



STATE OF MICHIGAN ENTERPRISE PROCUREMENT

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

CONTRACT CHANGE NOTICE

Change Notice Number 006
to
Contract Number 071B2200137

CONTRACTOR	MATSCH FINANCIAL SYSTEMS LTD
	911 N. Division Ave.
	Grand Rapids, MI 49503-1401
	Robert Schafer
	616-477-9620
	Rob@matsch.com
	*****5394

STATE	Bruce Rainey	DTMB
	616-477-9620	
	raineyb@michigan.gov	
	Mike Breen	DTMB
	(517) 284-7002	
	breenm@michigan.gov	

CONTRACT SUMMARY				
DESCRIPTION: Telecom Billing System Main & Support				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
March 7, 2012	March 6, 2015	2 - 1 Year	March 6, 2017	
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	Three (3) years	<input type="checkbox"/>		March 6, 2020
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$3,774,528.00		\$ 2,350,118.41	\$6,124,646.41	
DESCRIPTION: Agency requesting exercising all three one year options and add additional funding for maintenance, modifications, SIGMA support and new development. Funding will be added to the contract via approved Statements of Work All other terms and conditions remain the same.				

August 19, 2016

Mr. Bazella G. Rainey, III
Manager IT Billing Services
State of Michigan - Department of Technology, Budget and Finance
Lewis Cass Bldg., 2nd Floor, Post Office Box 30026
Lansing, MI 48913

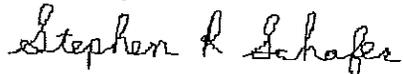
Dear Bruce:

Subject: 071B2200137 Contract Extension

Thank you and the State of Michigan for your request for a proposal for a 3-year extension to contract # 071B2200137. Matsch agrees to be bound by the terms of the original contract, per the attached pricing sheet, for the period March 7, 2017 through March 6, 2020, for all items described in the contract and detailed herein.

Please review and feel free to contact me with any questions.

Sincerely,



Steve Schafer
President



Providing Telemangement Solutions

Sold to:
Michigan DTMB – Accounts Payable
Lewis Cass Bldg., 2nd Floor
320 S Walnut St.
Lansing, MI 48909

Ship to:
State of Michigan - DTMB
Information Technology Budget & Finance
Lewis Cass Bldg., 2nd Floor
Lansing, MI 48909

(3) Year Maintenance Proposal

Annual Maintenance on MOST Platform based on continuation of Existing Contract
Number 071B2200137

Total Proposal for:

- AMI & Matsch Systems Application Maintenance
- NET-Phacs Services, including Cellular CDR and Reporting
- System Modification Allowances
- Projected Design, Development, and Maintenance fees

Total: \$2,350,118.41

AUTHORITY: Act 431 of 1994
 COMPLETION: Required
 PENALTY: Contract change will not be executed unless form is filed

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
 PROCUREMENT

625 W. ALLEGAN STREET
 LANSING, MI 48913

P.O. BOX 36426
 LANSING, MI 48969

CHANGE NOTICE NO. 005
 to
 CONTRACT NO. 071B2200137
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Matsch Financial Systems Ltd 911 N. Division Ave. Grand Rapids MI, 49503-1401	Robert Schafer	Rob@matsch.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	616-477-9620	*****5394

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI		Rainey, Bruce	616-477-9620	raineyb@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mike Breen	(517) 284-7002	breenm@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Telecom Billing System Main & Support			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
March 7, 2012	March 6, 2015	2 - 1 Year	March 6, 2016
PAYMENT TERMS		DELIVERY TIMEFRAME	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
x	One year	<input type="checkbox"/>		March 6, 2017
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$3,016,435.00		\$ 758,093.00	\$3,774,528.00	
DESCRIPTION: Per Office of Financial Services request and DTMB Procurement approval add funding \$758,093.00 for maint. and support services and exercise 2 nd contract option of 1 year for a new expiration date of 3/6/2017. State Administrative Board approval 3/1/2016. All other terms and conditions remain the same.				

MATSCH SYSTEMS

Providing Telemanagement Solutions

Sold to:
Michigan DTMB – Accounts Payable
Lewis Cass Bldg., 2nd Floor
320 S Walnut St.
Lansing, MI 48909

Ship to:
State of Michigan - DTMB
Information Technology Budget & Finance
Lewis Cass Bldg., 2nd Floor
Lansing, MI 48909

(1) Year Maintenance Proposal

Annual Maintenance on MOST Telemanagement System based on continuation of Existing Contract Number 071B2200137

Total Proposal for:

- AMI & Matsch Systems Application Maintenance
- NET-Phacs Services, including Cellular CDR and Reporting
- DCO Billing Application Maintenance
- System Modification Allowance
- Projected Design, Development, and Maintenance fees
- SIGMA Modifications

Subtotal: \$1,021,293

Less pending SIGMA Contract Add Request: (\$263,200)

Net Proposed amount: \$758,093

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

CHANGE NOTICE NO. 4
 to
CONTRACT NO. 071B2200137
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Matsch Financial Systems Ltd 911 N. Division Ave. suite B Grand Rapids MI, 49503-1401	Robert Schafer	Rob@matsch.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	616-477-9620	*****5394

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Rainey, Bruce	(616) 477-9620	raineyb@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mike Breen	(517) 284-7002	breenm@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Telecom Billing System Main & Support			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
March 7, 2012	March 6, 2015	2 - 1 Year	March 6, 2016
PAYMENT TERMS		DELIVERY TIMEFRAME	
N/A		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	March 6, 2016
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$2,753,235.00		\$ 263,200.00	\$3,016,435.00	
DESCRIPTION: Effective December 11, 2015, this Contract is hereby increased by \$263,200.00 per the attached SIGMA Interface Statement of Work. Current Value was also adjusted to correct \$306.00 math error in Change Notice 2. All other terms, conditions, specifications, and pricing remain the same per Contractor and Agency agreement, DTMB procurement approval, and State Administrative Board approval on August 18, 2015.				

Statement of Work

I. Background

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

II. Environment / IT Standards

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, eMichigan web development, and the State Unified Information Technology Environment (SUITE).

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

Enterprise IT Policies, Standards and Procedures:

http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html

All software and hardware items provided by the Contractor must run on and be compatible with the MDTMB Standard Information Technology Environment. Additionally, the State must be able to maintain software and other items produced as the result of the Contract. Therefore, non-standard development tools may not be used unless approved by MDTMB. The Contractor must request, in writing, approval to use non-standard software development tools, providing justification for the requested change and all costs associated with any change. The MDTMB 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 MDTMB, before work may proceed based on the changed environment.

Enterprise IT Security Policy and Procedures:

http://www.michigan.gov/documents/dmb/1310_183772_7.pdf

http://www.michigan.gov/documents/dmb/1310.02_183775_7.pdf

http://www.michigan.gov/documents/dmb/1325_193160_7.pdf

http://www.michigan.gov/documents/dmb/1335_193161_7.pdf

http://www.michigan.gov/documents/dmb/1340_193162_7.pdf

The State's security environment includes:

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

MDTMB requires that its single - login security environment be used for all new client-server software development. Where software is being converted from an existing package, or a client-server application is being purchased, the security mechanism must be approved in writing by the State's Project Manager and MDTMB Office of Enterprise Security.

Any additional Agency specific security requirements above and beyond the enterprise requirements and standard terms and conditions stated in Article 2 must be provided as part of the Agency Specific Technical Environment.

Look and Feel Standard

All software items provided by the Contractor must be ADA complaint and adhere to the Look and Feel Standards www.michigan.gov/somlookandfeelstandards.

The State Unified Information Technology Environment (SUITE):

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

III. Project Objective

Successfully design and implement necessary interfaces between existing systems and SIGMA for continued and improved operations and business processes throughout the state.

IV. Scope of Work

a. Deliverables

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

DTMB Agency Billing for Mail Services from DTMB Interagency Billing to MAIN	DTMB	Matsch	Grand Rapids, MI	071B2200137
DTMB Agency Billing for Reproduction Services from DTMB Interagency Billing to MAIN	DTMB	Matsch	Grand Rapids, MI	071B2200137
DTMB Data Exchange Gateway Billing from DTMB Interagency Billing to MAIN	DTMB	Matsch	Grand Rapids, MI	071B2200137
DTMB LMAN Billing from DTMB Interagency Billing to MAIN	DTMB	Matsch	Grand Rapids, MI	071B2200137
DTMB Operator Charges Billing from DTMB Interagency Billing to MAIN	DTMB	Matsch	Grand Rapids, MI	071B2200137
DTMB RDBC Billing from DTMB Interagency Billing to MAIN	DTMB	Matsch	Grand Rapids, MI	071B2200137
DTMB Server/SAN Billing from DTMB Interagency Billing to MAIN	DTMB	Matsch	Grand Rapids, MI	071B2200137
DTMB Telecom Billing from DTMB Interagency Billing to MAIN	DTMB	Matsch	Grand Rapids, MI	071B2200137
DTMB Unisys Billing from DTMB Interagency Billing to MAIN	DTMB	Matsch	Grand Rapids, MI	071B2200137
DTMB Single Sign-On billing from DTMB Interagency Billing to MAIN	DTMB	Matsch	Grand Rapids, MI	071B2200137

V. **Terms and Conditions**
Per Contract 071B2200137

Project Plan:

Tasks & Deliverables	Requirements	Anticipated Completion Date	State Staff	State Staff Hours	Contractor Staff	Role	Hours	Rate	Total	Acceptance / Signoff	Total Payment
Milestone I Requirements Gathering	<ul style="list-style-type: none"> - Conduct meetings/conference calls with SIGMA PM's - Conduct meetings with SOM managers for various interfaces to determine usage patterns/plans - Confer with FTS personnel to determine high-level data flows to and from FTS - Conduct meetings with SOM managers to determine COA elements to be used (on both expense and revenue sides) 	11/30/2015		126.4	Business Analyst Developer Project Manager	Meet with agency SME's to establish interface requirements	202	\$160	\$32,320.00	Review Requirements and obtain approvals and sign offs from authorized project stakeholders	
Milestone II Design the Interface	<ul style="list-style-type: none"> - Prepare design documents (back-end storage design, electronic/web forms, plan for parallel operation) 	2/29/2016		120.9	Business Analyst Developer Project Manager	Design interfaces	1,443	\$160	\$230,880.00	Review functional and system design and obtain approvals and sign offs from authorized	

	<p>with MAIN, individual system modifications)</p> <ul style="list-style-type: none"> - Jointly design system modifications for Telecom - Change content and/or structure of data on DTMB/DIT forms 906, 919, and 51 by working with forms automation team. - Design, implement, and test MOST input forms for all interfaces. - Design, implement, and test MOST SIGMA validation rules - Design, implement, and test MOST sending of SIGMA XML files to FTS - Design, implement, and test MOST retrieval of SIGMA COA tables from FTS - Design, implement, and test MOST retrieval of SIGMA coding from SOM Mail Order System - Design, implement, and test MOST retrieval of SIGMA coding from Pace print management 									project stakeholders	
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	system										
Development and Unit Testing		7/29/2016		0			958	\$160	\$153,280.00	Development Stage Exit approval from authorized project stakeholders	
System testing		11/15/2016		153.8			250	\$160	\$40,000.00		
End to End and Regression testing		2/29/2017		75			100	\$160	\$16,000.00	Testing Stage Exit approval from authorized project stakeholders	
User Acceptance testing with SIGMA and end users		8/15/2017		98.9			50	\$160	\$8,000.00	User Acceptance Testing Stage Exit approval from authorized project stakeholders	
Implementation		10/2/2017		49.4			75	\$160	\$12,000.00	Implementation Stage Exit approval from authorized project stakeholders	
Project Closedown		11/30/2017		25			10	\$160	\$1,600.00		
Task Program					Programmer	Program Interfaces				State PM & Program Manager	
Task II Test					Programmer	Configure System modifications				State PM & Program Manager	
Task III Resolve Defects											
Task III Milestone Acceptance & Signoff											
Milestone III Go Live											
Task I Support/ Maintenance											

Task III Milestone Acceptance & Signoff											
Totals									\$263,200.00		

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. 071B2200137
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Matsch Financial Systems 911 N. Division Ave, suite B Grand Rapids, MI 49503-1401	Robert Schafer	Rob@matsch.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(616) 477-9620	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Bruce Rainey	517-335-4395	raineyb@michigan.gov
BUYER	DTMB	Mike Breen	517-284-7002	breenm@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Telemanagement Billing System – DTMB – Financial Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
March 7, 2012	March 6, 2015	2, one year	March 6, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1 year	March 6, 2016
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$921,830.00		\$2,752,875.00		

Effective February 24, 2015, contract is hereby increased by \$921,830.00 and exercises an option to extend. The new contract end date is March 6, 2016. All other terms, conditions, pricing and specifications remain the same. Per contractor and agency agreement, DTMB Procurement approval and the approval of the State Administrative Board on February 24, 2015.



