

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

CHANGE NOTICE NO. 4
 to
CONTRACT NO. 071B7200344
 between
THE STATE OF MICHIGAN
 and

| NAME & ADDRESS OF CONTRACTOR: | PRIMARY CONTACT | EMAIL |
|---|-------------------|--|
| HP Enterprise Services, LLC 5400 Legacy Drive Plano, TX 75024 | Jamie Trierweiler | Jamie.Trierweiler@Hp.com |
| | TELEPHONE | CONTRACTOR #, MAIL CODE |
| | (517) 392-3314 | |

| STATE CONTACTS | AGENCY | NAME | PHONE | EMAIL |
|--------------------------------|--------|-------------|----------------|----------------------|
| CONTRACT COMPLIANCE INSPECTOR: | DTMB | John Karlik | (517) 335-4062 | KarlikJ@michigan.gov |
| BUYER: | DTMB | Steve Motz | (517) 241-3215 | motzs@michigan.gov |

| CONTRACT SUMMARY: | | | |
|---|-------------------------|--------------------------|--|
| DESCRIPTION: DTMB/Treasury Integrated Tax Project Control Office (PCO) | | | |
| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL OPTIONS INCLUDED | CURRENT EXPIRATION DATE |
| September 10, 2007 | September 9, 2010 | 2, 1 Yr. Options | September 9, 2012 |
| 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 type="checkbox"/> NO |
| MINIMUM DELIVERY REQUIREMENTS: | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE: | | |
|--|---|---------------------------------------|
| OPTION EXERCISED: <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES- Extension | IF YES, EFFECTIVE DATE OF CHANGE: August 8, 2012 | NEW EXPIRATION DATE: March 9, 2013 |
| <p>Effective immediately, this Contract is hereby EXTENDED six months to March 9, 2013 and the Contract Value is increased by \$500,000.</p> <p>All other terms, conditions, specifications, and pricing remain the same.</p> <p>Per vender agreement and DTMB Procurement approval.</p> | | |
| VALUE/COST OF CHANGE NOTICE: | \$500,000.00 | |
| ESTIMATED REVISED AGGREGATE CONTRACT VALUE: | \$5,489,440.00 | |

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

September 29, 2011

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B7200344
between
THE STATE OF MICHIGAN
and

| | | |
|--|-----|---|
| NAME & ADDRESS OF VENDOR | | TELEPHONE Jamie Trierweiler (517)392-3314 |
| HP Enterprise Services, LLC 5400 Legacy Drive Plano, TX 75024 | | VENDOR NUMBER/MAIL CODE |
| Email: Jamie.Trierweiler@Hp.com | | BUYER/CA (517) 241-3215 Steve Motz |
| Contract Compliance Inspector: MDIT/Treasury Integrated Tax Project Control Office (PCO) | | |
| CONTRACT PERIOD: From: September 10, 2007 To: September 9, 2012 | | |
| TERMS | N/A | SHIPMENT N/A |
| F.O.B. | N/A | SHIPPED FROM N/A |
| MINIMUM DELIVERY REQUIREMENTS N/A | | |
| MISCELLANEOUS INFORMATION: | | |

NATURE OF CHANGE(S):

Effective immediately, the remaining options are exercised and the Contract is EXTENDED through September 9, 2012 for the continued services of a Project Control Office. All other pricing, terms and conditions remain the same.

AUTHORITY/REASON(S):

Per Contractor, DTMB and Treasury agreement.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$4,989,440.00



August 22, 2011

Jeanne Irwin
Michigan Department of Management & Budget
Email: IrwinJ@michigan.gov

Dear Mrs. Irwin:

HP will agree with the State of Michigan's proposal to extend the term of the DTMB/Treasury Project Control Office (#084n7203108). The same terms and conditions that are in place under the current contract will remain in effect. This extension will be from 12/31/2011 to 09/09/2012.

Sincerely,

A handwritten signature in cursive script that reads "Richard A. Tonkovich".

Richard A. Tonkovich
HP Enterprise Services
District Manager, State and Local Gov't

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

September 14, 2010

**CHANGE NOTICE NO. 2
 TO
 CONTRACT NO. 071B7200344
 between
 THE STATE OF MICHIGAN
 and**

| | | |
|--|------------|---|
| NAME & ADDRESS OF VENDOR | | TELEPHONE Jamie Trierweiler (517)392-3314 |
| HP Enterprise Services, LLC 5400 Legacy Drive Plano, TX 75024 Email: Jamie.Trierweiler@Hp.com | | VENDOR NUMBER/MAIL CODE |
| | | BUYER/CA (517) 241-3215 Steve Motz |
| Contract Compliance Inspector: MDIT/Treasury Integrated Tax Project Control Office (PCO) | | |
| CONTRACT PERIOD: From: September 10, 2007 To: September 9, 2010 | | |
| TERMS | N/A | SHIPMENT |
| | | N/A |
| F.O.B. | N/A | SHIPPED FROM |
| | | N/A |
| MINIMUM DELIVERY REQUIREMENTS N/A | | |
| MISCELLANEOUS INFORMATION: | | |

NATURE OF CHANGE(S):

Effective immediately, this Contract is INCREASED by \$2,000,000.00 and an option is exercised to EXTEND the contract from 9/10/2010 through 12/31/2011 (One Year, 3 Months, 21 Days) for the continued services of a Project Control Office. All other pricing, terms and conditions remain the same.

