces and TCP/IP protocol. This network is an isolated network dedicated to the State of Michigan. The Mainframes run an operating system based firewall that is part of the z/OS operating system and protects the MAIN application. The access to the application is secured using SSL enabled TN3270 terminals.

The Contractor will control the system performance and resource usage within a defined and maintained capacity process. The Contractor will review and maintain sufficient resource capacity to provide the hosting center services, including CPU and storage. The Contractor will perform ongoing performance tuning to optimize the hardware environment. The Contractor will conduct capacity planning and forecasting on a quarterly basis and make recommendations to the State, as applicable.

The Contractor will host the State of Michigan MAIN system utilizing a standalone CPU and then a shared environment for Tape and DASD. The backend WAN back to the State's network is shared with other State of Michigan customers.

State of Michigan MAIN will continue to be supported by separate development and production LPARS. DASD support is provided by separate volumes; our solution prevents anyone else from attaching other volumes to your system. The tapes used in the current environment have a unique set of volume serial numbers; no other contracts have the same ranges. This has prevented and will continue to prevent the sharing of data.

The hosting environment will include at a minimum the following components:

Uninterruptable Power Distribution and Backup Supply

Heating, Ventilation, and Air Conditioning

Fire Suppression

Physical Security

Resource Access Control Facility (RACF)

Security Health Checking Audits/Scans

The Contractor will continue to perform quarterly health checks to verify that the required security settings are in place for the infrastructure devices residing in Contractors managed hosted environment. The specific quarterly health checks performed by the Contractors security team will be performed as audits to validate the following policies:



- The mandatory access logical control system options are set according to the specifications in the IBM Security Policy document or the corresponding hardware platform appendices.
- Only approved users hold security administrative and system authority.
- All operating system resource (OSR) access controls are set in accordance with the applicable IBM GSD331 Security Policy and Best Practices document.
- The Contractor will verify that the required security health checking tools are deployed and scans run per the agreed to document.
- The Contractor will verify that there are access and activity log data records; they are retained for 60 days as part of the process review.
- All health check deviations are documented and tracked in the CIRATS data base.

Network and Firewalls:

- *Maintain State IP connections from Contractor Data Center thru VendorNet*
- *Conduct vulnerability scans*
- *Maintain CIRATS (Compliance, Issue, Risk and APAR Tracking System)*

Policies and Procedures:GSD331 Security Policy

Information Security Controls for Strategic Outsourcing Customers – The GSD331 Template is used to create a GSD331 document for IGS Strategic Outsourcing customers. The GSD331 will document the Security Roles and Responsibilities and who will execute them. It will also document the security policies that the customer requests for their systems and servers.

Operations Activities:

- The Contractor will monitor the network, hardware and operating system software according to agreed service levels, using processes and procedures that are ITIL-conformant system management processes and are tailored specifically for the State of Michigan's operating environment
- The Contractor will monitor and respond to system alerts and events and execute problem determination processes for both hardware and operating system software
- The Contractor will monitor the backups for operating system and data files and databases
- The Contractor will use automation tools and analytics to keep the MAIN application up and running.



Exhibit E
 Technical Architecture Description

The Contractor will provide the following components and host the MAIN application on the z10 Business Class mainframe for the State of Michigan. This system will replace the z8 processor.

Feature Code	Description	QTY
2098-E10	IBM System z10 Business Class	1
0089	SE-EN Switch (former HUB)	1
0090	HMC	1
0113	I/O Cage ISC-D Airflow	2
0157	CEC	1
0162	HCA2-C Fanout	2
0163	HCA2-C Fanout 2 IFB Links	4
0165	MBA Fanout Airflow	4
0217	ISC-Mother Card	2
0218	ISC-Daughter Card	2
0219	ISC-3 link on F/C 0218	4
0326	IFB-MP Daughter Card	4
0327	STI-A8 Mother Card	2
0840	TKE 6.0 Workstation	1
0858	TKE 6.0 LIC	1
0871	Crypto Express3 1 ports	2
1021	STP Enablement	1
1123	Model E10	1
1642	2 GB Memory DIMM(4/feature)	3
2323	16 Port ESCON	7
2324	ESCON Channel Port	25
2404	16 GB Memory	1
3325	FICON Express8 10KM LX 4 ports	3
3362	OSA Express3 GbE LX 4 ports	2
3759	Universal Lift Tool/Ladders	1
3863	CPACF Enablement	1
4000	I/O Drawer	2
4001	Frame Costing Feature	1
5085	2-Way Processor O02	1
6096	Flat Panel Display	3
6670	CP-O	2
6915	O02 Capacity Marker	1
7969	Fiber Trunking - first bracket	2
7970	Fiber Trunking - additional bracket	2
7985	MT-RJ 3.5 ft harness	2
7986	MT-RJ 5 ft harness	2
7987	LC-DUP 3.5 ft harness	2
7988	LC-DUP 5 ft harness	1
8987	14 ft 250v 3 PH Cord	1
9969	z10 BC Site Tool Kit	1

The MI MAIN application will continue to utilize a shared pool for storage including the IBM 2107 System Storage DS8000 series.

The Contractor will use Tivoli OMEGAMON XE for Storage on z/OS® to monitor and manage the mainframe-attached storage for Michigan MAIN.



The Contractor will support the software products required for the Michigan MAIN application and any future versions of those products as identified in Attachment 2.

The Contractor will continue to scale its architecture to meet the changing State of Michigan's business needs. The Contractor will work with the State to continually modify the capacity management solution to meet the State of Michigan's business needs. An example of these activities is provided below:

- Define and maintain business process documents
- Implement improvement programs
- Define, collect, summarize, and store capacity data
- Produce standard reporting and ad hoc reporting for analysis of incidents to restore service
- Define capacity alert thresholds to support agreed upon service levels
- Monitor capacity measures against defined thresholds and notify the State when managed system resource reaches critical or alert levels
- Monitor queues for incidents, problems, changes, and other service requests pertaining to capacity
- Provide analysis of capacity measures and forecasting of physical resource requirements
- Monitor and document the usage of physical IT resources and deliver the information to the State for your use in determining future capacity requirements
- Recommend corrective actions to resolve capacity problems and prevent possible future incidents
- Recommend to the State any system configurations or modifications necessary to enable the Contractor to maintain acceptable resource utilization
- Performance Tuning

Back-up System Description

The Contractor will provide offsite data storage. The media stored offsite will be encrypted according to (approved) FIPS 140-2 standards, which currently allow for either 3DES or AES Symmetric Key Encryption. The State requires a minimum of 128-bit encryption, and highly recommends 256-bit encryption.

With this service, duplicate copies of the State's backup data will be automatically created by IBM's Tivoli® Storage Manager (TSM) and placed onto encrypted removable media that is transferred to an offsite location at a proximity that will expedite the recovery efforts. The Contractor will perform incremental backups of the MAIN data on a nightly basis. Full backups will be sent offsite on a weekly basis.

On a regular basis (at least quarterly), the Contractor will request a tape at random from the off-site storage facility and review the files stored on the tape for physical integrity by performing a restore. This approach will validate the physical integrity of data stored on tapes and will provide a report of successful and unsuccessful validation attempts to the State.

For recovery purposes, a second copy of the State's tape media shall be encrypted, created and stored offsite. Subsequent incremental backup changes are stored offsite daily. Once a day the duplicate tapes shall be transported from the hosting center to the offsite storage facility. Onsite personnel will issue daily e-mail tape transfer reports to IBM's TSM Administrator, who maintains the TSM database with tape location information. Separate relocation logic shall be maintained through TSM for keeping the offsite copy tape pool up-to-date.

If a restoration operation cannot take place due to unreadable tape media in the primary onsite tape pool, Tivoli® Storage Manager (TSM) requests the transfer of the corresponding copy from the offsite tape pool facility. Within 24 hours of the request, the offsite tape is loaded in the Michigan MAIN tape library and ready for you to initiate the restoration process.



Security Plan

For State facilities, the Contractor shall follow the State's security procedures. For Contractor facilities, the Contractor shall conduct ongoing reviews and key process control measures.

The Contractor's security processes and resources shall prevent unauthorized access to the State of Michigan's IT equipment to support confidentiality, availability, and integrity of not only the physical equipment, but also the data and transmission of data between those systems. The Contractor will accomplish this through infrastructure protection services.

Infrastructure protection services shall include the physical and logical security components for the facilities and networks in Contractor sites and non-Contractor managed sites. Physical access control requirements will be applicable to CPUs, channel attached devices, and physical system and master consoles (such as interactive devices providing a command interface to the operating system without having identification and authentication of the operator), portable media storage, and print output.

The Contractor shall provide the State a copy of the IBM Security Policy/Plan for the State of Michigan MAIN environment within the Boulder facility, so that the State Office of Enterprise Security can review to ensure that adequate IT controls are in place. All agreed upon IT controls will be incorporated into the Information Security Controls Document (GSD331) with the assistance of the State. The documentation that is created for the State as a result of this activity will be termed the Information Security Controls Document (GSD331) and the GSD331 Implementation Manual (controls to implement the security policy documented in the GSD331).

The Contractor will provide audit support management. This service verifies that audits and reviews are managed in an appropriate way, serving auditor's and auditee's expectations and needs, includes all non-compliance support audit activities which may include but are not limited to IBM Corporate Audits, external State of Michigan reviews including both non-regulatory and regulatory related reviews. Additionally this service will include third party review support such as that undertaken by External Audit Firms (IE PriceWaterhouseCoopers). This service will implement best practices for these reviews in order to achieve consistent audit results and actions.

The Contractor will identify the State's potential IT security threats, provide adequate data to assess it, and supply the appropriate response to the threat as described below:

- Define and maintain a process that results in rapid response to any declared incident, including a toll-free help line and e-mail support 24x7 for remote incident and virus response.
- Provide immediate investigation to determine the cause of the situation/attack, and recommendations for stopping it and recovering the State of Michigan environment including email to the State's Contract Compliance Inspector within 24 hours of a security breach being verified.
- Capture, log, and store all of the State's reported incidents for measurements, reporting, and future risk determination
- Identify risk trends or threat patterns in the State of Michigan environment

The Contractor will utilize an incident management approach that will assist the State in accurately assessing and rapidly responding to IT security incidents or malicious code infections, beginning with a 1-hour consultation conference call with an IBM Incident or Virus Response Team member. For this service, the Contractor will:

- Provide expert IT technical advice to the State of Michigan's responsible business decision-makers, so that you can establish reasonable and effective objectives for technical response to a security incident
- Provide technical response direction, so that the State can successfully re-establish IT security if an incident occurs



Exhibit F

Server Specifications

Production / Education Region

Region:	Production/Education
Manufacturer:	IBM
Model/Type:	2098-O02
Year:	2008
Storage Disk Space:	3,500 installed GB shared with Test & Development
Ram:	16GB
Tape Management:	Zara
Processor:	Quad Core chip running at 3.5Ghz
OS:	z/OS®
Server monitoring software (example: CA Unicenter):	Omegamon Suite and Tivoli Netview
Database and Version:	DB2 V9
All Software & Versions:	Refer to Attachment 2
Vulnerability Scans (frequency and types)	IBM Health Checks performed quarterly
Current Location:	Boulder, CO
Misc:	

Development / Test Region

Region:	Test & Development
Manufacturer:	IBM
Model/Type:	2098-O02
Year:	2010
Storage Disk Space:	3,500 installed GB shared with Production / Education
Ram:	16GB
Tape Management:	Zara
Processor:	Quad Core chip running at 3.5Ghz
OS:	z/OS®
Server monitoring software (example: CA Unicenter):	Omegamon Suite and Tivoli Netview
Database and Version:	DB2 V9
All Software & Versions:	Refer to Attachment 2
Vulnerability Scans (frequency and types)	IBM Health Checks performed quarterly
Current Location:	Boulder, CO
Misc:	



Disaster Recovery Region

Region:	Disaster Recovery
Manufacturer:	IBM
Model/Type:	2096-W01
Year:	2006
Storage Disk Space:	3,500 installed GB
Ram:	16GB
Tape Management:	Zara
Processor:	Dual-core running at 1.4Ghz
OS:	z/OS®
Server monitoring software (example: CA Unicenter):	Omegamon Suite and Tivoli Netview
Database and Version:	DB2 V9
All Software & Versions:	Refer to Attachment 2
Vulnerability Scans (frequency and types)	IBM Health Checks performed quarterly
Current Location:	Gaithersburg, MD
Misc:	



Exhibit G
Service Level Requirements

SERVICE LEVEL STANDARDS AND SERVICE LEVEL OBJECTIVES

1 General

This Exhibit G sets forth the quantitative service level Standards and Service Level Objectives applicable to the Contractor's performance of the Processing Services.

2 Reporting and Meetings

2.1 Accompanying its monthly invoice specified by the Contract, the Contractor shall submit to the State a report, in a form approved by the State, assessing The Contractor's performance during the previous month against the Standards and Service Level Objectives (the "Performance Attainment Report"). The Contractor shall also be responsible for reporting problems that reasonably could be expected to have a material adverse effect on State operations within two (2) Business Days of the Contractor becoming aware of any such problem. In addition, The Contractor shall provide other reports daily, weekly, monthly and/or annually as agreed to by the Parties. Designated State representatives shall have access to the State's Service Level Reporting tool provided by Contractor.

2.2 A formal management group will be set up between the Parties to monitor and manage the performance of the Processing Services with respect to the Standards and Service Level Objectives. This group will meet on a regular basis to review the Performance Attainment Report.

3 Responsibilities

The Contractor shall promptly investigate and correct failures to meet Performance Standards and Service Level Objectives by: (1) providing the State with daily performance reporting for the deficient Services; (2) initiating investigations of problems to identify root causes of failures; (3) making written recommendations to the State, including the actions proposed by the Contractor and the State, for improvement in procedures; and (4) executing and reporting on such corrective actions. Furthermore, the Contractor shall minimize recurrences of such failures for which it is responsible. The State shall use reasonable efforts to correct and minimize the recurrence of problems for which the State is responsible and which prevent the Contractor from meeting the Performance Standards.

4 Excusable Failure Affect On Standards

Notwithstanding the foregoing, the Contractor shall not be obligated to pay any Service Credits to the State with respect to any failure to meet the Minimum Performance Standards to the extent that such failure is excused by an excusable failure under Section 2.244 of the Contract; provided, however, that the Contractor shall not be excused for an excusable failure to the extent that it is due to The Contractor's failure to exercise due care in performing the Services, including without limitation The Contractor's obligation to provide proper preventive and remedial maintenance for the Hardware and Software.

5 Future Changes

In the event that any component of the MAIN Platforms is changed, augmented or replaced during the Term of the Contract such that (1) any of the existing Standards or Service Level Objectives become inapplicable or inappropriately stringent or lenient, or (2) new Standards or Service Level Objectives would be applicable or more appropriate, the Parties shall mutually assess the need to make changes to the Standards or Service Level Objectives and shall work together in good faith to agree upon adjustments to, replacement of, or augmentation of, the Standards or Service Level Objectives as appropriate. The State may, upon the request of the Contractor, deem the first full calendar month in which a new Standard or Service Level Objectives takes effect to be a validation period with respect to such new Standard or Service Level Objectives. Without limiting the generality of the foregoing, during the Term of the Contract, and annually thereafter, the Parties shall perform an assessment of the Standards or Service Level Objectives as described herein.



6 References to Time Periods

Unless otherwise specified in a particular instance, all references (i) to time shall be local time in Lansing, Michigan, and (ii) to months shall be to calendar months during the Term (including any portions thereof).

7 Excusable Downtime Resolution Process

7.1 Prior to, and apart from, submitting to the State, as part of the invoicing process described in the Contract, the Performance Attainment Report assessing the Contractor's performance during the previous month against the Standards and Service Level Objectives, the Contractor shall review all interruptions in availability of the Environments within Scheduled Hours during such month and provide to the State an initial determination as to whether any or all of the downtime resulting from such interruptions should be deemed Excusable Downtime. The State, taking into consideration the Contractor's initial determination (and discussions with the Contractor regarding such determination), shall make a final determination as to the downtime, if any, that shall be deemed Excusable Downtime. All final reports or set of reports assessing the Contractor's performance against the Standards and Service Level Objectives (including without limitation the Performance Attainment Report) shall factor in the State's determination of Excusable Downtime.

7.2 The Parties shall make their determination as to whether downtime is Excusable Downtime based on mutually agreed upon guidelines which include, but are not limited to, those listed below.

7.2.1 Downtime caused by a high volume of Expedited/Emergency Changes shall be deemed Excusable Downtime as follows. If during any month the Contractor carries out greater than twenty-two (22) Expedited/Emergency Changes at the State's request, any downtime caused as a result of such Expedited/Emergency Changes shall be deemed Excusable Downtime.

7.2.2 Downtime requested by the State during Scheduled Hours that is not Scheduled Downtime (e.g., reducing scheduled hours of production) shall be deemed Excusable Downtime.

7.2.3 Downtime caused by an error in the design or programming of Application Software for which the State or another of its contractors has maintenance responsibility (i.e., the FACS Application Software) shall be deemed Excusable Downtime.

7.2.4 Contiguous blocks of downtime may be allocated into Excusable Downtime and non-Excusable Downtime with the agreement of the Parties. This may occur when the State requires that the Contractor not restore the availability of an Environment (or Region thereof) that is down and the downtime is non-Excusable Downtime. Periods of time following the point where the Contractor believes in good faith that the availability of such Environment (or Region thereof) can be restored without adverse impact to the State, but during which the Contractor is prevented from restoring such availability by the State, shall be deemed Excusable Downtime if and to the extent the State does not respond in a timely fashion (under the circumstances) to approve the restoration of availability as soon as possible.

7.3 Disputes regarding the State's final Excusable Downtime determination shall be resolved in accordance with the dispute resolution procedures set forth in Section 2.190 of the Contract.

7.4 Exhibit G states the environment availability and scheduled hours to be used for service level attainment purposes.



EXHIBIT G

SERVICE LEVEL STANDARDS AND OBJECTIVES

8.0 Processing Facilities Standards

8.1 Environment Availability and Scheduled Hours.

8.1.1 The CICS Region (and TSO and RMDS Regions where specified) of the Environments shall be available for the Scheduled Hours listed in the Table G8-A below for the purpose of measuring the Performance Standards.