November 17, 2014

Mr. Bazella G. Rainey, III
Manager IT Billing Services
State of Michigan - Department of Technology, Budget and Finance
Lewis Cass Bldg., 2nd Floor, Post Office Box 30026
Lansing, MI 48913

Dear Bruce:

Subject: 071B2200137 Contract Option Year One

Thank you and the State of Michigan for your request to exercise the first of the two option years in our contract # 071B2200137. Matsch agrees to be bound by the terms described as 'Year-4' in the original contract, for the period March 7, 2015 through March 6, 2016, for all items described in the contract and detailed herein.

Please review and feel free to contact me with any questions.

Sincerely,

Steve Schafer
President



Providing Telemangement Solutions

Sold to:
 Michigan DTMB – Accounts Payable
 Lewis Cass Bldg., 2nd Floor
 320 S Walnut St.
 Lansing, MI 48909

Ship to:
 State of Michigan - DTMB
 Information Technology Budget & Finance
 Lewis Cass Bldg., 2nd Floor
 Lansing, MI 48909

(1) Year Maintenance Proposal

Annual Maintenance on MOST Telemangement System based on continuation of Existing Contract Number 071B2200137

MOST System Software and Hardware Maintenance, Flex-Rate table updates, LMAN and Operator Billing modules and Telecom Portal module	\$92,475	\$92,475.00
Data Center Services, including Server/Storage, Data Exchange Gateway, RDBC, and Unisys billing modules	\$9,872	\$9,872.00
MPSCS billing module	\$16,198	\$16,198.00
Additional maintenance on <u>new</u> software:		
- Single Sign-On	\$842	
- Citrix	\$842	
- Enterprise Log Mgmt	\$1,350	
- DTMB-919 Automation	\$1,456	
- Telecom Billing Automation	<u>\$8,686</u>	
Subtotal NEW software maintenance		\$13,176.00
System Software Modification and Development (MOST)	\$96,000	\$96,000.00
Maintenance on System Software Modifications	\$14,400	\$14,400.00
NET-Phacs Voice	\$191,381	
NET-Phacs Cellular CDR	\$16,848	
NET-Phacs Cellular Reporting	<u>\$44,304</u>	
Subtotal NET-Phacs		<u>\$252,533.00</u>

MOST and NET-Phacs Subtotal		<u>\$494,654.00</u>
eAMI Invoice Auditing and Payment System	\$177,486	\$177,486.00
System Software Modification and Development (eAMI)	\$26,250	<u>\$26,250.00</u>
Grand total for Year #4		<u>\$698,390.00</u>



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

Project Title: Exercise Option Year for Matsch Systems BPO #071B2200137	Period of Coverage: March 7 th 2014-March 6 th , 2015
Requesting Department: Technology, Management and Budget	11-17-2017
Agency Project Manager: Bazella G. Rainey, III	Phone: 517-335-4395
DTMB Project Manager: Bazella G. Rainey, III	Phone: 517-335-4395

Brief Description of Services to be provided: This request is to continue an existing maintenance contract for applications and systems running on the MOST Platform which recover \$100M+ in IT costs through inter-agency billing and invoicing. The majority of the request goes to software and hardware maintenance with a smaller amount for changes or additions to the system or software in order to continue providing services. This request is asking for the projected amount of year four cost of \$921,831.00. Requested amount consists of Contract #071B2200137 Attachment 4 – Pricing Tables for Year 4 plus additional amounts to cover new application maintenance and pending or proposed system changes, updates or additions.

	<u>Year 4</u>	
Total Matsch Base Maintenance	\$118,545	
Matsch Development	\$96,000	
AMI Base Maint	\$177,486	
AMI Development	\$26,250	
Net Phacs - Voice	<u>\$191,381</u>	
Subtotal for Year 4 AMI & Matsch Development and Maintenance per Contract 071B2200137 Attachment 4 - Pricing Tables	<u>\$609,662</u>	<u>\$609,662</u>
Billing Automation Maintenance	\$8,686.08	
DTMB-0919 Form Maintenance	\$1,456.00	
SSO Maintenance	\$842.00	
Enterprise Citrix Maintenance	\$842.00	
Enterprise Log Management Maintenance	\$1,350.00	
DTMB-906 Form Maintenance	<u>\$14,400.00</u>	
Total Additional Matsch Base annual Maintenance added for new upgrades completed	<u>\$27,576</u>	<u>\$27,576</u>
Net Phacs - Cellular CDR	\$16,848	
Net Phacs - Cellular Reporting	\$44,304	

Total Year 4 Additional Net Phacs annual maintenance added per Contract 071B2200137 Change Notice # 2

\$61,152 \$61,152

TOTAL MAINTENANCE FOR YEAR 4

\$698,390.00 \$698,390.00

Proposed Development Mail & Delivery
Proposed Maintenance
Proposed Development 906

\$121,840
\$21,600
\$80,000

Subtotal Proposed Additional Development & Maintenance for Year 4

\$223,440 \$223,440

Total Projected Costs for AMI & Matsch – Year 4

\$921,830 \$921,830

BACKGROUND: The original contract was issued on March 7, 2012. The contract period expires on 03/06/2015. This request is to exercise the first of two one-year options allowed by the contract. We are requesting an extension and added money to cover annual maintenance and other normal expenses until 03/06/2016. There are ongoing and proposed automation projects and this approval will allow work to continue as needed and planned.

PROJECT OBJECTIVE: The objective is to continue services at the same levels and with increased levels due to ongoing automation efforts

SCOPE OF WORK: The primary work involves the ongoing maintenance of existing hardware and software and the analysis and development of software or hardware necessary to continue the same or better services as those now offered.

TASKS:

Technical support is required to assist with the following tasks: N/A

DELIVERABLES:

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them. Deliverables for this project include: Annual system hardware and software maintenance, monthly services and software support .

ACCEPTANCE CRITERIA: Contract Option Year N/A

PROJECT CONTROL AND REPORTS: N/A

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

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

SPECIFIC DEPARTMENT STANDARDS:

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

PAYMENT SCHEDULE:

NOTE: Payment can be based upon:

- **Time and Materials**

- **Satisfactory acceptance of each Deliverable**
- **Satisfactory acceptance of each Milestone (major part of the contract)**
- **Satisfactory Final Acceptance at conclusion of the contract.**
- **Optional Provision - The AGENCY may withhold 10 percent from each payment until acceptance by the AGENCY of the final report (or completion of the project, etc.).**
- **All time and materials contracts(hourly based) must submit time sheets with all invoices.**
- **All invoices must include the purchase order number**

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

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

EXPENSES:

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

PROJECT CONTACTS:

The designated Agency Project Manager is:

Name Bazella G. Rainey, III
 Department Technology Management and Budget
 Area IT Billing Services
 Building/Floor Cass, 2 SE
 Address 320 South Walnut Street, P.O. Box 30026
 City/State/Zip Lansing MI 48913
 Phone Number 517-335-4395
 Fax Number
 Email Address raineyb@michgan.gov.

The designated DTMB Project Manager is:

Name Bazella G. Rainey, III
 Department Technology Management and Budget
 Area IT Billing Services
 Building/Floor Cass, 2 SE
 Address 320 South Walnut Street, P.O. Box 30026
 City/State/Zip Lansing MI 48913
 Phone Number 517-335-4395
 Fax Number
 Email Address raineyb@michgan.gov.
 Email Address

AGENCY RESPONSIBILITIES: Existing Contract

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work primarily at their offices located at 911 N. Division, Grand Rapids, MI 49503-1401 except when required to be on-site mainly at the Lewis Cass Building, 320 South Walnut in Lansing, Michigan 48913.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

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

No overtime will be permitted.

This purchase order is a release from Contract Number _____ . This purchase order, statement of work, and the terms and conditions of Contract Number BPO 071B2200137 constitute the entire agreement between the

State and the Contractor.

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

CHANGE NOTICE NO. 2
 to
CONTRACT NO. 071B2200137
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Matsch Financial Systems 911 N. Division Ave, suite B Grand Rapids, MI 49503-1401	Robert Schafer	Rob@matsch.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(616) 477-9620	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Bruce Rainey	517-335-4395	raineyb@michigan.gov
BUYER	DTMB	Mike Breen	517-241-7720	breenm@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Telemanagement Billing System – DTMB – Financial Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
March 7, 2012	March 6, 2015	2, one year	March 6, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$56,800.00		\$1,831,045.00		

Effective November 12, 2013, this contract is increased by \$56,800.00 for monthly service charge for the mandated review of cellular usage detail and respective charges (16 months) NET-Phases wireless reporting. Please note that the buyer has been changed to Mike Breen. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency (DHS) agreement and DTMB Procurement approval.

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

June 25, 2012

CHANGE NOTICE NO. 1
 to
CONTRACT NO. 071B2200137
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Matsch Financial Systems 911 N. Division Ave., Suite B Grand Rapids, MI 49503-1401	Robert Schafer	Rob@matsch.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(616) 477-9620	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Bruce Rainey	(517)335-4395	raineyb@michigan.gov
BUYER:	DTMB	Christine Mitchell	(517) 335-0462	mitchellc4@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Telemangement Billing System – DTMB – Financial Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS	CURRENT EXPIRATION DATE
March 7, 2012	March 6, 2015	2, 1 Yr. Options	March 6, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:		
OPTION EXERCISED: <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES	IF YES, EFFECTIVE DATE OF CHANGE:	NEW EXPIRATION DATE:
<p>Effective immediately, this Contract is being INCREASED by \$45,000.00. Please see the attached proposal.</p> <p>All other terms, conditions, specifications, and pricing remain the same.</p> <p>Per agency and vendor agreement and the approval of DTMB Procurement.</p>		
VALUE/COST OF CHANGE NOTICE:		\$45,000.00
ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		\$1,774,605.00



Proposal for:
NET-Phacs Cellular CDR Integration

Proposal Number: 20120615
June 15, 2012

Software:

Matsch Systems hereby proposes to develop software which will be utilized for the DHS cellular call detail associated with approximately 3000 iPhone devices currently in service among three carriers: Verizon, AT&T, and Sprint. The software to be developed will integrate cellular voice call data into existing traditional call data, and will facilitate access to this data in the popular NET-Phacs software currently in use within DHS. Matsch will develop, test, and put into production said software for a sum of not more than \$5000.00 payable upon successful processing of one month's worth of call data for each of the 3 carriers.

More detail about the software can be found in the "NET-Phacs Cellular CDR Integration" project charter document included with this proposal.

Monthly Service:

Matsch Systems hereby proposes to provide on-going retrieval and processing of the same carrier call data mentioned above. This service will be billed monthly in advance, just as the current NET-Phacs service is billed, according to the following cost model:

Base cost is \$900.00* per month for up to 5000 cell phones. Additional phones shall be billed in blocks of 500, and shall cost an additional \$75.00** per month - ie: 5500 phones = \$975.00/month.

Carrier Processing Fee: \$100 per carrier data set per month. Estimate is 3 carriers = \$300.00/month.

*Base Cost per phone per month is \$0.18

**Additional 500 phones: Cost per phone per month is \$0.15

More detail about the software can be found in the "NET-Phacs Cellular CDR Integration" project charter document included with this proposal.

PRICES VALID FOR SIXTY (60) DAYS FROM DATE OF PROPOSAL

Please confirm approval by fax or letter to: Steve Schafer, Matsch Systems

Signature of Steve Schafer
Representative, Matsch Systems

6-15-2012
Date

ACCEPTANCE

Representative, State of Michigan

PO Number

Date

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

March 22, 2012

NOTICE
OF
CONTRACT NO. 071B2200137
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR Matsch Financial Systems 911 N. Division Ave. Suite B Grand Rapids, MI 49503-1401 <p style="text-align: right;">Email: Rob@matsch.com</p>	TELEPHONE 616-477-9620 Robert Schafer <hr/> CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 335-0462 Christine Mitchell
Contract Compliance Inspector: Bruce Rainey Telemanagement Billing System – DTMB- Financial Services	
CONTRACT PERIOD: 3 yrs. + 2 one-year options From: March 7, 2012 To: March 6, 2015	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
ALTERNATE PAYMENT OPTIONS: <input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other	
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION:	

Terms and conditions of this Contract are attached.