Please Note: The Buyer has been changed to Steve Motz, and the Contractor's Single Point of Contact has been changed to Jamie Trierweiler.

AUTHORITY/REASON(S):

Per Contractor, DTMB and Treasury agreement and Ad Board Approval on 9/14/2010.

INCREASE: \$2,000,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$4,989,440.00

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

June 13, 2008

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B7200344
between
THE STATE OF MICHIGAN
and

| | |
|---|---|
| NAME & ADDRESS OF VENDOR Electronic Data Systems Corporations/EDS Information Services L.L.C. 5400 Legacy Drive Plano, TX 75024 Email: Lynn.Nichols@EDS.com | TELEPHONE Lynn Nichols (517)272-6497 |
| | VENDOR NUMBER/MAIL CODE |
| | BUYER/CA (517) 241-7233 Joann Klasko |
| Contract Compliance Inspector: MDIT/Treasury Integrated Tax Project Control Office (PCO) | |
| CONTRACT PERIOD: From: September 10, 2007 To: September 9, 2010 | |
| TERMS N/A | SHIPMENT N/A |
| F.O.B. N/A | SHIPPED FROM N/A |
| MINIMUM DELIVERY REQUIREMENTS N/A | |
| MISCELLANEOUS INFORMATION: | |

NATURE OF CHANGE(S):

Effective immediately, EDS will provide a release manager, Gary Sorrell, for the period of 4/1/2008 to 9/30/2008 at the monthly rate of \$22,400.00. this position was an hourly rate position of \$160.00 per hour and the new rate will allow the project to stay on budget. All other pricing, terms and conditions remain the same.

AUTHORITY/REASON(S):

Per Treasury, DIT, DMB and vendor concurrence.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$2,989,440.00

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

September 5, 2007

**NOTICE
 OF
 CONTRACT NO. 071B7200344
 between
 THE STATE OF MICHIGAN
 and**

| | |
|---|--|
| NAME & ADDRESS OF VENDOR Electronic Data Systems Corporations/EDS Information Services L.L.C. 5400 Legacy Drive Plano, TX 75024 | TELEPHONE Gary LaRoy (517)272-5939 |
| | VENDOR NUMBER/MAIL CODE |
| | BUYER/CA (517) 241-7233 Joann Klasko |
| Contract Compliance Inspector: MDIT/Treasury Integrated Tax Project Control Office (PCO) | |
| CONTRACT PERIOD: From: September 10, 2007 To: September 9, 2010 | |
| TERMS N/A | SHIPMENT N/A |
| F.O.B. N/A | SHIPPED FROM N/A |
| MINIMUM DELIVERY REQUIREMENTS N/A | |
| MISCELLANEOUS INFORMATION: | |

TOTAL ESTIMATED CONTRACT VALUE: \$2,989,440.00

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

CONTRACT NO. 071B7200344
between
THE STATE OF MICHIGAN
and

| | |
|---|--|
| NAME & ADDRESS OF VENDOR Electronic Data Systems Corporations/EDS Information Services L.L.C. 5400 Legacy Drive Plano, TX 75024 | TELEPHONE Gary LaRoy (517)272-5939 |
| | VENDOR NUMBER/MAIL CODE |
| | BUYER/CA (517) 241-7233 Joann Klasko |

Contract Compliance Inspector:
MDIT/Treasury Integrated Tax Project Control Office (PCO)

CONTRACT PERIOD: From: **September 10, 2007** To: **September 9, 2010**

| | |
|--------------|-----------------|
| TERMS N/A | SHIPMENT N/A |
|--------------|-----------------|

| | |
|---------------|---------------------|
| F.O.B. N/A | SHIPPED FROM N/A |
|---------------|---------------------|

MINIMUM DELIVERY REQUIREMENTS
N/A

MISCELLANEOUS INFORMATION:
The terms and conditions of this Contract are enclosed. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.
Estimated Contract Value: \$2,989,440.00

THIS IS NOT AN ORDER: The terms and conditions of this contract are enclosed. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.
Original contract was awarded on the basis of our inquiry bearing the req No. 084R7200234.