TABLE G8-A - Scheduled Hours of On-Line Availability

Environment	Scheduled Hours of On-Line Availability
SOMD	
DMAIN - SMDCICS	6 a.m. – 6 p.m., Mondays – Fridays* 6 a.m. – 4 p.m., Saturdays*
TMAIN – SMTCICS	6 a.m. – 6 p.m., Mondays – Fridays* 6 a.m. - 6 p.m., Saturdays*
TSO	24 hours per day, 7 days per week*
RMDS	6 a.m. – 12 midnight, 7 days per week*
SOMP	
EMAIN - SMECICS	6 a.m. – 6 p.m., Business Days
PMAIN - SMPCCICS	7 a.m. – 6 p.m., Business Days 7 a.m. – 4 p.m., Saturdays
TSO	24 hours per day, 7 days per week*
RMDS	7 a.m. – 6 p.m., Business Days 7 a.m. – 4 p.m., Saturdays

*Times listed are exclusive of Maintenance Windows. Standard Maintenance Window 2:00 – 6:00 PM Sundays



8.1.2 IBM shall perform the Processing Services in accordance with the Availability Performance Standard for each Environment set forth in Table G8-B. IBM shall use InfoMan tools to measure and track Availability. Availability for the Environments includes the redundant IP based Router and T1 network from Lansing to Boulder, Colorado. Downtime is measured from the time a problem record is opened and the outage has been coded.

TABLE G8-B – Environment Availability

Environments	Weighting Factor	Performance Standard	Minimum Performance Standard	Incentive Performance Standard
<u>SOMD</u>				
DMAIN SMDICIS	0.00	99.5%	99.0%	99.8%
TMAIN SMTICIS	0.05	99.5%	99.0%	99.8%
TSO	0.00	99.5%	99.0%	99.8%
RMDS	0.00	99.5%	99.0%	99.8%
<u>SOMP</u>				
EMAIN SMECICIS	0.00	99.5%	99.0%	99.8%
PMAIN SMPICIS*	0.35	99.5%	99.2%	99.8%
TSO	0.00	99.5%	99.2%	99.8%
RMDS	0.20	99.5%	99.2%	99.8%

* The CICS Region of PMAIN shall not be considered available for use by the State's end users when any of the FACS Application Software is not available for use by the State's end users at the point of interface to the State's network.



8.2 On-Line Response Time

IBM Global Services shall perform the Processing Services in accordance with the On-line Response Time Performance Standard for each Environment set forth in table G8-C. The SMF tool shall be used to measure and track On-Line Response Time.

TABLE G1-C - On-Line Response Time

Environments	Weighting Factor	Performance Standard	Minimum Performance Standard	Incentive Performance Standard
		Response Time	Cumulative Transactions	
SOMD				
DMAIN SMDCICS	0.00	<0.5 sec-85% <1.0 sec-90% <2.0 sec-94% <3.0 sec-96%	<0.5 sec-75% <1.0 sec-85% <2.0 sec-90% <3.0 sec-94%	<0.5 sec-92% <1.0 sec-94% <2.0 sec-96% <3.0 sec-99.5%
TMAIN SMTICICS	0.00	<0.5 sec-85% <1.0 sec-90% <2.0 sec-94% <3.0 sec-96%	<0.5 sec-75% <1.0 sec-85% <2.0 sec-90% <3.0 sec-94%	<0.5 sec-92% <1.0 sec-94% <2.0 sec-96% <3.0 sec-99.5%
TSO *	0.00	<0.5 sec-88% <1.0 sec-95% <1.5 sec-97% <3.0 sec-99%	<0.5 sec-82% <1.0 sec-92% <1.5 sec-94% <3.0 sec-96%	<0.5 sec-92% <1.0 sec-97% <2.0 sec-99% <3.0 sec-99.5%
SOMP				
EMAIN SMECICS	0.00	<0.5 sec-90% <1.0 sec-92% <2.0 sec-94% <3.0 sec-96%	<0.5 sec-80% <1.0 sec-85% <2.0 sec-90% <3.0 sec-94%	<0.5 sec-92% <1.0 sec-94% <2.0 sec-96% <3.0 sec-99.5%
PMAIN SMPICICS	0.40	<0.5 sec-91% <1.0 sec-93% <2.0 sec-95% <3.0 sec-97%	<0.5 sec-85% <1.0 sec-91% <2.0 sec-93% <3.0 sec-95%	<0.5 sec-92% <1.0 sec-94% <2.0 sec-96% <3.0 sec-99.5%
TSO *	0.00	<0.5 sec-88% <1.0 sec-95% <1.5 sec-97% <3.0 sec-99%	<0.5 sec-82% <1.0 sec-92% <1.5 sec-94% <3.0 sec-96%	<0.5 sec-92% <1.0 sec-97% <2.0 sec-99% <3.0 sec-99.5%

* CICS response times will be measured using CICS 110 records and will reflect host response time. CICS transactions identified and mutually agreed upon by the Parties are being long running (the "Long Running CICS Transactions") will not be measured in the calculation of the On-Line Response time Performance Standard. The list of CICS transactions that are deemed Long Running CICS Transactions shall be recorded in a separate writing which may be updated from time to time upon mutual agreement of the Parties.

* On-Line Response Time for TSO Regions shall be measured as TSO trivial host response time (Performance Group 2, Period 1.). TSO response times will be measured using RMF 72 records and will reflect host response time.



Any new transaction which results from the promotion into production of the FACS Application Software will not be measured in the calculation of the On-Line Response Time Performance Standard for a period of thirty (30) days following the first instance of such transaction. At the end of such period such transaction shall continue to be excluded from the calculation of the On-Line Response Time Performance Standard if: (i) such transaction is deemed to be a Long Running CICS Transaction by mutual agreement of the Parties; or (ii) such transaction is in a TSO Region and is deemed by mutual agreement of the Parties to have a status analogous to a Long Running CICS Transaction.

8.3 Network Response Time

IBM Global Services shall perform the Processing Services in accordance with the Network Response Time Performance Standard measured as the network response time from the MVS host in Boulder, Colorado to the Lansing based IBM Router and back to the MVS host. The Network Response Time Performance Standards are set forth in Table G8-E.

TABLE G8-E – Network Response Time

Environments	Weighting Factor	Performance Standard	Minimum Performance Standard	Incentive Performance Standard
Average Network Response Time	0.00	<0.125 sec	<0.15 sec	<0.1 sec

8.4 Off-Line Batch Processing

- 8.4.1 All scheduled output from normal nightly batch processing shall be delivered to the specified State end user in the manner elected by such end user. For the purposes of this Section 8.4.1, the term “delivered” shall mean with respect to end users who are connected to the MAIN Application Software via the Internetwork and who elect to receive their output in electronic format, IBM Global Services shall have such output available by 7 a.m. each Business Day.
- 8.4.2 IBM Global Services shall initiate production “on-request” jobs within two (2) hours of receipt of a request, subject to the design limitations of the MAIN Application Software. Subject to the design limitations of the MAIN Application Software, in no case shall initiation of such processing be delayed beyond the current night’s batch processing cycle.

8.5 Completion Times for Critical Batch Jobs

- 8.5.1 IBM Global Services shall perform the Processing Services in accordance with the Performance Standards set forth in Table G8-F and Service Level Objectives set forth in Table G8-G. For purposes of this section 8.5, a “Missed Completion” is defined as a designated batch job completing beyond the specified “Critical Completion Time” as set forth in Table G8-F and G8-G.
- 8.5.2 The parties will develop a mutually acceptable tracking and reporting process for the Service Level Objectives set forth in Table G8-G.
- 8.5.3 IBM Global Services shall complete normal nightly batch processing of the MAIN Application Software within the batch processing window of 6 p.m. – 7 a.m., Business Days.



TABLE G8-F – Completion Times for Critical Batch Jobs

JOB	DESCRIPTION	Critical Completion Time	Minimum Performance Standard	Incentive Performance Standard
DAFPFTP1	FTP Warrant File to Treasury	3:00 AM	<2 Missed Completions in previous 3 months *	<1 Missed Completions in previous 3 months *
DAFPSNDA	Send EFT 820 file to Bank	3:00 AM	<2 Missed Completions in previous 3 months *	<1 Missed Completions in previous 3 months *

* Quantity of Missed Completions is the combined quantity for both Critical Batch Jobs.

TABLE G8-G – Completion Times for Critical Batch Jobs

JOB	DESCRIPTION	Critical Completion Time	Service Level Objective
DAFPFTP8	Retrieve elnvoice file from IE	9:00 AM	<2 Missed Completions in previous 3 months
DAFPRC1A	Retrieve EFT 824 advice for 820 from Bank	5:15 AM	<2 Missed Completions in previous 3 months
DAFP900B	Sync Point; on-lines can come up	7:00 AM	<2 Missed Completions in previous 3 months
DAFPFTP8	FTP 824 rejections & 997's to elnvoice originator	9:15 AM	<2 Missed Completions in previous 3 months
DAFPSACA	Send EFT 831 file to Bank	9:15 AM	<2 Missed Completions in previous 3 months
DAFPRC2A	Retrieve EFT 827's & 824's advice for 831 from Bank	9:40 AM	<2 Missed Completions in previous 3 months
DAFP491P	Distributes pre-ICPY reports to RMDS	2:30 PM	<2 Missed Completions in previous 3 months
DAFP491I	Distributes ICPY reports to RMDS	4:30 PM	<2 Missed Completions in previous 3 months
DAFP491	Distributes reports to RMDS	7:00 AM	<2 Missed Completions in previous 3 months
DAFP491M	Distributes Month-end report cycle reports to RMDS. Excluding Year End executions of this report.	8:00 AM	<2 Missed Completions in previous 3 months
DAFP491E	Distributes Expedite Cycle reports to RMDS	1:45 PM	<2 Missed Completions in previous 3 months
DAFPSCNA	Sends EFT 829 to Bank	10:25 AM	<2 Missed Completions in previous 3 months
DAFPRC3A	Receives acknowledgment for EFT 829 from Bank	10:50 AM	<2 Missed Completions in previous 3 months

8.6 Daily BRS Backup Tapes

IBM Global Services shall ensure that Business Recovery Services (BRS) Backup Tapes are prepared and moved to the off-site storage facility on a daily basis per the mutually agreed schedule.



8.7 Issue Response and Resolution Time

8.7.1 IBM Global Services shall respond to and resolve issues that have been designated as Contractor-owned issues within the times set forth Table G8-H.

8.7.2 The parties will develop a mutually acceptable tracking and reporting process for the Service Level Objectives set forth in Table G8-H.

TABLE G8-H – Issue Response and Resolution Time

ISSUE SEVERITY	RESPONSE TIME	Minimum Performance Standard for Response	RESOLUTION TIME	Minimum Performance Standard for Resolution
Severity 1	10 minutes	85%	24 hours	95%
Severity 2	1 hour	95%	48 hours	95%
Severity 3	1 day	95%	30 days	90%
Severity 4	1 week	95%	2 months	99%
Severity 5	2 weeks	95%	4 months	99%

The definition of the Severity Levels are as follows:

Severity	Characteristics
1 Severe Business Impact	Critical System, network or key application outage (or imminent outage) with critical impact on service delivery or Total loss of production service to entire customer set or Impacts one or more service level commitments or Revenue or delivery schedule impact
2 Major Business Impact	Key component, application, critical customer machine or network is down, degraded, or unusable or Potential critical impact on service delivery or Service performance degradation; service delivery impacted
3 Minor Business Impact	A component, minor application or procedure is down, unusable, or difficult to use or Some operational impact, but no immediate impact on service delivery or Service outage but alternative workaround available or Problems that degrade service but do not prevent delivery of service or Potential exposure to ability to deliver service
4 Minimal or No Business Impact	Component, procedure, not critical to customer is unusable or Alternative is available; deferred maintenance is acceptable or No impact to service or No production affected or Individual customer affected
5 No Business Impact	Follow up action requested or request for information regarding component, procedure or application

The severity may be downgraded during the life of a problem if it is determined that the original business impact was overestimated. The severity may be upgraded if the original business impact was underestimated or the problem has become business critical. Changes to the Problem Record Severity must be agreed upon by the State and Contractor.



RESERVED Exhibit H – Staffing Experience and Depth



RESERVED Exhibit I – Key Staff Resumes



RESERVED Exhibit J – Preliminary Project Plan



RESERVED Exhibit K – Sample Reports



Exhibit L

Pricing Table

General

This Section and its Exhibits set forth the general terms, prices, rates, invoicing, and payment for the Services. In general, the pricing of the Services has been structured as follows:

- 1.1 Processing Services are priced utilizing Rate Cards as described in Section 2 and Tables 1 through 4.
- 1.2 Application Development Services are priced utilizing an hourly rate structure as described in Section 3 and Exhibit L.1.
- 1.3 Business Recovery Services are priced utilizing the price tables as described in Section 4 and Table 5.
- 1.4 DELETED
- 1.5 DELETED
- 1.6 All Pricing, including Rate Cards, rate tables, and fixed prices are labeled using Calendar Years.
- 1.7 All charges for Services to the State under this contract must be detailed in Exhibit L. All prices shown in Exhibit L are considered valid as of January 1, 2011.

2 Processing Services

Processing Services are priced utilizing the Rate Cards shown in Exhibits L, Tables 1 through 4. These Rate Cards are subject to the ECA adjustment, as detailed in Section 9, using the inflation sensitivity as noted in each Table.

- 2.1 Prime Shift Host CPU Utilization (measured in Prime Shift Application CPU Hours), Off-Prime Shift Host CPU Utilization (measured in Off-Prime Shift Application CPU Hours), DASD Utilization (measured in Application DASD Gigabytes), Tape Utilization (measured in Application Tape Mounts), and Web Host CPU Utilization (Measured in Application CPU Hours) -- are used to determine the charges payable by the State for the Processing Services. The measures of utilization of these Key Resource Units are intended to be defined in such a way that the levels of utilization are within the control of the State's end users, not IBM. No other measure of resource utilization will be considered in determining the charges payable by the State for the Processing Services. IBM's charges for all other resources used in the provision of the Processing Services have been bundled into the Rate Cards for Prime Shift Host CPU Utilization, Off-Prime Shift Host CPU Utilization, DASD Utilization, Tape Utilization, and Web Host CPU Utilization.
- 2.2 The CPU hour normalization methodology shall use a conversion factor ratio calculated by taking the SRM constant for the existing processor divided by the SRM constant for an IBM 9021-340 processor, or another mutually agreeable conversion factor. As of January 1, 2012, the processor will be an IBM 2098-002 and the conversion factor agreed to by the Parties is **7.9843**. In the event that a processor upgrade has been performed, and the new conversion factor ratio yields an apparent increase or decrease in the consumption of CPU resources when no change in workload has occurred, the Parties shall agree to review and revise the conversion factor as appropriate. An example of a process that has been successfully used by the Parties to derive an agreeable conversion factor is contained in the example in Exhibit L.2.
- 2.3 Additional Telecommunications Lines – The costs for all of the telecommunications capacity required for IBM to provide the Processing Services in accordance with the terms and conditions of the Contract are included in the prices set forth in Tables 1 through 4.
- 2.4 **Prime Shift Application Hours**
 - 2.4.1 For each Prime Shift CPU Application Hour used during each calendar month, the State shall pay the amount set forth in Table 1 (CPU Usage – Prime) associated with the total number of Prime Shift CPU Application Hours used, for such month for the applicable year. The total CPU Application Hours will be rounded to the nearest



1/100 of a CPU Application Hour. All CPU Application Hours shall be normalized to an IBM model 9021-340 CPU as provided for in Section 2 above.

- 2.4.2 Example Calculation - If in October 2012, 75 Prime Shift Application Hours were used on a 2098-O02 host processor, this would be multiplied by **7.9843** yielding 598.8225 normalized 9021-340 CPU Application Hours, which would be rounded to 598.82, and billed at the rate of \$212.08 per hour as detailed in Table 1, yielding a total Prime Shift CPU Application Hour charge of \$126,997.75 for that month.

2.5 Off- Prime Application Hours

- 2.5.1 For each Off- Prime CPU Application Hour used during each calendar month, the State shall pay the amount set forth in Table 2 (CPU Usage – Off-Prime) associated with the total number of Off-Prime CPU Application Hours used, for such month for the applicable year. The total CPU Application Hours will be rounded to the nearest 1/100 of a CPU Application Hour. All CPU Application Hours shall be normalized to an IBM model 9021-340 CPU as provided for in Section 2 above.

- 2.5.2 Example Calculation - If in October 2012, 135 Off - Prime Shift Application Hours were used on a 2098-O02 host processor, this would be multiplied by **7.9843** yielding 1077.8805 normalized 9021-340 CPU Application Hours, which would be rounded to 1077.88, and billed at the rate of \$100.10 per hour as detailed in Table 2 yielding a total Off-Prime CPU Application Hour charge of \$107,895.79 for that month.

2.6 Application DASD Gigabytes

- 2.6.1 Application DASD Gigabytes are charged based on the MVS peak number of Gigabytes of DASD allocated on SOMD and SOMP by or for the State's application-level work during the month, and measured using the DECOLLECT or other mutually agreed-upon facility.
- 2.6.2 For each Application DASD Gigabyte used during each calendar month, as measured by the peak utilization described in 2.6.1 above, the State shall pay the amount set forth in the Table 3 (DASD Usage) associated with the peak number of Application DASD Gigabytes, for such month for the applicable year. The peak Application DASD Gigabytes will be rounded to the nearest 1/1000 of a Gigabyte Month. For purposes of this contract, 1 Gigabyte = 1,024x1,024x1,024 bytes.
- 2.6.3 Example Calculation - If in August 2012, 640.382846 peak Application DASD Gigabytes were used by the State, this would be rounded to 640.383, and billed at the rate of \$65.36 per Application DASD Gigabyte as detailed in Table 3, yielding a total Application DASD Gigabyte charge of \$41,855.43 for that month.

