Form No. DTMB-3521 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

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. 071B2200036
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
3M Electronic Monitoring, Inc.	Josh Shepard	jjshepard@mmm.com
1838 Gunn Highway	TELEPHONE	CONTRACTOR #, MAIL CODE
Odessa, FL 33556	(517) 348-4471	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	MDOC	Kami Pasch	517-241-7229	paschk@michigan.gov
BUYER	DTMB	Whitnie Zuker	517-335-5306	zukerw@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION: **DTMB/MDOC Global Positioning System (GPS)**

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 20, 2011	December 31, 2012	2, one year	May 30, 2014
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
N/A	N/A	N/A	N/A

ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
☐ P-card	☐ Direct Voucher (DV)	☐ Other	☐ Yes ☒ 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
☐ No ☒ Yes	☐	☐	4 months	September 30, 2014

VALUE/COST OF CHANGE NOTICE:	ESTIMATED REVISED AGGREGATE CONTRACT VALUE:
	$15,134,280.79

Effective 6/1/2014, Contract is hereby EXTENDED four (4) months, to September 30, 2014, to cover transition assistance per Section 2.170 Transition Responsibilities of the Contract. The State may terminate this agreement at any time. The State may pay maintenance and support charges on a monthly basis. Payment of maintenance service/support of less than one month's duration shall be prorated at 1/30th of the basic monthly maintenance charges for each calendar day. All other terms, conditions, specifications, and pricing remain the same. Per vendor agreement, DTMB Procurement approval, and State Administration Board approval dated May 6, 2014.

Form No. DTMB-3521 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

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. 071B2200036

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
3M Electronic Monitoring, Inc.	Josh Shepard	jjshepard@mmm.com
1838 Gunn Highway	TELEPHONE	CONTRACTOR #, MAIL CODE
Odessa, FL 33556	(517) 348-4471	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	MDOC	Kami Pasch	517-241-7229	paschk@michigan.gov
BUYER	DTMB	Whitnie Zuker	517-335-5306	zukerw@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION: **DTMB/MDOC Global Positioning System (GPS)**

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 20, 2011	December 31, 2012	2, one year	December 31, 2012
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
N/A	N/A	N/A	N/A

ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
☐ P-card	☐ Direct Voucher (DV)	☐ Other	☐ Yes ☒ 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
☐ No ☒ Yes	☐	☐	5 months	May 30, 2014

VALUE/COST OF CHANGE NOTICE:	ESTIMATED REVISED AGGREGATE CONTRACT VALUE:
$5,000,000.00	$15,134,280.79

Effective December 17, 2013, this contract is hereby extended using five months of the last 6 months of the last option year. New contract end date is May 30, 2014. Contract is also increased by $5,000,000.00. The state may terminate at any time. The state may pay for lease and maintenance charges on a montly basis. Payment of less than one months' duration shall be prorated at 1/30th of the basic montly lease/maintenance charges for each calendar day. Please also note that the buyer has been changed to Whitnie Zuker. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, DTMB Procurement approval and the approval of the State Administrative Board on December 17, 2013.

Form No. DTMB-3521 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

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

February 14, 2013

CHANGE NOTICE NO. 2

to

CONTRACT NO. 071B2200036

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
3M Electronic Monitoring, Inc.	Steve Chapin	sdchapin@mmm.com
1838 Gunn Highway	TELEPHONE	CONTRACTOR #, MAIL CODE
Odessa, FL 33556	(813) 749-5454 ext 1224	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	MDOC	Kami Pasch	517-241-7229	paschk@michigan.gov
BUYER	DTMB	Joe Kelly	517-373-3993	Kellyj11@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION: **DTMB/MDOC Global Positioning System (GPS)**

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 20, 2011	December 31, 2012	2, one year	December 31, 2012
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A

ALTERNATE PAYMENT OPTIONS:	AVAILABLE TO MiDEAL PARTICIPANTS
☐ P-card ☐ Direct Voucher (DV) ☐ Other	☐ Yes ☒ 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
☐ No ☒ Yes	☐	☐	1 year	Dec. 31, 2013

VALUE/COST OF CHANGE NOTICE:	ESTIMATED REVISED AGGREGATE CONTRACT VALUE:
$0.00	$10,134,280.79

Effective February 13, 2013, this contract hereby exercises a contract option year. New contract end date is December 31, 2013. All other terms, conditions, pricing and specifications remain the same. Per DTMB Procurement approval.

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET **February 21, 2012**
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO.1
OF
CONTRACT NO. 071B2200036

(Replaces 071B1300206)

between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **3M Electronic Monitoring, Inc.** **1838 Gunn Highway** **Odessa, FL 33556** **Email: Sdchapin@mmm.com**	TELEPHONE Steve Chapin **(813) 749-5454 x1224** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Joe Kelly**
Contract Compliance Inspector: Kami Pasch (517) 241-7229 **DTMB/MDOC Global Positioning System (GPS)**	
CONTRACT PERIOD: 1 **yr. + 2 one-year options** From: **October 20, 2011** To: **December 31, 2012**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
ALTERNATE PAYMENT OPTIONS: ☐ P-card ☐ Direct Voucher (DV) ☐ Other	
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE (S):

Effective July, 1, 2012, this Contract is EXTENDED to December 31, 2012 and INCREASED by $3,750,000.00.

Effective January 1, 2012, the daily lease rate for all Active GPS tracking devices is reduced to $5.00 per day.

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

AUTHORITY/REASON:

Per Vendor and Agency agreement, Procurement approval and the approval of the State Administrative Board dated February 21, 2012.

INCREASE: $3,750,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: $10,134,280.79

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET **January 11, 2012**
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

NOTICE
OF
CONTRACT NO. 071B2200036
(Replaces 071B1300206)
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **3M Electronic Monitoring, Inc.** **1838 Gunn Highway** **Odessa, FL 33556** **Email: Sdchapin@mmm.com**	TELEPHONE Steve Chapin **(813) 749-5454 x1224** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Joe Kelly**
Contract Compliance Inspector: Kami Pasch (517) 241-7229 **DTMB/MDOC Global Positioning System (GPS)**	
CONTRACT PERIOD: 1 **yr. + 2 one-year options** From: **October 20, 2011** To: **June 30, 2012**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
ALTERNATE PAYMENT OPTIONS: ☐ P-card ☐ Direct Voucher (DV) ☐ Other	
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION:	

The terms and conditions of this Contract are attached.

Estimated Contract Value: $6,384,280.79

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

CONTRACT NO. 071B2200036

(Replaces 071B1300206)

between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **3M Electronic Monitoring, Inc.** **1838 Gunn Highway** **Odessa, FL 33556** **Email: Sdchapin@mmm.com**	TELEPHONE Steve Chapin **(813) 749-5454 x1224** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Joe Kelly**
Contract Compliance Inspector: Kami Pasch (517) 241-7229 **DTMB/MDOC Global Positioning System (GPS)**	
CONTRACT PERIOD: 1 **yr. + 2 one-year options** From: **October 20, 2011** To: **June 30, 2012**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
ALTERNATE PAYMENT OPTIONS: ☐ P-card ☐ Direct Voucher (DV) ☐ Other	
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION: **The terms and conditions of this Contract are those of 071B1300206. 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: $6,384,280.79**	

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

FOR THE CONTRACTOR:	**FOR THE STATE:**
3M Electronic Monitoring, Inc. Firm Name	Signature Jeff Brownlee, Chief Procurement Officer
Authorized Agent Signature	Name/Title DTMB Purchasing Operations
Authorized Agent (Print or Type)	Division
Date	Date

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET **October 19, 2011**
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO.1
TO
CONTRACT NO. 071B1300206
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **Pro Tech Monitoring, Inc.** **1838 Gunn Highway** **Odessa, Florida 33556** **Email: Schapin@ptm.com**	TELEPHONE Steve Chapin **813.749.5454 x1224** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Joe Kelly**
Contract Compliance Inspector: Kami Pasch 517-241-7229 **DTMB/MDOC Global Positioning System (GPS)**	
CONTRACT PERIOD: **1 yr. + 2 one-year options** From: **6/23/2011** To: **10/20/2011**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
ALTERNATE PAYMENT OPTIONS: ☐ P-card ☐ Direct Voucher (DV) ☐ Other	
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE(S):

Effective immediately, this contract is hereby CANCELED and REPLACED with 071B2200036, due to a change in vendor name and FEIN number.

AUTHORITY/REASON(S):

Per vendor and agency agreement and approval of DTMB Purchasing Operations.

TOTAL REVISED ESTIMATED CONTRACT VALUE: $0.00.

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET **June 22, 2011**
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

NOTICE
OF
CONTRACT NO. 071B1300206
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **Pro Tech Monitoring, Inc.** **1838 Gunn Highway** **Odessa, Florida 33556** **Email: Schapin@ptm.com**	TELEPHONE Steve Chapin **813.749.5454 x1224** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Joe Kelly**
Contract Compliance Inspector: Kami Pasch 517-241-7229 **DTMB/MDOC Global Positioning System (GPS)**	
CONTRACT PERIOD: **1 yr. + 2 one-year options** From: **6/23/2011** To: **6/30/2012**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
ALTERNATE PAYMENT OPTIONS: ☐ P-card ☐ Direct Voucher (DV) ☐ Other	
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION:	

TOTAL ESTIMATED CONTRACT VALUE: $7,500,000.00.

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

CONTRACT NO. 071B1300206
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **Pro Tech Monitoring, Inc.** **1838 Gunn Highway** **Odessa, Florida 33556** **Email: Schapin@ptm.com**	TELEPHONE Steve Chapin **813.749.5454 x1224** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Joe Kelly**
Contract Compliance Inspector: Kami Pasch 517-241-7229 **DTMB/MDOC Global Positioning System (GPS)**	
CONTRACT PERIOD: **1 yr. + 2 one-year options** From: **6/23/2011** To: **6/30/2012**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
ALTERNATE PAYMENT OPTIONS: ☐ P-card ☐ Direct Voucher (DV) ☐ Other	
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION: **The terms and conditions of this Contract are those of ITB #TDCJ 696-PD-9-0010*, this Contract Agreement and the vendor's quote dated April 7, 2009. 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: $7,500,000.00**	

***This contract is issued from the competitive bid conducted by the Texas Department of Criminal Justice.**

State of Michigan contract terms and conditions are contained here within and supersede all other terms and conditions.