FOR THE VENDOR:

 Firm Name

 Authorized Agent Signature

 Authorized Agent (Print or Type)

 Date

FOR THE STATE:

 Signature
Greg Faremouth, Director

 Name
IT Division

 Title

 Date



**STATE OF MICHIGAN
Department of Management and Budget
Purchasing Operations**

CONTRACT #. 071B7200344

Michigan Department of Treasury

Michigan Department of Information Technology

INTEGRATED TAX PROJECT CONTROL OFFICE (PCO)

Buyer Name: Joann M. Klasko
Telephone Number: (517) 241-7233
E-Mail Address: KlaskoJ@michigan.gov

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Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The State of Michigan (State), through the Michigan Department of Information Technology (MDIT), with assistance of the Michigan Department of Management & Budget (MDMB), has issued this contract to provide a Project Control Office (PCO) the Department of Treasury’s Integrated Tax PCO. This PCO will oversee, monitor, and guide the timely design, development, integration, testing, and implementation services (provided by an outside Integrator, Treasury, and MDIT) to establish a new integrated tax processing and administration system. This contract will provide the State with a full-time, fully staffed, on-site Project Control Office for this multi-phased, multi-year project.

The contract is for three years from the time of the contract award with two (2) one-year optional extensions.

The State, (Treasury and Information Technology Departments), intends to secure an experienced IT vendor as the Integrator for the development and implementation of the new integrated tax processing and administration system. It is anticipated that this system will be built on the SAP ERP software already owned by the State of Michigan. The ensuing project will require aggressive scope control and task orchestration to reach critical timelines and deliverables to ensure the timely system implementation for collection and processing of the new business tax. The State recognizes that to meet this aggressive schedule and limit risks, thorough planning and preparation are required. Early implementation of the Project Control Office is necessary to establish this planning and other key processes crucial to quick project startup.

The Project Control Office will:

- Establish and implement project management and technical processes, methodologies, and tools to maximize project team performance, minimize risk, and contain costs on the new integrated tax processing and administration project
- Provide assistance to the State, (Treasury and Information Technology Departments), in the form of independent oversight, monitoring of the project team and their progress, and reporting on status of deliverables critical for on-time delivery of the new integrated tax processing and administration system
- Be responsible for performing at a minimum the functions of project schedule development, project plan management, scope containment including processes for issue and risk management, and gatekeeper activities for configuration control tasks.

The Project Control Office Manager will:

- Be responsible for the coordination and orchestration of the project effort to ensure Treasury’s goals and objectives for new integrated tax processing and administration system are delivered within the allotted budget and timeframes
- The absolute deadline for Phase 1 completion is 12-31-08.
- Responsible for creating and maintaining detailed MS Project plans and schedules that support project scope and business requirements, works to contain costs within stated project budget, drives the project team to meet timelines and milestones, and assesses deliverables for completion
- Develop processes and information to track progress against the plan, determine earned value calculations, derive weekly status reports and perform project evaluations
- Reports to the MDIT Project Manager and Treasury Business Owner, and will act as a single point of contact coordinating all activities and personnel within the Project Control Office. The ultimate authority for the new integrated tax processing and administration system project rests



with the Steering Committee. One of the mandatory functions of this position is the monthly reporting of project status at the project Steering Committee meetings.

The Project Control Office would include the following job functions; Project Control Office Manager, Project Scheduler, Business Analyst / Tax Expert, SAP Technical Expert, and a Configuration Management Lead. Additional positions will be considered upon recommendation from the contractor.

Work for the Project Control Office commences as soon as possible after contract signing not to exceed more than 30 days from contract signing. Under the direction of the MDIT Project Manager and Treasury Business Owner, the Project Control Office Manager will implement PCO processes and practices, assist with the Integrator selection process, work with the entire project team (Treasury, MDIT, Integrator) to develop a comprehensive Project Plan, implement and use a project-specific MiTracker Web page and toolset, and establish working relationships with the Integrator and staff.

NOTE: Given the monitoring and quality assurance functions provided by Project Control Office, the PCO contractor will be precluded from bidding for (or working on) the Integration Vendor Contract or contracted work for this project. This is necessary to ensure that the PCO remains autonomous in monitoring project progress and quality assurance functions as outlined in this contract.

1.002 BACKGROUND

Vision Statement: The new integrated tax processing and administration system will significantly improve the effectiveness and efficiency in both tax processing and tax administration. It is envisioned that the new system will enable increased revenue generation; provide the ability to adapt to changes and additions to tax laws; increase voluntary compliance of taxpayers through better cross tax analysis; increase self service and electronic filing, refunding and payment options; and provide process improvements to promote better utilization of Treasury staff.

The purpose of the new integrated tax processing and administration system project is to provide Treasury a statewide, integrated service delivery system for tax and revenue management. The Project will leverage SAP ERP as a platform and connect to many related systems and technologies used to enable the State to:

- Improve voluntary compliance by taxpayers;
- Increase efficiency and effectiveness of Treasury operations;
- Reduce operational systems costs for Treasury through use of a common, well-supported, easily updated platform; and
- Provide a platform sufficiently flexible to support changes in the State's tax structure and policies.
- Provide consistent interfaces for end users that are easy to learn and use.
- Provide one platform that can provide common tax processing and administration functions that can be utilized by multiple taxes

Current Challenge. Michigan is faced with a dramatically changing environment, demanding that we address legislative, economic and customer service demands being placed on Treasury's 30-year-old legacy systems and related processes. The State has struggled for years to work with, patch, modify and update aging tax processing systems that continue to hamper efforts to streamline and modernize tax administration. The current systems are inflexible and cannot be improved without extensive overhauls, due in large part to their age and technological limitations. Constant addition or modification of tax laws, administrative and policy related changes, different systems for different taxes, and diminishing resources for knowledgeable support and maintenance of these older systems puts the state at significant risk.