2.7 Application Tape Mounts

- 2.7.1 For each Application Tape Mount required during each calendar month, the State shall pay the amount set forth in Table 4 (Tape Mounts) associated with the total number of Application Tape Mounts, for such month for the applicable year.
- 2.7.2 Example Calculation - If in June 2012, 4,822 Application Tape Mounts were used by the State, this would be billed at the rate of \$1.51 per Application Tape Mount as detailed in Table 4, yielding a total Application Tape Mount charge of \$7,281.22 for that month.

2.8 DELETED

2.9 Consumption Forecasts

- 2.9.1 Baseline Consumption Forecast - At least once per quarter, the State must forecast their projected baseline consumption of CPU, DASD, Tape and Web Resources for the 3 month period commencing 60 days after the date of the forecast. This



projection will show the forecast utilization levels for each Key Resource Unit, by month. The Baseline Consumption Forecast by the State will be used to allow IBM to plan for the upcoming resource needs of the State. Regardless of the baseline consumption which the State forecasts, IBM is responsible, using commercially reasonable means, for providing whatever level (quantity) of Key Resource Units that are actually required by the State.

- 2.9.2 IBM Capacity Planning Assistance - In order to help facilitate the State's Consumption Forecast, and in furtherance of IBM's capacity planning responsibilities described in Exhibit B, IBM will conduct a capacity planning process each month (or each quarter, as agreed to by the State) with the participation and assistance of the State. The objective of this process shall be to project the State's requirements for Processing Services for a sufficient period to enable the State to make an informed Consumption Forecast.
- 2.9.3 In the event that the State's actual consumption of Key Resource Units exceed the State's Consumption Forecast by 25% in a calendar month, IBM Global Services' failure to meet the applicable Performance Standards shall be deemed an Excusable Failure.

2.10 Rate Card Ranges

- 2.10.1 If the Baseline Consumption Forecast for any Key Resource Unit during a month is outside any of the Rate Card ranges set forth in Tables 1 through 4 (each a "Range" and collectively the "Ranges"), the Parties agree to promptly develop additional Rate Card Ranges and associated prices using the same methodology and inputs used to create Tables 1 through 4. The addition of these ranges may require updates to other contract elements including Performance Standards, Pricing Terms, and other non-Rate Card Related elements (i.e., a re-assessment of the current architecture in light of the new volume levels), as mutually agreed to by both Parties. Any changes to the services which are mutually agreed to, will be incorporated into the Rate Cards as required, and will require a prompt update to Exhibit L.
- 2.10.2 If the State is operating within the Rate Card Ranges, but is operating at, or near, the top or bottom range of any Rate Card, the Parties may mutually agree to add additional Ranges to that Rate Card, as appropriate. Any additional Ranges will require a prompt update to Exhibit L.
- 2.10.3 If the Baseline Consumption Forecast is within the Ranges set forth in Tables 1 through 4, but actual consumption in a single month is outside of and below any such Range on the Rate Card, the State shall pay the product of the lowest consumption volume in the Range multiplied by the rate for such consumption (e.g., for Prime Shift CPU Application Hours, the State would pay $255 \times \$437.99 = \$111,687.50$ for any month in 2012 in which consumption is outside of and below the Prime Shift CPU Application Hour Ranges). If the State determines that this "off Rate Card" consumption is a permanent occurrence, the State may elect to forecast this consumption for the upcoming six (6) months, resulting in new Rate Card Ranges as outlined in Section 2.10.1 above.
- 2.10.4 If the Baseline Consumption Forecast is within the Ranges set forth in Tables 1 through 4, but actual consumption in a single month is outside of and above such Range, the State shall pay for actual usage at the least expensive rate set forth in the Range (e.g., in July 2012, for Off-Prime CPU Application Hours consumption, if the actual consumption was 1,610 hours, then the State would pay $1,610 \times \$71.64 = \$115,340.40$). If the State determines that this "off Rate Card" consumption is a permanent occurrence, the State may elect to forecast this consumption for the upcoming six (6) months, resulting in new Rate Card changes as outlined in Section 2.10.1 above.



- 2.10.5 If the Baseline Consumption Forecast is within the Ranges set forth in Tables 1 through 4, but actual consumption for three (3) consecutive months is outside of the Ranges, and the Parties have not yet developed or requested new Ranges be created, the Parties agree to promptly develop additional Rate Card Ranges and associated prices using the same methodology and inputs used to create Tables 1 through 4. These additional Rate Card Ranges may require updates to other Performance Standards, Pricing Terms, and other non-Rate Card Related elements (i.e., a re-assessment of the current architecture in light of the new volume levels), as mutually agreed to by both Parties. Any additional Ranges will require a prompt update to Exhibit L.

3 Application Development Services

- 3.1 The charges for Application Development Services are set forth in Exhibit L.1. The prices are subject to the ECA adjustment, as detailed in Section 9, using the inflation sensitivity factor as noted in Exhibit L.1.
- 3.2 Each of the Resources are charged, as utilized, on an hourly basis at the hourly rates set forth in Exhibit L.1. Changes to the resources will be billed utilizing the rates in Exhibit L.1, Pricing Table.

4 Business Recovery Services

- 4.1 The charges for all Business Recovery Services including Hot and Cold Site Services; disaster planning and testing; and Lansing Network connectivity are charged utilizing a monthly fee set forth in Table 5. The prices are subject to the ECA adjustment, as detailed in Section 9, using the inflation sensitivity factor as noted in Table 5.
- 4.2 The State may not request changes which cause the State's BRS Configuration charge for the IBM machines (called the BRS Hot Site Charge) to decrease below the charge for the minimum available BRS Configuration.
- 4.3 IBM Global Services shall charge the State \$30,000 for each Declared Disaster.
- 4.4 During a Disaster, Hot Site application DASD, CPU and Tape Usage charges will be billed using the then applicable Contract rates, which would have prevailed under the Contract had a disaster not occurred and been declared under this order.
- 4.5 If a Disaster is Declared, or during regularly scheduled testing time, the State will not be charged for the cost of travel for IBM Global Services personnel or its subcontractors to the recovery site.
- 4.6 DELETED

5 FEDI Network Operations

- 5.1 FEDI Network Operations are included in the fixed monthly fee as set forth in Tables 1 through 4.
- 5.2 No travel is anticipated or estimated for providing FEDI Network Operations. However, should the need arise, any travel expenses associated with providing these Services shall be billed to the State according to published State guidelines and limitations for same.
- 5.3 DELETED

6 DELETED

7 Updates to Exhibit L

- 7.1 Updates - As mutually agreed to by the Parties, individual Tables within Exhibit L may be added, removed, updated, or replaced to properly reflect any ongoing changes to the services provided to the State. These individual price changes may be due to a Change Order, a Benchmark, an additional service, or a removed service no longer required. The Parties must mutually agree to, and accept, the updated Exhibit validating the prices for the remainder of that year. For



purposes of clarity, Table updates reflecting ECA adjustments will be accepted by the State, provided the calculations are consistent with Section 9.

7.2 **Annual Update** – Exhibit L will be updated in its entirety on February 1st of each year to properly reflect any annual changes to the pricing which include, but are not limited to, the following:

- a. ECA adjustments (as outlined in Section 9)
- b. Annual Labor rate adjustments
- c. Incorporation of any Change Orders as appropriate
- d. Incorporation of any new Services and associated Pricing Exhibits as appropriate
- e. New or updated Rate Card Ranges

7.3 **Acceptance** – The Parties must mutually agree to, and accept, the annual Update to Exhibit L, making the updated prices valid for the upcoming year.

8 DELETED

9 Economic Change Adjustment

9.1 IBM will calculate and apply an adjustment to the charges based upon economic changes (an Economic Change Adjustment or ECA) as described below beginning on February 1, 2013. The ECA will be payable on a prospective basis (e.g., the actual inflation for December 2012 will determine the ECA for the year 2013) on the Pricing payable by the State. The ECA will be determined as soon as practicable after the end of each calendar year using the formula below (the ECA Factor).

9.2 IBM will annually update the rates, as appropriate, in Exhibit L for the ECA, if any, on February 1 each year starting in 2013.

9.3 The State and IBM agree to use the December unadjusted Consumer Price Index, as published in the Summary Data from the Consumer Price Index News Release by the Bureau of Labor Statistics, U.S. Department of Labor, For All Urban Consumers (CPI-U), for purposes of determining actual inflation (the "Price Index"). In the event the Bureau of Labor Statistics stops publishing the CPI-U or substantially changes its content and format, the State and IBM will substitute another comparable index published at least annually by a mutually agreeable source. If the Bureau of Labor Statistics merely redefines the base year for the CPI-U from 1982-84 to another year, the State and IBM will continue to use the CPI-U, but will convert the Base Year Index to the new base year by using an appropriate conversion formula.

9.4 **Inflation Cap**

The Parties have established an index for December of each calendar year of the Agreement that will be used to determine the inflation incurred in each year and invoiced in the following year that the State agrees to pay in its entirety (the "**Inflation Cap**"). The Inflation Cap indices are set forth for in the table below. The Parties have agreed that IBM will absorb any inflation amounts incurred in each applicable year that are above the Inflation Cap. Should the Term be extended pursuant to Section 2.002 of Article 2 of the agreement, the Inflation Cap will be extended for such years at 4% per year.

Calendar Year (December)		<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Base Year Index (December 2011)	("C")					
Inflation Cap		("C") X 1.04	2013 Inflation Cap X 1.04	2014 Inflation Cap X 1.04	2015 Inflation Cap X 1.04	2016 Inflation Cap X 1.04

This inflation cap does not apply to the option years of the contract.



9.5 ECA Factor

9.5.1 A percentage has been established that reflects the inflationary impact on IBM’s delivery of the Services (Inflation Sensitivity). The Inflation Sensitivity factors are noted in Exhibit L. IBM will calculate the ECA by comparing the change in the year-to-year Price Index with the Price Index for December 2011 (the “Base Year Index”). For each calendar year of the Term commencing in 2013, the actual Price Index for the December before the year for which the ECA is being calculated (“Actual Inflation Index”) will be compared to the Base Year Index (for example, the change in the Price Index for December 2012 versus the Base Year Index will be used to determine the ECA for the year 2013). If the Actual Inflation Index is equal to or less than the Base Year Index, then no ECA is due. If, however, Actual Inflation Index is greater than the Base Year Index, then IBM will apply the ECA prospectively to the charges in Tables 1-5 and Exhibit L.1 Hourly Rates.

9.5.2 The ECA is equal to the ECA Factor times the sum of the Pricing due IBM for each month of the calendar year succeeding the calendar year during which Actual Inflation Index is greater than the Base Year Index. The ECA Factor is calculated as follows:

ECA Factor	
ECA Factor	= $\{(Actual\ Inflation\ Index - Base\ Year\ Index) / Base\ Year\ Index\}$
Actual Inflation Index	= The Price Index for the December before the calendar year for which the ECA is being calculated.
Base Year Index	= The Price Index for the December 2011.
Inflation Sensitivity	= The portion of the Fees that are inflation sensitive.

9.6 ECA Sample Calculation

The example below calculates the ECA based on the following assumptions:
 a Base Year Index of the Price Index for December 2011;
 ECA calculation begins in January 2013;
 Inflation Sensitivity of 70 percent; and
 the following Actual Inflation Index examples:

ECA Calculation Example Inflation Examples					
Base Year Index 2011 = 201.80	2012	2013	2014	2015	2016
Actual Inflation Index	202.75.	203.50	205.10	206.90	208.60

According to this example:

there will be an ECA for calendar years 2013 through 2016 because the Actual Inflation Index for the year preceding each year is greater than the Base Year Index. To determine the ECA amounts due, using this example, in addition to the other charges for February 2013, assume the monthly Price for February is \$1,000,000, the calculation will be as follows:

ECA Calculation Example		
ECA	=	Price x ECA Factor
ECA	=	$\$1,000,000 \times (203.50 - 201.80) / 201.80\} \times .70$
ECA	=	$\$1,000,000 \times (1.7 / 201.80) \times .70$
ECA	=	$\$1,000,000 \times 0.008424 \times .70$
ECA	=	\$5,896.80

10 Service Credits

10.1 The Contractor shall pay the State Service Credits in the event IBM Global Services fails to meet the Minimum Performance Standards set forth in Section 10 and Exhibit G. For each month during the Term of the Contract, IBM Global Services will provide the State with reports



of its actual performance in relation to the Minimum Performance Standards as provided in Exhibit G above. IBM Global Services and the State will then determine whether IBM Global Services' performance of the applicable Processing Services met the Performance Standards or Minimum Performance Standards in each such month.

- 10.2 The aggregate amount of Service Credits for which IBM Global Services shall be liable during any month, regardless of the number of Minimum Performance Standards IBM Global Services fails to meet in such month, will be 10% of the Monthly Amount.
- 10.3 Each type of Service for which a Minimum Performance Standard is specified shall initially be assigned a weighting factor by the State to reflect the relative importance to the State of that Service with respect to the other Processing Services. The sum of all the weighting factors will equal 1.00. The weighting factors are set forth in Exhibit G. Upon advance written notice of at least seven (7) days (but in no event more than once per calendar quarter), the State may adjust the weighting factors to reflect reasonable changes in the State's priorities. Adjustments to the weighting factors, if any, shall be effective as of the first day of the month immediately following the month in which such adjustments were made.
- 10.4 IBM Global Services shall not be obligated to pay a Service Credit in respect of each Minimum Performance Standard for the first month in each fiscal year (October - September) of the Term in which IBM Global Services' performance fails to meet such Minimum Performance Standard. IBM Global Services' failure to meet any Minimum Performance Standard in any subsequent month in the same fiscal year of the Term shall result in a Service Credit to the State in an amount equal to the weighting factor for that category multiplied by ten percent (10%) of the Monthly Amount. For example, if the Monthly Amount is \$1,000,000 and IBM Global Services has failed in two months of the same fiscal year to meet the Minimum Performance Standard for a category with a weighting factor of 0.20, the applicable Service Credit shall be: $0.20 \times 0.10 \times \$1,000,000 = \$20,000$ for the second such month in which IBM Global Services fails to meet the Minimum Performance Standard. (No Service Credit would be payable in respect of IBM Global Services' failure to meet the Minimum Performance Standard for the first month in such fiscal year).
- 10.5 IBM Global Services shall apply the total of the Service Credits due the State hereunder in respect of any month as a credit to reduce the amount payable by the State for amounts invoiced to the State by IBM Global Services under the Contract; provided, that the State may require the credits be payable to the State on a calendar year basis.

11 Service Incentives

- 11.1 The State shall pay IBM Global Services Service Incentives as provided in this Section 11 in the event IBM Global Services meets or exceeds the Incentive Performance Standards specified in Exhibit G in a month. The aggregate amount of Service Incentives paid to IBM Global Services in any twelve month period is limited to the cumulative amount of Service Credits actually recovered by the State from IBM Global Services and which are eligible to be included in the calculation of Redeemable Service Credits. Following the delivery of IBM Global Services' performance report under Section 2 of Exhibit G for a month, IBM Global Services and the State shall determine whether IBM Global Services' performance of the Processing Services met or exceeded any Incentive Performance Standards in such month.
- 11.2 Meeting or exceeding an Incentive Performance Standard in a month shall entitle IBM Global Services to a Service Incentive equal to the Redeemable Service Credits, if any, for that Service category multiplied by one-third (1/3). For example, if the Redeemable Service Credits for a particular Service for a month equal \$10,000.00 and IBM Global Services meets or exceeds the Incentive Performance Standard for such Service during that month, the applicable Service Incentive shall be: $\$10,000/3 = \$3,333.33$.
- 11.3 Any Service Credits to which the State is entitled with respect to a month shall be offset against any Service Incentives due to IBM Global Services, and any net balance owed to IBM Global Services shall be invoiced to the State.