FOR THE CONTRACTOR:	**FOR THE STATE:**
Pro Tech Monitoring, Inc. Firm Name	Signature Greg Faremouth, Division Director
Authorized Agent Signature	Name/Title IT Division
Authorized Agent (Print or Type)	Division
Date	Date

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

Contract No. **071B1300206**
Global Positioning System (GPS)
for the Michigan Department of Corrections (MDOC)

Buyer Name: Joe Kelly
Telephone Number: (517) 373-3993
E-Mail Address: kellyj11@michigan.gov

Table of Contents

Article 1 – Statement of Work (SOW) ***15***

1.000 Project Identification **15**
1.001 Project Request 15
1.002 Background 15

1.100 Scope of Work and Deliverables **15**
1.101 In Scope 15
1.102 Out Of Scope 16
1.103 Environment 16

1.200 Roles and Responsibilities **31**
1.201 Contractor Staff, Roles, And Responsibilities 31
1.202 State Staff, Roles, And Responsibilities 32

1.300 Project Plan **33**
1.301 Project Plan Management 33
1.302 Reports 34

1.400 Project Management **34**
1.401 Issue Management 34
1.402 Risk Management 35
1.403 Change Management 35

1.500 Acceptance **36**
1.501 Criteria 36
1.502 Final Acceptance 36

1.600 Compensation and Payment **36**
1.601 Compensation And Payment 36

1.7 Additional Terms and Conditions Specific to this SOW **37**
1.701 Additional Terms and Conditions Specific to this SOW 37
1.602 Holdback 37

Article 2, Terms and Conditions ***38***

2.000 Contract Structure and Term **38**
2.001 Contract Term 38
2.002 Options to Renew 38
2.003 Legal Effect 38
2.004 Attachments & Exhibits 38
2.005 Ordering 38
2.006 Order of Precedence 38
2.007 Headings 38
2.008 Form, Function & Utility 39
2.009 Reformation and Severability 39

2.010 Consents and Approvals **39**
2.011 No Waiver of Default 39
2.012 Survival 39

2.020 Contract Administration **39**
2.021 Issuing Office 39
2.022 Contract Compliance Inspector 39
2.023 Project Managers 40
2.024 Change Requests 40
2.025 Notices 41
2.026 Binding Commitments 42
2.027 Relationship of the Parties 42
2.028 Covenant of Good Faith 42
2.029 Assignments 42

2.030 General Provisions **42**
2.031 Media Releases 42
2.032 Contract Distribution 42
2.033 Permits 43
2.034 Website Incorporation 43

2.035 Future Bidding Preclusion 43
2.036 Freedom of Information 43
2.037 Disaster Recovery 43

2.040 Financial Provisions 43
2.041 Fixed Prices for Services/Deliverables 43
2.042 Adjustments for Reductions in Scope of Services/Deliverables 43
2.043 Services/Deliverables Covered 43
2.044 Invoicing and Payment – In General 44
2.045 Pro-ration 44
2.046 Antitrust Assignment 44
2.047 Final Payment 44
2.048 Electronic Payment Requirement 44

2.050 Taxes 45
2.051 Employment Taxes 45
2.052 Sales and Use Taxes 45

2.060 Contract Management 45
2.061 Contractor Personnel Qualifications 45
2.062 Contractor Key Personnel 45
2.063 Re-assignment of Personnel at the State's Request 46
2.064 Contractor Personnel Location 46
2.065 Contractor Identification 46
2.066 Cooperation with Third Parties 46
2.067 Contract Management Responsibilities 46
2.068 Contractor Return of State Equipment/Resources 47

2.070 Subcontracting by Contractor 47
2.071 Contractor full Responsibility 47
2.072 State Consent to delegation 47
2.073 Subcontractor bound to Contract 47
2.074 Flow Down 47
2.075 Competitive Selection 47

2.080 State Responsibilities 48
2.081 Equipment 48
2.082 Facilities 48

2.090 Security 48
2.091 Background Checks 48
2.092 Security Breach Notification 48
2.093 PCI DATA Security Requirements 48

2.100 Confidentiality 49
2.101 Confidentiality 49
2.102 Protection and Destruction of Confidential Information 49
2.103 Exclusions 50
2.104 No Implied Rights 50
2.105 Respective Obligations 50

2.110 Records and Inspections 50
2.111 Inspection of Work Performed 50
2.112 Examination of Records 50
2.113 Retention of Records 50
2.114 Audit Resolution 51
2.115 Errors 51

2.120 Warranties 51
2.121 Warranties and Representations 51
2.122 Warranty of Merchantability 52
2.123 Warranty of Fitness for a Particular Purpose 52
2.124 Warranty of Title 52
2.125 Equipment Warranty 52
2.126 Equipment to be New 53
2.127 Prohibited Products 53
2.128 Consequences for Breach 53

2.130 Insurance 53
2.131 Liability Insurance 53

2.132 Subcontractor Insurance Coverage 55
2.133 Certificates of Insurance and Other Requirements 55

2.140 Indemnification 56
2.141 General Indemnification 56
2.142 Code Indemnification 56
2.143 Employee Indemnification 56
2.144 Patent/Copyright Infringement Indemnification 56
2.145 Continuation of Indemnification Obligations 57
2.146 Indemnification Procedures 57

2.150 Termination/Cancellation 57
2.151 Notice and Right to Cure 57
2.152 Termination for Cause 58
2.153 Termination for Convenience 58
2.154 Termination for Non-Appropriation 58
2.155 Termination for Criminal Conviction 59
2.156 Termination for Approvals Rescinded 59
2.157 Rights and Obligations upon Termination 59
2.158 Reservation of Rights 59

2.160 Termination by Contractor 60
2.161 Termination by Contractor 60

2.170 Transition Responsibilities 60
2.171 Contractor Transition Responsibilities 60
2.172 Contractor Personnel Transition 60
2.173 Contractor Information Transition 60
2.174 Contractor Software Transition 60
2.175 Transition Payments 60
2.176 State Transition Responsibilities 61

2.180 Stop Work 61
2.181 Stop Work Orders 61
2.182 Cancellation or Expiration of Stop Work Order 61
2.183 Allowance of Contractor Costs 61

2.190 Dispute Resolution 61
2.191 In General 61
2.192 Informal Dispute Resolution 62
2.193 Injunctive Relief 62
2.194 Continued Performance 62

2.200 Federal and State Contract Requirements 62
2.201 Nondiscrimination 62
2.202 Unfair Labor Practices 63
2.203 Workplace Safety and Discriminatory Harassment 63
2.204 Prevailing Wage 63

2.210 Governing Law 63
2.211 Governing Law 63
2.212 Compliance with Laws 63
2.213 Jurisdiction 63

2.220 Limitation of Liability 64
2.221 Limitation of Liability 64

2.230 Disclosure Responsibilities 64
2.231 Disclosure of Litigation 64
2.232 Call Center Disclosure 65
2.233 Bankruptcy 65

2.240 Performance 65
2.241 Time of Performance 65
2.242 Service Level Agreement (SLA) 65
2.243 Liquidated Damages 66
2.244 Excusable Failure 66

2.250 Approval of Deliverables 67
2.251 Delivery of Deliverables 67

2.252 Contractor System Testing 67
2.253 Approval of Deliverables, In General 68
2.254 Process for Approval of Written Deliverables 69
2.255 Process for Approval of Custom Software Deliverables 69
2.256 Final Acceptance 70

2.260 Ownership 70
2.261 Ownership of Work Product by State 70
2.262 Vesting of Rights 70
2.263 Rights in Data 70
2.264 Ownership of Materials 70

2.270 State Standards 70
2.271 Existing Technology Standards 70
2.272 Acceptable Use Policy 71
2.273 Systems Changes 71

2.280 Extended Purchasing 71
2.281 MiDEAL (Michigan Delivery Extended Agreements Locally 71
2.282 State Employee Purchases 71

2.290 Environmental Provision 72
2.291 Environmental Provision 72

2.300 Deliverables 73
2.301 Software 73
2.302 Hardware 73

2.310 Software Warranties 73
2.311 Performance Warranty 73
2.312 No Surreptitious Code Warranty 73
2.313 Calendar Warranty 74
2.314 Third-party Software Warranty 74
2.315 Physical Media Warranty 74

2.320 Software Licensing 74
2.321 Cross-License, Deliverables Only, License to Contractor 74
2.322 Cross-License, Deliverables and Derivative Work, License to Contractor 75
2.323 License Back to the State 75
2.324 License Retained by Contractor 75
2.325 Pre-existing Materials for Custom Software Deliverables 75

2.330 Source Code Escrow 75
2.331 Definition 75
2.332 Delivery of Source Code into Escrow 76
2.333 Delivery of New Source Code into Escrow 76
2.334 Verification 76
2.335 Escrow Fees 76
2.336 Release Events 76
2.337 Release Event Procedures 76
2.338 License 76
2.339 Derivative Works 76

2.40 Federal Grant Requirements 76
2.401 Federal Grant Requirements 76

***Glossary* 77**

***Article 1, Attachment A* 79**

***Article 1, Attachment B* 80**

***Article 1, Attachment C* 81**

***Article 1, Attachment D* 82**

Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 PROJECT REQUEST

The State of Michigan (State), through the Michigan Department of Technology, Management and Budget (DTMB) have issued this contract for a Global Positioning System based monitoring system, to track the movement of selected middle to high-risk offenders for the State of Michigan, Department of Corrections (MDOC). This contract allows MDOC to lease GPS units to track sex offenders, stalkers, armed robbers, and other offenders who are residing in the community on parole and probation. This contract will include the lease of the tracking device equipment and the maintenance. The system is to be a 24-hr, 7-day per week GPS system. The contractor will maintain the system and provide Training and Help Desk support to MDOC when needed. MDOC will monitor the GPS system themselves, unless problems are encountered.

This contract was established through a competitive bid solicitation conducted by the Texas Department of Criminal Justice in April of 2009. State of Michigan contract terms and conditions are contained here within and supersede all other terms and conditions.

1.002 BACKGROUND

Since 2000, MDOC has conducted three pilots involving GPS monitoring. The first two projects were primarily geared to determine if the technology had the reliability to be used in monitoring offenders and active systems were used. While the information generated by the systems was determined to be generally reliable, major problems were identified that militated against moving forward with implementation at that time. These included lack of reliable cellular coverage throughout the State, and questions about the cost effectiveness of this alternative. The piloted systems generated a large volume of information that made it difficult for an agent to monitor a sufficient number of offenders to make the system cost effective.

A third pilot was completed this year using passive GPS technology and proved successful enough to warrant proceeding to bid at this time. The intent is to target middle to high-risk offenders convicted of sex offenses and burglary-type crimes. The MDOC maintains a 24/7/365 electronic monitoring center (EMC) that will receive and process alerts.

The State defines an active GPS tracking device as consisting of a GPS receiver, processor, memory and a wireless transceiver capable of receiving and storing inclusion zones and exclusion zones. The device collects all offender movement and reports collected points at preset intervals (typically 1 per minute when not in violation), unless it detects a violation. Violations are reported to the Contractor's central information system collecting the data and trigger an increase in the rate the device collects the information.

MDOC will install the devices and equipment for offenders to be monitored, including installation at the offender's residence, and provide orientation to the offender on the device(s) and their operation. MDOC will also ensure that equipment is retrieved.

The State does not guarantee a minimum or maximum number of offenders to be assigned to this system. Information provided herein is intended solely to assist Contractors in the preparation of proposals. To the best of the MDOC's and DTMB's knowledge, the information provided is accurate. However, the State does not warrant such accuracy, and any variations subsequently determined will not be construed as a basis for invalidating the contract.

1.100 Scope of Work and Deliverables

1.101 IN SCOPE

The Contractor will provide the following components and services for the GPS system:

1. A real-time hosting environment that allows 24/7/365 real-time web-based access to offender data. A monitoring system in the Contractor's hosting environment to:
    a. Receive, record and store data from all active and passive GPS tracking devices.
    b. Notify the State of identified events, including, but not limited to:
        i. When the transmitter was out of range of the tracking device and when it returned.
        ii. When the device enters and leaves an exclusion or inclusion zone.
        iii. When the unit is in motion without GPS signal.
        iv. When the unit has GPS and when it cannot acquire GPS signal.
        v. Equipment malfunctions (all installed components).
        vi. Tampering with equipment (all installed components).
        vii. Power degradation (electrical loss or reserve backup power low).
        viii. When telephone service has been lost or telephone contact missed.
    c. Record and store information obtained at a central location
    d. Allow authorized State users secure Internet access to do enrollments, deletions, inventory control, and alert processing; set up the location parameters and schedules, and view, print, or download offender monitoring data.
    e. Allow for interface to a crime scene correlation system for data exchange, or provide a related crime scene correlation system.
    f. Provide the MDOC with a means to access all of its data via a report writing program and/or the ability to request ad hoc reports from the Contractor in a timely manner.