Estimated Contract Value: \$1,729,605.00

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

CONTRACT NO. 071B2200137

between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR Matsch Financial Systems 911 N. Division Ave. Suite B Grand Rapids, MI 49503-1401		TELEPHONE 616-477-9620 Robert Schafer
		CONTRACTOR NUMBER/MAIL CODE
Email: Rob@matsch.com		BUYER/CA (517) 335-0462 Christine Mitchell
Contract Compliance Inspector: Bruce Rainey Telemangement Billing System – DTMB- Financial Services		
CONTRACT PERIOD: 3 yrs. + 2 one-year options From: March 7, 2012 To: March 6, 2015		
TERMS N/A	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
ALTERNATE PAYMENT OPTIONS: <input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other		
MINIMUM DELIVERY REQUIREMENTS N/A		
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of RFP-CM-07111300255, this Contract Agreement and the vendor's quote of 10/24/2011 with clarifications received 1/10/2012. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence. Estimated Contract Value: \$1,729,605.00		

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the Solicitation Number RFP-CM-07111300255. Orders for delivery will be issued directly by State Departments through the issuance of a Purchase Order Form.

FOR THE CONTRACTOR:

Matsch Financial Systems

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Jeff Brownlee, Chief Procurement Officer

Name/Title

DTMB Purchasing Operations

Division

Date



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

Contract No. 071B2200137
[MOST Billing System Maintenance, Enhancement & Support](#)

Buyer Name: [Christine Mitchell](#)
Telephone Number: 517-335-4462
E-Mail Address: mitchellc4@michigan.gov



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Attachments:

- Attachment 1 – High Level Schematic Overview of Current and Future MOST System
- Attachment 2 - Matsch Systems NetPhacs Locations
- Attachment 3 – Company Project Organizational Chart
- Attachment 4 - Pricing Tables



DEFINITIONS

Days	Means calendar days unless otherwise specified.
24x7x365	Means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
Additional Service	Means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.
Audit Period	See Section 2.110.
Business Day	Whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
Blanket Purchase Order	An alternate term for Contract as used in the States computer system.
Business Critical	Any function identified in any Statement of Work as Business Critical.
Chronic Failure	Defined in any applicable Service Level Agreements.
Deliverable	Physical goods and/or commodities as required or identified by a Statement of Work
DTMB	Michigan Department of Technology, Management and Budget
Environmentally preferable products	A product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to, those that contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.
Excusable Failure	See Section 2.244.
Hazardous material	Any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the Contract).
Incident	Any interruption in Services.
ITB	A generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential Contractors
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.
Remedy	Proprietary software tool used for help desk services.
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.

PROJECT GLOSSARY AND DEFINITIONS

American National Standards Institute (ANSI)	Entity that coordinates the development and use of voluntary consensus standards in the United States and represents the needs and views of U.S. stakeholders in standardization forums around the globe.
Carrier	A function provided by a business entity to a customer base, typically for a fee. Examples of carriers and associated services are; PSTN service by a Local Exchange Carrier, VoIP service by a VoIP Service Provider, email service provided by an Internet Service Provider.



CPE	Customer Premise Equipment. The telecommunications equipment owned by an organization and located on its premises. CPE equipment includes PBXs (private branch exchanges), telephones, routers, switches, and software.
Direct Inward Dialing (DID)	The ability for a caller outside a company to call an internal extension without having to pass through a switchboard operator or attendant at the MLTS.
FCC	The Federal Communications Commission is an independent agency of the United States government whose mission is to make available so far as possible, to all the people of the United States rapid, efficient, Nation-wide, and world-wide wire and radio communication services with adequate facilities at reasonable charges.
Internet Protocol Telephony (IP Telephony)	A general term for the technologies that use the IP's packet-switched connections to exchange voice, fax, and other forms of information that have traditionally been carried over the dedicated Circuit-Switched (CS) connections of the PSTN. The IP address may change each time the user logs on.
Integrated Services Digital Network (ISDN)	Integrated Services Digital Network is a set of communications standards for simultaneous digital transmission of voice, video, data, and other network services over the traditional circuits of the public switched telephone network.
LAN	Local Area Network. A transmission network encompassing a limited area, such as a single building or several buildings in close proximity.
LEC	Local Exchange Carrier. Companies that provide local access to voice communications networks.
MPSC	Michigan Public Service Commission. An agency within the State of Michigan designed to grow Michigan's economy and enhance the quality of life of its communities by assuring safe and reliable energy, telecommunications, and transportation services at reasonable prices.
NIST	The National Institute of Standards and Technology (NIST), known between 1901 and 1988 as the National Bureau of Standards (NBS), is a measurement standards laboratory which is a non-regulatory agency of the United States Department of Commerce.
North American Numbering Plan (NANP)	The NANP is a standardized system of numbering plan areas (NPA), which have evolved over time into a system of three-digit area codes and seven-digit telephone numbers. Through this plan, telephone calls can be directed to particular regions of the larger NANP public switched telephone network (PSTN), where they are further routed by the local networks.
OPX	Off Premise Extension. An extension telephone that terminates in a location distant from its parent Private Branch Exchange (PBX). OPX is generally used to provide employees with access to their company's phone system while out of the office.
PBX	Private Branch Exchange. A privately owned "business" telephone system which also interfaces to the telephone network.
PRI Primary Rate Interface	The Primary Rate Interface (PRI) is a standardized telecommunications service level within the Integrated Services Digital Network (ISDN) specification for carrying multiple DS0 voice and data transmissions between a network and a user.
Quality of Service (QoS)	As related to data transmission a measurement of latency, packet loss and jitter.
Redundancy	Duplication of components, running in parallel, to increase reliability; A backup system (either a device or a connection) that serves in the event of primary system failure.
Service Address	The physical location of a subscriber access line. Service Address is the recommended address for 9-1-1 use. (May be different from the listed address or billing address)



SIP Trunking	Session Initiation Protocol trunk is a Voice over Internet Protocol (VoIP) service offered by many Internet telephony service providers (ITSPs) that connects a company's private branch exchange (PBX) telephone system to the public switched telephone network (PSTN) via the Internet.
SMS	Short Message Service. A service typically provided by mobile carriers that sends short (160 characters or fewer) messages to an endpoint. SMS is often fast, but is not real time.
TDM	Time Division Multiplexing is a technique of transmitting multiple digitized data, voice, and video signals simultaneously over one communication media by interleaving pulses representing bits from different channels or time slots.
Technical Requirements Document (TRD)	NENA Technical Requirements Document, developed by a Technical Committee, is used as basis for a NENA Technical Committee or outside Standards Development Organization (SDO) to develop formal industry accepted standards or guidelines.
Underwriters Laboratories (UL)	One of several United States nationally recognized testing laboratories (NRTL) whose testing specifications have been adopted as de facto industry standards.
LMAN	Lansing Metropolitan Area Network.



Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The State of Michigan (State), through the Michigan Department of Technology, Management and Budget (DTMB) has issued this Contract for the purpose of providing ongoing support and maintenance for systems, applications and services currently in use by the State. Included are the Matsch Open Systems Telemangement (MOST) system, Data Center Services billing and invoicing modules, eAMI™ expense and contract management and payment system and application software and associated modules with each system. This will encompass potentially handling some online data processing streams. Also required to be supported is the Matschbox hardware and software and the NetPhacs or NetPhacs plus Enhanced Call Accounting Service. Additionally, the Contractor will provide necessary consultation for one or both systems application software and ancillary applications and/or systems including application or other software development to ensure continued operations as various requirements change. These changes may be brought about due to operational, organization, legal or other mandated requirements.

Contractor will provide systems maintenance, application development and services to one or many of these platforms.

Any Contract resulting from the RFP will have a base term of three (3) years, with two, one-year extension options available.

This project consists of the following components:

- Purchase of equipment*
- Lease of equipment*
- Storage equipment*
- Installation of equipment*
- Maintenance of equipment*
- Existing equipment*
- Purchased/leased equipment*
- Procurement of software*
- Installation of software*
- Application design*
- Application development*
- Services to implement the application, including*
 - configuration,*
 - customization,*
 - modification,*
 - interfaces,*
 - data conversion,*
 - integration and*
 - testing,*
- Transition of business operations to the new application, including*
 - data migration*
- Knowledge transfer to State operations staff*
- Operations services (applies only to the eAMI™ SaaS application)*
 - Systems management*
 - Disaster recovery*
 - Security administration services*
 - Storage services*
- Remote management with equipment at a State site*



- *Leased or owned by the State*
- *Owned by the Contractor*
- Maintenance*
- Support.*
 - *Technical*
- Other.* Provide consultation and software development for system modifications. Service will include call data collection and reporting at various locations around the State.

- The equipment and methodology for call data collection must conform to the MOST System and the Net-Phacs Service offering currently being used within the State.
- Invoice import and audit support for invoice payment purposes must conform to the eAMI™ system requirements currently being used by the State.

If equipment is sought as part of the project, will it be:

- Replacing existing equipment*
- Upgrade of existing equipment*
- Use of new equipment for State business.*

1.002 BACKGROUND

IT Billing Services as a Section of the DTMB Office of Financial Services is responsible for ensuring adequate recovery of voice and data costs through certain established rates and billing mechanisms. In mid-2003, the State eliminated maintenance on its MOST (Matsch Open Systems Telemangement – see Sect. 1.1 B) system host server. That server is now supplied, hosted and maintained by State hosting centers. DTMB, however, along with several other Executive Branch departments continues to use custom and proprietary software and hardware for the purpose of onsite processing, collection and storage of usage and other supporting information.

This Contract is established to provide maintenance for the existing MOST, Data Center Operations invoicing modules, Net-Phacs Service (see Sect. 1.1 B) and the eAMI™ (see Sect. 1.1 C) system and various other services so as to ensure continuity of existing operations without disruption to current Telecom and Data Center services, systems' interfaces, business models and concepts.

The services encompassed by this Contract will be provided within and to other State agencies to include rating, billing, invoicing and reporting related to operation of the State's enterprise voice and data systems.

Telecommunications vendor invoices and contracts are brought in to the eAMI™ system to manage those vendor contracts, payments, audit and payment transactions. The eAMI™ service is currently interconnected with MOST and may at some point be interfaced with other State owned or operated systems. These systems may include the Michigan Administrative Information Network (MAIN), the Action Remedy System (Remedy), the RSA (SecurID) system and others.

Certain applications/systems will receive data from the State's various PABX, Centrex, IP and key systems and either directly or indirectly touches all State agencies. MOST invoicing locations include major facilities located in Lansing, Dimondale, Saginaw, Grand Rapids and Detroit. Service and/or maintenance at other locations utilized by certain State departments around the State may also be required. (See Attachment 2 for current NetPhacs collection locations). The stand-alone call/usage collection and reporting service is utilized by the Department of Human Services, the Department of Community Health and the Department of Corrections for approximately 60-100 outstate offices/facilities (See Attachment 2) possibly to be soon expanded.

This service captures call usage data either with Matschboxes (see Sect. 1.1 A) or by utilizing voice over IP (VOIP) technology. The NetPhacs product provides online reports, and usage inquiry at each facility. This



service is compatible with the primary MOST system software and hardware so that interfacing is possible as needed or required.

Contractors are advised that the State has methods, policies, standards and guidelines that have been developed over the years. Contractors are expected to follow these requirements. Specifically, the State's Project Management Methodology (PMM) will be followed. The PMM may be reviewed at www.michigan.gov/projectmanagement.

1.1 Scope of Work and Deliverables

Requirements

The Contractor will support the State of Michigan accounting technicians and various users including accounts payable personnel who interface with the system in an effort to ensure accurate invoicing and appropriate allocations against the MAIN (Michigan Administrative Information Network) accounting structures. These persons work through identified errors or other anomalies discovered by the system. Once these are resolved, the system allows payment approvals to occur and to be forwarded to a central accounts payable area for payment. The system also allows for front end move, add, change or delete functionality that facilitates full life-cycle validation and management of a telecommunication or wireless charge from order to payment. Inherent in the system design is also the ability to provide an interactive portal to other State functionalities and systems.

As part of this contract, the Contractor(s) must also capture and report telecommunications usage data from various State office locations around the State that may or may not interface with the MOST system. This function must provide paperless online reporting of call detail data remotely or onsite and seamlessly interface this data collection with the MOST System." These systems include analog, digital and IP telephony services. The agreement from this RFP will cover support for all applications, services and modules associated with the provision of MOST, eAMI, Matschboxes and or services being utilized within the State as supplied through the current contractor.