Table 1: CPU Usage – Prime *

Monthly CPU usage – Prime (\$'s per CPU hour)		2012	2013	2014	2015	2016	2017	2018 Option Year	2019 Option Year	2020 Option Year
Min	Max									
255	304	437.99	433.69	428.11	424.09	416.55	410.55	405.28	399.22	393.99
305	354	371.48	367.82	363.09	359.68	353.29	348.20	343.73	338.59	334.15
355	404	322.67	319.50	315.38	312.42	306.87	302.45	298.57	294.10	290.25
405	454	285.29	282.48	278.85	276.23	271.32	267.41	263.98	260.03	256.62
455	504	255.72	253.21	249.95	247.60	243.20	239.70	236.62	233.08	230.03
505	554	232.07	229.79	226.83	224.70	220.71	217.53	214.74	211.53	208.75
555	604	212.08	210.00	207.30	205.35	201.70	198.80	196.24	193.31	190.77
605	654	195.49	193.57	191.07	189.28	185.91	183.24	180.89	178.18	175.84
655	704	181.29	179.51	177.20	175.54	172.42	169.94	167.75	165.24	163.08
705	754	169.02	167.36	165.20	163.65	160.74	158.43	156.39	154.05	152.04
755	804	158.30	156.74	154.72	153.27	150.54	148.38	146.47	144.28	142.39

- Prime: 08:00 – 17:00 ET Monday through Friday, including holidays

Inflation Sensitivity 70%



Table 2: CPU Usage – Off-Prime

Monthly CPU usage - Off- Prime (\$'s per CPU hour)		2012	2013	2014	2015	2016	2017	2018 Option Year	2019 Option Year	2020 Option Year
Min	Max									
620	709	166.25	165.85	165.41	164.90	164.59	164.28	163.90	163.60	163.39
710	799	146.69	146.33	145.94	145.49	145.22	144.95	144.61	144.35	144.17
800	889	131.28	130.95	130.61	130.21	129.97	129.72	129.42	129.18	129.02
890	979	118.82	118.53	118.21	117.85	117.63	117.41	117.14	116.92	116.77
980	1069	108.53	108.26	107.98	107.65	107.45	107.24	107.00	106.80	106.66
1070	1159	100.10	99.86	99.60	99.29	99.10	98.92	98.69	98.51	98.38
1160	1249	92.59	92.37	92.12	91.84	91.67	91.50	91.29	91.12	91.00
1250	1339	86.29	86.08	85.85	85.58	85.43	85.26	85.07	84.91	84.80
1340	1429	80.78	80.58	80.37	80.12	79.98	79.82	79.64	79.49	79.39
1430	1519	75.94	75.75	75.55	75.32	75.18	75.04	74.86	74.72	74.63
1520	1609	71.64	71.46	71.28	71.06	70.92	70.79	70.63	70.50	70.41

Inflation Sensitivity 70%

Table 3: DASD Usage

DASD GB-Months (\$'s per GB per Month)		2012	2013	2014	2015	2016	2017	2018 Option Year	2019 Option Year	2020 Option Year
Min	Max									
445	494	85.66	85.23	84.76	84.55	84.30	84.08	83.87	83.70	83.44
495	544	77.61	77.23	76.80	76.60	76.38	76.18	75.99	75.83	75.60
545	594	70.95	70.60	70.21	70.03	69.83	69.65	69.48	69.33	69.12
595	644	65.36	65.03	64.67	64.51	64.32	64.15	63.99	63.86	63.67
645	694	60.58	60.28	59.95	59.79	59.62	59.46	59.32	59.19	59.01
695	744	56.55	56.27	55.96	55.82	55.66	55.51	55.37	55.26	55.09
745	794	52.89	52.63	52.34	52.21	52.05	51.92	51.79	51.68	51.52
795	844	49.75	49.50	49.23	49.10	48.96	48.83	48.71	48.61	48.46
845	894	46.95	46.72	46.46	46.34	46.21	46.09	45.98	45.88	45.74
895	944	44.46	44.24	43.99	43.88	43.75	43.64	43.53	43.44	43.31
945	994	42.21	42.00	41.77	41.67	41.55	41.44	41.33	41.25	41.12

Inflation Sensitivity 70%



Table 4: Tape Mounts

Tape Mounts (\$'s per Mount per Month)		2012	2013	2014	2015	2016	2017	2018 Option Year	2019 Option Year	2020 Option Year
Min	Max									
2250	2689	2.85	2.80	2.78	2.75	2.73	2.72	2.70	2.68	2.63
2690	3129	2.42	2.38	2.36	2.33	2.32	2.31	2.29	2.27	2.23
3130	3569	2.10	2.07	2.05	2.03	2.01	2.01	1.99	1.98	1.94
3570	4009	1.86	1.83	1.81	1.79	1.78	1.77	1.76	1.75	1.72
4010	4449	1.67	1.64	1.63	1.61	1.60	1.59	1.58	1.57	1.54
4450	4889	1.51	1.49	1.47	1.46	1.45	1.44	1.43	1.42	1.39
4890	5329	1.38	1.36	1.35	1.33	1.32	1.32	1.31	1.30	1.28
5330	5769	1.27	1.25	1.24	1.23	1.22	1.22	1.21	1.20	1.18
5770	6209	1.18	1.16	1.15	1.14	1.13	1.13	1.12	1.11	1.09
6210	6649	1.10	1.08	1.07	1.06	1.06	1.05	1.04	1.04	1.02
6650	7089	1.03	1.02	1.01	1.00	0.99	0.98	0.98	0.97	0.95

Inflation Sensitivity 70%

Table 5: Disaster Recovery Services

Business Recovery Services	2012	2013	2014	2015	2016	2017	2018 Option Year	2019 Option Year	2020 Option Year
Price Per Month	\$19,063	\$14,393	\$18,809	\$18,454	\$18,113	\$13,952	\$17,471	\$17,169	13,462

Inflation Sensitivity 50%

Table 6: FEDI Network Support

FEDI Network Support	2012	2013	2014	2015	2016	2017	2018 Option Year	2019 Option Year	2020 Option Year
Price Per Month	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0



Table 7: RESERVED - Training and Documentation Costs

Table 8: Termination Charges

	2011	2012	2013	2014	2015	2016	2017	2018 Option Year	2019 Option Year	2020 Option Year
(A) Unamortized expenses; and (B) Out-of- pocket expenses, not to exceed with prior written notice provided within the timeframes below:	\$289,596	\$272,552	\$212,577	\$152,659	\$98,297	\$66,779	\$37,384	\$0	\$0	\$0
12 Months Prior written notice - \$300,000										
9 Months Prior written notice - \$500,000										
6 Months Prior written notice - \$707,000	Actual, capped per notice period	Actual, capped per notice period	Actual, capped per notice period	Actual, capped per notice period	Actual, capped per notice period	Actual, capped per notice period	Actual, capped per notice period	Actual, capped per notice period	Actual, capped per notice period	Actual, capped per notice period
3 Months Prior written notice - \$921,000										

NOTE:

- Termination charges shall apply for any termination brought forth by the State, unless such termination is for cause.
- Out-of-pocket expenses include: Contractor’s outstanding obligations which cannot be canceled or re-allocated without additional charges for equipment leases and maintenance, software leases and license charges and dedicated service contracts incurred as a result of such early termination.



Exhibit L.1
Hourly Rates

Breakdown of Labor Rates
(Fully-Loaded Hourly Labor Rates)

To the extent the parties agree that certain specific services must be provided on a time and materials basis, such services must be provided at the Labor Rates (Hourly Rate cost column of Exhibit L.1). Future amendments may utilize this rate structure, as agreed between the Contractor and State. Bidders must provide hourly rates for all positions identified in the table below.

Contractor Staff Position	Estimated Hours per year	Hourly Rate Year 1 2011	Hourly Rate Year 2 2012	Hourly Rate Year 3 2013	Hourly Rate Year 4 2014	Hourly Rate Year 5 2015	Hourly Rate Year 6 2016	Hourly Rate Year 7 2017	Total Price for Years 1 through 7 Multiply Estimated Hours Per Year x Hourly Rate yr 1,2,3,4,5,6,7
1. Project Manager	1960	\$122.30	\$126.00	\$ TBD	\$ TBD based on ECA clause				
2. Business Analyst	1960	\$96.85	\$99.75	\$ TBD	\$ TBD based on ECA clause				
3. System Analyst	1960	\$87.70	\$90.30	\$ TBD	\$ TBD based on ECA clause				
4. Programmer/Developer	----	----	----	----	----	----	----	----	----
a. Java developer - senior	1400	\$122.30	\$126.00	\$ TBD	\$ TBD based on ECA clause				
b. Java developer - junior	1400	\$87.70	\$90.30	\$ TBD	\$ TBD based on ECA clause				
c. COBOL developer	1960	\$96.85	\$99.75	\$ TBD	\$ TBD based on ECA clause				
d. Database Programmer Analyst/Developer	280	\$87.70	\$90.30	\$ TBD	\$ TBD based on ECA clause				
e. Business Objects Consultant	1960	\$122.30	\$126.00	\$ TBD	\$ TBD based on ECA clause				
5. System Administrator	2084	\$78.00	\$80.00	\$ TBD	\$ TBD based on ECA clause				
6. Quality Assurance Tech Analyst	2084	\$82.00	\$84.00	\$ TBD	\$ TBD based on ECA clause				
7. Network Security Specialist	1960	\$106.25	\$109.00	\$ TBD	\$ TBD based on ECA clause				
8. Tester	2084	\$82.00	\$84.00	\$ TBD	\$ TBD based on ECA clause				
9. Technical Writer	2084	\$82.00	\$84.00	\$ TBD	\$ TBD based on ECA clause				
10. System Architect	2084	\$100.00	\$103.00	\$ TBD	\$ TBD based on ECA clause				
11. Application/Software Architect	1960	\$132.55	\$136.50	\$ TBD	\$ TBD based on ECA clause				



12. Accessibility Specialist	2084	\$82.00	\$84.00	\$ TBD based on ECA clause					
13. Project Assistant	1960	\$87.70	\$90.30	\$ TBD based on ECA clause					
14. Application Trainer	2084	\$82.00	\$84.00	\$ TBD based on ECA clause					
15. EDI Specialist	1960	\$96.85	\$99.75	\$ TBD based on ECA clause					
Others: (List) below):	----	----	----	----	----	----	----	----	----
16.	----	\$	\$	\$	\$	\$	\$	\$	\$
17.	----	\$	\$	\$	\$	\$	\$	\$	\$
Totals:	----	----	----	----	----	----	----	----	\$

INFLATION SENSITIVITY 100%

Notes:

1. The State has identified staffing positions that may be utilized during this contract. Bidders must provide hourly rates for all base contract years.
2. Hourly Rates quoted for years 1,2,3,4,5,6,7 are inclusive of vendor staff and management overhead, travel and all other expenses. Estimated Hours per year and Extended Price are nonbinding and will be used at the State's discretion to determine best value to the State, and to estimate the Contract value for the awarded Bidder.
3. The State may chose to utilize some or all of the hours quoted. All hours shall to be billed monthly at actual hours utilizing the quoted

Exhibit L.2

CPU Conversion Factor Example



International Business Machines Corporation
Knapps Office Centre
300 S. Washington, Lower Level
Lansing, MI 48909
1-517-373-0233

March 1, 1999

Mr. Douglas M. Johnson
Contract Administrator
Department of Management and Budget-MAIN
State of Michigan
300 S. Washington
Lansing, MI 48909

Dear Mr. Johnson:

Subject: Conversion Factor for CPU Normalization

Per the attached analysis, IBM Global Services would like to change the CPU normalization for the IBM 9672-R26 from 4.4232 to 4.143 effective with the December 1998 invoice.

Please indicate your concurrence with a counter-signature below and returning a copy to us.

If you have any questions, please feel free to contact me.

Sincerely,

/s/William T. Ruddock
Project Executive

Enclosure

cc: Robert Hanna
Linda Pigue
Carolyn Wesner

On behalf of the State of Michigan, the undersigned hereby concurs with the above:

/s/Douglas M. Johnson, Contract Administrator – MAIN

Date: _____

Exhibit L.2

Analysis of Conversion Factor CPU Hours, State of Michigan – MAIN

Purpose

The purpose of this document is to outline the justification to change the Conversion Ratio for CPU normalization from 4.4232 to 4.143.

Background

The State of Michigan MAIN contract requires that we report to the State of Michigan their CPU usage, normalized to 340-Hours. This usage then becomes the bases which IBM uses to charge the State of Michigan for CPU usage. IBM Global Services and the State agreed in January 1994, during the development of OS-25, Monthly Formal Service Level Compliance and Reporting, that SRM constants published by IBM would be used to convert from the processor we are running on to the 340-Hours.

Since the contract began, IBM Global Services has changed processor models four times and each time this methodology has yielded satisfactory conversion.

On November 29, 1998, IBM Global services moved the MAIN-FACS workload from an IBM ES/9000-962 to an IBM 9672-R26. We utilized the SRM constant as our conversion factor. The State and IBM Global Services noted that CPU consumption appeared to increase without an apparent increase in workload in December. Further review of January data revealed that the CPU in 340-hours converted with the SRM constant ratio appeared to be overstated.

The purpose of this document is to establish a new conversion ratio to be used. We will look at two of the largest workloads from the State of Michigan MAIN-FACS systems and establish conversion factors for each workload. We will then “normalize” the factor to establish a constant cost conversion.

Exhibit L.2

Workload 1 – SMP CICS/SMPAOR1

IBM Global services has been tracking CPU usage driven by the online environment since October 1994. We have also tracked the number of CICS transactions executed per month. This allows for the review of a simple ratio: CPUSeconds/CICS Transaction. This ratio has remained relatively stable over the past year although fluctuations do occur. See Table 1.

TABLE 1

Year Month	# of CICS Transactions	SMP CICS 340 Hours	SMPAOR1 340 Hours	Total 340 Hours	Total 340 Seconds	340 Sec/ CICS Trans
97 Oct	7,359,984	210.04	137.8	347.84	1,252,224	0.1701
97 Nov	5,415,787	144.43	81.51	225.94	813,384	0.1502
97 Dec	5,550,672	157.66	88.71	246.37	886,932	0.1598
98 Jan	5,445,856	152.94	98.87	251.81	906,516	0.1665
98 Feb	5,227,326	137.76	84.68	222.44	800,784	0.1532
98 Mar	5,912,417	168.09	101.53	269.62	970,632	0.1642
98 Apr	5,833,022	161.87	96.42	258.29	929,844	0.1594
98 May	5,325,188	143.01	85.59	228.60	822,960	0.1545
98 Jun	6,155,060	175.56	96.43	271.99	979,164	0.1591
98 Jul	6,024,640	168.29	98.50	266.79	960,444	0.1594
98 AUG	6,056,548	180.46	98.09	278.55	1,002,780	0.1656
98 Sept	6,995,935	200.99	120.70	321.69	1,158,084	0.1655
98 Oct	7,528,777	194.04	130.61	324.65	1,168,740	0.1552
98 Nov	5,769,996	146.87	82.94	229.81	827,316	0.1434
98 Dec	5,522,114	158.72	90.07	248.79	895,644	0.1622
99 Jan	5,153,332	155.91	92.84	248.75	895,500	0.1738
99 Feb*	4,042,682			188.72	679,392	0.1681

* Month to date 2/23/99

Looking at the attached chart the CPU seconds / CICS transaction increased about 5% over historical average.

In other words, if our conversion ratio were to be reduced by 5% the CPU usage per transaction would be .1541 for December, .1651 for January and .1597 for February. This usage would be right in line with our historical rates and match closely to the same period a year ago.

So it would appear that a 5% correction factor for the online workload would be accurate.

Exhibit L.2

Workload 2 – DAFP* jobs

The work performed by the DAFP* jobs for the State of Michigan is very significant and represents a large percentage of the off prime CPU consumption. Unfortunately the DAFP* jobs vary significantly in the work they perform on a day to day basis. About the only metric which offers some way to compare the workload is total CPU consumed as compared to the number of execute channel programs (EXCPs). The assumption here is that the number of EXCPs should be related to some degree to the amount of CPU consumed.

This metric has not been tracked over a long period of time to determine if it remains relatively constant. We did look at the months of October, November, December 1998 and January 1999 to see what the relationships might be. See Table 2.

TABLE 2

DAFP* Jobs from State of Michigan

Year	Month	340 CPU Seconds	EXCP	EXCP/ CPU Second
99	Jan	1,552,366	71,467,141	46.03756
98	Dec	1,727,191	77,227,237	44.71262
98	Nov	1,351,213	68,072,352	50.3787
98	Oct	1,715,566	83,947,020	48.933

A quick glance at the above chart shows that the number of EXCPs per CPU second dropped from November to December, the time of the conversion. In this work load an 8% correction would be necessary to bring the EXCP/CPU seconds in line.

In other words, if the conversion ratio was reduced by 8% the EXCPs/ CPU Second would go to 48.601 in December and 50.041 in January and bring this metric in line with our November and October historical numbers.

Conclusion

We have seen by looking at two workloads that the conversion ratio should be reduced between 5% and 8%. IBM Global Services would like to utilize a single conversion ratio for all workloads. IBM Global Services proposes that we adjust this in such a way as to hold the “total cost” constant

What we mean by this is that we should convert all workloads by a factor such that the total cost remains constant for the State if the workloads don't change significantly.

A couple of constants will be needed to complete our analysis: 1) Historically 40% of our workload done during prime shift; and 2) the current unit CPU cost is \$221 for prime and \$119 for off prime.

Since workload 1 is primarily a prime workload and since workload 2 is an off prime workload the following formula will be used:

Constant Cost Factor*(Percent Prime*Prime Cost+Percent*Off Cost) =

Percent Prime*Prime Cost* (1- Prime Conversion Factor) + Percent Off Prime*Off Prime Cost*(1-Off Prime Conversion Factor)

Exhibit L.2

Constant Cost Factor*(.4*221+.6*119) = .4*221*(1-.05) + .6*119*(1-.08)

Constant Cost Factor = 93.67%

Our Current Conversion ratio is 4.4232

Our proposed Conversion ratio would be 4.4232*93.67% = 4.143

If this conversion ratio is acceptable to the State, IBM Global Services will re-calculate the CPU usage back to December 1, 1998 and provide the State with a single adjustment to our current invoice.