These challenges are further compounded by the State's adverse revenue situation and the impending need for an accelerated implementation of a new Michigan Business Tax, (currently under consideration in the State legislature).



Preparatory Activities. Over the past several years, the State has developed a body of information about its systems and processes. In 1999-2000, Deloitte Consulting conducted an extensive Business Process Reengineering project covering all of Treasury's tax and revenue operations, resulting in process changes and organizational realignment along functional lines. Taxes managed by Treasury include Sales, Use, Individual Income, Cigarette, Motor Fuel, Intangibles, and Estate. Treasury systems also support Local Property Taxes, Bottle Deposit Refund, various licenses and fees, and receivables/debt collections for a number of other State agencies.

In 2001, the State implemented Siebel CRM, gaining substantial experience with data conversion and interfaces with legacy systems. In 2004 and 2005, the State revisited the Business Registration and SUW Tax systems, resulting in a Project Concept and a Feasibility Study capturing over 140 business requirements and revisiting interface issues to the many legacy systems. In early 2006, as a precursor to this contract, the State implemented the initial SAP platform but delayed the conversion of an existing tax to the new platform as the legislature sunset the Single Business Tax two years early. The replacement tax is being finalized by the Michigan Legislature and may be a good fit for the new SAP environment.

Project Objectives. The overall goal of the new integrated tax processing and administration system project is to modernize the State's tax and revenue systems through the implementation of common core processes supported on SAP ERP and related software. This goal is supported by the following objectives:

- Increase revenue generation through improvements in system and business processing.
- Improve time to process returns, return accuracy, and provide for additional information capture.
- Implement an off-the-shelf software package (COTS) in order to improve the time to implement, reduce long-term support costs, and provides for future upgrades in functionality and technology use.
- Provide a single integrated system with core functions to be used for processing all business tax types.
- Provide a system for tax processing that is seamlessly integration with Treasury's call center applications.
- Facilitate the move to internet based taxpayer account management, return filing, and electronic payment acceptance for tax payments.
- Provide a system with the necessary interfaces with other State systems.
- Provide a system that creates a positive customer experience for the taxpayers and tax processors of the State of Michigan.
- Provide a system that is easy to use, easy to learn, and easy to support.
- Provide a more automated system reducing the handling of paper and other manual workarounds. This in turn will enable Treasury staff to perform more value-added assignments.
- Develop a tax system that collects significant taxpayer information and yet provides significant security to guard this information.
- Provide access to additional management and decision making information for better workload distribution and tax performance analysis.
- Enhance the State's ability to collect, corroborate and analyze taxpayer demographic & account data.
- Ensure continued confidentiality/privacy of taxpayer data while expanding self service operations.
- Transfer knowledge to allow the State's staff to support and maintain these systems on an on-going basis.

1.1 Scope of Work and Deliverables Project

1.101 IN SCOPE

Establishment of a fully functional Project Control Office.



The Project Control Office will establish and implement project management and technical processes, methodologies, and tools to maximize project team performance, minimize risk, and contain costs on the new integrated tax processing and administration project. The Project Control Office will provide assistance to the State, (Treasury and Information Technology Departments), in the form of independent oversight, monitoring of the project team and their progress, and reporting on status of deliverables critical for on-time delivery of the new integrated tax processing and administration system. The PCO will be responsible for performing at a minimum the functions of project schedule development, project plan management, scope containment including processes for issue and risk management, and gatekeeper activities for configuration control tasks.

Key objectives to be accomplished within the Project Control Office and this procurement include:

1. Project Release Management –Apply knowledge, skills, tools and techniques to project activities to meet project requirements in terms of time, cost, and scope and at an acceptable level of quality.
2. Business Analysis / Tax Expertise – Review of functional requirements, designs, and SAP integration strategies based on standard tax processing best practices.
3. Scope Control/Management – Package units of work into meaningful implementations (releases) of value to the stakeholders, and effectively evaluate, manage, and control changes to those planned releases as the State and/or Integrator propose changes to the agreed upon plans. The PCO will work closely with the Integrator to achieve an iterative development and deployment approach for the project delivery.
4. Schedule Control/Management – Plan and monitor the work of the Integrator, MDIT, and Treasury tasks, and identify problems as early as possible so that corrective plans can be put in place quickly to keep the project on track.
5. Technical / Infrastructure Control – Coordinate environment, database, and application code development and deployment with the Project Team (Integrator, Treasury, and MDIT) to ensure the work promised – and only that work – is delivered, and to ensure the delivered system performs as required.
6. Quality Assurance – Coordinate the process for overall decision making, project governance, and deliverable review and approval to insure that the system achieves its intended purposes.