2. Delivery of up to 4,000 active GPS monitoring devices.
3. Training for both the hardware and software
4. Documentation, including all training materials, product bulletins/updates, and other materials as MDOC deems necessary.
5. 24-hour help desk support for MDOC staff.
6. Maintenance
7. The bidder should describe a product roadmap of future functionality, and specifically whether there is intent to tie GPS monitoring into a "crime scene correlation program".
8. The intent is that the viewer is seeing the latest information the system has received. Access should be full access for which users are authorized.

- The Contractor is responsible to provide the functionality required.
- GPS monitoring coverage must include the entire State of Michigan.
- The contractor will work out of their facility.
- The State will not provide workspace for the contractor except in the event required for services under the contract.

1.102 OUT OF SCOPE

Application design, development, installation and software maintenance; case management services; security administration within State's LAN/WAN networks and desktop support are out of the scope of this Contract.

1.103 ENVIRONMENT

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

Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this contract must comply with all applicable State IT policies and standards. Contractor is required to review all applicable links provided below and state compliance in their response.

Enterprise IT Policies, Standards and Procedures:
http://www.michigan.gov/dmb/0,1607,7-150-56355---,00.html

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

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

Enterprise IT Security Policy and Procedures:
http://www.michigan.gov/dmb/0,1607,7-150-56355-107739--,00.html

The State's security environment includes:
MTD OR XTMB Single Login.
MTD OR XTMB provided SQL security database.
Secured Socket Layers.
SecureID (State Security Standard for external network access and high risk Web systems)

IT Strategic Plan:
http://www.michigan.gov/dmb/0,1607,7-150-56355---,00.html

IT eMichigan Web Development Standard Tools:
http://www.michigan.gov/documents/Look_and_Feel_Standards_2006_v3_166408_7.pdf

The State Unified Information Technology Environment (SUITE):
Includes standards for project management, systems engineering, and associated forms and templates – must be followed: http://michigan.gov/suite

Michigan Department of Corrections (MDOC) Specific Technical Environment
The following detailed information describes the State's operating environment, as it relates to the services requested in this Contract:

Hardware/Network Environment
- Wide Area Network (WAN) Environment
- File and Print Servers have Microsoft Operating System
- Desktops utilize the Microsoft Windows XP Operating Systems with Service Pack 3 installed
- MDOC has a managed desktop – applications are packaged and pushed to the desktops via Microsoft SMSS software.

Offender Management Network Information (OMNI) System
- Database is Sybase 15.03residing on a SUN E25K hardware platform using SUN Solaris operating system version 10.
  OMNI application is developed in PowerBuilder 9.0.1

The MDOC currently has a client-server environment with locally hosted applications on UNIX servers. The MDOC has approximately 60 prison facilities or probation/parole Offices connected to the Lansing Metropolitan Network (LMAN) operating on T1 lines. The minimum desktop has a Pentium 4 processor with at least 512MB RAM running Windows XP.

The Department uses the Microsoft Office 2003 Professional suite for word processing and office applications. In addition, the Department uses Adobe Acrobat 9.0 for creating and reviewing .PDF documents. The Department has implemented a managed desktop environment where users do not have administrative rights to the desktop. There is a limited development, production and testing environment available.

Oracle and MS SQL are the state standards and the contractor's product must run in one of these environments.

The State's data should be on its own server (for security reasons) and the server should be a high availability clustered server with automatic failover. The contractor should also be providing the MDOC with a fully functioning Disaster Recovery solution for the service as well that is tested at least once a year. The contractor shall provide their solution to DTMB for review of the contractor's hosting solution. If the state feels that the infrastructure solution does not support the required environment then the state has as its option to request the Contractor bring the environment up to state standards at no cost to the state.

Access to the server should be controlled, managed, and auditable.

1.104 Work And Deliverable (See Attachment C for Deliverables Chart)
A. Agency-Specific Technical Requirements

1. **Hardware Requirements**
   a. All equipment components and systems shall have Federal Communications Commission (FCC) certification.
   b. The system must have the capability of communicating with the U.S. Government Global Positioning System (GPS).
   c. The system, at a minimum, shall be capable of electronically monitoring/tracking an offender's movements and be able to geographically identify their location.
   d. An active monitoring/tracking base system shall be a continuous signaling, radio frequency-based transmitter, GPS portable tracking device and base station, capable of reporting in near real time the continuous location of offenders. All system components must be interchangeable with all other system components.
   e. The monitoring equipment that the Contractor proposes shall be of the latest technology available from the manufacturer of the equipment.
   f. The monitoring equipment shall use standard telephone lines, wireless, cellular, or similar means to communicate between the individual base stations and the monitoring center. Must include plans for or ability to interact with a completely digital telephone network.

      The TRACKING DEVICE communicates with the Surveillance Data Center via the GSM/GPRS wireless network and is also capable of communicating via an optional line when docked in the base unit. The landline is useful in areas where the GSM/GPRS signal is weak or not available indoors. When in the passive mode, the TRACKING DEVICE communicates exclusively through a line when docked in the base station. The base station will also communicate status with the data center when the unit is not docked (e.g., curfew violation).

   g. The Contractor's equipment shall be upgradeable and the State shall receive from the Contractor all new revisions, as they become available, at no cost to the State of Michigan.
   h. The monitoring unit (Portable GPS Tracking Unit) must receive radio-frequency signals from an offender's-worn transmitter, and transmit the data to a central monitoring system/facility operated by the Contractor, or directly to the State, 24 hours per day.
   i. Near real time is defined as real event time plus programmed delays, depending on the event. Tracking points shall be collected at a rate of at least one point every 1 minute, with the exception of once every fifteen seconds when in alert status.

2. System Requirements

a) The Contractor shall provide minimum software, hardware and system requirements necessary for any State information technology resource that will interface with the operation of the Contractor's system.

The software interface will function on any Internet capable PC with Windows® 98 or new operating system. There are no restrictions to how many users may access the system.

b) The response time of the complete system must be acceptable to the State.

The Client Enrollment Software (PCE OR SMART VIEW) doesn't rely upon third party servers for mapping and other functions and because of our extensive redundancy precautions, the agency is assure of near 100 percent availability.

c) The system must be capable of performing Data Integrity as part of normal maintenance and after restoration of data files.

All data on the contractor's system is encoded and verified with 32 bit CRC.

d) The system must allow on-site administrator access for configuration of the system.

The on-site administrator has full administrator rights to the system and is assisted by the contractor's 24/7 call center and support personnel.

e) The system must allow the administrator to support the system remotely via VPN access.

The administrator has full system support capability through the Internet using PCE OR SMART VIEW interface software and SSL technology.

f) Critical User Support – Experienced technical support with a toll free number 24/7, with a guaranteed callback response of less than one hour. Critical User Support would be considered anything that prevents the monitoring of offenders, such as the application going down. If the problem is outside of the contractor's control, such as a local power outage, the State network having a problem, etc., this would not apply.

The system automatically monitors the 'health' of all of servers and associated equipment, communication lines, data lines and wireless communication connectivity. The contractor will notify its customers by email and voice communication immediately when we are aware of any type of outage that would impact availability, even if it is beyond our control. In addition, the contractor will provide notification to agencies when we perform a precautionary switchover to our backup facility or system maintenance even though it does not impact performance.

g) Non-Critical User Support – Email support with a guaranteed four-hour acknowledgement of receipt of issue with an appropriate timeframe for resolution. Non – critical User Support would be considered anything that would still allow the monitoring of offenders, such as reports not printing or running.

h) The system must allow 8X5XNBD (normal business day) user and administrative access and use to meet the requirements set by regulating agencies and/or institutions.

The contractor will provide a system that is a 24/7/365 solution.

i) All upgrades, releases, and fixes need to be fully tested at the contractor site with a comparable system

j) The contractor will provide support for upgrades, releases, etc to ensure an operational production environment.

k) The contractor must provide the number of releases scheduled per year.

Agencies are provided a minimum of two weeks notice for all scheduled releases using product bulletins displayed during the login procedure of PCE OR SMART VIEW.

l) The contractor must provide the date of the next major release and provide the cost to configure a major release based on historical data.
m) All scheduled releases must be delivered to the State within three months of the scheduled release date.

n) The system must have the ability to handle "surge capacity" in times of emergency and crisis, without the shutdown of the system and/or limitation of users due to license usage, etc. (temporary addition of licenses, etc to be billed later)

There are no license restrictions for the software or limits to the number of users. The system is sized to handle nearly 20 times the current number of users without performance degradation.

o) The system must have a means of "journaling" to insure that data is not lost from the time of the last backup to the time the system failure occurred.
p) The system must meet all the interfacing specifications set by HIPPA regulations, standards, guidelines and grants.
q) The system must keep a complete audit trail of all entries and edits within the system. This includes but is not limited to; reports, tests, database items, etc.
r) The system must be fully compliant with HIPPA regulations, standards, requirements, guidelines and grants, as well as comply with all Federal and State government, laws, regulations, requirements, guidelines and grants.
s) The system must be accessible via an Application Programming Interface (API) or similar method to a Customer Relationship Management (CRM) System.

3. Reporting Requirements

a. The Contractor will provide an inventory and description of all standard reports.
b. The Contractor will describe:
   i. Report writers and query tools available with the software
   ii. The use of third party report writers and query tools
   iii. The user-friendly features of the ad hoc reporting software

      The Web Reports function is accessible either through a direct link from PCE OR SMART VIEW 4.0, or any officers with access privileges to PCE OR SMART VIEW may log in from any computer connected to the world-wide-web and type in the URL (provided to officers during training) to access the reports generator. This enables supervisors who do not use PCE OR SMART VIEW on a daily basis to access statistical data and custom queries regarding caseloads from any Internet connected computer.

      All reports have the capability of being queried, sorted or filtered by any field contained in the report or by data parameters as applicable and reports shall be readable on screen.

   iv. Methods for retaining and modifying previously built queries
   v. Security and control mechanisms that limit the abuse of ad hoc queries (e.g., attempted access to restricted data, attempted execution of a query that would run for several hours, etc.)
   vi. Specification of output devices
   vii. The use of transaction databases, external files, or a "data warehouse" for ad-hoc reporting

B. Business and Functional Requirements

4. Equipment * Contractor will deliver:

a. Up to 4,000 active GPS monitoring devices that will consist of an ankle worn transmitting device, a portable GPS tracking device, and a charging stand that communicates with a host computer via land-based telephone lines.

The proposed SMART System is capable of three levels of monitoring: RF Monitoring, Passive GPS and Active GPS Tracking; all with a Single Set of Hardware.

The SMART* System provides three levels of monitoring capability: active and passive tracking and RF monitoring capability. With the SMART® system, the agency will be able to select the level of service desired with a single set of hardware.

The TRACKING DEVICE is easily carried on the offender's belt or in a protective pack. Tracking data is downloaded via wireless modem (active mode) or a standard phone line (active and passive modes) to the data center when the TRACKING DEVICE is returned to the base unit (usually at the set curfew time). The TRACKING DEVICE's default download interval is once per hour (active); and immediately upon violation and every five minutes when in violation status. The agency can also send a request to the unit at any time and have it download on demand. Further, the base unit "calls" the Data Center at random intervals a minimum of four times per day to report status and to ensure the equipment is in working order and has not been tampered with. The base unit also calls immediately upon a docked violation or curfew violation.