**Attachment 2
Software Requirements List**

Current system and application software configuration and associated responsibilities:

S = State of Michigan MAIN

V = Vendor

N (Quantity) = Per Seat Licensing

E = Enterprise Licensing

In accordance with the Main Technology Plan, there will be additional software upgrades in calendar year 2010 and 2011. Any software upgrades that occur before the commencement of the new contract will continue to be supported by the Contractor throughout this contract. This software will include, but not be limited to the list of software below:

Product Description	Product Number	Version	Vendor	License Type	Responsibilities			
					License Fees	Maintenance Fees	Installation	Support
CICS SYSTEM PRODUCTS								
Tivoli zSecure CICS Toolkit	5655-T05	1.9	IBM	N (11)	V	V	V	V
CICS/TS	5655-M15	3.2	IBM	E	V	V	V	V
CICS Transaction Gateway	5655-R25	7.1 *	IBM	E	V	V	V	V
DB2 SOFTWARE PRODUCTS								
BMCDSN	V08-8253	2.3	BMC	E	V	V	V	V
Copy Plus for DB2	V55-4527	8.1	BMC	E	V	V	V	V
DB2 SYSTEM PRODUCTS								
QMF for OS390	5635-DB2	8.1 *	IBM	E	V	V	V	V
DB2 UDB for OS/390	5635-DB2	8.1 *	IBM	E	V	V	V	V
DB2 Admin Tool	5697-L90	7.2	IBM	E	V	V	V	V
DB2 Utilities Suite	5655-N97	8.1 *	IBM	E	V	V	V	V
DB2 High Performance Unload	5697-N58	3.1	IBM	E	V	V	V	V
DB2 Object Comparison	5697-L40	7.2	IBM	E	V	V	V	V
DB2 Automation Tool for z/OS	5655-T59	3.1	IBM	E	V	V	V	V
z/OS SOFTWARE PRODUCTS								
Fault Analyzer for z/OS	5655-U28	9.1	IBM	E	V	V	V	V
Debug Tools and Advanced Functions for z/OS	5655-U27	9.1	IBM	E	V	V	V	V
File Manager for z/OS and DB2	5655-U29	9.1	IBM	E	V	V	V	V
Mainview SRM StopX37II	V40-1589	7.4	BMC	E	V	V	V	V
ZEKE MVS	V74-7277	5.5.0	ASG	E	V	V	V	V



ZARA	V70-1540	1.7.0	ASG	E	V	V	V	V
ZEBB	V88-1260	3.3.0	ASG	E	V	V	V	V
OASIS for MVS	V70-1429	2.8.0	ASG	E	V	V	V	V
DRS	V83-0020	1.3.4	LRS	E	V	V	V	V
Omegamon XE CICS	5698-A32	4.1	IBM	E	V	V	V	V
Omegamon XE z/OS	5698-A33	4.1	IBM	E	V	V	V	V
Omegamon XE DB2	5655-Q07	4.1	IBM	E	V	V	V	V
FOCUS (Basic Reporting System)	V00-0001	7.2	IBI	E	S	S	V	V
VPS	V83-0001	1.8.0	LRS	E	V	V	V	V
VPS/TCPIP	V83-0013	1.8.0	LRS	E	V	V	V	V
CHANGE MAN/MVS (BASE)	V94-1170	5.6.2	Serena	E	V	V	V	V
CHANGE MAN (DB2 Option)	V94-1171	5.6.2	Serena	E	V	V	V	V
PKZIP – MVS	V97-6534	8.2 *	ASI	E	V	V	V	V
Automated Tape Allocation Manager	5698-A29	2.2	IBM	E	V	V	V	V
z/OS SYSTEM PRODUCTS								
Z/OS V1 Base	5694-A01	1.10	IBM	E	V	V	V	V
Z/OS V1 DFSMS dssshm	5694-A01	1.10	IBM	E	V	V	V	V
Z/OS V1 DFSort	5694-A01	1.10	IBM	E	V	V	V	V
Z/OS V1 GDDM-GKS	5668-802	1.1.3	IBM	E	V	V	V	V
Z/OS V1 GDDM-IVU	5668-723	1.1.3	IBM	E	V	V	V	V
Z/OS V1 GDDM-IMD	5668-801	1.1.3	IBM	E	V	V	V	V
Z/OS V1 RMF	5694-A01	1.10	IBM	E	V	V	V	V
Z/OS V1 Security Server	5694-A01	1.10	IBM	E	V	V	V	V
Procedural Option for LE/370	5694-A01	1.10	IBM	E	V	V	V	V
Z/OS SDSF	5694-A01	1.10	IBM	E	V	V	V	V
RMDS	5648-048	2.3	IBM	E	V	V	V	V
SAA AD Cycle PL/I	5688-235	1.1	IBM	E	V	V	V	V
PL/I Millennium	5648-MLX	1.1	IBM	E	V	V	V	V
COBOL for z/OS	5655-S71	4.1	IBM	E	V	V	V	V
Compiler for REXX/370 1.3.0	5695-013	1.4	IBM	E	V	V	V	V
Library for REXX/370 V1R3M0	5695-014	1.4	IBM	E	V	V	V	V
Java 2 for z/OS	5655-R31	6.0	IBM	E	V	V	V	V
SYSTEM SOFTWARE								
Integrated Catalog Forward Recovery Utility (ICFRU)	5798-DXQ	1.1	IBM	E	V	V	V	V
JES2 for z/OS	5694-A01	1.10	IBM	E	V	V	V	V



System Automation z/OS	5698-SA3	5.1	IBM	E	V	V	V	V
AO Platform for Z/OS	TMVS-001	5.1	IBM	E	V	V	V	V
Websphere DataInterchange (WDI) z/OS	5655-I40	3.3	IBM	E	V	V	V	V
Tivoli Information Management	5698-A08	7.1	IBM	E	V	V	V	V
OTHER SOFTWARE								
Soft Audit	V50-0001	4.2	IBM	E	V	V	V	V
Tivoli NETVIEW for z/OS	5697-ENV	5.1	IBM	E	V	V	V	V
Tivoli Monitoring Services	5698-A79	6.1	IBM	E	V	V	V	V
WDI Client	5655-I40	3.3	IBM	E	V	V	S	S
DB2 Connect	5648-C34	8.2	IBM	E	V	V	S	S
3270 Emulation Software, with encryption (Vendor to recommend in response)				E	V	V	V	V

* indicates software upgrades that are currently planned during calendar year 2010.

- CTG 7.1 (7.2)
- DB2 8.1 (9.1)
- PKZIP 8.2 (9)



**Attachment 4
Consulting Services
IT Classifications/Skills Sets & Tasks**

A complete list of the required IT Classification and skill sets is defined below. The overriding requirement is that the individual must possess the skills, knowledge, and experience required to perform the duties effectively and efficiently at the level specified in the contract.

It is anticipated that the required experience and skill requirements will be changed over the course of the contract. The contractor(s) will be notified in writing of these changes and will be required to provide personnel satisfying the experience and skill requirements, as modified, which includes skills sets which identify knowledge of any future versions of software. Since it is anticipated that the skill sets will change over the course of the contract, additional skills sets may be defined and added to the contract.

Assigned tasks will vary according to the specific project needs that exist at any time during the term of this contract. The number of development and maintenance projects will vary throughout the contract period, as will the required tasks. The tasks to be performed by the contract personnel include, but are not limited to those identified with each classification.

Resources must comply with:

- Regular reporting requirements
- Track time against project plans
- Ensure that all work conforms to State Uniform Information Technology Environment (SUITE), project management, systems engineering methodology, and other IT standards in effect for DTMB personnel supporting SBO.



IT Classification/Skill Sets

PROJECT MANAGER

- 3-5 years experience in project management skills utilizing formal methodologies, including change management, risk identification/mitigation, issue escalation and status reporting.
- 3-5 years experience with project managing IT Web projects that require infrastructure
- 3-5 years experience with project management tools, NIKU Workbench, MS Project Tracker
- PMP certification
- Experience with CMM project methodologies
- Considerable knowledge of structured programming methodology and techniques.
- Experience with development projects in a J2EE, Websphere environment
- Experience with development projects utilizing Oracle, DB2 and SQL Server
- Ability to effectively make oral and written reports and presentations and prepare clear and concise metrics graphs and charts.
- Ability to maintain records, prepare reports and conduct correspondence related to the work.
- Ability to communicate technical terminology at a level appropriate to the audience.

PROJECT MANAGER TASKS:

- Define and develop integrated project plans for all aspects of assigned projects including scope, time, cost, communication, risk, procurement, quality and human resource areas, to meet the project goals and objectives.
- Coordinate and direct the project team and the project team's activities to deliver on-time, on-budget projects that meet customer requirements.
- Practice Change Management, maintaining project scope and manage project changes to ensure changes are beneficial to the project and that the quality of the IT product meets customer requirements.
- Apply configuration management and quality assurance techniques to assure correctness and completeness of project deliverables, including all project related documentation.
- Communicate and coordinate with business clients, team members, external DIT partners, vendors to meet project goals and objectives.
- Assure project and product deliverable quality by adhering to standards, maintaining change control, providing quality control measurements, participating in quality audits and managing work results acceptance, including acceptance of vendor deliverables.
- Provide project management products, i.e., information, status reports, presentations, etc., as required to business clients, team members and others.
- Provide leadership to the project team, including development of team member roles and responsibilities, development of team members' technical abilities where appropriate, and evaluation of team members' performance.
- Manage the introduction of the project's product into implementation and provide support for transition into maintenance.
- Manage and coordinate project close-out activities, including post-project implementation review, financial close-out, contract close-out, records retention, etc.

BUSINESS ANALYST

- 5 years experience analyzing business requirements, generating project specifications, converting specifications into code, and applying knowledge of computer programming techniques and computer languages.



- 5 years experience performing extensive analysis and design working on projects of all sizes that require exposure to all aspects of the project life cycle and creating and maintaining documentation in conformance with established standards.
- 5 years experience working with application/solution architects to set direction of design and development for application development projects.
- 5 years experience evaluating user requests for new programs or modified program components to determine feasibility, cost and time required, compatibility with current systems, and computer capabilities.
- 5 years experience performing peer reviews of developed code to insure conformity to standards and design best practices.
- 5 years experience reviewing technical designs and specifications for completeness and conformance to quality standards, especially as a mentor to less experienced developers.
- 5 years experience analyzing business requirements, generating project specifications and converting them into code, and applying knowledge of computer programming techniques and computer languages.
- 5 years experience working with System Development Life Cycle (SDLC) concepts
- 5 years experience conducting system test
- 2 years experience in verbal and written communication with clients in English
- Experience working with mature CMM or CMMI project methodologies
- Experience working with MS Office applications
- Experience working with project management tools such as MS Project or NIKU
- Experience working in a team environment
- Experience in troubleshooting, problem solving and debugging.
- Ability to work under pressure and in tight dead lines.

BUSINESS ANALYST TASKS:

- Analyze business requirements, generate project specifications, and develop technical designs in consultation with other technical experts
- Develop unit test plans, test data and scripts for application validation and verification.
- Perform extensive analysis and design working on projects of all sizes that require exposure to all aspects of the project life cycle and creating and maintaining documentation in conformance with established standards.
- Work with programmer analysts/developers to set direction of design and development for application development projects.
- Evaluate user requests for new programs or modified program components to determine feasibility, cost and time required, compatibility with current systems, and computer capabilities.
- Perform peer reviews of developed solutions and code to insure conformity to standards and design best practices.
- Review technical designs and specifications for completeness and conformance to quality standards, especially as a mentor to less experienced developers.

SYSTEM ANALYST

- 5 years experience analyzing business requirements, generating project specifications, converting specifications into code, and applying knowledge of computer programming techniques and computer languages.
- 5 years experience developing technical designs in consultation with other technical experts.
- 5 years experience on one or more of the following development and design tools or equivalent;
 - ✓ ERWin
 - ✓ Serena Prototype Composer
 - ✓ Microsoft Visio



- ✓ Rational Software Architect RSA (or RAD 7 or higher)
- ✓ Crystal Reports in J2EE environment
- ✓ Eclipse IDE
- ✓ CVS or PVCS
- 5 years total development experience in one or more of the following languages:
 - ✓ Web Services
 - ✓ XML
 - ✓ J2EE/ Java, Struts/Spring Frame work, EJB, JPA
 - ✓ JSP & Servlets
 - ✓ Hibernate
 - ✓ DOJO/JavaScript
 - ✓ Active Directory or Tivoli, LDAP
- 5 years experience with the following web application servers:
 - ✓ IBM WebSphere Application Server
 - ✓ IBM HTTP Server
- 5 years experience in RDBMS developing data model database triggers, procedures, packages and functions in a combination of any of the following:
 - ✓ Microsoft SQL Server
 - ✓ MySQL
 - ✓ DB2
 - ✓ Oracle
- 5 years experience developing unit and system test plans, test data and scripts for application validation and verification.
- 5 years experience performing extensive analysis and design working on projects of all sizes that require exposure to all aspects of the project life cycle and creating and maintaining documentation in conformance with established standards.
- 5 years experience working with application/solution architects to set direction of design and development for application development projects.
- 5 years experience evaluating user requests for new programs or modified program components to determine feasibility, cost and time required, compatibility with current systems, and computer capabilities.
- 5 years experience performing peer reviews of developed code to insure conformity to standards and design best practices.
- 5 years experience reviewing technical designs and specifications for completeness and conformance to quality standards, especially as a mentor to less experienced developers.
- 5 years experience analyzing business requirements, generating project specifications and converting them into code, and applying knowledge of computer programming techniques and computer languages.
- 5 years experience working with System Development Life Cycle (SDLC) concepts
- 5 years experience conducting system test
- 2 years experience in verbal and written communication with clients in English
- Experience working with mature CMM or CMMI project methodologies
- Experience working with MS Office applications
- Experience working with project management tools such as MS Project or NIKU
- Experience working in a team environment
- Experience in troubleshooting, problem solving and debugging.
- Ability to work under pressure and in tight dead lines.

SYSTEM ANALYST TASKS:

- Analyze business requirements, generate project specifications, and convert specifications into code, and develop technical designs in consultation with other technical experts



- Code Solutions following technical design and apply knowledge of computer programming techniques and computer languages.
- Develop unit test plans, test data and scripts for application validation and verification.
- Perform extensive analysis and design working on projects of all sizes that require exposure to all aspects of the project life cycle and creating and maintaining documentation in conformance with established standards.
- Work with application/solution architects/java programmer analyst to set direction of design and development for application development projects.
- Evaluate user requests for new programs or modified program components to determine feasibility, cost and time required, compatibility with current systems, and computer capabilities.
- Perform peer reviews of developed solutions and code to insure conformity to standards and design best practices.
- Review technical designs and specifications for completeness and conformance to quality standards, especially as a mentor to less experienced developers.

PROGRAMMER ANALYST/DEVELOPER

JAVA PROGRAMMER ANALYST/DEVELOPER

- 3 years experience analyzing business requirements, generating project specifications and converting them into code, and applying knowledge of computer programming techniques and computer languages.
- 3 years experience developing technical designs in consultation with other technical experts.
- 5 years experience on one or more of the following development and design tools or equivalent;
 - ✓ ERWin
 - ✓ Serena Prototype Composer
 - ✓ Microsoft Visio
 - ✓ Rational Software Architect RSA (or RAD 7 or higher)
 - ✓ Crystal Reports in J2EE environment
 - ✓ Eclipse IDE
 - ✓ CVS or PVCS
- 5 years total development experience in one or more of the following languages:
 - ✓ Web Services
 - ✓ XML
 - ✓ J2EE/ Java, Struts/Spring Frame work, EJB, JPA
 - ✓ JSP & Servlets
 - ✓ Hibernate
 - ✓ DOJO/JavaScript
 - ✓ Active Directory or Tivoli, LDAP
- 5 years experience with the following web application servers:
 - ✓ IBM WebSphere Application Server
 - ✓ IBM HTTP Server
- 5 years experience in RDBMS developing data model database triggers, procedures, packages and functions in a combination of any of the following:
 - ✓ Microsoft SQL Server
 - ✓ MySQL
 - ✓ DB2
 - ✓ Oracle
- 3 years experience developing and following unit test plans, test data, and scripts for application validation and verification.
- 3 years experience performing extensive analysis and design by working on projects of all sizes that require exposure to all aspects of the project life cycle and creating and maintaining documentation in conformance with established standards.



- 3 years experience working with application/solution architects to set direction of design and development for application development projects.
- 3 years experience evaluating user requests for new programs or modified program components to determine feasibility, cost and time required, compatibility with current systems, and computer capabilities.
- 3 years experience developing solutions, following design documents and use cases
- 3 years conducting unit test
- 3 years experience performing peer reviews of developed code to insure conformity to standards and design best practices.
- 3 years experience reviewing technical designs and specifications for completeness and conformance to quality standards.
- 3 years experience working with System Development Life Cycle (SDLC) concepts
- 2 years experience in verbal and written communication with clients in English
- Experience working with mature CMM or CMMI project methodologies
- Experience working with MS Office applications
- Experience working with project management tools such as MS Project or NIKU
- Experience working in a team environment
- Experience in trouble shooting, problem solving and debugging
- Ability to work under pressure and tight deadline

B. COBOL PROGRAMMER ANALYST/ DEVELOPER

- 3 years experience analyzing business requirements, generating project specifications and converting them into code, and applying knowledge of computer programming techniques and computer languages.
- 3 years experience developing technical designs in consultation with other technical experts.
- 5 years total development experience in one or more of the following languages:
 - ✓ COBOL
 - ✓ JCL
 - ✓ CICS
 - ✓ REXX
- 5 years experience in RDBMS developing queries and stored procedures, packages in the following:
 - ✓ DB2
- 3 years experience developing and following unit test plans, test data, and scripts for application validation and verification.
- 3 years experience performing extensive analysis and design by working on projects of all sizes that require exposure to all aspects of the project life cycle and creating and maintaining documentation in conformance with established standards.
- 3 years experience working with application/solution architects to set direction of design and development for application development projects.
- 3 years experience evaluating user requests for new programs or modified program components to determine feasibility, cost and time required, compatibility with current systems, and computer capabilities.
- 3 years experience developing solutions, following design documents and use cases
- 3 years conducting unit test
- 3 years experience performing peer reviews of developed code to insure conformity to standards and design best practices.
- 3 years experience reviewing technical designs and specifications for completeness and conformance to quality standards.
- 3 years experience working with System Development Life Cycle (SDLC) concepts
- 2 years experience in verbal and written communication with clients in English
- Experience working with mature CMM or CMMI project methodologies
- Experience working with MS Office applications



- Experience working with project management tools such as MS Project or NIKU
 - Experience working in a team environment
 - Experience in trouble shooting, problem solving and debugging
 - Ability to work under pressure and tight deadline
- c. Database Programmer Analyst/Developer**
- 3 years experience analyzing business requirements, generating project specifications and converting them into code, and applying knowledge of computer programming techniques and computer languages.
 - 3 years experience developing technical designs in consultation with other technical experts.
 - 5 years total development experience in the following language:
 - ✓ PL/SQL
 - 5 years experience in RDBMS developing data model database triggers, procedures, packages and functions in a combination of any of the following:
 - ✓ Microsoft SQL Server
 - ✓ MySQL
 - ✓ DB2
 - ✓ Oracle
 - 3 years experience developing and following unit test plans, test data, and scripts for application validation and verification.
 - 3 years experience performing extensive analysis and design by working on projects of all sizes that require exposure to all aspects of the project life cycle and creating and maintaining documentation in conformance with established standards.
 - 3 years experience working with application/solution architects to set direction of design and development for application development projects.
 - 3 years experience evaluating user requests for new programs or modified program components to determine feasibility, cost and time required, compatibility with current systems, and computer capabilities.
 - 3 years experience developing solutions, following design documents and use cases
 - 3 years conducting unit test
 - 3 years experience performing peer reviews of developed code to insure conformity to standards and design best practices.
 - 3 years experience reviewing technical designs and specifications for completeness and conformance to quality standards.
 - 3 years experience working with System Development Life Cycle (SDLC) concepts
 - 2 years experience in verbal and written communication with clients in English
 - Experience working with mature CMM or CMMI project methodologies
 - Experience working with MS Office applications
 - Experience working with project management tools such as MS Project or NIKU
 - Experience working in a team environment
 - Experience in trouble shooting, problem solving and debugging
 - Ability to work under pressure and tight deadline
- d. Business Objects Consultant**
- 3 years experience analyzing business requirements, generating project specifications and converting them into code, and applying knowledge of computer programming techniques and computer languages.
 - 3 years experience developing technical designs in consultation with other technical experts.
 - 5 years total development experience in Business Objects
 - 5 years experience in RDBMS developing data model database triggers, procedures, packages and functions in a combination of any of the following:
 - ✓ Microsoft SQL Server
 - ✓ MySQL



- ✓ DB2
- ✓ Oracle

- 3 years experience developing and following unit test plans, test data, and scripts for application validation and verification.
- 3 years experience performing extensive analysis and design by working on projects of all sizes that require exposure to all aspects of the project life cycle and creating and maintaining documentation in conformance with established standards.
- 3 years experience working with application/solution architects to set direction of design and development for application development projects.
- 3 years experience evaluating user requests for new programs or modified program components to determine feasibility, cost and time required, compatibility with current systems, and computer capabilities.
- 3 years experience developing solutions, following design documents and use cases
- 3 years conducting unit test
- 3 years experience performing peer reviews of developed code to insure conformity to standards and design best practices.
- 3 years experience reviewing technical designs and specifications for completeness and conformance to quality standards.
- 3 years experience working with System Development Life Cycle (SDLC) concepts
- 2 years experience in verbal and written communication with clients in English
- Experience working with mature CMM or CMMI project methodologies
- Experience working with MS Office applications
- Experience working with project management tools such as MS Project or NIKU
- Experience working in a team environment
- Experience in trouble shooting, problem solving and debugging
- Ability to work under pressure and tight deadline

PROGRAMMER ANALYST/DEVELOPER TASKS:

- Code Solutions following technical design and apply knowledge of computer programming techniques and computer languages.
- Analyze business requirements, generate project specifications, and convert specifications into code and develop technical designs in consultation with other technical experts
- Code Solutions following technical design and apply knowledge of computer programming techniques and computer languages.
- Develop unit test plans, test data and scripts for application validation and verification.
- Perform extensive analysis and design working on projects of all sizes that require exposure to all aspects of the project life cycle and creating and maintaining documentation in conformance with established standards.
- Work with senior system analyst architects to set direction of design and development for application development projects.
- Evaluate user requests for new programs or modified program components to determine feasibility, cost and time required, compatibility with current systems, and computer capabilities.
- Perform peer reviews of developed code to insure conformity to standards and design best practices.
- Review technical designs and specifications for completeness and conformance to quality standards, especially as a mentor to less experienced developers.
- Analyze business requirements, generate project specifications and convert them into code, and apply knowledge of computer programming techniques and computer languages

SYSTEM ADMINISTRATOR

- 5 years of previous systems administration experience
- 3 years experience developing technical designs in consultation with other technical experts.