In addition to ongoing Scope/Schedule Control and Business Analysis Control tasks, the State anticipates events that will require resource hours outside the scope of tasks covered by the fixed price Contract. Examples of such events include changes to federal or state law/policy requiring system modifications, introduction of new technology to the Treasury Systems architecture, or a change in the State infrastructure. The State estimates that 4,000 hours per year will be needed to address unanticipated events. The State will utilize Statements of Work with the PCO contractor to authorize hours to be drawn from this pool. Note that the annual 4,000 hours is an estimate only and that the State is not obligated to purchase any or all of the 4,000 hours in a given year.

The State requires all work to be performed on-site at the Treasury project offices in the Greater Lansing area – The Richard Austin Building (aka Treasury Building) and the Operations Center (at the Lansing Secondary Complex).

1.102 OUT OF SCOPE

1. Any decisions on business and technical requirements and any associated solutions are the responsibility of the State.
2. Delivery of detailed business requirements and business rules will be the responsibility of the Integrator.



3. Selection of the Integrator will be the sole responsibility of the State.
4. Any hardware/software solutions or implementations will be the responsibility of the Integrator and/or the State of Michigan.
5. Ultimate acceptance and satisfaction of the end customer (Treasury) for any deliverables of the new tax system is not the responsibility of the Project Control Office, but is the responsibility of the integrator and MDIT in working with Treasury to produce quality deliverables.
6. Contract oversight and monitoring of the Integrator contract is the responsibility of MDIT. This oversight will, at all times, be closely coordinated with Treasury.

1.103 ENVIRONMENT

- The Project will leverage SAP ERP as a platform and connect many related systems and technologies used to enable the State.

The initial base software has already been installed and is operational in the State's Sandbox environment.

Project Control Office

The contractor will use an MDIT standard set of project control tools and processes to monitor and control all PROJECT work. The proposed tool set includes:

Project Management and Control:

- MS Project
- MS Office Suite
- Team Room Intranet Site
- Novell GroupWise

Configuration Management

- SAP Artifacts – Solution Manager
- Non-SAP Artifacts – Serena Version Manager / PVCS

The State's standard technical environment is referenced below:

- Hardware Environment:
 - Mainframe (Legacy): Unisys Libra 595 Production
- O/S: MCP 10.1 SSR 51.1 (June 2006)
 - Servers (Legacy and Future): SUN
- O/S: Solaris 10
- Database: Oracle 10g
 - Desktop Workstations (Legacy and Future): Dell GX620 and earlier
- O/S: Windows XP Professional and 2000 Pro
- Applications: Office for Windows 2003 and others
- Browser: Internet Explorer 6.0.2
- Network Environment:
 - Network Devices:
 - Cisco switches and routers
 - CiscoWorks for configuration management
 - Monitoring:
 - HP OpenView, CA Unicenter, and SAP Solution Manger
- Applications
 - Siebel CRM
 - FileNet EDMS
 - Genesys CITI & workflow
 - Vignette CMS



- CEPAS payment approval
- ESKORT rules engine
- Chase payment lockbox
- Trillium address management

In addition to PMM, the contractor will use another state project management tool, MiTracker. The contractor worked with the State of Michigan to develop the MiTracker tool set. MiTracker provides standard reports with a broad array of selection criteria. It can provide a common repository for all Treasury projects for tracking not only at the project level, but also at the program level on a project-specific Web site. MiTracker supports a broad spectrum of project tracking activities including:

- Progress and status reports for testing activities
- A common repository for standard project status reports
- A project scorecard with project history
- Automatic notification of designated personnel of new entries, updates, and escalations based on age.

As new needs arise, project situations change or technology progresses, the contractor will continue to assess, recommend, and implement the project control tools needed to support a successful implementation.

The State will retain use of MiTracker and other PCO tools the Contractor uses for the MIITAS project after the contract ends. This includes any enhancements the PCO Contractor makes to any existing or new tools.

The State reserves the right to purchase tools outside of this contract. The State will notify the contractor of the procurement path chosen, to allow sufficient lead time to procure all tools

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/0,1607,7-139-30639_30655---,00.html and the PMM Methodology website http://www.michigan.gov/dit/0,1607,7-139-30637_31101-58009--,00.html

1.104 WORK AND DELIVERABLE

PROJECT CONTROL

Contractor will provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth in this contract.

The Project Control Office will establish and implement project management and technical processes, methodologies, and tools to minimize the risk and contain costs on the new integrated tax processing and administration system. The PCO Manager will support the State and the Integrator in meeting the timely delivery of quality information technology services for all stakeholders of the System Integration Project. The PCO Manager will be responsible for performing schedule, scope and technical control tasks.