The base unit is equipped with tamper detection capability and reports all power interruptions and phone line disconnect events. It is equipped with a 24 hour back up battery to insure operability during power interruption. No data is lost in the event of prolonged power interruption. When in the RF mode, the base unit records all enters and leaves and provides immediate notification of curfew violations and tampers.

The TRACKING DEVICE tracks and monitors offender compliance autonomously, storing and processing all rules and violations without the aid of the central data computer. This provides the unit with the capability of alerting the offender (if desired) of all rule violations immediately. This immediate feedback of violation information serves to modify offender behavior and provides a constant reminder that they are being tracked. The TRACKING DEVICE is capable of storing up to 99 rules and exclusion/inclusion zones and will also store approximately five (5) days of tracking points between each download, an important feature in areas with poor wireless coverage or when in the passive mode. In active mode, the TRACKING DEVICE initiates a call to report a violation and download all tracking data immediately upon violation. Our data center will process the violation information immediately and send out the appropriate alarms within 30 seconds.

The TRACKING DEVICE has excellent tracking characteristics and will acquire GPS typically within 8 seconds on a “hot start” and 38 seconds on a “cold start.” The device will collect location points at a rate of one time per minute when the offender is in compliance and once per fifteen seconds when the offender is in violation status. The tracking accuracy of the TRACKING DEVICE has been demonstrated to be better than plus or minus 6 meters 95% of the time, and accurate to within 30 meters 5% of the time.

The battery provides the TRACKING DEVICE with a minimum of 36 hours of battery life measured under normal use on a 4 to 6 hour charge and depending on the age of the battery. Batteries have a typical life of 2 years, depending on utilization.

The batteries in the TRACKING DEVICE are not field replaceable, because it has been our experience that after 1-2 years of use, the tracking device is so banged up and dirty that the plastic case needs to be refurbished. Batteries are replaced routinely when units are returned for any reason and units are never shipped with batteries that are more than 8 months old.

The MTD and base unit are re-programmable while in the field. If modifications are required or desired to the software, the new code is sent to the devices via wireless modem or the phone line thus avoiding equipment recalls.

The XT device will provide unlimited two way communication between the MDOC call center and the offender at no charge to the State of Michigan.

A one piece WMTD tracking device will also be made available to the State of Michigan. The WMTD will have three levels of monitoring capability – Active, Passive, and Hybrid. Active monitoring will report alerts in near real-time. Passive monitoring will report alerts at a designated time. Hybrid monitoring will report up to two alerts in near real time and all other alerts at a designated time.

c. The Contractor shall provide all necessary tools to install, adjust, and remove the monitoring unit and the transmitter from the offender.

No specialized tools are required, however we do provide a small screwdriver and scissors for your convenience as part of our kitting. Hardware Requirements (Passive Unit) all system components must be interchangeable with all other system components.

5. **Hardware and Software Requirements**

a. The Contractor must provide 24/7 web-based access to Contractor’s host computer system for MDOC staff, with the ability to do enrollments, deletions, inventory control, schedules, and alert processing.

The software can be installed and operated on any Windows XP equipped PC or laptop via modem or direct network connection. All software is compatible with Internet Explorer 8.0. All software required for the agency interface will be provided at no cost. Upgrades and changes to the software are performed automatically “over-the-air” during the login procedure. No manual download or re-installation is required. PCE OR SMART VIEW provides access via secure Internet connection to all agency tracking information stored in the Contractor’s Surveillance Data Center as well as available inventory. PCE OR SMART VIEW is designed to support PC access via a wireless modem.

b. The Contractor shall notify MDOC at least one month in advance of making any planned product changes

c. Hardware Requirements **(Passive Unit)** all system components must be interchangeable with all other system components.

i. Transmitter Requirements:
   1. The transmitter must be an ankle-worn device, weighing 6 ounces or less, that allows for adjustable sizing to fit securely to individual offenders and shall be provided at no cost to the State of Michigan.
   2. Transmitter straps shall be either adjustable to fit any size offender, or varying-sized straps shall be provided as an alternative. The strap shall be made of hypoallergenic materials and not made of any metal or steel that may cause injury.
   3. The signal transmission must be encrypted and uniquely identify the transmitter, its battery status, and current tamper status.
   4. It must be able to detect and report when the device has been cut, tampered, or removed.
   5. The transmitter shall be shock resistant, water and moisture proof, and function reliably under normal atmospheric and environmental conditions.
      a. It must be waterproof to a depth of 10 feet.

ii. The battery must have a minimum one-year in use life or be field replaceable at no additional cost to the State.

iii. The transmitter shall send an alert message indicating when the battery has less than 5 days of battery life left.

iv. The transmitter shall have a range of not more than 25 feet from the tracking unit and not more than 150 feet from the charging stand. Preference will be given to systems where this range is programmable.

The field replaceable transmitter is 2.0” tall, 1.9” wide, .9” thick, weighs 2.5 oz and is intended to provide up to 12 months of operational service prior-to battery depletion. The ankle transmitter has a one-year Lithium Ion battery with a two-year shelf life. The bracelet periodically transmits the battery life status to the SMART® Tracking Device where it is made available to the officer. Low battery alerts on the transmitter occur 72 hours before the battery expires. In addition to the transmittal of a battery low status, the device provides information about the remaining life of the battery to assist the officer in planning for replacements. Other bracelets may advertise a longer battery life, but our experience has shown that most bracelets remain on an offender for approximately six months and after a year of use, the bracelets and straps are so dirty that they are most often replaced anyway.

ii. Charging Stand Requirements:
   1. The charging stand must connect via landline telephone service, to the host computer.
   2. It must detect the presence or absence of the tracking device and report any change in that status, including the time of the change.
   3. The charging stand must report when there is a loss of power.
   4. Unit must report to the host computer on a regular basis that is still functioning.

iii. Tracking Device (both active and passive) Requirements:
   1. Tracking device will be a belt-worn device weighing no more than 1 lb. that collects GPS points while not in the charging stand.
   2. The tracking device shall be tamper resistant.
   3. The tracking device shall acquire GPS within two (2) minutes or less when placed in an outdoor environment with a 360 degree view in the horizontal plane and 180 degree view of the sky from horizon to zenith in the vertical plane.
   4. The tracking device shall be configurable by the State using laptop or desktop computer equipped with a secure internet connection.
   5. The tracking device shall encrypt all data communications.

All communications to and from Contractor is securely encrypted over the Internet using Secure Socket Layers (SSL). SSL is the de-facto standard for protecting sensitive data. We use the 128-bit version of SSL encryption.

6. Points will be collected at a minimum of 1 point every 1 minute while the unit is in motion.

   Points are recorded once every minute with the unit is in motion and once every 15 seconds when the unit is in motion during a violation (alert status).

7. When in alert status, points will be collected at a rate of at least 1 per 15 seconds.

   Points are recorded once every minute with the unit is in motion and once every 15 seconds when the unit is in motion during a violation (alert status).

8. All points must be date and time stamped.

   All points are stamped with date, time, speed, and heading

9. The XT device will provide unlimited two way communication between the MDOC call center and the offender at no charge to the State of Michigan.

v. The tracking device shall have a battery life of at least 16 hours and be able to fully recharge in the charging stand in less than 8 hours.

   The TRACKING DEVICE has a minimum of 24-hour battery life on a 6-hour daily charge.

vi. The tracking device must be capable of storing at least 5 days worth of data.

vii. The tracking device shall not lose any data if the battery is depleted.

   The TRACKING DEVICE has non-volatile memory and does not lose any data when the battery is depleted

viii. The tracking device must report to the monitoring center:
   a. When the transmitter was out of range of the tracking device and when it returned.
   b. When the device enters and leaves an exclusion or inclusion zone.
   c. When the unit is in motion without GPS signal.
   d. When the unit has GPS and when it cannot acquire GPS signal.
   e. All power losses, shutdowns, and battery condition.

d. Software Requirements
   i. All Contractor-provided software must be compatible with the State's computer system and the Contractor at the Contractor's expense must accommodate any upgrade to the State's system.
   ii. Allow for integration with a crime scene correlation program or provide a related crime scene correlation system, or CRM system.
   iii. Monitoring software must be capable of interfacing with MDOC's identified Sybase database to allow exchange of offender data.
   iv. The Contractor's software must be capable of sending notifications to field staff and/or the MDOC monitoring center via fax, e-mail, or page. The monitoring center must have the capability to set notifications to none or all of the options.

v. The software must allow for a hierarchical structure of permissions that will include:
   1. System administrator /Organization– full control of all settings for alerts, rules, and user permissions.
   2. Monitoring Center staff – Able to view and edit all records.
   3. Inventory Specialist – Able to move equipment among agencies and log equipment status changes.
   4. Agency – Able to log in to a specific agent's cases or be able to view all cases within the agency with the ability to make changes as necessary. System must record who makes changes to a case and the date and time of the change.
   5. Agent – Allows for individual agent case set ups and special procedures and notes. Agents must be able to access database and do their own enrollments, deletions, schedules, and offender tracking.
   6. Offender – Must allow for unique procedures and case notes.

vi. Alerts:
   1. Software must have a component that allows for the listing of open alert messages of all offenders that the user is permitted to see.
   2. The software must allow the user to open an alert and document any steps taken to resolve the alert.
   3. The system shall date and time stamp all such entries and indicate the user who entered the data.
   4. The user must be able to delay further action on the alert and be able to set a time for that alert to reappear for further action. Users must be able to resole the alert.

vii. The software must have programmable settings for all rules/alert messages. It must allow for default rule settings to be established that would apply at the organization level and would allow changes to the default settings at the agent level or higher.

viii. Allow for an interface with a crime scene correlation application.

ix. Software must be capable of alerting on all of the following conditions:
   1. Bracelet Gone – transmitter has gone out of range of the tracking device or charging stand.
   2. Charging Stand Violation – Tracking unit is not in the charging stand at the specified time or is removed from the stand prior to a designated time.
   3. Inclusion Zone Violation – Tracking unit is not within the inclusion zone when expected.
   4. Exclusion Zone Violation – Tracking unit is detected inside an area where it is not permitted.
   5. Bracelet Low Battery – Alerts 5 days prior to transmitter battery going dead.
   6. Bracelet Tamper – Reports any attempts to remove the bracelet.
   7. Tracking Device Tamper – Reports if the tracking device has been compromised.
   8. Power Loss to Charging Stand.
   9. Telephone disconnect.

x. Software must allow for equipment to be assigned to any agency within the organization.

e. Hardware Requirements (Active System)

i. In addition to the above requirements, the active units must have a means to send a message to the offender.

ii. The active units must allow for on demand downloads of tracking points.

iii. PTM shall provide the State of Michigan with a spare ratio of 30% over the number of offenders currently being monitored.

f. Servers/Computer system & Support

i. Contractor's host computer must be located in a secure facility where access to the facility and all records are restricted to authorized individuals.

ii. The Contractor's host computer must allow 24/7/365 real-time web-based access to offender data as soon as the data is called into or collected by the system.