- 2 years experience in verbal and written communication with clients in English
- Ability to solve problems quickly and automate processes
- A solid understanding of networking/distributed computing environment concepts; understands principles of routing, client/server programming, the design of consistent network-wide file system layouts
- Ability to program in the administrative language used to support the system platform
- Strong interpersonal and communication skills
- Experience acting as a vendor liaison.
- Experience in logical program and system design, project management methodology and change management methodology is desirable.
- Experience working with mature CMM or CMMI project methodologies
- Experience working with MS Office applications
- Experience working with project management tools such as MS Project or NIKU
- Experience working in a team environment
- Certified as a System Administrator for the appropriate platform

System Administrator tasks:

- Manages a large complex site or network
- Works under general direction of senior management
- Establishes/recommends policies on system use and services
- Install, configure, maintain and upgrade server operating systems and applications for use in websites, data centers, system resource planning.
- Recognize and troubleshoot problems with server hardware and application software.
- Establish and document standards and procedures

6. Quality Assurance Technical Analyst

- Prior experience and established competence in established guidelines utilize the advanced features of Quality Assurance procedures and processes.
- Prior experience and established competence developing small programs with VB Script or similar programming language
- Prior experience creating basic to moderate complexity SQL queries that extract information from existing databases
- Ability to read and understand complex written software requirements at a detailed level
- Ability to use MS Excel including advanced features for data import/export, sorting, and table creation
- Basic understanding of the Java programming language and object oriented development concepts and ability to read UML class diagrams.
- Basic understanding of the structure of Web applications, particularly as they are implemented with a J2EE architecture.
- Basic understanding of relational databases design concepts and ability to read database model diagrams
- Ability to organize and manage large quantities of detailed information
- Ability to write clear and concise technical documents which can be understood by both technical audiences (e.g. developers) and business clients
- Experience with various hardware components (servers, switches, routers, SAN's, etc.) and communications protocols.
- Experience with imaging and/or workflow applications (i.e. FileNet)

QUALITY ASSURANCE TECHNICAL ANALYST TASKS:

- Develop test scripts that will realize the goals of Test Plans previously created by System Developers.
- Ensure design is accurately and adequately reflected in test plans.



- Ensure test scripts reflect ORS Vision basic business activities, online navigation and use of the system, data requirements, and high level process flows.
- Work with functional areas to develop test plans and coordinate with functional staff for testing.
- Develop advanced automated test programs using the Mercury Interactive Quicktest Pro tool.
- Create test scripts that capture data entered on screens and input through spreadsheets.
- Modify scripts to handle non-standard conditions.
- Validate the completeness and accuracy of tests.
- Add test scripts to Mercury Test Director and then use Test Director to schedule tests and monitor results.
- Create reusable test data based on written test plans and test script needs.
- Create test data that will be usable within Quicktest Pro and be easily modifiable.
- Identify and create supporting test data that is needed to meet data validation requirements and business rules that are not explicitly mentioned in the test plan.
- Make data updates, based on a thorough understanding of the purpose and details behind previously created test data.
- Use Mercury Test Director and Rational Requisite Pro to develop end-to-end links between original application requirements and the tests that validate them.
- Appropriately establish linkage to the members of the test library, based on an understanding of the core concepts behind the system requirements.
- Identify areas that do not have adequate test coverage, devise and execute remedial test scripts.

7. Network Security Specialist

- 3 - 5 years of technical IT experience in systems, networks and enterprise applications
- 3 - 5 years experience in a security-related position for a corporate IT environment
- 3 - 5 years experience with RACF and LDAP security. Microsoft Windows Active Directory security a plus
- Extensive working knowledge of Information Security technologies including hardware and software for mainframes and servers, network and security.
- Experience building and implementing Information Security processes, procedures and best practices
- Comprehension of industry standard data privacy guidelines
- Strong understanding of TCP/IP networking protocols and network design principles
- Technical experience in implementing security configurations using servers, mainframes (IBM zSeries) hardware/software, firewalls and generating security reports using enterprise usage reporting tools (Business Objects preferred)
- Strong knowledge of authentication/authorization technologies and network protocols associated with network-based authentication/authorization
- Web and/or Windows-based application programming skills (preferred)
- Experience with Vulnerability Management Tools preferred
- Certified Information Systems Security Professional (CISSP) Certification preferred

NETWORK SECURITY SPECIALIST TASKS:

- Develops, implements and maintains the technical methods, procedures and processes associated with securing IBM zSeries systems, Microsoft servers, and networks in compliance with COBIT and State of Michigan security policies and procedures
- Work with State resources to review all firewall rules and firewall rule changes as needed for the system of application
- Responsible for the ongoing evaluation of application, systems, networks and operational procedures with regard to effectiveness in meeting corporate security goals



- Provides recommendations for correct approach and strategy where security gaps exist or inadequate tools or processes are found, all within a reasonable balance between security and cost
- Request tests of computer systems and networks to monitor effectiveness of security and make or suggest changes to address any deficiencies
- Coordinates, documents, and reports on internal investigations of possible security violations and work with the Office of Enterprise Security (OES)
- Work with both internal and external security audit teams to identify and resolve security-related audit issues tracking.
- Self-manages security-related projects and initiatives
- Stay current on the latest security exploits, technologies and news in order to protect State networks and systems from current and future attacks and exploits
- Works with business unit IT personnel to consultatively provide technical security advice and best practice recommendations
- Follow internal control standards, policies and procedures to ensure that the employee performs with the highest standards of ethics and integrity

8. Tester

- Prior experience and established competence in established guidelines utilize the advanced features of the HP Quicktest Pro and Quality Center tool set.
- Prior experience and established competence in established guidelines utilize the advanced features of QA/Load for load and performance testing.
- Prior experience and established competence in developing, managing and executing regression, smoke, load and performance tests
- Prior experience and established competence developing small programs with VB Script or similar programming language
- Prior experience creating basic to moderate complexity SQL queries that extract information from existing databases
- Ability to read and understand complex written software requirements at a detailed level
- Ability to read and understand the major types of UML requirements analysis diagrams (e.g. Use Cases, State Diagrams, Activity Diagrams)
- Ability to use MS Excel including advanced features for data import/export, sorting, and table creation
- Basic understanding of the Java programming language and object oriented development concepts and ability to read UML class diagrams.
- Basic understanding of the structure of Web applications, particularly as they are implemented with a J2EE architecture.
- Basic understanding of relational databases design concepts and ability to read database model diagrams
- Ability to organize and manage large quantities of detailed information
- Ability to write clear and concise technical documents which can be understood by both technical audiences (e.g. developers) and business clients
- Experience with various hardware components (servers, switches, routers, SAN's, etc.) and communications protocols.
- Experience with imaging and/or workflow applications (i.e. FileNet)

TESTER TASKS:

- Develop test scripts that will realize the goals of Test Plans previously created by System Developers.
- Ensure design is accurately and adequately reflected in test plans.
- Ensure test scripts reflect basic business activities, online navigation and use of the system, data requirements, and high level process flows.
- Work with functional areas to develop test plans and coordinate with functional staff for testing.



- Create test scripts that capture data entered on screens and input through spreadsheets.
- Modify scripts to handle non-standard conditions.
- Validate the completeness and accuracy of tests.
- Create reusable test data based on written test plans and test script needs.
- Identify and create supporting test data that is needed to meet data validation requirements and business rules that are not explicitly mentioned in the test plan.
- Make data updates, based on a thorough understanding of the purpose and details behind previously created test data.
- Appropriately establish linkage to the members of the test library, based on an understanding of the core concepts behind the system requirements.
- Identify areas that do not have adequate test coverage, devise and execute remedial test scripts.

9. Technical Writer

- 3 - 5 years of experience in a technical writer role.
- Expertise in the Microsoft suite of products.
- Possess excellent written communication skills.
- Ability to communicate technical terminology at a level appropriate to the audience.
- Must have a demonstrated ability to work within tight deadlines.

Technical Writer Tasks:

- Confer with technical management and staff to establish technical specifications and to determine subject material to be developed.
- Organize material and complete writing assignments according to set standards regarding order, clarity, conciseness, style, and terminology.
- Edit, standardize, or make changes to material prepared by other writers or establishment personnel.
- Select drawings, diagrams, and charts to illustrate material.
- Interview clients and technical personnel and read existing documentation and other material to become familiar with the MAIN FACS suite of applications and system processes.
- Analyze changes and enhancements to the MAIN FACS suite of applications to determine need for revisions in previously published materials and development of new material.
- Arrange for duplication and distribution of material.

10. System Architect

- 3-5 years experience in the administration of WebSphere and IIS web services
- 3-5 years experience with various hardware components in a server based environment (servers, switches, routers, SAN, NAS) and communication protocols
- 3-5 years experience with web based technology including LDAP
- 3-5 years experience in Java
- 3-5 years experience in logical program and system design; project management methodology and change management methodology are desirable
- Ability to read, comprehend, and write technical documents related to the above technologies
- Utilization of standard design tools, diagramming and documentation processes
- Ability to work under pressure and tight timelines
- Good oral and written communication skills

SYSTEM ARCHITECT TASKS:

- Provide technical architecture experience IT project business and technical requirement sessions.
- Develop strategic goals required to insure architecture is in compliance with the DTMB Strategic Plan.



- Consult with system designers on proper system design and use of enterprise architecture components.
- Compile or design hardware and software architectural models of current and proposed systems across the client enterprise for use internally and in conjunction with third party technology partners.
- Perform design reviews for the SBO organization.
- Lead the evaluation of vendor software targeted for possible integration into the systems or environment, including strategic applications, tools, and utilities.
- Define, implement and maintain the IT design methodology and best practices.
- Survey external emerging developments, and evangelize new technologies, standards and methodologies that will have a positive impact on the quality of SBO systems and services.
- Insure the implementation of security standards in system architectures and designs. Be familiar with, provide research, documentation and input (when applicable) to Enterprise Security standards.
- Provide technical leadership, guidance and direction to Programmer/Analysts supporting related Web system design functions for SBO.
- Plan, develop and administer design related policies and procedures to promote high quality, accuracy and usable system designs.
- Perform business and technical requirements analysis for SBO enterprise level components and objects.
- Oversee the design, development and testing of SBO enterprise level components, APIs and related databases.
- Oversee and approve the development and changes to the software framework(s) to insure proper execution of the design.
- Provide technical support to application designers in the use of the framework(s) within their systems.
- Chair appropriate change control boards.
- Oversee the development of testing plans, scenarios and test data.
- Manage versions using the established configuration management process and tools.
- Manage associated projects to develop SBO enterprise level components and objects.
- Act as the SBO IT Architect on statewide and enterprise application integration projects.

11. APPLICATION/SOFTWARE ARCHITECT

- 3 years experience in the administration of WebSphere and IIS web services.
- Understanding of the fundamentals of various hardware components in a server based environment (servers, switches, routers, SAN, NAS) and communication protocols.
- 3 years experience with DB2
- Experience in Java
- Experience in COBOL, JCL, CICS, REXX
- Experience in logical program and system design, project management methodology and change management methodology is desirable.
- Ability to read, comprehend, and write technical documents related to the above technologies.
- 2 years experience in verbal and written communication with clients in English
- Experience working with mature CMM or CMMI project methodologies
- Experience working with MS Office applications
- Experience working with project management tools such as MS Project or NIKU
- Experience working in a team environment

APPLICATION/SOFTWARE ARCHITECT TASKS:

- Develop, maintain and upgrade automated test scripts and architectures for application products
- Document testing status



- Write test documentation, including test plans, test defects, and defect logs
- Execute and analyze test cases and perform exploratory testing
- Install, configuring, and maintaining IBM WebSphere application server and other 3rd party applications.
- Configuration management of multiple development environments,
- Provide definition of support processes, technical documentation, 3rd party SW upgrade management.
- Define\maintain appropriate processes for the SBO's Infrastructure and Operations Support Services.
- Suggest areas where process improvements and quality controls could be implemented, designed and documented.
- Create\maintain clear and usable documentation for technical support activities performed by DTMB

12. Accessibility Specialist

- 3-5 years in this or related field, and familiarity with task analyses, user interface design, and usability testing.
- 3-5 years experience with current usability and information architecture, methodologies, practices, protocols, tools and research.
- 2-3 years experience with Microsoft Office Excel, Word and PowerPoint.
- 3–5 years experience with a combination of the following usability and design techniques; usability testing, heuristic evaluation, paper prototyping, wire-framing, storyboarding, user-centered design methods and sitemap creation.
- Stay current with the latest technology and approaches.
- Possess an understanding of the strengths and weaknesses of various programming languages including:
 - HTML
 - Java & JavaScript
 - COBOL
 - WebSphere & IIS
 - Web based technology including LDAP
- Possess an understanding of various hardware components in a server based environment (servers, switches, routers, SAN, NAS) and communication protocols
- Strong analytical, problem-solving and decision making capabilities.
- Excellent problem solving skills with ability to analyze situations, identify existing or potential problems and recommend solutions.
- Report writing in Microsoft PowerPoint required.
- Presentation /Communication Skills required.
- Excellent verbal, interpersonal, written and presentation communication skills required.

Accessibility Specialist Tasks:

- Collect user and system requirements and convert them into simple and intuitive information architecture.
- Design and develop user surveys to obtain user feedback.
- Ability to conduct focus groups, design sessions, task analyses, surveys and online testing is highly desirable.
- Translate written requirements and stakeholder goals into elegant designs for web-based systems.
- Architect intuitive, accessible websites and screens.
- Develop innovative strategies to answer research questions with limited resources.
- Prepare user research plans and test protocols.
- Translate research findings into design recommendations.
- Research activities from initial stakeholder meetings to delivering final reports. This includes participant recruiting activities, materials production and lab preparation.
- Prepare, facilitate, and analyze usability test results.
- Facilitate discussion and effectively manage meetings, including negotiating, eliciting cooperation from others; and gaining consensus.



13. Project Assistant

- 3-5 years experience coordinating, planning and tracking projects.
- 3-5 years experience with project management tools,
- 3-5 years experience with formal project management methodologies.
- 3-5 years experience with Software Development Life Cycle, SDLC
- Ability to recommend, design and prepare policy materials, operations manuals, and supporting instructions in program/ project management.
- Ability to develop and/or deliver training.
- Ability to manage multiple priorities and meet deadlines working in a collaborative working environment.
- High proficiency using Microsoft Project, Word, Excel and Access.
- Ability to evaluate, assess, plan, develop, and implement programs or services.
- Ability to communicate effectively, (including facilitation) utilizing multiple media.
- Ability to maintain and support of the team's use of a number of tools.
- Demonstrated ability to develop processes, procedures, reports, timelines, goals and objectives.
- Demonstrated track record of working independently as well as in teams.

PROJECT ASSISTANT TASKS:

- Prepares and distributes routine and ad-hoc data or reports, as well as monthly Service Level Agreement (SLA) performance and project dashboard reports for distribution to MDIT management, executives and business partners.
- Provides management, department and business users with data and reports for use in the analysis of PIR requirements and status, sub-team planning and actual performance versus plans.
- Provide assistance to management in program, project and budget documentation preparation and reporting, as well as procedure and process documentation and administration.
- Assist Section Manager in the analysis of on-going program/project operations through the timely and accurate preparation of data and reports, and document of program/project policies and procedures.
- Assist Section Manager with the preparation of SUITE documentation and conduct SUITE related meetings.
- Help train Department members and business partners on team tools, policies, procedures, and standards, and helps direct the activities of student interns who serves in a supportive role in this area.
- Maintains familiarity with and uses tools as NIKU, ACCESS, and MS Project to extract and report data.
- Update and maintain project data as directed.
- Assist Section Manager in completing appropriate project control documents using the State of Michigan Project Management Methodology.
- Research and collect data necessary to prepare for project team meetings, meet project reporting and evaluation requirements.
- Prepares project plan updates, and resource trend analysis and control including analysis, research, development, escalation and maintenance of project data and status.
- Gather documentation to present to management.
- Prepares reports, agendas and various correspondences for the Section Manager.
- Attend project meetings to act as recorder for follow-up on action items and to distribute summary meeting notes to participants.