The Contractor must also support and maintain the Net-Phacs service, DCO (Data Center Operations) invoicing modules and eAMI system as described elsewhere in the request.

A. Matschboxes

The current hardware item in use is called a Matschbox. The Matschbox is used in the Enterprise network as a failsafe device for call data collection. Other agencies use Matschboxes for raw collection of usage data typically used in a service bureau reporting agreement with the principal provider.

Contractor to provide maintenance and support on all required Matschboxes. In cases where the boxes are leased, the Contractor will be required to provide the hardware, software functionality, maintenance and support.



B. MOST and Net-Phacs

MOST operates on a Linux based server hosted by the State. The associated hardware item to be supported is called a Matschbox and is composed of a standalone PC based usage collection box with dedicated proprietary software. MOST components include a call collection & inquiry module, a shared tenant services module, equipment & feature inventory module, a network information module and an order tracking & processing module comprising several inter-related modules. Additional components include MySQL database support, MicroFocus COBOL Runtime software for 100 users, FlexGen Easy Query 4 user license, Blast Communications software and the Linux Server Operating System support relationships.

Net-Phacs—provides paperless, web-based distribution of call accounting reports and query access to the data.

Support and maintain the following Net-Phacs services:

- a) Access Level Management
 - a. Enables the Net-Phacs Administrator to assign access levels using login IDs and passwords.
- b) Online report Access
 - a. Online Administrator access to all daily and monthly reports
 - b. Managed access by directory member up to 12 months of extension detail reports
 - c. User selectable formats like: HTML, text and PDF
 - d. Must be available for email as text or as a PDF attachment
- c) Daily Reports
 - a. Net-phacs Daily Call Summary Report
 - b. Trunk utilization by Route Report
- d) Monthly Reports
 - a. Net-Phacs Extension Detail Report
 - b. Call Summary by Extension Report
 - c. Called Number Ranking Report
- e) Desktop Database Access
 - a. Managed desktop access to up to 12 months of call detail history
 - b. Query by any combination of fields to include
 - i. Division/department
 - ii. Extension
 - iii. Duration
 - iv. Cost
 - v. Number dialed
 - vi. Account number
 - vii. Call type
 - viii. Route
 - ix. Trunk
- f) Extension Master File Maintenance
 - a. Enables an administrator to do everything that Net-Phacs does, plus assign individual directory members to a personal login ID and password for direct system access over the Internet.

C. eAMI™

eAMI™ is the expense and contract management system currently in use by the State of Michigan. eAMI™ is provided by AMI Strategies, Inc. eAMI™ is essentially a rules-based SaaS (Software as a Service) system that imports various vendor invoices and audits them for accuracy and contract compliance. These mainly include wireless device, energy, telecommunications or other types of vendor invoices. Current or proposed



vendors include AT&T, Sprint, Qwest, Comcast, Lansing Board of Water and Light, Merit, USA Mobility, Verizon and others.

The Contractor will provide maintenance and support for the following applications, processes, software and functionalities:

- Provision of a portal to enable the State of Michigan access to vendor invoice data through the proprietary web-based Software (eAMI™) application via the Internet, accessible seven (7) days a week by twenty-four (24) hours. The State of Michigan will be provided twenty-four (24) hour notice of scheduled maintenance windows; scheduled during non-business hours;
 - Support and maintain hosting of the Software and State of Michigan data for both cellular and wireline data
 - Support and maintain the eAMI™ application to include importing electronic invoices, mapping invoices into eAMI™, entering State of Michigan data and creating the payment file for MAIN.
 - Provide interim and/or periodic refresher training for the State of Michigan staff that will be using the software particularly with new changes or new staff.
 - Maintain a support help desk to provide troubleshooting and assistance by telephone. This telephone support will be provided between 8:00 am and 5:00 pm, EST, Monday to Friday inclusive, except for statutory holidays. Help desk activities will include the overall invoice management including:
 - Software questions and support
 - Reporting questions and support.

Processes:

- import for all applicable invoices:
 - wireless (mobile PDA's, paging, cell phones);
 - wire line (data network, voice lines, other ancillary services)
 - disclosure of invoice anomalies through eAMI™'s exception and notification method within the application

Software:

- support the provision of cost savings recommendations to include;
 - consolidation of invoices and/or services.
 - validation of contract/service changes.
- auto allocation of invoices using MAIN coding requirements for all vendors on a monthly basis
- order management for both the wireline and wireless services order management process through electronic forms processing;
 - DIT0088
 - DIT0056
- Maintain and support both existing and future interfaces with other State of Michigan systems e.g. the MAIN and SOM Enterprise Remedy system once developed and operational.



a. eAMI™ Reporting Support

Support and maintain the provision of reporting and information transfer through the use of the eAMI™ software to the State of Michigan. The standard report suite includes Spend Analysis Reports, Invoice Life Cycle Reports, Mobile Phone Reports, Invoice Audit Rule Reports, Telecom Usage Reports, Organization Reports, and Cost Center Reports;

Maintain and Support SOM custom reports:

- Cost Pool Summary
- Long Distance Summary
- Staff Account List
- Invoice Audit Detail
- Directory Assistance Cost
- Audit Information
- Contested Vendor
- Bill Error
- Average Audit & Overdue for Completed Bills
- Telecom Payables Activity
- MDIT OEFS Financial Services Division Payable Approval. (The Payment Authorization Transmittal)
- A Production Report through eAMI™, to be dispersed to appropriate State of Michigan stakeholders.

b. eAMI™ Contract & Policies

- Continually support, monitor and correct any lack of efficiencies that occur due to repetitive actions/transactions
- Maintain and support payment processes and ensure statistics are accessible for the State of Michigan's "prompt payment act" and provide the ability to ensure on-time payment notification.
- Maintain and support the importing of all data fields available from any of the vendor's paper or electronic invoice or data feeds to appropriately identify all invoice billing information, accounts, circuits, recurring and non-recurring charges, call record details, and customer service record (CSR) data.
- Maintain and support the disclosure and reporting of casual usage, third party charges, contract compliance and management policy observation through eAMI™ and efficiently and simply provide information via eAMI™'s bulletin to the State of Michigan's appropriate staff for reconciliation in a manner requiring minimal staff touchpoints.
- Maintain and support the auditing process within eAMI™
- Maintain and support circuit billing for the LGNET (Local Government NETWORK) or Shared Agency invoices that are shared by multiple agencies that are split across multiple cost centers
- Maintain and support the association of an invoice against a purchase order.
- Input, process, maintain and support the AT&T CBDS (Connectionless Broadband Data Service) spreadsheet used for auditing and payment of AT&T charges
- Maintain and support the agency summary report that provides information pertaining to billing credits, element counts, router-circuit counts, and circuit and router details for each agency on a month by month basis.



- Provide or modify reports as necessary for the State of Michigan to adequately support and manage its existing invoice payment processes

1.101 IN SCOPE

For MOST, the Contractor will provide the following system and application maintenance services. These services are required for maintaining the State's business operations as related to operation of the MOST System for the Michigan Department of Technology, Management & Budget, located at 320 South Walnut Street, Lansing, Michigan.

- Support and maintain all MOST system hardware and applications including Matchboxes.
- Support all software and application modules within the MOST System
- Support and maintain the Flex Rate Tables used within the MOST System
- Provide Net-Phacs services and reporting for that stand alone Call Collection and Reporting Service

MOST Net-Phacs, Data Center Operations Billing Modules and eAMI™ System custom application consultation and development are also included within the scope of this project. From time to time, various requirements will change due to new or different operational or mandated needs. This may include a work flow analysis and assessment, development of a proposed solution to the identified need(s), production of a statement of work including a work plan and implementation of that plan after review and acceptance by the State.

1.102 OUT OF SCOPE

Anything not covered by "In Scope" list above.

1.103 ENVIRONMENT

- Hardware - Matschboxes, State-hosted and maintained servers.
- Operating Systems - Red Hat Linux
- Desktop Workstations – 5 Billing Services, 6-Service Center, 4-Technician Shop, 5 - State Operators, Server Hosting Center
- Software Listing - see list under technical requirements
- Database - Three interactive database modules make up Matsch's Communication Facilities Management System (CFMS) - Order Processing and Tracking System (OPTS), Equipment/Feature Inventory and Network Information System
 - Network - see Appendix 2 for current State of Michigan Infrastructure environment
 - Firewall - yes
 - Locations - see Appendix 1 & 3
 - Collection/usage data – both analog and Internet Protocol (IP) based.
 - Capacity Projections – potentially 60k workstations/currently 20k
 - Disaster Recovery Requirements and Priorities – Contractor will be required to restore all application software and services following a catastrophic failure if necessary.
- Development tools - Micro-Focus COBOL, Flex Gen Easy Query, GNU BourneAgain SHell
 - Browser – Microsoft Internet Explorer
 - Reporting tools - Micro-Focus COBOL, Gen Easy Query, GNU BourneAgain SHell
 - Interfaces (interfaces with the State's MAIN G/L System) and eAMI™
- Current enhancements under way - Interface to the Data Center Operations Configuration Management Database System (CMDBS)
- Classes of users Field technicians, billing technicians, service technicians & systems administrators
- Other systems/applications requiring integration -- Other potential systems possibly needing to be interfaced could include:
 - the state's Remedy system and others which may be identified subsequent to this agreement.
 - the eAMI™ payment processing system,



- certain forms and processes interfacing projects for data transfers, HRMN, ITAM and the RSA SecureID system

Information regarding the State's information technology architecture and standards for hardware, database applications, network hardware and monitoring tools, identity management/authentication and development tools may be found at: Policies and Standards (<http://www.michigan.gov/dit/0,1607,7-139-34305---,00.html>.)

1.104 WORK AND DELIVERABLES

A. Requirements - maintenance of the MOST System, software development and enhancements and the call collection and reporting service described below:

MOST and Net-Phacs System Maintenance - Contractor must maintain the State's MOST Telemanagement system in a way that does not interfere with the State's ongoing daily operations. The Contractor must ensure operational continuity of all components currently maintained under existing contracts. The Contractor will provide support for the Linux operating system and its inter-relation to the MOST-Phacs system and its associated modules.

The Contractor must provide maintenance support for the following functionalities:

- Data access and functionality at the desktop in a MS Windows environment, and software for various operations or personnel in a segmented manner, whereby users may be administratively given access to one or more areas of the applications software but not others.
- Support and maintain the single point of entry for all Telecom Service Requests, with no re-entry necessary, comprehensive management reports, unlimited flexible trouble codes, and comprehensive historical data.
- Must maintain and support an existing communication interface between the MOST system and the State's M.A.I.N (Michigan Administrative Information Network) General Ledger system.
- Must maintain the CDR collection process involving several locations & several environments, both real-time and batch from a variety of switches & Centrexes including tie-line reconciliation.
- Support real-time or batch mode costing which is accessible for modification at any time by administrative users, and capable of special pricing at any point.
- Support and maintain as required full equipment and feature item billing and tracking, as well as connectivity monitoring and reporting
- Support and maintain the field technician labor tracking and troubleshooting module
- Support and maintain the Cable management and trouble ticketing module

Support, maintain and ensure that all call collection applications handle an unlimited number of call detail records per day regardless of volume, at no additional support cost. Replacement Matschboxes will be charged at the Contractor's then current charge minus any prevailing discounts.

In addition to the main Linux based system in Lansing, support will be provided for any number of "Matschboxes" at various State offices throughout Michigan. These call collection and reporting buffer devices are may or may not be set up in a redundant collection mode.



The main Linux system hardware is owned and maintained by the State, but the contractor must troubleshoot any point at which the Linux O/S interacts with the MOST software modules and its intelligent call collection from the various Matschboxes at the remote sites.

Access to all hardware and software is strictly secured by State security measures and contractor must work within these guidelines and not expect unlimited, unmonitored access to their own equipment on State property.

The contractor must also maintain and support appropriate existing Flex Rate tables that will be updated on no less than a quarterly basis, providing up-to-date demographics (reflecting the latest area code and exchange changes in NANPA (North American Numbering Plan Administration), so as to allow flexible itemized costing and processing of collected call detail.

Customization of reports and other specialized work beyond typical operations of the covered modules that is requested by State of Michigan authorized personnel can fall within additional work performed and be billable. Any cost for maintaining and supporting added modules or applications must be quoted with the original proposal for the change or new application. But, thereafter, typical support of the modules or applications must allow for an unlimited number of support requests with no additional billing or costs to the State. Contractor must be willing to work on typical troubleshooting support, be it 1 hour or many hours per problem, as a regular part of the annual maintenance contract, not as additional charges. Again, allowing that requests for “out of the norm” non-support items will be billable to the State.