It is the State's intent that the Project Team will be comprised of Project Control Office, Integrator, Treasury, and MDIT staff. The contractor's (PCO or Integrator according to the role) are responsible for utilizing and mentoring State project staff based on their assignments within the Team. State staff members will supplement the PCO and Integrator staff for various functions within the project. The exact number of staff and positions shall be mutually agreed upon by the each prospective contractor and the State. For purposes of identifying specific individuals assume a minimum of six (6) and no more than ten (10) State staff will be utilized for the Project Team throughout the duration of this contract.

In addition, due to the uncertainty of the size and scope of the System Integration Project initiative, the prospective Project Control Office contractor will provide up to 4,000 hours of staff time per year (above

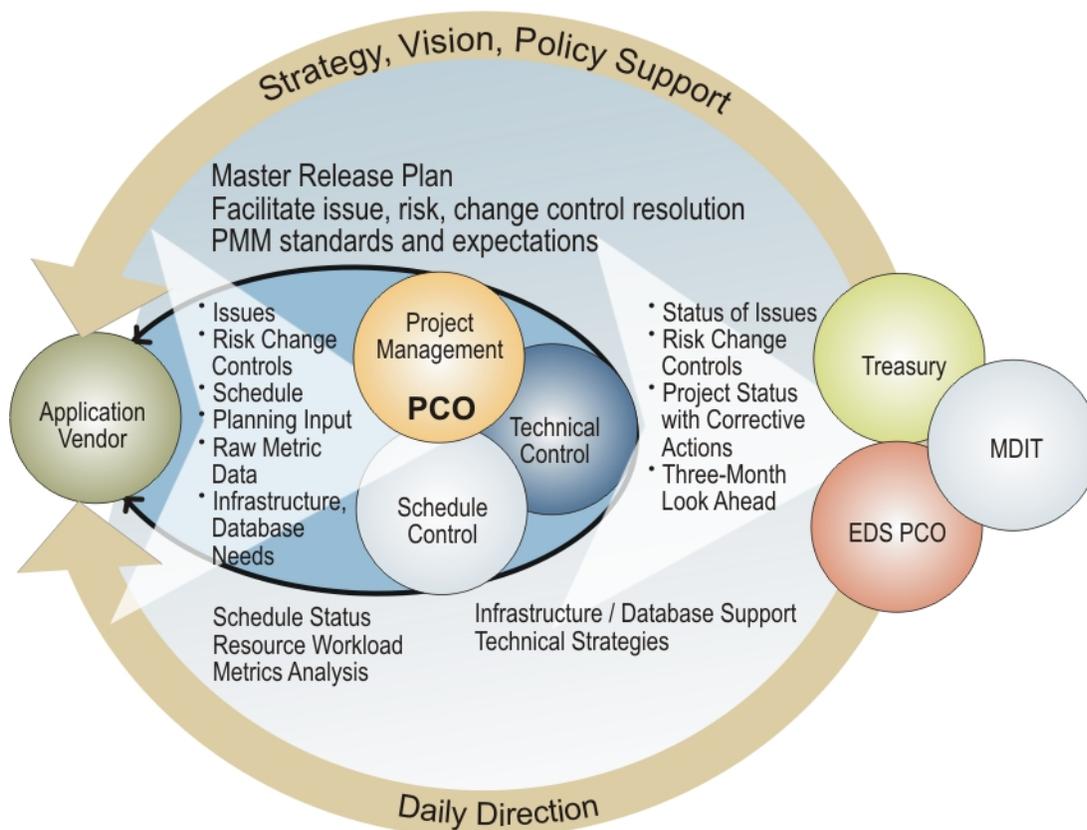


and beyond staff outlined below and beyond those contractually required by this contract which are to be used at the State’s discretion.

.Actual funding for the SOW hours will occur on a yearly basis, and there is no guarantee as to the level of funding. if any, available to the project. The request will go through a rigorous review process established by the PCO before being submitted to the Contractor for impact assessment and estimates. This process will serve to weed out requests for which there is no funding, as well as requests lacking an obvious business case. A limited amount of contractor time may be required in this review process, but only to provide a cursory review of the request. .The requests considered potentially viable will then be passed to the Contractor for impact assessment (i.e., impact on existing plans and estimates). Requests for impact assessment and estimates may be made on an individual (request by request) basis or on a “group of requests” basis.

As depicted in Figure 1-1, Project Control Office Functional Interactions, the PCO is inter-related and a critical part of the State’s direction. The PCO will act as the cohesive unit to support the strategy, vision, and policy to provide Treasury with a statewide, integrated service delivery system for tax and revenue management. The PCO will assist Treasury with meeting its objectives of reducing operational support costs, increasing efficiency, improving taxpayer compliance, and providing one platform that is flexible and consistent and provides common processes that can be used to support multiple taxes.

PCO analysis of project status is not influenced by state expectations nor vendor desires, but rather is driven by a combination of tangible key metrics, data and a holistic view of project health.



TASKS/DELIVERABLES:

Following is a description of the major tasks involved in providing project control and quality assurance control for the System Integration Project.