14. APPLICATION TRAINER

- 3-5 years experience planning, developing, and providing training to staff in a corporate environment.
- Ability to collaborate and work effectively with all levels of staff.
- Possess excellent oral and written communication skills.
- Possess strong analytical skills and the ability to exercise good judgment.



- Possess friendly and customer focused attitude.
- Demonstrated track record of working independently as well as in teams

Application Trainer Tasks:

- Conduct and arrange training for both technical support and end-user audiences. Therefore, trainer must be able to structure material to fit the audience.
- May create on-line training courses.
- Develop and organize training manuals, multimedia visual aids, and other educational materials.
- Confer with management and possibly conduct surveys to identify training needs based on upcoming project implementations, changes, and other factors.

15. EDI SPECIALIST

- 3 – 5 years of EDI experience required
- 3 – 5 years of IBM Websphere Data Interchange experience required
- 3 years experience analyzing business requirements, generating project specifications and converting them into code, and applying knowledge of computer programming techniques and computer languages.
- 3 years experience developing technical designs in consultation with other technical experts.
- 5 years total development experience desired in one or more of the following languages:
 - ✓ COBOL
 - ✓ JCL
- 3 years experience performing extensive analysis and design by working on projects of all sizes that require exposure to all aspects of the project life cycle and creating and maintaining documentation in conformance with established standards.
- 3 years experience working with application/solution architects to set direction of design and development for application development projects.
- 3 years experience evaluating user requests for new programs or modified program components to determine feasibility, cost and time required, compatibility with current systems, and computer capabilities.
- 3 years experience developing solutions, following design documents and use cases
- 3 years conducting unit test
- 3 years experience performing peer reviews of developed code to insure conformity to standards and design best practices.
- 3 years experience reviewing technical designs and specifications for completeness and conformance to quality standards.
- 3 years experience working with System Development Life Cycle (SDLC) concepts
- 2 years experience in verbal and written communication with clients in English
- Experience working with mature CMM or CMMI project methodologies
- Experience working with MS Office applications
- Experience working with project management tools such as MS Project or NIKU
- Experience working in a team environment
- Experience in trouble shooting, problem solving and debugging
- Ability to work under pressure and tight deadline
- Accredited ACH Professional (AAP) certification desired

EDI specialist tasks:

- Develop and maintain software applications for state-wide EDI applications using ANSI X12 EDI
- Serve as an expert in the area of ANSI X12 EDI standards
- Meet with agencies, trading partners, and vendors to develop business needs documents
- Develop Agency, vendor or trading partner specific implementation plans



- Develop work plans for development, testing and implementation of EDI applications and interfaces using ANSI X12 EDI
- Ensure that ANSI X12 EDI industry standards are adhered to during development and implementation activities.
- Prepare special reports for management to keep them informed of industry trends and changes.
- Keep abreast of the emerging use of XML within the context of ANSI X12 EDI.



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 CONTRACT TERM

The term of this Contract shall be from January 31, 2011 through December 31, 2017. Each Contract Year shall be for twelve (12) months, except that the first Contract Year shall be from January 31, 2011 through December 31, 2011. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 RENEWAL(S)

This Contract may be renewed, for maintenance and support and enhancements (as defined in the SOW – see Article 1) in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be **renewed** for up to **three (3) one (1) year periods**.

2.003 LEGAL EFFECT

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

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

2.004 ATTACHMENTS & EXHIBITS

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

2.005 ORDERING

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

2.006 ORDER OF PRECEDENCE

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



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

2.007 HEADINGS

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

2.008 FORM, FUNCTION & UTILITY

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

2.009 REFORMATION AND SEVERABILITY

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

2.010 Consents and Approvals

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

2.011 NO WAIVER OF DEFAULT

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

2.012 SURVIVAL

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

2.013 DELETED – NOT APPLICABLE - FEDERAL GRANT REQUIREMENTS

2.020 Contract Administration

2.021 ISSUING OFFICE

This Contract is issued by the Department of Technology, Management and Budget, Purchasing Operations and Michigan Department of Environmental Quality (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:

Steve Motz, Buyer
Purchasing Operations
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
Lansing, MI 48909
MotzS@michigan.gov
(517) 241 3215



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:

Mark Lawrence
DTMB, Contract Office
Constitution Hall, 1st Floor
525 W. Allegan
Lansing, MI 48913
LawrenceM1@michigan.gov
(517) 241-1640

2.023 PROJECT MANAGER

The following individuals will oversee the project:

DTMB Project Manager
Dave Gabler
Department of Technology, Management, and Budget
111 S. Capitol Ave, Romney Bldg, 9th floor
Lansing, MI 48913
Email: gablerd@michigan.gov
Phone: 517-335-4097
Fax: 517-335-6910

State Budget Office Project Coordinator
Laura Mester
Office of Financial Management, Accounting and Financial Reporting Division Director
111 S. Capitol Ave, Romney Bldg, 7th floor
Lansing, MI 48913
Phone: 517-373-0447

2.024 CHANGE REQUESTS

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

If the State requests or directs the Contractor to perform any services/deliverables that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to notify the State before commencing performance of the requested activities, any such activities performed before the Contractor gives notice shall have no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.



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

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

(1) Change Request at State Request

If the State should require Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").

(2) Contractor Recommendation for Change Requests:

Contractor shall be entitled to propose a Change to the State, on its own initiative, should it be of the opinion that this would benefit the Contract.

(3) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal will include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services to the extent such Amendment Labor Rates govern the skills required to perform the Change. 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; provided, in the event Contractor believes performing the Change may result in a negative impact to the Services, the parties shall resolve the dispute prior to Contractor performing the Change.

(4) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").

(5) No proposed Change must be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Technology, Management and Budget, Purchasing Operations.

(6) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities prior to such notification. 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.

(7) State Policies. Where the Contractor is required under this Contract to comply with the policies, procedures, standards, guidelines, requirements, specifications, URL's, third party agreements, licenses and leases, rules and regulations or other business requirements of the State, State Affiliates, or the Services Recipients ("State Requirements"), the Contractor shall comply (i) only



to the extent of such policies in effect as of the Effective Date of the Contract or through the Change Request procedure, and (ii) except the extent otherwise expressly set forth in this 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: Steve Motz
530 West Allegan
Mason Bldg., 2nd Floor
Lansing, Michigan 48913

Contractor:
IBM Corporation
Attention: Jeffrey Williams, PE
18000 West Nine Mile Road
Southfield, MI 48075-4009

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

2.026 BINDING COMMITMENTS

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

2.027 RELATIONSHIP OF THE PARTIES

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

2.028 COVENANT OF GOOD FAITH

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

2.029 ASSIGNMENTS

Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract and, provided that it is not considered an



assignment for Contractor to divest a particular part of its business in a manner that similarly effects all of its customers. 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.

2.030 General Provisions

2.031 MEDIA RELEASES

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

2.032 CONTRACT DISTRIBUTION

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

2.033 PERMITS

Contractor must obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way. The State shall be obligated to obtain and provide to Contractor all Required Consents necessary for Contractor to provide the Services described herein. A Required Consent means any consents or approvals required to give Contractor or its subcontractors the right or license to access, use and/or modify (including creating derivative works) the hardware, software, firmware and other products not provided by Contractor under this Contract, to enable Contractor and its subcontractors to perform the Services set forth herein without infringing the ownership or license rights (including patent and copyright) of the providers or owners of such products. Contractor will make the State aware of the need for any Required Consents of which Contractor is aware.

2.034 WEBSITE INCORPORATION

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

2.035 FUTURE BIDDING PRECLUSION

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

2.036 FREEDOM OF INFORMATION

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



2.037 DISASTER RECOVERY

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

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. To the extent the parties agree that certain specific Services will be provided on a time and materials basis, such Services shall be provided at the Amendment Labor Rates. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.042 ADJUSTMENTS FOR REDUCTIONS IN SCOPE OF SERVICES/DELIVERABLES

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

2.043 SERVICES/DELIVERABLES COVERED

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

2.044 INVOICING AND PAYMENT – IN GENERAL

- (a) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.
- (b) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with Section 1.602.
- (c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.
- (d) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Purchasing Operations, Department of Technology, Management & Budget. This activity will occur only upon the specific written direction from Purchasing Operations.



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

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

2.045 PRO-RATION

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

2.046 ANTITRUST ASSIGNMENT

THE CONTRACTOR ASSIGNS TO THE STATE ANY CLAIM FOR OVERCHARGES RESULTING FROM ANTITRUST VIOLATIONS TO THE EXTENT THAT THOSE VIOLATIONS CONCERN MATERIALS OR SERVICES SUPPLIED BY THIRD PARTIES TO THE CONTRACTOR, TOWARD FULFILLMENT OF THIS CONTRACT.

2.047 FINAL PAYMENT

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

2.048 ELECTRONIC PAYMENT REQUIREMENT

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

2.050 Taxes

2.051 EMPLOYMENT TAXES

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes imposed on Contractor personnel.

2.052 SALES AND USE TAXES

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



or more trades or businesses under common control” the term “organization” means sole proprietorship, a partnership (as defined in § 701(a) (2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company. The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.

2.060 Contract Management

2.061 CONTRACTOR PERSONNEL QUALIFICATIONS

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

2.062 CONTRACTOR KEY PERSONNEL

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles or 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, retirement, death, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel’s employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.
- (e) Prior to re-deploying to other projects, at the completion of their assigned tasks on the Project, teams of its non-Key Personnel who are performing Services on-site at State facilities or who are otherwise dedicated primarily to the Project, Contractor will endeavor to give the State at least ten (10) Business Days notice of the proposed re-deployment to give the State an opportunity to object to the re-deployment if the State reasonably believes such team’s Contract responsibilities are not likely to be completed and approved by the State prior to the proposed date of re-deployment, which may be subject to the Project Change Control Process.



2.063 RE-ASSIGNMENT OF PERSONNEL AT THE STATE'S REQUEST

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

2.064 CONTRACTOR PERSONNEL LOCATION

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

2.065 CONTRACTOR IDENTIFICATION

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

2.066 COOPERATION WITH THIRD PARTIES

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

2.067 CONTRACT MANAGEMENT RESPONSIBILITIES

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

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



2.068 CONTRACTOR RETURN OF STATE EQUIPMENT/RESOURCES

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

2.070 Subcontracting by Contractor

2.071 CONTRACTOR FULL RESPONSIBILITY

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

2.072 STATE CONSENT TO DELEGATION

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

2.073 SUBCONTRACTOR BOUND TO CONTRACT

In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, and to the extent practicable, to be bound to Contractor by substantially similar terms of this Contract and to the extent practicable assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. A list of the Subcontractors, if any, approved by the State as of the execution of this Contract, are provided in Article 1, Section 1.201.

2.074 FLOW DOWN

EXCEPT WHERE SPECIFICALLY APPROVED IN WRITING BY THE STATE ON A CASE-BY-CASE BASIS, CONTRACTOR SHALL FLOW DOWN THE OBLIGATIONS IN SECTIONS 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, AND 2.200 IN ALL OF ITS AGREEMENTS WITH ANY SUBCONTRACTORS

2.075 COMPETITIVE SELECTION

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



2.080 State Responsibilities

2.081 EQUIPMENT

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

2.082 FACILITIES

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

2.090 Security

2.091 BACKGROUND CHECKS

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

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

2.092 SECURITY BREACH NOTIFICATION

If the Contractor breaches its obligations for data security as described in the GSD331, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations for notifying the State pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate within the scope of Services, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State in writing any actual use or disclosure of Confidential Information other than as provided for by the Contract within 24 hours 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 as provided in this Section. As a result, Contractor agrees that they are responsible for implementing the security of cardholder data in their possession as specifically set forth in the Statement of Work. 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, performing the Services, or for other uses specifically required by law, in each case only to the extent such activity is Contractor's responsibility as set forth in the SOW.

Contractor agrees to provide business continuity in the event of a major disruption, disaster or failure, as and to the extent set forth in the Statement of Work.

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

Contractor agrees to properly dispose sensitive cardholder data when no longer needed. The Contractor will continue to treat cardholder data as confidential upon contract termination, as set forth in Section 2.100.

The Contractor will provide the Department of Technology, Management and Budget, Financial Services documentation showing compliance with the Statement of Work requirements for the State's PCI Data Security certification. The Contractor will advise the Department of Technology, Management and Budget, Financial Services of all known failures to comply with the PCI Data Security Requirements. Failures include, but are not limited to system scans and self-assessment questionnaires. The Contractor will provide a time line for corrective action required due to Contractor's failure to perform its obligations.

2.100 Confidentiality

2.101 CONFIDENTIALITY

Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below), which is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State and which is clearly recognizable as confidential information to a prudent person with no special knowledge of State information (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. "Confidential Information" excludes any information (including this Contract) that is publicly available under the Michigan FOIA.

2.102 PROTECTION AND DESTRUCTION OF CONFIDENTIAL INFORMATION

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



of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

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

Except for personally identifiable information, Confidential Information disclosed under this Agreement will be subject to this Agreement for three (3) years following the initial date of disclosure.

2.103 EXCLUSIONS

Notwithstanding the foregoing, the provisions in this Section will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 NO IMPLIED RIGHTS

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

2.105 RESPECTIVE OBLIGATIONS

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

2.110 Records and Inspections

2.111 INSPECTION OF WORK PERFORMED

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

If the State chooses to conduct its own independent audit of the Boulder facility through a Third Party, Contractor will cooperate with the State based on the following guidelines:

- a) the State is responsible for all costs associated with the audit,
- b) Contractor will be given thirty (30) days prior written notice to prepare for the audit,
- c) an appropriate confidentiality agreement must be executed between Contractor and the auditing firm,



- d) any audits will generally conform to the commercially reasonable policies and practices of the IBM Boulder facility,
- e) such audit will pertain to the services performed in supporting the State of Michigan MAIN account.
- f) the State will provide a copy of the audit report to Contractor.

2.112 EXAMINATION OF RECORDS

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

2.113 RETENTION OF RECORDS

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

2.114 AUDIT RESOLUTION

If necessary, the Contractor and the State will meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within 30 days from receipt of the report, unless a shorter response time is specified in the report. The Contractor and the State must develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

2.115 ERRORS

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

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

2.120 Warranties

2.121 WARRANTIES AND REPRESENTATIONS

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.



- (b) The Contract Appendices, Attachments and Exhibits, and Statement of Work 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 Contractor-owned or Contractor-developed 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 this Contract, nor their use by the State will infringe the patent, copyright, trade secret, or other proprietary rights of any third party. The State's remedies for any breach of the forgoing warranty shall be limited to Section 2.140 herein.
- (d) If, under this Contract, Contractor procures any third party 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 such items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such 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) To the best of Contractor's knowledge, all written information furnished to the State by or on behalf of 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 such information not misleading.
- (m) It is not in material default or material 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.

**2.122 RESERVED - WARRANTY OF MERCHANTABILITY****2.123 RESERVED - WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE****2.124 WARRANTY OF TITLE**

Contractor shall, convey good title in those Deliverables, whose transfer is right and lawful. All Deliverables provided by Contractor shall be delivered free from any security interest, lien, or encumbrance. Deliverables provided by Contractor, under this Contract, shall be delivered free of any rightful claim of any third person of ownership, interest, lien or encumbrance.

2.125 EQUIPMENT WARRANTY

The purchase of equipment is not anticipated under this contract. If the State and Contractor amend the contract to allow for equipment purchase, the language of this section shall apply as mutually agreed between the parties.

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

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

Within **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 will pass through to the State any warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.

2.126 EQUIPMENT TO BE NEW

If applicable, all equipment sold 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

If applicable, 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.

2.129 ITEMS NOT COVERED BY WARRANTY

EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY EXPRESS WARRANTIES TO THE OTHER, AND THERE ARE NO IMPLIED WARRANTIES OR CONDITIONS, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

The Contractor does not warrant uninterrupted or error-free operation of a Product or Service or, except as explicitly set forth in **Section 2.250** and **Section 2.311**, that the Contractor will correct all defects.

The Contractor will provide Software Subscription and Support for IBM Licenses Program Products in accordance with their License Agreements.

The Contractor will identify IBM machines and Software Programs that it does not warrant.

Unless the Contractor specifies otherwise, it provides literary works or other works of authorship, non-IBM Products, and non-IBM Services **WITHOUT WARRANTIES OF ANY KIND**. However, non-IBM manufacturers, developers, suppliers, or publishers may provide their own warranties to the State. Warranties, if any, for Other IBM Programs and Non-IBM Programs may be found in their license agreements.

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 coverages provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State except for premise liability on customer premises under Commercial General Liability where Contractor does not control the premises.

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, B+ for Subcontractors, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract must be issued by companies that have been approved to do business in the State.

See www.michigan.gov/dleg.



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

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

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

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate; this is accomplished through Contractor's Commercial General Liability certificate which contains a blanket Additional Insureds endorsement. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

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

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

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

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

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

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

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

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



- 7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.
- 8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132 SUBCONTRACTOR INSURANCE COVERAGE

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

2.133 CERTIFICATES OF INSURANCE AND OTHER REQUIREMENTS

Contractor must furnish to DTMB Purchasing Operations, certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **The Contract Number or the Purchase Order Number must be shown on the Certificate Of Insurance To Assure Correct Filing.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED - the certificate of insurance shall outline that the insurer will endeavor to provide THIRTY (30) days prior written notice, except for ten (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 two (2) 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 (i.e. bodily injury, or damage to real or tangible personal property) 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 third party claim, loss, or expense arising from Contractor's misappropriation or theft of State confidential data through the installation of Self Help Code or Unauthorized Code in 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) payable to a third party that is 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, supplied by the Contractor or its subcontractors or the operation of such 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. The foregoing is the State's exclusive remedy and Contractor's entire obligation regarding any third party intellectual property claims.