Pricing for all maintenance and support must be detailed/itemized for each software application or module, and should be quoted for the entire life of the contract. Hourly rates for any billable work outside the scope of normal support should be stated as well.

That includes an hourly rate for consulting, development, testing and implementation related to providing enhancements and or changes to existing State of Michigan customized software or Matsch Systems software applications, MOST system interfaces and hardware.

Complete price proposal Attachment 5, and submit with online response.

2. The Contractor will provide intelligent call accounting service for State facilities at various locations throughout the State that is capable of interfacing with the main MOST System in Lansing. This call accounting service must be capable of paperless reporting, and on-line query of telephone usage for each facility. Contractor will provide a cost model for this additional service separate from the maintenance support of the main MOST system (See Attachment 2 for current list of facilities utilizing this type of service).

1. Technical Requirements – The following applications will be supplied and maintained with no significant loss of data or time:

MOST-Phacs	MOST-Phacs	Call Collection & Inquiry module
MOST	STS	Shared Tenant Services module
	EFI	Equipment & Feature Inventory module
	NIS	Network Information System module
	MySQL	MySQL database software support
	ICE.TCP-10	Network Terminal Emulator - 100 user
	COBOL-100	Micro Focus COBOL Runtime software – 100 user



	FlexGen-128	FlexGen Deployment License – 128 user
	OPTS	Order Tracking & Processing System module
	Linux OS	Linux Operation System
	MOST	Flex Rate Tables
	Data Center Services	
	DCO	Data Exchange Gateway (DEG) Billing & Invoicing Module
	DCO	RDBC Billing & Invoicing Module
	DCO	UNISYS Billing & Invoicing Module
	DCO	Server and Storage Attached Network (SAN) Billing & Invoicing
Standalone		
	Telecom	Lansing Metropolitan Area Network (LMAN) Billing & Invoicing Module
	Telecom	Statewide Information Operator Services Billing & Invoicing Module
eAMI		
	eAMI™	Bulletins
	eAMI™	Telecom Invoice Module
	eAMI™	Wireless Invoice Module
	eAMI™	Energy Invoice Module
	eAMI™	Dispute Manager Module
	eAMI™	Employee Module
	eAMI™	Inventory Manager Module
	eAMI™	Contract Manager Module
	eAMI™	Organization Module
	eAMI™	MAIN Coding (G/L) Manager
	eAMI™	Standard Reporting Module
	eAMI™	Ad hoc Reporting Module
	eAMI™	Administrative Management Module (Password Admin and others)

Contractor's Response:

Matsch Financial Systems proposes to continue to provide a high level of customer support for Matschboxes and MOST and Net-Phacs as outlined in section 1.1 of this RFP (items A and B). This support will continue without interruption, and will leverage the knowledge and talent of Matsch's senior support and development staff.

Response to specific (above) items:

1.001 PROJECT REQUEST – Matsch understands and will comply.

1.002 BACKGROUND – Matsch understands and will comply.

1.1 Scope of Work and Deliverables – Matsch understands and will comply.

1.101 IN SCOPE – Matsch understands and will comply, with the following stipulations:



- 1- As described in item 1.104, Matsch does not perform hardware maintenance on the production/main MOST server (not to be confused with the MastchBox machines) as it is wholly owned by the State.
- 1.102 OUT OF SCOPE – Matsch understands and will comply.
- 1.103 ENVIRONMENT – Matsch understands and will comply, with the following stipulations:
 - 1- Matsch understands the term ‘workstations’ (Capacity Projections) as meaning telephones or handsets, either analog or IP.
- 1.104 WORK AND DELIVERABLES – Matsch understands and will comply.

RFP Clarification Item 2

Response 1.104/A/1 Matsch

- Please provide more detail as to how Matsch, as prime contractor, plans to support the overall statement of work, specifically the handling of Out of Scope requests, 1.102 and Work and Deliverables, 1.104

MATSCH RESPONSE: Support personnel (Primary/Alternate) for the MOST system components are as follows:

- MOST Telecom (MOST-Phacs/STS/EFI/NIS/etc.) – Robert Schafer/Robert Thompson
- NET-Phacs – Ron Pratt/Charlie Sears
- Data Center Operations – Steve Schafer/Robert Thompson

Out of Scope Requests (1.102) - If during the term of the contract the State’s Contract Administrator requests/requires work that is not within the scope of this contract, a Matsch representative (Robert Schafer and/or Stephen Schafer) **will, at no additional charge to the state, provide the State an opportunity to describe the work.** At Matsch’s discretion, this opportunity may be provided over the phone/conference call, or in-person at State offices. If it is determined that Matsch is capable of providing the additional software/services, Matsch will assume responsibility for the development of a detailed Statement of Work and Proposal which it will then provide to the State for acceptance. Development of the Statement of Work and Proposal are based on the presumption that the State will make any/all stakeholders in proposed enhancements available to Matsch, again via phone/conference call, or in-person. **New work “consulting”/quote will be provided at no additional cost.**

Sub-contractor’s Response (AMI Strategies):

1. As part of the eAMI™ system, the modules reported above are built in to the system and maintained by AMI Strategies.

Support for this contract will involve people, process and technology.

People: AMI Strategies is going to support the Statement of Work in four ways:

1. Since the Stakeholders are varied with a dynamic and changing environment; Fran, Leo, Jack, Bruce, Mindy, etc. and more; AMI intends to send staff twice per month to sit on site for real time/live questions and answers and to attend meetings.
2. AMI Strategies also staffs a support desk with e-mail and telephone coverage; 8-5 EST
3. The AMI Strategies Executive Sponsor – will continually attend meetings to identify new ways to improve processes.
4. AMI Strategies will hold eAMI™ training refresh courses on site once per quarter.

Process: AMI Strategies utilizes a tight import process to support eAMI™ engagements. The process used by the back office is as follows:

- AMI creates and maintains import schedules to assure a complete set of monthly invoices are received consistently. AMI monitors Vendor Web Sites, FTP Sites and Automated Feeds for Vendor invoice data. When an invoice is not received on the expected date, an alert is given to the import



team and they escalate the receipt directly with the vendor and notify the account manager and SOM if the invoice cannot be imported within the specified SLA. Reasons why an invoice may not be imported in a timely manner would be; vendor web site down, corrupt data, new data fields that require translation modifications, etc. The import team tracks these issues and communicates them with the Account Manager owning them until resolution.

- For those invoices where no electronic data is available, AMI has a consistent methodology for importing the information, data entry - manually. AMI enters feature charge data, and provides summary data for call detail. On a quarterly basis, AMI reviews the vendor capability to migrate from paper to electronic.
- For those invoices where electronic data is available, AMI uses translator code to import the invoice information. Vendor invoice data comes in many formats; EDI, BDF, Web Sites, CD, etc. AMI strategies must maintain and support all formats.
- Every new invoice goes through an import validation process. Once in eAMI™, we validate that all charges roll up to the current charges, starting at the lowest level of call detail and feature charges. If the invoice does not validate, we determine if the validation issue is caused by the translator or if the problem lies with the vendor. If the validation issue is caused by a translator, the translator is corrected and the invoice is re-imported. If the issue is related to the vendor's data, we contact the vendor, determine the problem, work with the vendor for resolution for future invoices and document the problem on the invoice via the invoice notes and exceptions. This is a critical component to the invoice import process. If the invoice does not meet the desired criteria, it alerts the import translation development team for a manual viewing of potential invoice problems.
- Vendors constantly change their invoice formats; These changes can be additions or deletions of data elements, new billing platforms, merged billing platforms, etc. Maintaining accurate translator code is critical.
- When vendors, schedule invoice changes, the translator code team has the ability to proactively plan for the changes that occur. These changes are then sent to the audit rule development team to update the audit rules respectively; according to the relevant changes.
- Not all vendors schedule or notify AMI Strategies of their changes. The validation routine that AMI uses to validate the invoices, catch these changes post haste. The translator team must change the code for the translator within three days in order to import the invoices timely enough for processing through the invoice life cycle. Simultaneously, the audit rule development team has to react expediently.
- Each invoice is audited against a suite of audit rules. The audit rule development team must be intimately involved in the data that is available (i.e.. any format change) for auditing. Equally as important, SOM contract changes need to be communicated to the audit rule development team via the Account Manager or the SOM.
- Each invoice is allocated to the Main Coding, prior to it being released. If no changes occurred on the invoice, it will be fully allocated when released to the SOM.
- Once an invoice is validated, it is released to the SOM for processing. Auditing occurs automatically as part of the invoice release process.

Technology: AMI Strategies maintains the eAMI™ software internally.

- Application development occurs on a regular basis. A team exists for gathering user specifications, creating design specifications, development and deployment, performing enhancements, audit rule development, translator code and report writing.



- A continual review of vendor invoice data occurs to determine whether existing audit rules need to be revised or new audit rules need to be written in order to maintain a clean telecom environment and to find the most savings for the SOM.
- To assure that AMI Strategies does not miss an account; i.e.. no communication regarding a new order or account within the eAMI system since the prior month, AMI has an audit rule called the "New/Missing Account". This audit rule will help the SOM control accounts being loaded into eAMI™ by notifying them of three different account scenarios: when a new account has come in on an invoice, when an existing account is absent from the invoice, and when an account is covered by multiple contracts.

Assumptions:

- 1- The SOM will perform invoice management functions using the eAMI™ system, which involves allocating new items on an invoice, approving each invoice, generating disputes with the vendor, paying the invoice and pulling reports as desired.
- 2- The SOM is responsible for keeping the eAMI™ data elements current; contracts, inventory, end user permissions and employees up to date.
- 3- The SOM will receive 2 custom reports per year.
- 4- A change request will result, if the SOM changes their major providers, (ie. AT&T) or if the SOM has a mass data update. (ie. changing MAIN coding).

RFP Clarification Item 4

The help desk website will require the user to create an account to submit and track reported issues. From this help desk website, the user will be able to submit new tickets, review and respond to existing tickets as well as access closed tickets.

When an existing help desk issue is submitted by the SOM, the SOM requester will receive a confirmation email indicating that the request was received and the ticket number was assigned. As the ticket is worked by the eAMI™ Help Desk team, the ticket will be updated and an email will be sent out to the requester indicating an update has occurred and/or the issue has been resolved.

Reports can be run to provide metrics on backlog evolution, high & urgent priority tickets, incident evolution, resolution times, and ticket priorities.

Once a ticket has been closed within the help-desk system, it must remain available for viewing. In addition ticket responses must be sent to the correct individual, the person submitting the ticket.

A report of tickets submitted, description, actions and time for resolution, must be submitted quarterly to the Contract Compliance Inspector, who will distribute a copy to all departments/agencies utilizing the contract.

2. Service Levels (Quality Requirements) -

- The Contractor must be responsible for maintenance (labor and parts) at the prices shown in the cost model for each component and shall keep quoted equipment in good operating condition for the length of the contract.
- The Contractor shall normally respond by phone within one hour after notification by the State that the equipment/software is inoperative. The phone call will establish the urgency and time of arrival on site. In critical situations the Contractor shall allow credit, for each work day the equipment/software is inoperative, in the amount of 1/30 of the monthly maintenance charge for equipment furnished by the contractor that is not operable (not to exceed one month charge in any calendar month). There are no additional charges for remedial maintenance during the principal period of maintenance (8:00 a.m. to 5:00 pm.).
- All Remedial Maintenance will be performed promptly after notification of equipment becoming inoperative. The contractor shall provide the State with a designated continuous



contact point and shall make arrangements to enable the maintenance representative to receive such notification and respond.

- Principle Period of Maintenance (PPM) will be the same hours as the State’s normal working hours (currently Monday through Friday, 8:00 a.m. to 5:00 p.m., excluding a one (1) hour lunch period, excepting State observed holidays).
- The principle period of maintenance hours may be changed upon 30 days written notice by mutual agreement, except that the Contractor shall make every reasonable effort to change his schedule in a shorter period of time.
- All repairs performed must be guaranteed for 30 days. Any subsequent related failure during this 30-day period will be repaired at no additional cost to the State when under contractor maintenance agreement.
- The State has the option to cancel or switch the type of service or maintenance for any or all services or devices with thirty (30) days written notice.
- The State may make alterations to the equipment and software or install attachments to the equipment at the State’s expense, with written consent of the Contractor. In the event that such changes increase the cost of maintenance, mutually agreeable arrangements for additional maintenance charges may be made in a contract addendum.