This internal firewall is an ICSA and EAL-4 certified application level proxy firewall.

iii. Contractor must provide a monitoring system in Contractor's hosting environment to:
   a. Receive, record and store data from all active and passive GPS tracking devices.
   b. Notify the State of identified events, including, but not limited to:
      1. When the transmitter was out of range of the tracking device and when it returned.
      2. When the device enters and leaves an exclusion or inclusion zone.
      3. When the unit is in motion without GPS signal.
      4. When the unit has GPS and when it cannot acquire GPS signal.
      5. Equipment malfunctions (all installed components).
      6. Tampering with equipment (all installed components).
      7. Power degradation (electrical loss or reserve backup power low).
      8. When telephone service has been lost or telephone contact missed.
   c. Record and store information obtained at a central location
   d. Allow authorized State users secure Internet access to do enrollments, deletions, inventory control, and alert processing; set up the location parameters and schedules, and view, print, or download offender monitoring data.
   e. Allow for interface with a crime scene correlation system for data exchange.
   f. Provide the MDOC with a means to access all of its data via a report writing program and/or the ability to request ad hoc reports from the Contractor in a timely manner.

iv. The Contractor shall provide a Web/Browser-based software platform, accessible 24/7/365 without the need to load any proprietary software onto State systems.

v. The remotely accessible system shall have a security infrastructure sufficient to prevent unauthorized users from gaining access to offenders' data.

vi. The system will have an appropriate security monitoring system at multiple levels (e.g., firewall; database).

vii. The security system shall provide information on attempted intrusions and other relevant or useful information that can be reported for further investigation.

viii. Contractor must be able to demonstrate a workable disaster recovery plan in the event of a loss of power or telephone connectivity or failure of the primary server.

6. **Reports** – the following reporting capabilities are required:
   a. Daily summary – a summary of active offenders on an agent's caseload and their activity from the previous day.
   b. Inventory – listing by agency of all equipment assigned to the agency, including:
      1. Current status,
         i. In transit to MDOC from the Contractor
         ii. At contractor's facility
      2. Date of last change, and
      3. Last offender assigned that equipment.
   c. Alert processing report including:
      1. All system messages date and time stamped, and
      2. Any notes regarding actions taken by MDOC staff.
      3. Staff must be identifiable.
   d. A report writing package to allow MDOC staff to create their own reports or a process allowing for ad hoc reports to be requested from the Contractor.
   e. The system must be capable of reporting the following violations:
      1. Geographic Violations
         i. Exclusion Zone: The offender has violated an out of bounds rule and has traveled into a geographic area that is considered off limits.
         ii. Inclusion Zone: The offender has violated a schedule set forth requiring them to be within a certain geographic area. Examples of an inclusion rule would be; home, work, school or treatment.

2. Hardware Violations
   i. Receiver Tamper: Receiver has been compromised in some way.
   ii. Receiver Battery: The receiver battery is low and needs to be placed in a charging stand.
   iii. Bracelet Battery: The bracelet is dying; the bracelet needs to be changed out within 24 hours of violation notification.
   iv. Bracelet Strap: The bracelet strap has been severed or the strap has been removed from the bracelet case.
   v. Motion, No GPS: Receiver has accumulated 10 minutes of motion but has lost GPS so the position of the receiver is unknown.
   vi. Bracelet Gone: Offender has exceeded the radio frequency tether range of the receiver.
   vii. Not in Charger: The "In Charger" rule has been violated. The receiver has been removed from the charger while the rule was in force or the receiver was not placed into the charger within 7 minutes of entering an in-bound zone with an associated "In Charger" rule in force.
   viii. Unable to Connect: The receiver has not called in to the central system at its scheduled interval.

f. Monthly Billing Report – run a monthly report indicating the names of each offender on the system from a given agency. The report must indicate each offender's starting date and their ending date and calculate the cost for that offender, for the month, and calculate a total bill for that agency.

7. Training

a. The Contractor will provide training for identified staff for both the hardware and software.
   i. Training shall be conducted for all EMC staff.
   ii. Additional training sessions will be conducted, at the MDOC*s request, for field staff. Training will be in each of Field Operation Administration, (FOA), Regions, Detroit, Flint, and Grand Rapids. It will give agents the basics in how the equipment works, is installed, removed, and how to navigate and use the software.
b. The Contractor will provide system administration (user management, inventory control, etc.) training, and use of any ad hoc report writing software. System administrator training should occur first, and a short time before the training of EMC staff.
c. The Contractor will provide training on upgrades and modifications of the system that affect its use at no additional cost.
d. The Contractor shall provide written instructions to the State on how to install/affix tracking units to offenders and how to service the units.
e. The Contractor will provide all training manuals, training plans and other documentation to the State. Training manuals must include instruction on application usage, equipment installation, and functioning, and a troubleshooting section to assist in resolving problems.
   i. MDOC may reproduce and distribute all training materials provided.

The contractor will provide onsite training to all agency designated personnel as required by the agency. Training will include the operational use of the SMART® Active, Passive, Hybrid and/or RF System and the use of all associated equipment and services. We will work in cooperation with the agency in scheduling training sessions by request to satisfy the needs of the agency. The contractor will supply all materials and equipment for training, with the above-mentioned equipment to be used by agency personnel. The agency shall be granted unlimited copying rights for internal use of the contractors documents and additional training manuals will be provided upon request. Training manuals are also available to the agency in electronic format at no cost.

8. Documentation

a. The Contractor will provide documentation of upgrades/modifications that affect system or device use.

b. The Contractor will provide documentation updates for all appropriate manuals on a regular basis as additional capabilities, enhancements, or improvements are made to the system.
c. The Contractor will give permission to the MDOC to reproduce and distribute all training materials, product bulletins, and other materials, as MDOC deems necessary.

9. **Archived Data**
   a. Contractor must archive offender movement data and be able to provide such data upon request to the MDOC for a period of five (5) years from the date offender was terminated from Global Positioning Tracking Services whether or not the contract is in effect at the time the request is made.
   b. The Contractor shall be able to provide reports of elapsed time intervals of violations and alerts accessible in form and substance for use as physical evidence for prosecution. The report would be available at all times and would allow DOC to request the time frame to look at the report. The minimum requirement would be monthly.
   c. The Contractor shall provide affidavit and/or expert witness testimony in court proceedings and/or parole revocation hearings, as needed, for violations based on GPS data at no additional cost.

      The contractor routinely provides expert witness testimony for cases all over the country and we will make appropriate personnel available upon request.

10. **Maintenance and Support**
   a. The Contractor will provide 24/7/365 held desk support to address any problems with both the computer systems and field equipment.
   b. The Contractor shall maintain an inventory of spare equipment accessible to the State in case of equipment failure.
   c. The Contractor shall maintain the equipment and spares in good operating condition and arrange for prompt repair or replacement.
      i. The Contractor shall be responsible for all replacement and shipping costs.
      ii. Hardware Repairs must take place within thirty (30) business days.
   d. The Contractor shall supply sufficient non-durable, consumable items, e.g., spare straps and all other necessary parts for attaching and maintaining equipment, to allow timely installation and the servicing of onsite inventory. Where there is a cost for these items that must be shown on a price list.
   e. The Contractor's maintenance program will commence at the end of the warranty period.
   f. All maintenance will be performed by qualified personnel.
   g. The Contractor will provide sufficient maintenance resources to meet contract service levels. (See Attachment D – Service Level Agreement)
   h. The Contractor will provide for escalation of maintenance issues to ensure critical issues are resolved.
   i. The Contractor will provide Help Desk hours and a process for prioritizing requests for assistance.
   j. The Contractor shall notify the State of any material errors or defects in the deliverables known, or made known, to the Contractor from any source during the Contract term.
      i. The Contractor shall initiate actions, as may be commercially necessary or proper to effect corrections of any such errors or defects.

D. Services

1. Within five (5) working days of the award of the Contract, the Contractor will meet with MDOC/DTMB to develop an agreed upon project plan of tasks and schedule, which may include:
   a. The Contractor's project organizational structure; including how to contact the contractor to report problems and issues (for example, a centralized help desk or a toll free phone number).
   b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
d. The time-phased plan, showing each event, task, and decision point in your work plan, such as:
    i. Customization requirements, if any
    ii. Integration needed with other State systems
    iii. Data to be captured
    iv. Establishment of goals and objectives for implementation
    v. Delivery
    vi. Training
    vii. Identifying designated trainers and acceptance testers
    viii. Any additional issues
    ix. Specification of configuration and communication paths
    x. Definition of any modifications or coding required
    xi. Development of reports
    xii. Develop Training plan
    xiii. Testing
    xiv. User and technical training sessions
    xv. Implementation
    xvi. Support
e. The Contractor agrees that the approved project plan shall become incorporated as part of the Contract and Scope of Services.

<u>Within five days of Contract Signing</u>
Meet with Leadership and GPS Project Manager to introduce the contractor's Project Team (orientation meeting), review draft project plan, review staffing experience, review training plan and preliminary training schedule, establish delivery schedule, identify preliminary issues and concerns and provide detailed briefing and/or demo on technology. At this meeting we will also review all training manuals and materials to be used in the training classes and identify any areas where system customization may be required.

i. The project plan will serve as the State's measurement tool, outlining all tasks, their delivery dates, together with testing periods and implementation dates.

2. Testing – The Contractor will test the system to ensure that the requirements are satisfied.
    a. The Contractor will correct all test errors, implement corrections, and re-execute tests in their entirety.
    b. The Contractor will request the State's project manager approval of the content and completeness of the test scripts.
    c. The Contractor will accept all errors and is responsible to correct and request a re-test until the State is satisfied with the results.
    d. During testing, the State and the Contractor will work together to measure response time.
3. Acceptance – The State is responsible for acceptance of the devices and system using a two-phased, Performance and Reliability Evaluation (PARE) as described below:

    a. Phase one - the equipment shall be reviewed as listed on the ordering documents for compliance with business requirements and specifications:
        i. In the event that the State determines that any component or feature of the delivered equipment or software does not comply with the requirements, the State shall notify the Contractor.
        ii. Contractor shall have 14 calendar days to correct identified deficiencies.
        iii. If the Contractor is unable to correct the deficiency, the State reserves the right to cancel the ordering document.

iv. On successful completion of phase one, the equipment shall enter phase two of the PARE.

b. Phase two consists of the following:

i. Determination of System Readiness

1. Prior to the PARE, a committee of three persons will be identified to evaluate the system's performance on a daily basis. The committee will consist of one Contractor representative and two State personnel.
2. The PARE will begin on the installation dates when the Contractor certifies that the equipment is ready for use by the State.
3. A functional benchmark demonstration will be run for the PARE Committee to confirm that the installed system is capable of performing the same functions that were demonstrated. This run must be completed to the satisfaction of the PARE Committee.

ii. Standard of Performance

1. The performance period (a period of thirty consecutive calendar days) shall commence when the first devices are installed on the offender and linked to the Contractor's monitoring system. The average effectiveness level is a percentage figure determined by dividing the total operational use time by the total operational use time plus associated down-time.
2. The PARE must be conducted with 5 - 10 devices.

    a. During the successful performance period, all rerun time resulting from equipment failure, all reconfigurations and reload time, and preventive maintenance time shall be excluded from the performance period hours. Equipment failure down-time shall be measured by those intervals during the performance period between the time that the Contractor is notified of equipment failure and the time that the equipment is returned to the State in operating condition.
    b. During the successful performance period, a minimum of 80 hours of operational use time on each component will be required as a basis for computation of the average effectiveness level. However, in computing the effectiveness level, the actual number of operational use hours shall be used when in excess of the minimum stated above.
3. If each component operates at an average level of effectiveness of 80 percent or more – free of environmental factors beyond the control of the contractor - for a period of 30 consecutive days from the commencement date of the performance period, it shall be deemed to have met the State's standard of performance.
4. The State shall notify the Contractor in writing of the successful completion of the performance period.
5. The equipment shall operate in substantial conformance with the Contractor's published specifications applicable to such equipment on the date of this Agreement.
6. Equipment added by amendment to this contract shall operate in conformance with the Contractor's published specifications applicable to such equipment at the time of such amendment.
7. If successful completion of the performance period is not attained within 90 days of the installation date, the State shall have the option of terminating the Contract, or continuing the performance tests. The State's option to terminate the contract shall remain in effect until such time as a successful completion of the performance period is attained. The Contractor shall be liable for all outbound preparation and shipping costs for contracted items returned under this clause.
8. The PARE will be complete when the equipment has met the required effectiveness level for the prescribed time period.