The Project Control Office will be required to follow the Project Management Methodology (PMM) adopted by the State. This methodology includes the following standard project phases:

- Initiation
- Planning
- Execution
- Control
- Closeout

The PCO will be responsible for aspects of project governance from managing the project schedule, managing PCO resources, developing project communications, maintaining a risk identification and escalation process, maintaining an issue tracking and escalation process, calculating earned value, and other responsibilities usually associated with project management. The PCO will work closely with the State Steering Committee and project management team to make sure all stakeholders have accurate project information and project governance is adhered to.

The PCO will establish and implement project management and technical processes, methodologies, and tools to minimize the risk and contain costs on the Treasury new integrated tax processing and administration system initiative. The Contractors PCO Manager will support the State – and the State’s application Integration vendor – in meeting the timely delivery of quality IT services for all stakeholders of the tax process system. The project team will comprise the PCO, Integration vendor, Treasury, and MDIT staff. The contractor will support a collaborative work environment between all of the project stakeholders to facilitate sharing of information to complete a successful implementation.

The PCO contractor will rigorously follow the PMM to manage on-time delivery of quality application releases. More detail on the State PMM can be found at <http://www.michigan.gov/projectmanagement>.

The Integrator will be required to follow the Accelerated SAP (ASAP) Methodology for the Execution and Control standard project phases.

TASKS

The State, Project Control Office, and the Integrator jointly comprise the management team for the new integrated tax processing and administration system. Specifically, the Project Control Office Manager will provide oversight management to the State for project administration, maintaining scope and change control, release planning, release management, risk management, issue management, defect assessment, performance metrics for the Integrator, and periodic participation in project strategy and direction as requested.

The Project Control Office will provide assistance to the State in the form of independent oversight, monitoring, and reporting on activities and metrics critical for on-time delivery of quality technology services that meet the needs of Treasury and MDIT. The Project Control Office Manager is responsible for creating and maintaining detailed MS Project plans and schedules that support project scope, costs, milestones, and deliverables. Once a project plan is resourced and a baseline established, all resources (State and Contractual) are required to report effort against the plan. The Project Control Office Manager will use this information to track progress against the plan, determine earned value calculations, derive weekly status reports and perform project evaluations.

The PCO will support a collaborative work environment between all of the project stakeholders to facilitate sharing of information to complete a successful implementation. The PCO team has extensive knowledge of the SUITE initiative underway at the State and will use the applicable templates for this project. This approach will make sure that the project is conforming to both industry standards and the State’s internal standards. The PCO will use the PMM for the standard project phases of initiation, planning, execution, control, and close-down.



Each team in the PCO holds specific responsibilities that will be intertwined with the responsibilities of the State’s prime integration vendor. The specific functions and interactions between the PCO and the integration vendor are documented in the table below. The responsibilities of the PCO and the Integrator will be finalized at project start-up by the State, once the contracts are issued.

| PCO FUNCTIONS AND INTERACTIONS BETWEEN THE PCO AND INTEGRATION VENDOR | | |
|--|---|--|
| TASK AND SERVICE | PCO RESPONSIBILITIES | INTEGRATION VENDOR RESPONSIBILITIES |
| PROJECT MANAGEMENT CONTROL | | |
| Schedule Management | <ul style="list-style-type: none"> ■ Develop and manage realistic, effort-driven project schedules ■ Maintain project schedules to maximize successful delivery and adherence to scope ■ Manage releases | <ul style="list-style-type: none"> ■ Work in tandem with the PCO to create system schedules and plans ■ Provide weekly task level status |
| Resource Management | <ul style="list-style-type: none"> ■ Manage personnel pool to maximize productivity ■ Align personnel to application releases and tasks | <ul style="list-style-type: none"> ■ Supervise staff and direct assignment of individuals to tasks |
| Scope Management | <ul style="list-style-type: none"> ■ Capture baseline scope through project initiation and planning process ■ Facilitate change management process to provide scope, timing, and staff change oversight ■ Chair the change control review board ■ Assess the impact of change requests to scope, staff, and timing | <ul style="list-style-type: none"> ■ Work with agencies to prioritize the scope for releases ■ Identify issues or concerns that may impact scope, timing, or staff commitments ■ Provide impact for change controls ■ Participate in change control review board |
| Change control and Issue Resolution | <ul style="list-style-type: none"> ■ Maintain and manage change control and issue tracking and resolution processes ■ Document and escalate issues ■ Facilitate cross-functional team communication for issue resolution | <ul style="list-style-type: none"> ■ Document and escalate change controls and issues ■ Actively participate in the issue resolution process |
| Time Tracking | <ul style="list-style-type: none"> ■ Track task-level effort as input for project schedules ■ Validate accuracy of effort statistics provided ■ Furnish historical metric analysis to support future release estimates | <ul style="list-style-type: none"> ■ Produce and deliver time-tracking data |
| Cost Tracking | <ul style="list-style-type: none"> ■ Track and update project costs ■ Provide earned value reports to determine performance against established baseline | <ul style="list-style-type: none"> ■ Provide input and estimates for initial costs estimates ■ Provide impact for change controls |
| Release Planning | <ul style="list-style-type: none"> ■ Facilitate and coordinate the prioritization and integration of agency requirements into major releases ■ Facilitate release planning meetings ■ Establish release schedule ■ Establish deadlines and monitor progress for release planning efforts ■ Facilitate creation and approval of release plans | <ul style="list-style-type: none"> ■ Work with agencies to formalize release scope ■ Provide estimates for delivering scope ■ Provide input and participate in release planning efforts ■ Adhere to all schedule commitments for release planning efforts |