B. Services to be Provided

MOST

The Contractor must provide:

- MOST system maintenance and support without interruption of any type.
- Stand-alone call collection and reporting service to greater Michigan offices compatible with the primary MOST system.

Net-Phacs

The Contractor must provide:

- System maintenance without interruption of any type. Services and Equipment as outlined in Article 1.

eAMI

The Contractor must provide:

- System maintenance without interruption of any type. Services and Equipment as outlined in Article 1.

C. Interfaces

The Contractor must support and maintain all communication interfaces required between the MOST system and all other State systems addressed in this solicitation as well as any new or modified interfaces required during the term of the contract though development of such future interfaces may be proposed and billed at contractual development rates covered under this agreement

1.104.B. Required Services & Interfaces

Contractors describe how all the required and related services and interfaces will be provided. Include the proposed processes, methods, and tools used to request and deliver these services. Contractors provide a timeline for requesting and delivering required services. Contractors describe any assumptions made and any expectations of both SOM roles and Contractor roles.

Contractor’s Response: *Matsch Financial Systems has implemented an automated, continuous monitoring and notification system which provides Matsch support personnel the ability to quickly and efficiently troubleshoot most service and communication interface problems as they arise. When technical issues arise, Matsch assumes that the appropriate State personnel will be made available to*



answer questions and help affect a response and/or solution to the issue. Matsch will work in good faith to assist the State concerning matters of system access, networking, and any other factor which may or may not be under the direct control of Matsch, but nonetheless affects the availability of the MOST and/or Net-Phacs systems.

Matsch support personnel will be available to respond to notifications of system failure within the 1 hour timeframe specified when notification is by State employee via phone call during hours specified in this section. Matsch warrants that personnel have the means to receive notifications during off-hours via mobile devices/cell phones. Additionally, Matsch will notify the State of any issues when notified by any of the automated means (typically email), as soon as possible if the notification is not during normal business hours.

Response to specific (above) items:

1.104.A.2 Service Levels (Quality Requirements) - Matsch understands and will comply.

1.104.B Services to be Provided - Matsch understands and will comply, with the following stipulation:

1-Matsch will subcontract the eAMI system maintenance and services as outlined in Article 1.

Sub-contractor's Response (AMI Strategies):

During standard business hours, AMI Strategies will respond to an outage via telephone within one hour and comply with the requirements written above.

The eAMI™ hosted application is delivered as a SaaS, web application; it is hosted with RackSpack, a SAS70 data hosting provider. The eAMI™ application is available 24 x 7.

The advantage of using Software as a Service (SaaS) is that as new enhancements are rolled out for one Client, they become available for others. This said, if the SOM has an enhancement request where all Client's benefit, no Change Order is generated. If the SOM has an enhancement request that is specific to the SOM, a Change Order will be generated with the associated Statement of Work.

Because, application development occurs on a regular basis, a team exists for gathering user specifications, creating design specifications, development and deployment, performing enhancements, minor interface changes, audit rule development, translator code and report writing.

AMI Strategies will give the appropriate State of Michigan stakeholders a minimum of 24 hours' notice for scheduled software maintenance or deployment of new releases.

Assumption: The SOM will give change requests to AMI Strategies in writing with all of the necessary approvals and sign-off documents in place.

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

1. Location of Work

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



- i. Major facilities in Lansing, Dimondale, Saginaw, Grand Rapids and Detroit.
- ii. Service and/or maintenance at other locations utilized by certain State departments around the State may also be required. (See Attachment 2)

Contractor's staff must 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 will 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 Contract Administrator. The duties of the Contract Administrator 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 State reserves the right to require a change in the current Contract Administrator if the assigned Contract Administrator is not, in the opinion of the State, adequately serving the needs of the State.

The Contract Administrator shall be identified as Key Personnel subject to the State's interview and approval.

The Contractor will provide a project manager to work closely with the designated personnel from the State to insure a smooth transition to the new system. The project manager will coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by State.

The Contractor shall assign a project manager for the services. 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 Project Manager shall be identified as Key Personnel subject to the State’s interview and approval.

<i>Contractors Response:</i>	
Proposed Resource Name:	Robert Schafer
Proposed Classification:	Contract Administrator
Key Personnel:	Yes <input checked="" type="checkbox"/> or No <input type="checkbox"/>
Percentage of time resource will be allocated to project:	Approximately 50%
Proposed Resource Name:	Robert Schafer
Proposed Classification:	Project Manager
Key Personnel:	Yes <input checked="" type="checkbox"/> or No <input type="checkbox"/>
Percentage of time resource will be allocated to project:	Approximately 50%
<p><i>Stephen Schafer will be working alongside Robert Schafer in an apprentice capacity, as he has for the past 3 years.</i></p> <p><i>Organization Chart for this Contract – See attachment 3.</i></p> <p><i>Response to specific items:</i> <i>1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES – Matsch understands and will comply, with the following stipulations:</i> <i>1 – Location of work for support of system will be from contractor’s own premises.</i></p>	

- 1.201 In the event of the absence or loss of an identified critical employee, how will Matsch maintain continuity of support for modifications of existing applications and development of potentially new applications and/or operational modules?

MATSCH RESPONSE: In the event the Contract Administrator, Robert Schafer can no longer perform that function, Stephen Schafer will assume the responsibility as interim Contract Administrator. Robert Matthews (President) will work **to find or hire** a suitable permanent replacement. As noted above, alternate staff is already in place to handle on-going support and maintenance should Matsch experience a loss of any critical personnel.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

DTMB will provide a Project Manager. DTMB will be responsible for the State’s infrastructure and work together with the Contractor in determining the system configuration.

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

- *Provide State facilities, as needed*
- *Coordinate the State resources necessary for the project*



- *Facilitate coordination between various external contractors*
- *Facilitate communication between different State departments/divisions (IT-Networking, Integrated Services, Administration, Personnel Department, Accounting, Administration etc.)*
- *Milestone acceptance sign-off*
- *Resolution of project issues*
- *Escalation of outstanding/high priority issues*
- *Utilize change control procedures*
- *Conducting regular and ongoing review of the project to confirm that it meets original objectives and requirements*
- *Documentation and archiving of all important project decisions*
- *Arrange, schedule and facilitate State staff attendance at all project meetings*

Issues shall be escalated for resolution from level 1 through level 4, as defined below:

- Level 1 – Business leads*
- Level 2 – Project Manager*

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

The Department of Management & Budget, Purchasing Operations buyer serves as the State's contract administrator.

1.203 OTHER ROLES AND RESPONSIBILITIES

Reserved.

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

A. Performance Review Meetings

1. The State may require the Contractor to attend semi-annual meetings to review the Contractor's performance under the Contract.
2. The meetings will be held in Lansing, Michigan, or by teleconference, as mutually agreed by the State and the Contractor.
3. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

B. Project Control

1. The Contractor will carry out this project under the direction and control of the Department of Technology, Management and Budget.
2. Within ten (10) working days of the award of the Contract, the Contractor will submit to the State project manager(s) for final approval a work plan.
 - a. This work plan must be in agreement with section 1.104 Work and Deliverables, and will include the following:
 - i. The Contractor's project organizational structure.
 - ii. 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.

- iii. The project breakdown (work plan) showing sub-projects, activities and tasks, and resources required and allocated to each.
- iv. The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the work plan.

Response to specific items:

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES – Matsch understands and will comply.

1.301 PROJECT PLAN MANAGEMENT – Matsch understands and will comply.

Sub-contractor’s Response (AMI Strategies):

AMI Strategies will attend meetings at the State of Michigan and complying with the requirements written above. The eAMI™ system is implemented and therefore is running in a production environment. Attachment 4 is a sample project plan that would be used for any additional agencies, new providers, or other invoice communities like energy and utilities in order to get them set-up in the system.

C. REPORTS

Reporting formats are to be submitted to the State’s Program Manager for approval within *five (5)* business days after the effective date of the contract resulting from this RFP. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract.

Reports to be provided may include the following information:

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

1.4 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 will 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 Program Manager on an agreed upon schedule, with email notifications and updates. The issue log will be updated regularly and will 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

Contractor’s Response: *The Matsch Project Manager will maintain a record of all issues, detailing the above minimum elements to the satisfaction of the State’s Program Manager.*

Sub-contractor’s Response (AMI Strategies):

AMI Strategies will continue to use the User Acceptance Testing Document (UAT) format as a means to track issues, with the corresponding testing and acceptance. The headers in the UAT document are as follows: eAMI™ Manager, Log Date, Item Number, Reported By, Account, Vendor, Issue, Rationale, Target Date and Updates/Description.

Item No	O/C	Reported By	Account	Vendor	Issue	Rationale	Target Date	
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Once the issue is placed into the UAT document, AMI Strategies clarifies and assigns resources and target dates accordingly. Once the issue is tested internally and implemented AMI will initiate the testing process with the SOM for confirmation that it is complete.

1.402 RISK MANAGEMENT

A risk is an unknown circumstance or event that, if it occurs, may have a positive or negative impact on the Contract. Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact to the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy.

Contractor’s proposal should define risks identified as being significant to the success of the project. Include how you would propose to effectively monitor and manage these risks, including reporting of risks to the State.

Contractor’s Response: *Matsch has invested significantly in a multi-faceted risk management strategy which includes several alerts to Matsch personnel. These alerts are delivered in an automated fashion (generally email), and Matsch personnel monitor the MOST system closely, and provide feedback to key State personnel who may be affected or who may be involved in the fix or solution. One example of such an alert is that which emails Matsch personnel when a collection device has stopped collecting call detail from one of the State’s PBX switches. This is perhaps the most significant of the risks involved with the MOST system, as it could result is lost/uncaptured revenue for DTMB.*

Sub-contractor’s Response (AMI Strategies):



AMI Strategies will work with SOM to minimize risk circumstances. There are three areas of risk; downtime, loss of data and security of data. The eAMI™ application is hosted by a Tier One hosting firm, Rackspace. The firm was selected because they have 100% network uptime guarantee, a one hour hardware replacement, a SAS70 Type II, and on demand network engineers. The eAMI™ data is backed up every day. End user permissions and passwords control viewing of data for security purposes.

1.403 CHANGE MANAGEMENT

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

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

The Contractor will 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.

1.403

Contractor’s Response: *Matsch understands and will comply.*

Sub-contractor’s Response (AMI Strategies):

The Change Control process will involve collaboration with appropriate stake holders from both AMI Strategies and the SOM to initiate and complete Change Control Notice per the procedure outlined above. If approved AMI Strategies will develop the corresponding Statement of Work as required by DTMB Office of Purchasing.

The documentation on the AMI Change Control form consists of the following information: Date, Requested By, Job Title, Telephone Number, Department, Reference ID, Description of Work to be Performed, Priority, Benefits Case, Impact, Cost, Assessment and lastly timing requirements for completion.

Clarification Item #5

New Work requests will be handled on a case by case basis. For any New Work on this contract, the SOM will choose whether to address the work as a project, or on a Time and Materials basis. To make this determination, the SOM will require an estimate of hours, tasks, resources, etc.



1.5 Acceptance

1.501 CRITERIA

Reserved

1.502 FINAL ACCEPTANCE

Final acceptance is expressly conditioned upon completion of all deliverables, completion of all tasks in the project plan as approved, completion of all applicable inspection and/or testing procedures, and the certification by the State that the Contractor has met the defined requirements.

1.6 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

Contractor must identify all information related, directly or indirectly, to the Contractor's proposed charges for services and deliverables including, but not limited to, costs, fees, prices, rates, bonuses, discounts, rebates, or the identification of free services, labor or materials.

Contractor shall provide a breakdown of all proposal costs along with a brief narrative explaining each cost basis as follows:

- a. Start-up and Initialization - (Refers to any new services including eAMI sites or locations, and standalone call collection and reporting service) Consists of all preliminary, one-time costs to the State including, but not limited to, investigative, set-up, system initialization, conversion activities, workload migration activities, and network implementation, etc.
- b. Ongoing Operations – (Refers to any services provided through this proposal including stand-alone call collection and reporting service) Consists of all recurring monthly costs to the State including, where applicable but not limited to, facilities, hardware, software, operations, scheduling and security administration services, network equipment and circuits, etc.
- c. MOST System maintenance costs, including preventative maintenance and technical support
- d. Custom software development/consultation costs after initial installation
- e. Options and/or Additions - Consists of any proposed optional services that may be offered by the Contractor.
- f. All discounts and rebates
- g. Any and all other potential costs not itemized above.