E. Service Levels

- Both on-line inquiry and on-line update of single transactions shall be achieved in ten (10) seconds or less ninety-five percent (95%) of the time as measured from the time the MDOC person submits the request until it is received back.

- The Contractor shall provide telephone support 24 x 7 x 365, for requests related to the normal operation of the system, such as interpretation of on-line screens or data, and password reset.

1.200 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

It is expected that the Contractor will possess and utilize expertise in federal and state corrections requirements.

Contractor's staff must be able to pass a security clearance check conducted by the Contractor. Contractors must present certifications evidencing satisfactory background checks and drug tests for all staff identified for assignment to this project. Contractor is responsible for any costs associated with ensuring their staff meets all requirements.

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

The Contractor will provide resumes for staff, including subcontractors, who will be assigned to the Contract, indicating the responsibilities and qualifications of such personnel, and stating the amount of time each will be assigned to the project. The Contractor will commit that staff identified in its proposal will actually perform the assigned work. Any staff substitution must have the prior approval of the State.

The Contractor will identify a Contact Administrator whose duties shall include, but not be limited to: i) supporting the management of the Contract, ii) facilitating dispute resolution, and iii) advising the State of performance under the terms and conditions of the Contract.

The Contractor shall assign a project manager for the services.

Name: Dan Loeffert
Phone: 517.348.4472
E-mail: dloeffert@ptm.com

The Contractor's project manager responsibilities include, at a minimum:

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

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

See Attachment B for Organizational Chart.

B. On Site Work Requirements

1. Location of Work

The work is to be performed, completed, and managed at the following locations:

1305 S Washington Suite 103,
Lansing, Mi 48910

2. Hours of Operation:

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

3. Travel:

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

4. Additional Security and Background Check Requirements:

Contractor must present certifications evidencing satisfactory Michigan State Police Background checks ICHAT and drug tests for all staff identified for assignment to this project.

In addition, proposed Contractor personnel will be required to complete and submit an RI-8 Fingerprint Card for the National Crime Information Center (NCIC) Finger Prints, if required by project.

Contractor will pay for all costs associated with ensuring their staff meets all requirements.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The State project team will consist of an Executive Subcommittee (ESC), project support, and a project manager from MDOC. DTMB's project manager will assist the MDOC project manager. DTMB will be responsible for the State's infrastructure and work together with the Contractor in determining system configuration and integration, as needed, with the State's information technology resources.

The ESC shall be available on an as needed basis. They will be solicited for a decision by the MDOC project manager when there is a need to:

- Resolve project issues in a timely manner
- Review project plan, status, and issues
- Resolve deviations from project plan
- Utilize change control procedures

The Project Manager will provide the following services:

- Provide State facilities, as needed
- Coordinate the State resources necessary for the project
- Facilitate coordination between various external contractors
- Facilitate communication between different State departments/divisions
- Milestone acceptance sign-off
- Resolution of project issues

- Escalation of outstanding/high priority issues to the ESC
- 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
- Authorize and verify invoices, and payments against the contract

DTMB shall provide a Project Manager whose duties shall include but not be limited to: i) supporting the management of the Contract, ii) advising the MDOC project manager of Contractor's performance under the terms and conditions of the Contract, and iii) periodic verification of pricing and monthly reports submitted by Contractor.

There will be a minimum of three (3) system administrators, designated DOC and DTMB staff, and other personnel from agencies with a contract for monitoring services with DOC.

1.300 Project Plan

1.301 PROJECT PLAN MANAGEMENT

1. **Orientation Meeting**
   a. Upon thirty (30) calendar days from execution of the Contract, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract.
   b. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor.
   c. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

2. **Performance Review Meetings**
   a. MDOC will require the Contractor to attend periodic meetings to review the Contractor's performance under the Contract.
   b. The meetings will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor.

The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

Project Control

1. The Contractor will carry out this project under the direction and control of MTD OR XTMB and MDOC.
2. Within (30) working days of the execution of the Contract, the Contractor will submit to the State project manager(s) for final approval of the project plan. This project plan must be in agreement with Article 1, Section 1.104 Work and Deliverables, and must include the following:
   The Contractor's project organizational structure.
   The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
   The project work breakdown structure (WBS) showing sub-projects, activities and tasks, and resources required and allocated to each.
   The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the WBS.
3. The Contractor will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology, which includes standards for project management, systems engineering, and associated forms and templates which is available at http://www.michigan.gov/suite
   a. Contractor will use an automated tool for planning, monitoring, and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract. The tool shall have the capability to produce:

- Staffing tables with names of personnel assigned to Contract tasks.
- Project plans showing tasks, subtasks, deliverables, and the resources required and allocated to each (including detailed plans for all Services to be performed within the next (30) calendar days, updated semi-monthly).
- Updates must include actual time spent on each task and a revised estimate to complete.
- Graphs showing critical events, dependencies and decision points during the course of the Contract.

b. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State standards.

1.302 REPORTS

Contractor shall provide a monthly Status Report that correlates to the invoiced amount.

a. The Status Report will briefly describe the project activity during the status period, the project activity next status period, and charges.
b. Each section will provide:
   i. Overall summarization of the project progress;
   ii. Deliverables achieved;
   iii. Deliverables remaining, progress, and expected delivery on each; and
   iv. Issues and concerns affecting specific deliverables and the project schedule or any other aspect of the project.)

The following are the reports that the contractor will be required to produce for this contract:

1. Daily Summary – Summary of all significant system messages for selected time frame. Default is previous day. Alert messages must be highlighted for quick reference. Report should be able to be run for an individual offender or an agent's entire caseload. Preference will be given if times and messages are selectable. May be run by monitoring center and sent via fax or e-mail to agent.
2. Alert Summary – Summary of all alerts for a selected time period, including a range of hours (to be used to determine alert workload by monitoring center shifts). Must break the alerts down by time received and total numbers of alerts for each type and total number of alerts.
3. Operator Actions – A breakdown of the number and type of actions entered by each monitoring center operator for a selected time frame. Default would be the previous day.
4. Total Count – Listing and count of active offenders, sorted by agency and agent.
5. Enrollment Report – Listing of new enrollments onto the system for any selected date(s). Must be presented in an Excel spreadsheet or a delimited text file format.
6. Deletion Report – List of offenders by agency who were removed from the system for any selected date(s). Must be in an Excel spreadsheet or delimited text file format.
7. Billing Report – A monthly, itemized accounting of all charges from the contractor. Report will include:
   a. If lease, all offenders, listed by name and identification number, monitored during the month and number of days monitored.
   b. If lease or purchase, all equipment related charges including daily maintenance fee (if any) and which units the fee applies to, and equipment related repairs/replacement costs.
8. Inventory Report – A listing of all units, by type, and the agency where it is assigned. Report should include the units current status, date of status, and name of last offender on that piece of equipment. Report should be accessible for each agency for equipment assigned to that agency, and to the monitoring center for all equipment assigned in the State.

1.400 Project Management

1.401 ISSUE MANAGEMENT

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

The Contractor shall maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State's Project Manager on an agreed upon

schedule, with email notifications and updates. The issue log must be updated and must contain the following minimum elements:

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

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)

1.402 RISK MANAGEMENT

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

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

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

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

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

1.403 CHANGE MANAGEMENT

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

If a proposed contract change is approved by MDOC, they will submit the request for change to the Department of Technology, Management and Budget, Purchasing Operations Buyer, who will make recommendations to the Director of Purchasing Operations regarding ultimate approval/disapproval of change request. If the MTD OR XTMB 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 MTD OR XTMB Purchasing Operations, risk non-payment for the out-of-scope/pricing products and/or services.**

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

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

1.500 Acceptance

1.501 CRITERIA

The following criteria will be used by the State to determine Acceptance of the Services and/or Deliverables provided under this SOW.

Equipment shall not be accepted by the State and no charges will be paid by the State until the standard of performance is met as defined in Section 1.104, Performance and Reliability Evaluation (PARE).

1.502 FINAL ACCEPTANCE

Final acceptance is expressly conditioned upon completion of all delivery of equipment,and delivery of services, as deemed satisfactory by the State and that the system meets the defined requirements.

1.600 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

Authorized Services and Price List may be found as **Article 1, Attachment A, Cost Proposal**

a. Content of device kit (both active and passive)(e.g., the number of set-up kits included with each purchase, and if additional set-up kits will be provided during the life of the product, tracking device, charging stand, A/C adaptor, phone cord, bracelet strap in various sizes, anti-tamper plugs)
b. Charges for lost, stolen or destroyed leased equipment

1. Price Protection

a. Upgrades in system technology (both hardware or software) must be provided at no additional cost.
b. If products are offered to another state at a lower cost, then that cost must be offered to the State of Michigan.
c. Price Decrease Guarantee - The Contractor, at its discretion, may elect to provide Services, including changes/upgrades and support specified in this CONTRACT at a lower price than originally quoted at any time during the term of the Contract. If Contractor reduces its prices for any of the software or services the State shall have the immediate benefit of such lower prices for new purchases. Contractor shall send notice to the State's MTD OR XTMB Contract Administrator with the reduced prices. Any changed in pricing shall be formalized with a contract change notice following the process in Article 1, Section 1.403 Change Management.

d. Costs Not Specified - Where there is no charge or rate for the Services, including changes/upgrades and support, specified enter N/C (no charge) or zero (0) on the Price List or Cost Models, as applicable. If the Contractor fails to provide a price, the State will assume the item is free. If the Contractor states "no charge" for an item in the model, the State will receive that item free for the period represented in the model.

3. Invoicing Methodology

The contractor will send properly itemized, monthly invoices to the EMC for approval and then will send to DTMB for payment. The EMC will approve and send the invoices to DTMB Financial Services using one of the methods below:

DTMB – Financial Services
Accounts Payable
P.O. Box 30026
Lansing, MI 48909
or
DTMB-Accounts-Payable@michigan.gov

. Invoices must provide and itemize the following required information:
Contract number;

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

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

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

1.7 Additional Terms and Conditions Specific to this SOW

1.701 Additional Terms and Conditions Specific to this SOW

- The contractor will work out of their facility.
- The State will not provide workspace for the Contractor except in the event required for services under the contract.

Travel

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

Statements of Work and Issuance of Purchase Orders

Unless otherwise agreed by the parties, each Statement of Work will include:

1. Background
2. Project Objective
3. Scope of Work
4. Deliverables
5. Acceptance Criteria
6. Project Control and Reports
7. Specific Department Standards
8. Payment Schedule
9. Travel and Expenses
10. Project Contacts
11. Agency Responsibilities and Assumptions
12. Location of Where the Work is to be performed
13. Expected Contractor Work Hours and Conditions

The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract. Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.

1.602 HOLDBACK

Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 CONTRACT TERM

This Contract is for a period beginning June 23, 2011 through June 30, 2012. All outstanding Purchase Orders must also expire upon the termination for any of the reasons listed in **Section 2.150** of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, shall remain in effect for the balance of the fiscal year for which they were issued.

2.002 OPTIONS TO RENEW

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to 2 additional 1 year periods.