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; or (iv) the distribution, operation or use of a Product by a third party; or (v) infringement by equipment, software, commodity or service that is owned by a third party.

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

After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such 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 Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall 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 prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.

2.150 Termination/Cancellation

2.151 NOTICE AND RIGHT TO CURE

If the Contractor materially breaches the contract as provided in 2.152, then the State will provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable if 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 materially breaches this Contract (including a Chronic Failure to meet any particular SLA as defined as Section 2.242), which is either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State as set forth in Section 2.151.
- (b) If this Contract is terminated for cause, , in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be liable for direct damages proven by the State up to the Limitation of Liability in Section 2.220. Reasonable, customary and ordinary re-procurement costs shall be considered direct damages for purposes of this Contract, and shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any other terms otherwise included in this Contract, provided such costs shall be limited to the damages, and shall be subject to the Limitation of Liability set forth in Section 2.220.
- (c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.
- (d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that



termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

2.153 TERMINATION FOR CONVENIENCE

The State may terminate this Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate this Contract for its convenience, in whole or in part, by giving Contractor written notice at least 90 days before the date of termination and paying Contractor termination charges set forth in Exhibit L. If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

2.154 TERMINATION FOR NON-APPROPRIATION

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

2.155 TERMINATION FOR CRIMINAL CONVICTION

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense incident to the application for, or performance of, a State, public or private Contract or subcontract; including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State reflects upon Contractor's business integrity.



2.156 TERMINATION FOR APPROVALS RESCINDED

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

2.157 RIGHTS AND OBLIGATIONS UPON TERMINATION

- (a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in Deliverables that is intended to be transferred to the State at the termination of the Contract, Contractor will 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 commercially reasonable action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including where permitted under the terms thereof, 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, and to the extent permitted under the terms of the subcontracts and agreements for Services and Deliverables, the State may assume, at its option, any dedicated 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.

2.159 TERMINATION ASSISTANCE

- (a) It is the intention of the Parties that, upon the expiration or termination for any reason of the Contract, in whole or in part, the Contractor will cooperate with the State and provide the State with the termination assistance described in a.1 below, including but not limited to the termination assistance described in this section and in Section 2.159A (the "Termination Assistance"), in order to enable the State to obtain from another Contractor, or provide for itself, services previously provided by the Contractor. The purpose of such Termination Assistance is to minimize the disruption to the State for transferring the expired or terminated Services provided by the Contractor.



- 1) If this contract or the term of any category of Services is not renewed at the end of the initial or any renewal term, or is earlier terminated for any reason, the Contractor must provide for up to one (1) year after the termination of this Contract or such term, as the case may be, all reasonable termination assistance requested by the State to allow the termination or expired portion of the Services to continue without interruption or adverse effect and to facilitate the orderly transfer of such Services to the State or its designees. Such termination assistance is described in more detail in Section 2.159 (Termination Assistance) and will be deemed by the Parties to be governed by the terms and conditions of this Contract (notwithstanding its termination or expiration) other than any terms or conditions that do not reasonably apply to such termination assistance. If and to the extent that such termination assistance is provided after the effective date of termination or expiration of this Contract, or otherwise requires resources not then being regularly utilized in performing the Services under this Contract, the State shall pay the Contractor for the resources utilized in providing such termination assistance at the then current rates specified in Exhibit L; provided, however, that if the State terminates this Contract for Cause, then the State will not be required to pay the Contractor for the additional resources utilized in providing termination assistance described in Section 2.159A Specific Termination Assistance Services, prior to the effective date of the termination or expiration of this Contract.
- (b) The Termination Assistance to be provided by the Contractor to the State or the State's designees (if and to the extent any third parties are designated by the State to assume providing any of the expired or terminated Services) will include, without limitation, the following:
 - 1) Developing, with the assistance of the State, a plan for the transition of the expired or terminated Services from the Contractor to the State, which plan will include, to the extent requested by the State and not inconsistent with the provisions of the contract, performance of the specific services listed in 2.159A (Specific termination Assistance Services);
 - 2) Providing to applicable personnel of the State training in the performance of the Services then being performed by the Contractor which are to be transferred to the State; and
 - 3) Making available to the State, pursuant to mutually agreeable terms and conditions, and third party Services that are then dedicated to the performance of Services under the Contract. The State may assume the Contractor's rights and obligations with respect to any such third party services, including, but not limited to, third-party Hardware and/or Software maintenance agreements.
- (c) Access to Systems. In providing the Termination Assistance, the Contractor will provide the State and its designees, agents, contractors and consultants with reasonable access to and use of all systems then being used to provide the Services to the State.
- (d) Process.
 - 1) The Contractor will identify all potential risk factors relating to the transition being planned, and will design plans and contingencies to mitigate them. The Contractor will establish the relationship between the Contractor and the State or the State's designee during the first week of the transition period and direct all activities to create a seamless turnover on the specified termination or expiration date.
 - 2) The Contractor will assemble a transition management team at least eight (8) months prior to the expiration of the term of the affected Service, or within thirty (30) days from receiving notice of termination. The Contractor transition management team will provide to the State a detailed methodology to ensure the complete review, certification and acceptance of the Contractor's Services and documentation. The Contractor transition management team will perform comprehensive assessment of the Contractors Services documentation. This assessment, and any resulting updated documentation, will be delivered to the State no later than three (3) months after assembling the transition management team and will include:
 - A list of the reports and their descriptions;
 - A list of all licensed Software;
 - Computer operations procedures;
 - Data descriptions;
 - Contractor developed user documentation; and



- Hardware and Software configurations
- 3) The State will assign a transition manager and an associated operations organization to work in concert with the Contractor transition management team.

2.159A SPECIFIC TERMINATION ASSISTANCE SERVICES

The specific Termination Assistance services to be provided by the Contractor under Section 2.159 (Termination Assistance) to the Contract will include, without limitation, the following:

(a) Pre-Migration Services

- 1) Freeze all noncritical Software changes.
- 2) Notify all outside Contractors of procedures to be followed during the turnover phase.
- 3) Review all Software libraries (test and production) with new operations staff.
- 4) Assist in establishing naming conventions for the new production site.
- 5) Analyze space required for the databases and the Software libraries.
- 6) Generate and deliver a tape and computer listing (in a form reasonable requested by the State and/or its designee) of the source code for the Third Party Software to be provided to the State under Section 2.159A.d below, to the extent that the Contractor has the source code for such Software in its possession and is entitled to provide such source code to the State. (The State agrees to execute confidentiality agreements with the Contractors of Third Party Software in order to facilitate the provision of the source code under the previous sentence.)
- 7) Deliver to the State and/or its designee all technical specifications, materials and user documentation for the Software to be provided to the State under Section 2.159A.d below.
- 8) Explain the Control Plans and other management documents used by the Contractor to the new operations staff.
- 9) Provide Training to new operations staff.

b) Migration Services

- 1) Unload the production databases.
- 2) Deliver tapes of production databases (with content listings) to new operations staff.
- 3) Assist with the loading of the databases
- 4) Assist with the telecommunications turnover.
- 5) Assist in the execution of a parallel operation.
- 6) Check the effectiveness of the Hardware, Software and Internetwork configuration to meet the Performance Standards.
- 7) Correct any identified errors and provide plans and contingencies during the transition process.
- 8) Provide the State with any other necessary files, documentation, Software or services necessary to complete a smooth and orderly transition.

c) Post-Migration Services

- 1) Provide consulting support on "as needed" basis.
- 2) Turnover of any remaining reports and documentation still in Contractor's or its subcontractor's possession or control.

- d) All Software which is used by the Contractor and its subcontractors exclusively to perform the Services at the time of nonrenewal or expiration of this Contract and which is not already licensed in the name of the State will, at the State's option, be assigned or licensed to the State or its designees subject to normal ongoing charges and other license provisions. The Contractor will be responsible for any transfer fees. For software not generally available, the Contractor will provide a mutually agreeable commercially available substitute, subject to reasonable license charges.

2.160 Termination by Contractor

2.161 TERMINATION BY CONTRACTOR

If the State materially breaches the Contract, 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 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) withholds disputed fees in excess of an amount equal to an average of two (2) months of the Contractor's fees as measured over the previous twelve (12) months, (iii) 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 (iv) does not cure the breach within the time period specified in a written notice of breach provided to the State by Contractor (such time period not to be less than thirty (30) days), then Contractor may terminate this Contract, in whole or in part (e.g. based on Statement of Work) for cause, as of the date specified in the notice of termination; provided, however, that 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, and to the extent contractually obligated under the Statement of Work, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed one year. These efforts must include, but are not limited to, those listed in **Sections 2.141, 2.142, 2.143, 2.144, and 2.145.**

2.172 CONTRACTOR PERSONNEL TRANSITION

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

2.173 CONTRACTOR INFORMATION TRANSITION

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

2.174 CONTRACTOR SOFTWARE TRANSITION

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



2.175 TRANSITION PAYMENTS

If the transition results from a termination for any reason, the termination provisions of this Contract must govern reimbursement. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates specified in Exhibit L. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts. For any Transition Services that are not contractually obligated under any SOW, Contractor shall be reimbursed at rates mutually agreed between the parties.

2.176 STATE TRANSITION RESPONSIBILITIES

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

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

2.180 Stop Work

2.181 STOP WORK ORDERS

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. 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 2.150**.

2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER

The Contractor must resume work if the State cancels a Stop Work Order issued under this Section 2.181 or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.024** and **2.040 Financial Provisions**.

2.183 ALLOWANCE OF CONTRACTOR COSTS

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



2.190 Dispute Resolution

2.191 IN GENERAL

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

2.192 INFORMAL DISPUTE RESOLUTION

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

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

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

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

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

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

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

2.193 INJUNCTIVE RELIEF

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

2.194 CONTINUED PERFORMANCE

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150** and **Section 2.160**, as the case may be.



2.200 Federal and State Contract Requirements

2.201 NONDISCRIMINATION

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

2.202 UNFAIR LABOR PRACTICES

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

2.203 WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

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

2.210 Governing Law

2.211 GOVERNING LAW

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

2.212 COMPLIANCE WITH LAWS

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

2.213 JURISDICTION

Any dispute arising from the Contract must be resolved in the courts within 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

Contractor's total and aggregate liability to the State, for any and all claims arising out of this Agreement, whether in contract, tort or otherwise, shall be limited to an amount equal to the total charges payable to IBM by the State pursuant to this Contract for the twelve (12) months prior to the assertion of the claim, provided, however, that to the extent the claim arises during the first twenty-four (24) months of the Term, such limitation shall be five million dollars (\$5,000,000.00). The foregoing limitation of liability shall not apply to claims under Section 2.140 for infringement of United States patent, copyright, trademarks or trade secrets; to claims under Section 2.140 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 shall be limited to the value of the Contract.

Neither the Contractor nor the State shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, special damages. This limitation of liability shall not apply to Contractor's liability under Section 2.140 for 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 Contractor's liability under Section 2.140 for 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.

2.230 Disclosure Responsibilities

2.231 DISCLOSURE OF LITIGATION

Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party. Contractor intends to satisfy the requirements of this Section 2.231 through the availability of its annual report.

While it is not possible to predict the ultimate outcome of the matters discussed above, given the unique factors and circumstances involved in each matter, historically, the company has been successful in defending itself against claims and suits that have been brought against it, and payments made by the company in such claims and suits have not been material to the company. The Contractor will defend itself vigorously in all such matters and believes that if it were to incur a loss in any such matter, such loss should not have a material effect on the company's business, financial condition or results of operations.

2.232 RESERVED - CALL CENTER DISCLOSURE

2.233 BANKRUPTCY

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within thirty (30) days, or if the Contractor becomes insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, and Contractor and/or its affiliates are unable to provide reasonable assurances that Contractor and/or its affiliates can deliver the services provided herein, 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 such Works in



Process by whatever appropriate method the State may deem expedient. 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.

To secure the State's progress payments before the delivery of any services or materials required for the execution of Contractor's obligations hereunder, and any work which Contractor may subcontract in the support of the performance of its obligations hereunder, title shall vest in the State to the extent the State has made progress payments hereunder.

2.240 Performance

2.241 TIME OF PERFORMANCE

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

2.242 SERVICE LEVEL AGREEMENT (SLA)

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



- (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

Unauthorized Removal of any Key Personnel

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

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is \$15,000.00 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 \$15,000.00 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 \$15,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide 30 days of shadowing shall not exceed \$15,000.00 per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide thirty (30) days of shadowing shall not exceed \$15,000 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 for convenience any portion of the Contract so affected and the charges payable there under shall be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate for convenience the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to Contractor, except to the extent that the State shall 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.

If a disaster is declared and Business Continuity and Resiliency Services (BCRS) are provided according to the provisions of Exhibit B.2 (Disaster Recovery Services), then the excusable failure provisions of the Contract are suspended. The other provisions of the Contract remain in full force, except as expressly modified by Exhibit B.2 of the Contract. If the State chooses not to continue to utilize BCRS under Exhibit B.2 from Contractor at any time subsequent to a disaster being declared under Exhibit B.2, the excusable failure provisions of this Contract shall no longer be suspended.

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") is provided in Article 1.104. 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. 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.

2.252 RESERVED - CONTRACTOR SYSTEM TESTING

2.253 APPROVAL OF DELIVERABLES, IN GENERAL

All 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 or set forth in the applicable Statement of Work. 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 in accordance with the specifications. 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 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 reasonable 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 the Project Change Request which specified the Deliverable, 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.

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 ten (10 business days). The duration of the State Review Periods will be fifteen (15 business days) if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Written Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Written Deliverable (or at the State's election, subsequent to approval of the Written Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within five (5) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Written Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Written Deliverable to confirm that the identified deficiencies have been corrected.

2.255 RESERVED - PROCESS FOR APPROVAL OF CUSTOM SOFTWARE DELIVERABLES



2.256 FINAL ACCEPTANCE

See Section 2.253.

2.260 Ownership

2.261 OWNERSHIP OF WORK PRODUCT BY STATE

Contractor may create materials that are originally developed for and provided to the State (“Deliverables”), and may utilize or provide Preexisting Materials (as that term is defined below), during the course of performance of this Contract. The Deliverables that Contractor is to create shall be described in each Statement of Work. 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.

Contractor or its suppliers retains ownership of all rights in and to any of Contractor’s or its suppliers’ works that pre-exist or were developed outside of this Contract and any modifications or enhancements of such works that may be made under this Contract (“Preexisting Materials”). To the extent they are embedded in any Deliverables, such Preexisting Materials are licensed in accordance with their separate licenses provided to the State, if any. If there is no separate license in or to such Preexisting Materials, then Contractor hereby grants to the State a nonexclusive, worldwide, irrevocable, perpetual and paid up license to use, execute, reproduce, display, perform and distribute (internally and externally) copies of and prepare derivative works based upon the Preexisting Materials, and the right to authorize others to do any of the foregoing, but only to the extent necessary for the State to use the Deliverables for their intended purpose, and not independently of such Deliverables, and to the extent necessary to receive the benefit of the Services. (For the absence of doubt, this grant (a) does not apply to Contractor’s commercially available products, which products must be licensed in accordance with their standard commercial license terms and (b) this grant does not authorize the State to reverse engineer or to license to third parties, any of Contractor’s Preexisting Materials.) Each party agrees to reproduce the copyright notice and any other legend of ownership on any copies made under the licenses granted in this Section.

2.262 VESTING OF RIGHTS

With the sole exception of any Preexisting Materials, 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, including licenses works, software, and tools, 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/documents/PCAcceptableUsePolicy1460_1_72034_7.pdf

All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 SYSTEMS CHANGES

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

2.280 Extended Purchasing

2.281 MIDEAL (MICHIGAN DELIVERY EXTENDED AGREEMENTS LOCALLY)

Act Number 431 of the Public Acts of 1984 permits the State of Michigan, Department of Management and Budget, to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college.

2.300 Deliverables

2.301 SOFTWARE

A list of the items of software that Contractor is required to provide for execution the Contract is attached in Attachment 2. 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 that Contractor is required to provide for execution the Contract is attached in Exhibit E. 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, 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 (45) forty five days, unless otherwise mutually agreed to and specified in the Statement of Work. 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 with respect to any of Contractor's licensed Software provided to the State by Contractor under this Contract or a Statement of Work:

1. It will not knowingly insert any Unauthorized Code, as defined below;
2. It will use mutually agreed upon, up-to-date commercial virus detection software intended to detect and avoid providing any Unauthorized Code as defined below;
3. It will identify in the applicable Statement of Work any Self-Help Code or any Unauthorized Code (as defined below), that it knows is contained in the licensed Software provided to the State; and,
4. It will use commercially reasonable efforts, as part of the project management activities agreed upon by the parties, to identify any Self-Help Code, as defined below, that it knows is contained in any new releases, upgrades, enhances or fixes to any licensed Software provided to the State.

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 intended 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 Contractor 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 when used in accordance with its specifications.

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 RESERVED - CROSS-LICENSE, DELIVERABLES ONLY, LICENSE TO CONTRACTOR

2.322 CROSS-LICENSE, DELIVERABLES AND DERIVATIVE WORK, LICENSE TO CONTRACTOR

With respect to Deliverables associated with the Services, the State hereby grants to Contractor, a nonexclusive, worldwide, irrevocable, perpetual and paid up license to use, execute, reproduce, display, perform and distribute (internally and externally) copies of and prepare derivative works based upon the Deliverables, and the right to authorize others to do any of the foregoing.

2.323 LICENSE BACK TO THE STATE

See Section 2.261

2.324 LICENSE RETAINED BY CONTRACTOR

Contractor grants to the State a non-exclusive, royalty-free, site-wide, irrevocable, non-transferable license during the Term to use the Software identified as such in Attachment 2 and related documentation according to the terms and conditions of this Contract and the applicable license agreements for such Software. For the purposes of this license, "site-wide" includes any State of Michigan office regardless of its physical location.



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 back-ups of hard drive(s) for the purpose of recovery of hard drive contents.

2.325 RESERVED - PRE-EXISTING MATERIALS FOR CUSTOM SOFTWARE DELIVERABLES

2.330 RESERVED - Source Code Escrow