Identify any assumptions Contractor has made developing its Cost Proposal.

Payment

Electronic Payment Availability

Public Act 533 of 2004 requires that payments under this contract be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us)

Cost/Pricing tables are provided in Attachment 5.



Clarification regarding payment for eAMI services:

Potential savings reports will **have to be substantiated by the SOM in order to be applied as actual identified savings**. Quarterly Reports are required, defending “identified” **savings to be approved and implemented by the State prior to payment**.

1.7 Additional Terms and Conditions Specific to this SOW

1.701 ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO THIS SOW

Other Contractors

The State has and/or may contract with other entities to perform technical services or provide other equipment and software to work with the items provided under this contract. The Contractor agrees to work with these other entities and provide them necessary technical information and required support to accomplish the efforts required by the contract with the State.



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

This Contract is for a period of three (3) years beginning March, 2012 through March, 2015. All outstanding Purchase Orders must also expire upon the termination for any of the reasons listed in **Section 2.150** of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, shall remain in effect for the balance of the fiscal year for which they were issued.

-Matsch understands and will comply.

2.002 Options to Renew

This Contract may be renewed in writing by mutual agreement of the parties before its expiration. The Contract may be renewed for up to two (2) additional 1-year periods.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

2.008 Form, Function & Utility

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

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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

- Matsch understands and will comply.

2.020 Contract Administration

2.021 Issuing Office

This Contract is issued by the Department of Technology, Management and Budget, Purchasing Operations and DTMB Telecommunications (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:

Christine Mitchell, CPPB
Buyer Specialist
Purchasing Operations
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Mitchellc4@michigan.gov
(517) 335-0462



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:

Bazella "Bruce" Rainey
Lewis Cass Bldg, 2nd Floor
P.O. Box 30026
320 South Walnut
Lansing, MI 48909
Raineyb@michigan.gov
(517) 335-4395

2.023 Project Manager

The following individual will oversee the project:

TBD

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.

- Matsch understands and will comply.

2.025 Notices



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

State:

State of Michigan

Purchasing Operations

Attention: Christine Mitchell

PO Box 30026

530 West Allegan

Lansing, Michigan 48909

Contractor:

Matsch Systems

Contract Administration

Attn: Robert Schafer

911 N. Division Ave Suite B

Grand Rapids, MI 49503

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.



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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.



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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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

- Matsch understands and will comply.

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").

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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 be mutually agreed 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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.



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).

- Matsch understands and will comply.

2.050 Taxes

2.051 Employment Taxes

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

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.



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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.



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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.



- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.



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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

2.105 Respective Obligations

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

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

The Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract in accordance with requirements addressed in the RFP and/or the resulting awarded 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.

- Matsch understands and will comply.

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.



- Matsch understands and will comply.

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**.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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

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

2.140 Indemnification

2.141 General Indemnification

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

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.



- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.



- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.



- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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**.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.



- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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**.



- Matsch understands and will comply.

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**.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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>.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

2.212 Compliance with Laws

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

- Matsch understands and will comply.

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.

- Matsch understands and will comply.



2.220 Limitation of Liability

2.221 Limitation of Liability

Reserved

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

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

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

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

- **(1) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and**
- **(2) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.**

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

- **(1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify MDTMB Purchasing Operations.**
- **(2) Contractor shall also notify MDTMB Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.**



- (3) Contractor shall also notify MDTMB Purchase Operations within 30 days whenever changes to company affiliations occur.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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:

B. (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.

- Matsch understands and will comply.

2.243 Liquidated Damages

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



additional \$100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

- Matsch understands and will comply.

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.



- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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**.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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**.



- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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>.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

2.280 Extended Purchasing

2.281 MiDEAL (Michigan Delivery Extended Agreements Locally)

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

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

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

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

- Matsch understands and will comply.

2.282 State Employee Purchases

Reserved

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 such 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.).

- Matsch understands and will comply.

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.

No additional equipment required.



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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply. Matsch will use ClamAV anti-virus to check any/all software prior to being delivered 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, includes or shall include 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 leap years shall be correctly treated as leap years within all calculation and calendar logic.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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).

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

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.

- Matsch understands and will comply.

2.330 Source Code Escrow

2.331 Definition

“Source Code Escrow Package” shall mean:

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

See response below item 2.339 – Derivative Works

2.332 Delivery of Source Code into Escrow

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

See response below item 2.339 – Derivative Works

2.333 Delivery of New Source Code into Escrow

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

See response below item 2.339 – Derivative Works



2.334 Verification

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

See response below item 2.339 – Derivative Works

2.335 Escrow Fees

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

See response below item 2.339 – Derivative Works

2.336 Release Events

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

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

See response below item 2.339 – Derivative Works

2.337 Release Event Procedures

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

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

See response below item 2.339 – Derivative Works

2.338 License

Upon release from the Escrow Agent pursuant to an event described in this **Section**, the Contractor automatically grants the State a non-exclusive, irrevocable license to use, reproduce,



modify, maintain, support, update, have made, and create Derivative Works. Further, the State shall have the right to use the Source Code Escrow Package in order to maintain and support the Licensed Software so that it can be used by the State as set forth in this Contract.

See response below item 2.339 – Derivative Works

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.

Matsch understands the State’s need for protection of its source code. Matsch proposes the following solution IN PLACE OF ITEMS 2.331 through 2.339 of this RFP:

Matsch will place a copy of all source code, in machine-readable form on the hard disk of the MOST server, and will make the location of these files known to the State. Since the executable code is already resident on the MOST server, no extra copy of same needs to be provided. As such, there is no need for a formal ‘escrow package’, or escrow agent.

The State may perform its own verification at any time and with any frequency it chooses. Matsch agrees to update this copy of the source code whenever changes are made to existing modules or new modules are developed, and further warrants that it has a system in place to facilitate this capability.

Regarding section 2.331 (b) – no new or additional design documentation will be provided for the existing MOST system, however any new projects for which documentation is developed will be placed on the MOST server, and the location made known to the State.

Regarding section 2.331(c) – Those software modules (programs) which are compiled require the FlexGen development suite and/or the Micro Focus COBOL development system. Both of these development suites are licensed products, and as such cannot be installed on any CPU/server outside of Matsch’s office. Matsch will provide the manuals and documentation for these products to the State as well as access to its host servers in the unlikely event that the State should ever need such access.

Article 4 – Required Contractor Information

4.010 Contractor Information

4.011 COMPANY INFORMATION

NAME:			WEB PAGE:	WWW.MATSCH.COM
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ADDRESS:	911 N. DIVISION AVE. SUITE B	CITY:	GRAND RAPIDS	STATE:	MI	ZIP:	49503
LEGAL STATUS:	CORP.	YEARS IN BUSINESS?	30		PHONE:	616-459-0782	
STATE INCORPORATED:	MI	REGISTERED IN MICHIGAN?	YES				

4.13 AUTHORIZED CONTRACT SIGNATORY

NAME:	ROBERT SCHAFFER	TITLE:	VICE PRESIDENT	PHONE:	616-477-9620
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4.015 Subcontractor(s)

Contractor must provide a list of all Subcontractors, including firm name, address, contact person, and a complete description of the work to be contracted. Include descriptive information concerning Subcontractor's organization and abilities.

Contractor Response:

Subcontractor: AMI Strategies AMI Strategies, 34705 W. 12 Mile Road, Suite 101, Farmington Hills, MI 48331-3272 SOW is for the sections in the RFP pertaining to eAMI™. Contact: Jane Sydlowski Description of work: Provide support of eAMI Invoice processing module (Item #2 of this RFP)
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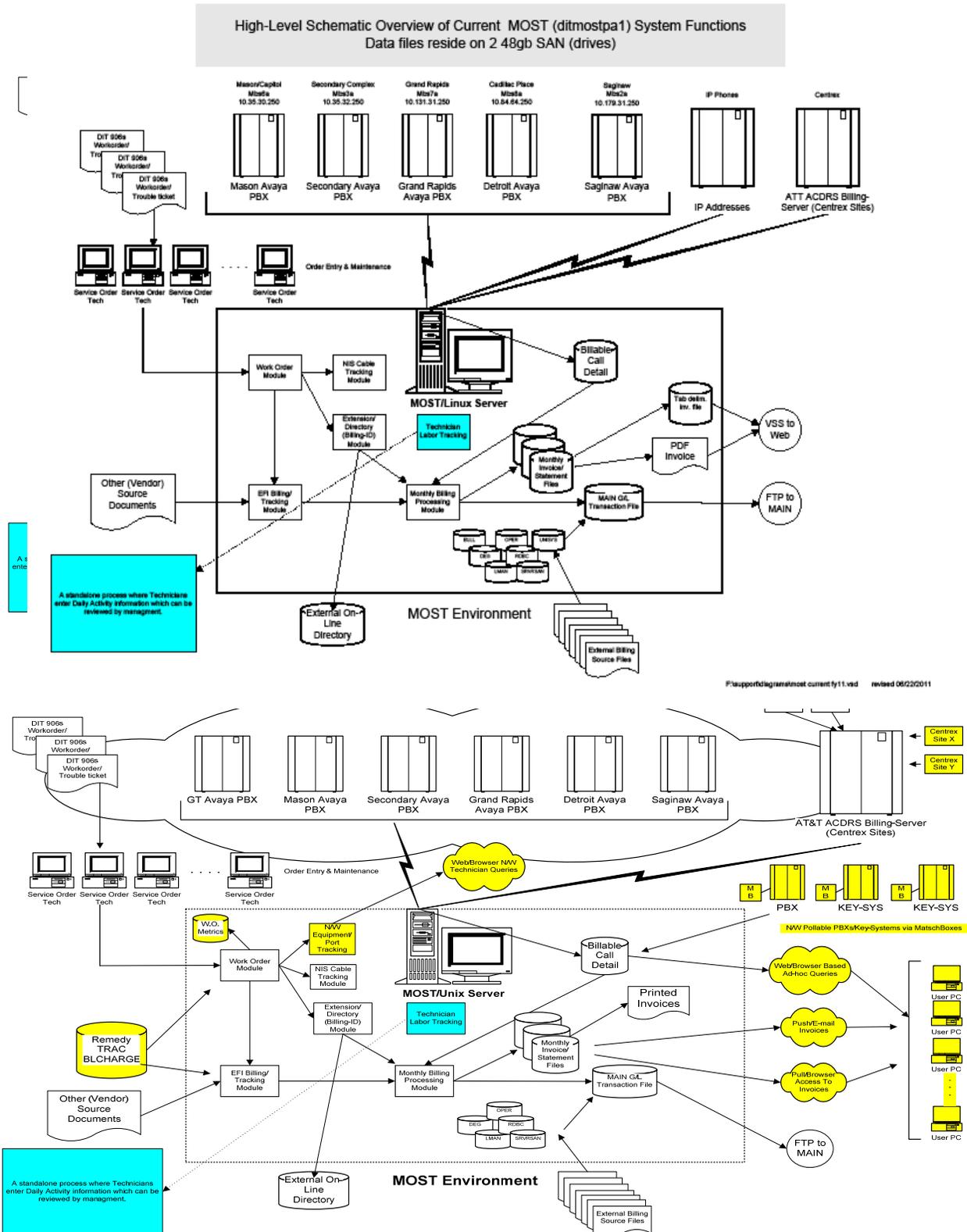
4.017 Place of Performance

Contractors, in the performance of any resulting contract, must state if they intend to use one or more plants or facilities located at a different address from the address indicated in section 4.011. The following information must be provided for these plants or facilities:

Place of Performance - Full address	Owner/Operator of facility to be used	Percent (%) of Contract value to be Performed at listed Location
911 N. Division Ave. Suite B Grand Rapids, MI 49503	Roberts Property Mgmt.	100%
AMI Strategies - Subcontractor	Aberetum Properties Burtman - Katzman	100%



Attachment 1 – High Level Schematic Overview of Current and Future MOST System Functions





State currently allows contractors to place their network equipment on our premises, or they can terminate their connection at our demarcation at an AT&T facility. This zone is separated from the State network with a firewall. This access is application only; remote control access is not allowed.

Local Government Extranet: This zone allows local government entities access to applications on the State network. This is provided by the provisioning of separate WAN circuits on the State WAN cloud. This zone is separated from the State network with a firewall.

Lansing Metropolitan Area Network (LMAN): This is the State's high-speed backbone network utilized by State employees to access State resources and Internet resources. The backbone is made up of redundant fiber links capable of transporting 2GBPS of traffic. Several State buildings, as well as the State's 3 hosting centers, are also connected to the backbone through a distribution layer network.