2.003 LEGAL EFFECT

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

Except as otherwise agreed in writing by the parties, the State shall not be liable for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract or Change Order has been approved by the State Administrative Board (if required), signed by all the parties and a Purchase Order against the Contract has been issued.

2.004 ATTACHMENTS & EXHIBITS

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

2.005 ORDERING

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

2.006 ORDER OF PRECEDENCE

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

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

2.007 HEADINGS

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

2.008 FORM, FUNCTION & UTILITY

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

2.009 REFORMATION AND SEVERABILITY

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

2.010 Consents and Approvals

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

2.011 NO WAIVER OF DEFAULT

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

2.012 SURVIVAL

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

2.020 Contract Administration

2.021 ISSUING OFFICE

This Contract is issued by the Department of Technology, Management and Budget, Purchasing Operations and the Department of Corrections (DOC) 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:

Joe Kelly, Buyer
Purchasing Operations
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Email: kellyj11@michigan.gov
Phone: 517-373-3993

2.022 CONTRACT COMPLIANCE INSPECTOR

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

Greg Roach, EM Manager
Michigan Department of Corrections (MDOC)
1305 S Washington, Suite 103
Lansing, MI 48910
Email: roachgl@michigan.gov
Phone 517-334-7370
Fax 517-334-7438

2.023 PROJECT MANAGERS

The following individual will oversee the project:

MDOC Project Manager
Kami Pasch
Michigan Department of Corrections (MDOC)
206 E Michigan
Lansing, MI 48933
Email paschkk@michigan.gov
Phone 517-241-7229
Fax 517-335-0871

DTMB Project Manager
Neil Slagle
Michigan Department of Technology, Management and Budget
Agency Services for MDOC and AG
Hannah Building – 1st Floor
608 W. Allegan
Lansing, MI 48933
(517) 335-6535
slaglen@michigan.gov

2.024 CHANGE REQUESTS

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

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

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

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

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

(2) Contractor Recommendation for Change Requests:
Contractor shall be entitled to propose a Change to the State, on its own initiative, should Contractor believe the proposed Change would benefit the Contract.

(3) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal shall include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

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

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

(6) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.025 NOTICES

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

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

Contractor: Pro Tech Monitoring, Inc.
Name: Steve Chapin
Address: 1838 Gunn Highway
Odessa, FL 33556

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

2.026 BINDING COMMITMENTS

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

2.027 RELATIONSHIP OF THE PARTIES

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

2.028 COVENANT OF GOOD FAITH

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

2.029 ASSIGNMENTS

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

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

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

2.030 General Provisions

2.031 MEDIA RELEASES

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

2.032 CONTRACT DISTRIBUTION

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

2.033 PERMITS

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

2.034 WEBSITE INCORPORATION

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

2.035 FUTURE BIDDING PRECLUSION

Contractor acknowledges that, to the extent this Contract involves the creation, research, investigation or generation of a future RFP; it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any 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 shall provide the State with priority service for repair and work around in the event of a natural or man-made disaster.

2.040 Financial Provisions

2.041 FIXED PRICES FOR SERVICES/DELIVERABLES

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

2.042 ADJUSTMENTS FOR REDUCTIONS IN SCOPE OF SERVICES/DELIVERABLES

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

2.043 SERVICES/DELIVERABLES COVERED

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

2.044 INVOICING AND PAYMENT – IN GENERAL

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

(b) Each Contractor invoice shall show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis shall show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.600**.

(c) Correct invoices shall be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.

(d1) All invoices should reflect actual work done. Specific details of invoices and payments shall be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Purchasing Operations, Department of Management & Budget. This activity shall occur only upon the specific written direction from Purchasing Operations.

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

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

2.045 PRO-RATION

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

2.046 ANTITRUST ASSIGNMENT

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

2.047 FINAL PAYMENT

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

2.048 ELECTRONIC PAYMENT REQUIREMENT

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

2.050 Taxes

2.051 EMPLOYMENT TAXES

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

2.052 SALES AND USE TAXES

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

2.060 Contract Management

2.061 CONTRACTOR PERSONNEL QUALIFICATIONS

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

2.062 CONTRACTOR KEY PERSONNEL

(a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.

(b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.

(c) The State shall have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor shall notify the State of the proposed assignment, shall introduce the individual to the appropriate State representatives, and shall provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State shall provide a written explanation including reasonable detail outlining the reasons for the rejection.

(d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material

breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.

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

2.063 RE-ASSIGNMENT OF PERSONNEL AT THE STATE'S REQUEST

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

2.064 CONTRACTOR PERSONNEL LOCATION

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

2.065 CONTRACTOR IDENTIFICATION

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

2.066 COOPERATION WITH THIRD PARTIES

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

2.067 CONTRACT MANAGEMENT RESPONSIBILITIES

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

The Contractor shall provide the Services/Deliverables directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor shall act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables.

Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

2.068 CONTRACTOR RETURN OF STATE EQUIPMENT/RESOURCES

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

2.070 Subcontracting by Contractor

2.071 CONTRACTOR FULL RESPONSIBILITY

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

2.072 STATE CONSENT TO DELEGATION

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

2.073 SUBCONTRACTOR BOUND TO CONTRACT

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

2.074 FLOW DOWN

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

2.075 COMPETITIVE SELECTION

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

2.080 State Responsibilities

2.081 EQUIPMENT

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

2.082 FACILITIES

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

2.090 Security

2.091 BACKGROUND CHECKS

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

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

2.092 SECURITY BREACH NOTIFICATION

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

2.093 PCI DATA SECURITY REQUIREMENTS

Contractors with access to credit/debit card cardholder data must adhere to the Payment Card Industry (PCI) Data Security requirements. Contractor agrees that they are responsible for security of cardholder data in their possession. Contractor agrees that data can ONLY be used for assisting the State in completing a transaction,

supporting a loyalty program, supporting the State, providing fraud control services, or for other uses specifically required by law.

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

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

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

2.100 Confidentiality

2.101 CONFIDENTIALITY

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

2.102 PROTECTION AND DESTRUCTION OF CONFIDENTIAL INFORMATION

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

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

2.103 EXCLUSIONS

Notwithstanding the foregoing, the provisions in this Section shall not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of this Section shall not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 NO IMPLIED RIGHTS

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

2.105 RESPECTIVE OBLIGATIONS

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

2.110 Records and Inspections

2.111 INSPECTION OF WORK PERFORMED

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

2.112 EXAMINATION OF RECORDS

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

2.113 RETENTION OF RECORDS

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

2.114 AUDIT RESOLUTION

If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor shall respond to each audit report in writing within 30 days from receipt of the report, unless a shorter response time is specified in the report. The Contractor and the State shall develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

2.115 ERRORS

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

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

2.120 Warranties

2.121 WARRANTIES AND REPRESENTATIONS

The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.

(b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State shall infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.

(e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.

(f) It is qualified and registered to transact business in all locations where required.

(g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.

(h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.

(i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee,

commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.

(j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other Bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other Bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.

(k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.

(l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.

(m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.

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

2.122 WARRANTY OF MERCHANTABILITY

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

2.123 WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE

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

2.124 WARRANTY OF TITLE

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

2.125 EQUIPMENT WARRANTY

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

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

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

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

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

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

2.126 EQUIPMENT TO BE NEW

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

2.127 PROHIBITED PRODUCTS

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

2.128 CONSEQUENCES FOR BREACH

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

2.130 Insurance

2.131 LIABILITY INSURANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

☐ 8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132 SUBCONTRACTOR INSURANCE COVERAGE

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

2.133 CERTIFICATES OF INSURANCE AND OTHER REQUIREMENTS

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

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

2.140 Indemnification

2.141 GENERAL INDEMNIFICATION

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

2.142 CODE INDEMNIFICATION

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

2.143 EMPLOYEE INDEMNIFICATION

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

2.144 PATENT/COPYRIGHT INFRINGEMENT INDEMNIFICATION

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

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

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

2.145 CONTINUATION OF INDEMNIFICATION OBLIGATIONS

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

2.146 INDEMNIFICATION PROCEDURES

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

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

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

(c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

2.150 Termination/Cancellation

2.151 NOTICE AND RIGHT TO CURE

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

2.152 TERMINATION FOR CAUSE

(a) The State may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State

(b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.

(c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract shall be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

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

2.153 TERMINATION FOR CONVENIENCE

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

2.154 TERMINATION FOR NON-APPROPRIATION

(a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).

(b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract shall be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section shall not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.155 TERMINATION FOR CRIMINAL CONVICTION

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

2.156 TERMINATION FOR APPROVALS RESCINDED

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

2.157 RIGHTS AND OBLIGATIONS UPON TERMINATION

(a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 RESERVATION OF RIGHTS

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

2.160 Termination by Contractor

2.161 TERMINATION BY CONTRACTOR

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

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

2.170 Transition Responsibilities

2.171 CONTRACTOR TRANSITION RESPONSIBILITIES

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor shall comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed (180) days. These efforts must include, but are not limited to, those listed in **Section 2.150.**

2.172 CONTRACTOR PERSONNEL TRANSITION

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

2.173 CONTRACTOR INFORMATION TRANSITION

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

2.174 CONTRACTOR SOFTWARE TRANSITION

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

2.175 TRANSITION PAYMENTS

If the transition results from a termination for any reason, the termination provisions of this Contract must govern reimbursement. If the transition results from expiration, the Contractor will be reimbursed for all

reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 STATE TRANSITION RESPONSIBILITIES

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

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

2.180 Stop Work

2.181 STOP WORK ORDERS

The State may, at any time, by written Stop Work Order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the Stop Work Order is delivered to Contractor, and for any further period to which the parties may agree. The Stop Work Order must be identified as a Stop Work Order and must indicate that it is issued under this **Section**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the Stop Work Order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the Stop Work Order as provided in **Section 2.182**.

2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER

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

2.183 ALLOWANCE OF CONTRACTOR COSTS

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

2.190 Dispute Resolution

2.191 IN GENERAL

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

2.192 INFORMAL DISPUTE RESOLUTION

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

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

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

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

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

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

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

2.193 INJUNCTIVE RELIEF

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

2.194 CONTINUED PERFORMANCE

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

2.200 Federal and State Contract Requirements

2.201 NONDISCRIMINATION

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

2.202 UNFAIR LABOR PRACTICES

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

2.203 WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

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

2.204 PREVAILING WAGE

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

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

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

2.210 Governing Law

2.211 GOVERNING LAW

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

2.212 COMPLIANCE WITH LAWS

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

2.213 JURISDICTION

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

2.220 Limitation of Liability

2.221 LIMITATION OF LIABILITY

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or $200,000 (for low risk contracts – Select a higher amount for moderate to high risk contracts) which ever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor 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, or special damages. This limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

2.230 Disclosure Responsibilities

2.231 DISCLOSURE OF LITIGATION

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

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

(a) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or

(b) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:

  (1) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and

  (2) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

(c) Contractor shall make the following notifications in writing:

  (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify MTD OR XTMB Purchasing Operations.

(2) Contractor shall also notify MTD OR XTMB Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
(3) Contractor shall also notify MTD OR XTMB Purchase Operations within 30 days whenever changes to company affiliations occur.

2.232 CALL CENTER DISCLOSURE

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

2.233 BANKRUPTCY

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

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

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

2.240 Performance

2.241 TIME OF PERFORMANCE

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

2.242 SERVICE LEVEL AGREEMENT (SLA)

(a) SLAs will be completed with the following operational considerations:

(1) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.
(2) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.
(3) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.

(4) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:
   (i) Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
   (ii) Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

(b) Chronic Failure for any Service(s) will be defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service will not affect any tiered pricing levels.