Agency Internet DMZ: This zone is for public-facing server access to the Internet. This zone is firewall protected from the Internet, as well as from the LMAN. The state currently has Internet services provided by Merit and Sprint to provide redundancy.

State WAN: This is the remote office connectivity solution for the State. It is made up of a private network managed by AT&T. Connectivity of sites on the WAN varies from 512k-T1 frame relay circuits in a distributed star topology.

State Gateway-to-Gateway VPN: This is an IPSEC VPN service offered by the State to allow remote State offices that do not require the availability/reliability of a dedicated State WAN circuit.

Client to Gateway VPN: Since remote control access is not allowed over the contractor extranet, the State has developed this service as the approved method of access to manage State systems remotely. The service involves the use of the Internet, VPN-client software to provide the encryption over the Internet, and a 2- factor authentication method (SECURID).

State Data Communications Network is composed of the Intranet, a secured internal network, and an external unsecured network, which is connected to the Internet. This network is comprised of necessary routing and switching hardware, software, wiring networks, connecting hub hardware, network management systems and the State firewall.

Intranet is the secured, internal network inside the firewall. It includes the core Lansing Metropolitan Area Network (LMAN), a Wide Area Network (WAN) connecting out state locations, and agency local area networks, which are connected to either LMAN or WAN.

Unsecured network is an optical fiber network in greater Lansing, outside the firewall. It radiates from a switched Ethernet hub and is connected to the worldwide Internet.

Intranet servers conform to World Wide Web standards and are connected to the State Intranet, which is the secured internal network segment located inside the firewall system.

Internet servers conform to World Wide Web standards and are connected to the State unsecured network.



Attachment 2 - Matsch Systems NetPhacs Locations

Site No.	Site Name		
	<u>Department of Community Health</u>	051	Huron County
		056	Clinton County
037	Mi Comm Health - Hawthorn Ctr	075	Flint SOB
	<u>Department Human Services</u>	076	Case County
002	Kent County	077	St. Joseph County
003	Muskegon County	078	Branch County
004	Allegan County	079	Monroe County
005	Van Buren County	080	Berrien County
006	Sanilac County	081	Calhoun County
007	Midland County	082	Eaton County
008	Arenac County	083	Barry County
009	Ogemaw Country	084	Alger County
010	Shiawassee County	085	Antrim County
011	Tuscola County	086	Bay County
012	Houghton County	087	Benzie County
013	Livingston County	088	Cheboygan County
014	Wayne Adult/Medical Services	089	Chippewa County
015	Oakland Walled Lake Dist. 03	090	Claire County
016	Wayne Inkster	091	Crawford County
017	Lapeer County	092	Cadillac Center
018	Wayne Taylor	093	Genesee - Pierson
019	Wayne - Woody Plaza (Frm: Hamtramck)	094	Genesee - McCree
020	Wayne Oakman/Gr River	095	Gladwin County
021	Kent Sparta	096	Iosco County
022	Wayne Gratiot/Seven Mile	097	Iron County
024	Oceana County	098	Lake County
025	Wayne Grand River/Warren	099	Luce County
026	Wayne Fort Wayne	100	Oakland Towne Center
027	Wayne Conner (Frm: Medbury/Concord)	101	Manistee County
028	Kalkaska County	102	Marquette County
031	Wayne Greenfield/Joy	103	Mason County
032	Alpena County	104	Mecosta/Osceola County
033	Macomb Sterling Heights	105	Menominee County
034	Isabella County	106	Montgomery County
035	Ionia County	107	Newaygo County
038	Hillsdale County	108	Roscommon County
039	Wexford / Missaukee County	109	Ontonagon County
040	Lenawee County	110	Oscoda County
041	Ingham County	111	Otsego County
042	Gogebic County	112	Ottawa County
043	Mackinac County	113	Presque Isle County
044	Gratiot County	114	St. Clair County
045	Emmett County	115	Schoolcraft County
046	Wayne - Glendale/Trumbull	116	Washtenaw County
047	Kalamazoo County	117	Macomb County - Admin
		118	Macomb - Warren Dist 20
		119	Macomb - Mt Clemens Dist 12



- 120 Oakland - Baldwin Rd Dist 01
- 121 Oakland - Madison Hts Dist 02
- 122 Oakland - Saginaw St Dist 04
- 123 Wayne - Greydale/Grand River
- 124 Wayne - Lafayette
- 126 Wayne - Russell St.
- 127 Wayne - North Operations - CFS
- 128 Wayne - South Operations - CFS
- 129 Wayne - West Operations - CFS
- 130 Macomb OCLA
- 131 Jackson SOB
- 132 Montcalm County
- 133 Delta County
- 134 Baraga County
- 135 Grand Traverse
- 136 Dickinson County
- 137 SOB Saginaw
- 138 Kent Cascade SSPC
- 139 Wayne – Grand Mont
- 152 Grand Tower 2nd Floor
- 153 Maxie

DDS

- 150 Grand Traverse
- 151 Kalamazoo
- 154 Hannah
- 155 Cadillac Place

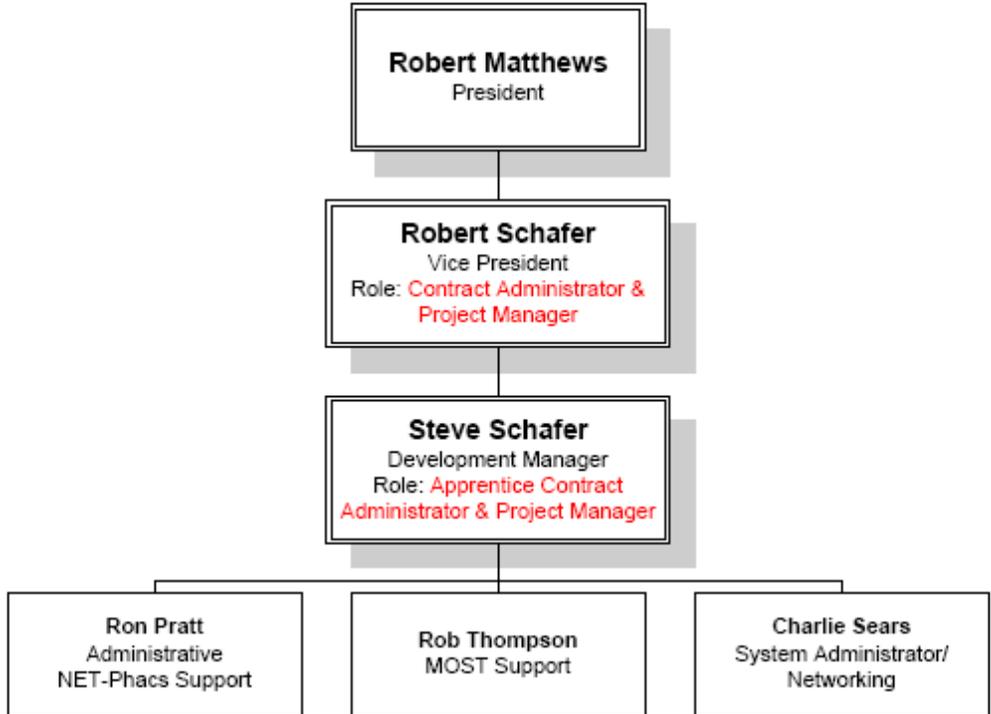
Department of Corrections

- 140 Ryan Correctional
- 141 Mound Correctional
- 142 Alger Maximum Correctional

Attachment 3 Organizational Chart

Matsch Systems Organizational Chart

State of Michigan MOST System



Attachment 4 – See Excel Pricing Tables



MOST Module	Year - 1	Year- 2	Year - 3	Year- 4	Year - 5		
Telecom							
MOST-Phacs Call Collection & Inquiry Module	\$11,338	\$11,792	\$12,263	\$12,754	\$13,264		
Share Tenant Services Module (STS)	\$9,252	\$9,622	\$10,007	\$10,407	\$10,824		
Equipment & Feature Inventory Module (EFI)	\$5,235	\$5,444	\$5,662	\$5,889	\$6,124		
Network Information System Module (NIS)	\$4,816	\$5,009	\$5,209	\$5,417	\$5,634		
MySQL Database Software Support	\$1,970	\$2,049	\$2,131	\$2,216	\$2,305		
ICE-TCP-10	\$1,534	\$1,595	\$1,659	\$1,726	\$1,795		
COBOL-100 (Micro Focus COBOL Runtime Software - 100 User	\$2,378	\$2,473	\$2,572	\$2,675	\$2,782		
FlexGen - 128 (Flex_Gen Deployment License - 100 User	\$2,660	\$2,766	\$2,877	\$2,992	\$3,112		
OPTS (Order Tracking & Processing System Module	\$6,472	\$6,731	\$7,000	\$7,280	\$7,571		
Linux OS Support (Linux Server Operating System Software)	\$838	\$872	\$906	\$943	\$980		
MOST System Proposed Modules	\$5,400	\$5,616	\$5,841	\$6,074	\$6,317		
MOST System Base Maintenance							
Subtotal	\$51,893	\$53,969	\$56,127	\$58,373	\$60,707	Growth Factor	1.04
Flex Rate Table Updates (Rating Tables) - Telecom Voice	\$9,450	\$9,828	\$10,221	\$10,630	\$11,055		
Hardware							
11 Matschboxes (Passive Call Collection Devices)	\$5,837	\$6,070	\$6,313	\$6,566	\$6,829		
Lansing Metropolitan Area Network (LMAN) Billing Module	\$495	\$515	\$535	\$557	\$579		
State Information Operator Billing Module	\$495	\$515	\$535	\$557	\$579		
Telecom Portal Module	\$14,040	\$14,602	\$15,186	\$15,793	\$16,425		
MOST Telecom Billing System Maintenance							
	\$82,210	\$85,498	\$88,918	\$92,475	\$96,175		



Data Center Services

Servers & Storage Billing Module	\$4,680	\$4,867	\$5,062	\$5,264	\$5,475
Data Exchange Gateway (DEG) Billing Module	\$1,553	\$1,615	\$1,680	\$1,747	\$1,817
RDBC Billing Module	\$1,553	\$1,615	\$1,680	\$1,747	\$1,817
Unisys Billing Module	\$990	\$1,030	\$1,071	\$1,114	\$1,158
Total DCO Billing Modules Maintenance	\$8,776	\$9,127	\$9,492	\$9,872	\$10,267

MPSCS Billing

MPSCS Proposed Billing Module	\$14,400	\$14,976	\$15,575	\$16,198	\$16,846
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**System Software Modification and Development
(Rate X 600 hrs/yr)**

	\$96,000	\$96,000	\$96,000	\$96,000	\$96,000
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Net Phacs Call Reporting System (DHS)

Setup Fees					
Monthly Fee Schedule	\$175,141	\$180,395	\$185,807	\$191,381	\$197,123
MOST Net Phacs Subtotal	\$175,141	\$180,395	\$185,807	\$191,381	\$197,123

Total MOST

	\$376,527	\$385,997	\$395,793	\$405,926	\$416,410
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eAMI Invoice Auditing and Payment System

Initial Setup Charge as applicable

Monthly Recurring Charges

Invoice Input Services

Invoice Processing Services

Routine Upkeep & Problem Resolution

Hosting
Storage

eAMI invoice Sub-total

	\$1,800	\$1,872	\$1,947	\$2,025	\$2,106
	\$155,984	\$162,224	\$168,713	\$175,461	\$182,480
	\$157,784	\$164,096	\$170,660	\$177,486	\$184,585

Assumption 1.00 per invoice per month. (150 Monthly invoices for DTMB)

Assumption is Invoice Processing Services of \$12998.70 per month - annualized. (increase of 10%)

Assumption Hosting and Storage and Routine Upkeep inherent in the Invoice Processing Services as solution is bundled.

Assumption - fees also based upon processing \$14,000,000 of annual telecom invoicing.

Assumption the Growth factor each year of 1.04% as stated in RFP.



**System Software Modification and Development
(Rate x 300 hrs/yr)**

\$26,250	\$26,250	\$26,250	\$26,250	\$26,250

Assumption System Software Modifications and Development - estimated for discretionary budget purposes.

Total eAMI

\$184,034	\$190,346	\$196,910	\$203,736	\$210,835

Assumption - the \$103,125 annual allotment earmarked (approved but not appropriated) for additional invoice volume for agencies is NOT in this number.

Total MOST and eAMI

\$560,561	\$576,342	\$592,702	\$609,662	\$627,245
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Three Year Total

\$1,729,606