(c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.

(d) All decimals must be rounded to two decimal places with five and greater rounding up and four and less rounding down unless otherwise specified.

2.243 LIQUIDATED DAMAGES

Reserved

2.244 EXCUSABLE FAILURE

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

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

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

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

2.250 Approval of Deliverables

2.251 DELIVERY OF DELIVERABLES

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

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

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

2.252 CONTRACTOR SYSTEM TESTING

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

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

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

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

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

premises, the State shall be entitled to observe or otherwise participate in testing under this Section as the State may elect.

2.253 APPROVAL OF DELIVERABLES, IN GENERAL

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

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

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

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

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

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

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

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

2.254 PROCESS FOR APPROVAL OF WRITTEN DELIVERABLES

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

2.255 PROCESS FOR APPROVAL OF CUSTOM SOFTWARE DELIVERABLES

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

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

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

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

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

2.256 FINAL ACCEPTANCE

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

2.260 Ownership

2.261 OWNERSHIP OF WORK PRODUCT BY STATE

The State owns all Deliverables, as they are work made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

2.262 VESTING OF RIGHTS

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

2.263 RIGHTS IN DATA

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

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

2.264 OWNERSHIP OF MATERIALS

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

2.270 State Standards

2.271 EXISTING TECHNOLOGY STANDARDS

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

2.272 ACCEPTABLE USE POLICY

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

2.273 SYSTEMS CHANGES

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

2.280 Extended Purchasing

2.281 MIDEAL (MICHIGAN DELIVERY EXTENDED AGREEMENTS LOCALLY

Public Act 431 of 1984 permits DMB to provide purchasing services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community, or junior college. A current listing of approved program members is available at: http://www.michigan.gov/doingbusiness/0,1607,7-146-6586-16656--,00.html. Unless otherwise stated, it is the responsibility of the Contractor to ensure that the non-state agency is an authorized purchaser before extending the Contract pricing.

The Contractor will supply Contract Services and equipment at the established State of Michigan contract prices and terms to the extent applicable and where available. Inasmuch as these are non-state agencies, all invoices will be submitted to and payment remitted by the local unit of government on a direct and individual basis.

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

2.282 STATE EMPLOYEE PURCHASES

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

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

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

2.290 Environmental Provision

2.291 ENVIRONMENTAL PROVISION

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

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

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

(a) The Contractor shall use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State shall provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State shall advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.

(b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor shall resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in a time as mutually agreed by the parties.

(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing,

transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

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

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

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

2.300 Deliverables

2.301 SOFTWARE

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

2.302 HARDWARE

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

2.310 Software Warranties

2.311 PERFORMANCE WARRANTY

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

2.312 NO SURREPTITIOUS CODE WARRANTY

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

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

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

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

2.313 CALENDAR WARRANTY

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

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

2.314 THIRD-PARTY SOFTWARE WARRANTY

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

2.315 PHYSICAL MEDIA WARRANTY

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

2.320 Software Licensing

2.321 CROSS-LICENSE, DELIVERABLES ONLY, LICENSE TO CONTRACTOR

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

2.322 CROSS-LICENSE, DELIVERABLES AND DERIVATIVE WORK, LICENSE TO CONTRACTOR

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

2.323 LICENSE BACK TO THE STATE

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

2.324 LICENSE RETAINED BY CONTRACTOR

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

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

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

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

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

2.325 PRE-EXISTING MATERIALS FOR CUSTOM SOFTWARE DELIVERABLES

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

2.330 Source Code Escrow

2.331 DEFINITION

Reserved

2.332 DELIVERY OF SOURCE CODE INTO ESCROW

Reserved

2.333 DELIVERY OF NEW SOURCE CODE INTO ESCROW

Reserved.

2.334 VERIFICATION

Reserved

2.335 ESCROW FEES

Reserved

2.336 RELEASE EVENTS

Reserved

2.337 RELEASE EVENT PROCEDURES

Reserved

2.338 LICENSE

Reserved

2.339 DERIVATIVE WORKS

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

2.40 Federal Grant Requirements

2.401 FEDERAL GRANT REQUIREMENTS

The following links contain certifications and terms which may be required for some purchases paid via Federal funds. They are included here to be utilized as required.

Lobbying Certifications are usually for agreements over $100,000. The debarment certification is required for all agreements. The last link is where you can go and search for debarred or suspended contractors.

http://straylight.law.cornell.edu/uscode/html/uscode31/usc_sec_31_00001352----000-.html
http://www.archives.gov/federal_register/codification/executive_order/12549.html
http://www.archives.gov/federal_register/executive_orders/pdf/12869.pdf
http://www.epls.gov/epls/servlet/EPLSSearchMain/1

Glossary

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

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

Article 1, Attachment A

Pricing (Purchase Option)
Daily Service Fees

Level of Service	Device Description & Quantity	Daily Lease Rate
Active GPS Tracking	One Piece Tracking Device	
	1-499	$5.50
	500+	$5.00
	Two Piece Tracking Device	
	1-499	$5.95
	500+	$5.50
Hybrid GPS Tracking	One Piece Tracking Device	$5.25
	Two Piece Tracking Device	$5.00
Passive GPS Tracking	One Piece Tracking Device	$4.20
	Two Piece Tracking Device	$3.82

Replacement Costs

Equipment Component	Replacement Fee
Active Cellular two-piece GPS:	
Tracking Device	$900
Bracelet	No charge
Base Unit	$350
Passive Landline two-piece GPS:	
Tracking Device	$600
Bracelet	No charge
Base Unit	$350
Passive & Active Cellular one-piece GPS	$825

- Pro Tech agrees to charge the Agency fifty percent (50%) of the list price for replacement/repair cost of lost, damaged/stolen equipment. Replacement costs listed above.
- Pro Tech agrees to provide Agency thirty percent (30%) spare inventory at no additional charge.

Kit includes TRACKING DEVICE (1), Base Unit (1), Straps (5), Pins (12), Charging cord (1), Phone Cord (1), Carrying Pouch (1)

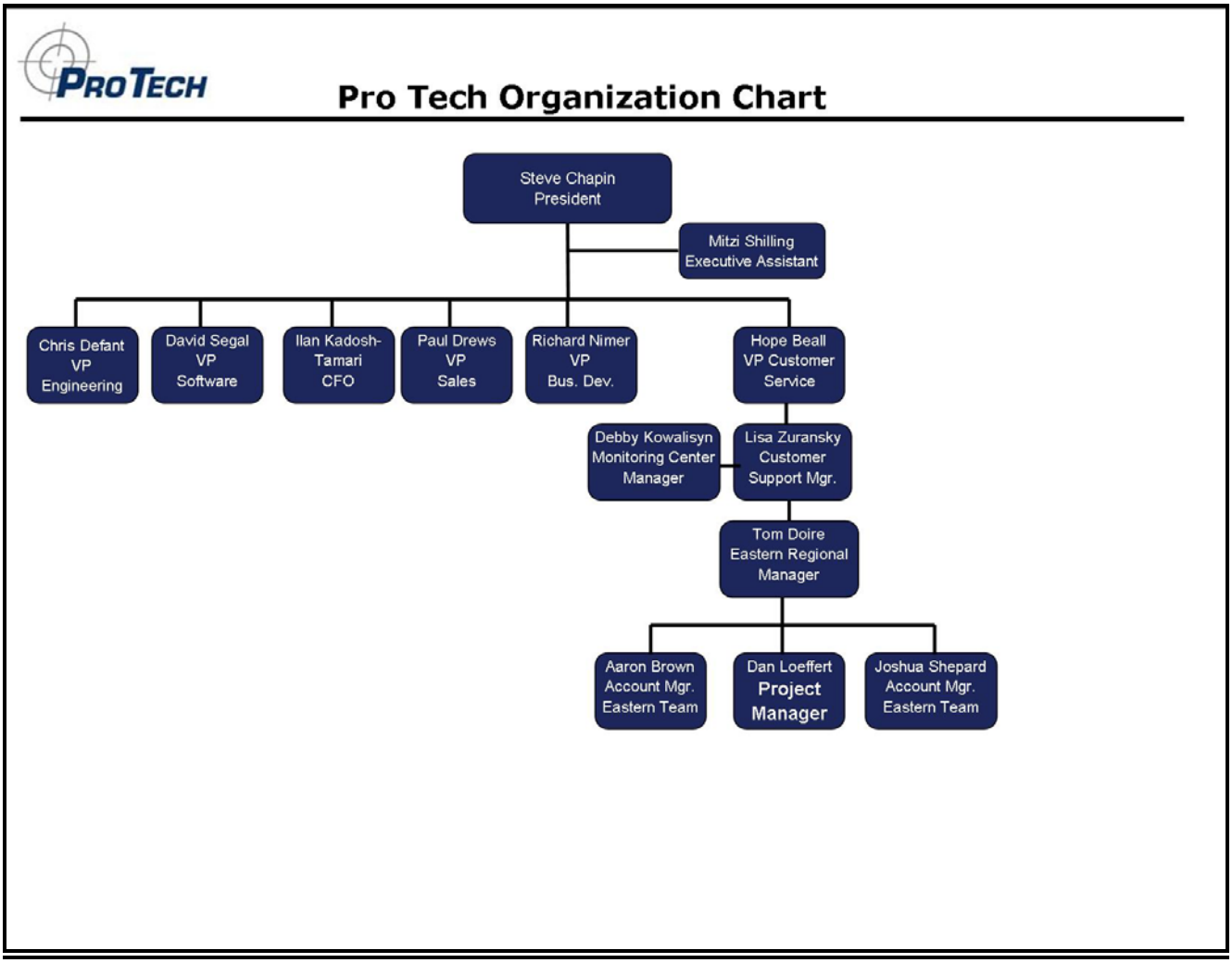
Passive pricing is based on a Passive only TRACKING DEVICE (TRACKING DEVICE1000 series).

Agency is responsible for excessive wear and tear and damage to the units.

The PARE Pricing quoted is based on the daily unit lease rate as quoted above. There are no additional charges.

Article 1, Attachment B

Key Personnel – Dan Loeffert– Project Manager



Article 1, Attachment C
Deliverables

Milestones	Deliverables	Acceptance Criteria
Planning	Project plan Issue log Risk management plan Training manual	Reviewed and approved by SOM (DTMB / DOC Project Manager)
PARE – phase 1 (review of equipment)	5 – 10 tracking devices Instructions to install/ affix tracking units to offenders Instructions for servicing the tracking units	Reviewed and approved by SOM (DTMB / DOC Project Manager)
PARE - Phase 2 (determination of system readiness, and standard of performance)	Test scripts Monthly status report Daily summary report Alert summary report Operator actions report Total count report Enrollment report Deletion report Billing report (with each offender's name) Inventory report	Reviewed and approved by SOM (DTMB / DOC Project Manager)

Article 1, Attachment D
Service Level Agreement

SLA #: 1
Service Name: on-line inquiry and update of single transactions

Applicable Service Delivery Points: DOC's electronic monitoring center

Performance Category: on-line response time

Performance Measure Description: both on-line inquiry and update of single transactions shall be achieved in ten (10) seconds or less ninety-five percent (95%) of the time

Formula: measured from the time the DOC person submits the request until it is received back.

Who: staff at the DOC's electronic monitoring center (EMC)

Frequency: hourly readings during the day.

How Measured: State staff will note the date, time, and actual response time.

Reports: List by name any reports that must be generated.

Performance Credit: 1) the daily maintenance fee will be waived, 2) the Contractor will submit a curative plan.