| PCO FUNCTIONS AND INTERACTIONS BETWEEN THE PCO AND INTEGRATION VENDOR | | |
|--|--|--|
| Communication Management | <ul style="list-style-type: none"> ■ Facilitate communication across stakeholders and among vendors ■ Identify appropriate information and disseminate appropriate maintenance information ■ Establish meeting schedules and agendas ■ Facilitate release and status meetings ■ Manage relationship with other state agencies and contractors ■ Manage relationship with MDIT Infrastructure Services and Field Services divisions | <ul style="list-style-type: none"> ■ Identify appropriate information requirements ■ Confirm that PCO receives appropriate and timely maintenance information ■ Provide input for status meetings, schedules, and agendas ■ Interact as needed to confirm that appropriate procedures are in place |
| Performance Monitoring | <ul style="list-style-type: none"> ■ Monitor performance and communicate status by using project scorecards and reliable performance metrics ■ Maintain process for monitoring release deliverables and schedule milestones ■ Report program status and milestones on a timely basis ■ Facilitate action plans for solving problems and removing obstacles | <ul style="list-style-type: none"> ■ Provide input for project scorecards, earned value, and other performance metrics ■ Report project status and milestones ■ Produce action plans for overcoming progress-related obstacles ■ Adhere to deliverables release process |
| Quality Control | <ul style="list-style-type: none"> ■ Develop a quality plan to measure process conformance ■ Monitor and provide updates for corrective action needed | <ul style="list-style-type: none"> ■ Adhere to quality plan and notify PCO of any conformance issues ■ Plan and execute quality assurance (QA) testing |
| Risk Management | <ul style="list-style-type: none"> ■ Maintain and manage risk tracking and resolution processes ■ Document and escalate risks ■ Facilitate cross-functional team communication for risk resolution | <ul style="list-style-type: none"> ■ Document and escalate risks ■ Actively participate in the risk resolution process |
| Support for Other Treasury System Projects | <ul style="list-style-type: none"> ■ As time permits, provide support and assistance as required | <ul style="list-style-type: none"> ■ To be determined by Treasury and the Integration vendor |
| Treasury, MDIT, Integration vendor, and Stakeholder Interface | <ul style="list-style-type: none"> ■ Manage relationships with Integration vendor, Treasury, MDIT and other stakeholders ■ Establish communication with and reporting to all affected parties | <ul style="list-style-type: none"> ■ To be determined by Treasury and the Integration vendor |
| BUSINESS ANALYSIS/TAX EXPERTISE/SAP EXPERTISE | | |
| State Tax Administration Expertise | <ul style="list-style-type: none"> ■ Share best or leading practices for tax administration ■ Review project deliverables for compliance | <ul style="list-style-type: none"> ■ Document and provide project deliverables |



| PCO FUNCTIONS AND INTERACTIONS BETWEEN THE PCO AND INTEGRATION VENDOR | | |
|--|--|--|
| SAP Functional Expertise in PSCD and FICO Process Areas | <ul style="list-style-type: none"> Work with SAP Integration vendor to facilitate the appropriate implementation of SAP software | <ul style="list-style-type: none"> Provide necessary SAP functional expertise to implement solution |
| Periodic Quality Assurance Reviews | <ul style="list-style-type: none"> Monitor vendor QA activities, making sure that the vendor is following agreed upon plans, standards, and procedures Conduct QA reviews to determine that the project is complying with its defined processes, standards, and procedures. Document and communicate the results of the QA review as outlined in the QA plan Track noncompliance issues to closure | <ul style="list-style-type: none"> Provide required input to QA review Resolve noncompliance issues |
| Independent Assessments provided by SAP under the Software Support Contract | <ul style="list-style-type: none"> Facilitate and coordinate independent assessments | <ul style="list-style-type: none"> To be determined by Treasury and the Integration vendor |
| Business Requirements Definitions Review | <ul style="list-style-type: none"> Refine business requirements, processes, business rules, and validations | <ul style="list-style-type: none"> Document and update business requirements |
| TECHNICAL CONTROL – CONFIGURATION MANAGEMENT | | |
| Configuration Management | <ul style="list-style-type: none"> Enable and enforce configuration management practices Create, modify, and improve automated build process controls Recommend software configuration products Manage the processes to modify applications Support scope management activities | <ul style="list-style-type: none"> Follow the configuration management and automated build processes Use recommended configuration management products Follow procedure to modify application work with PCO to support efficient operation of the process |
| TECHNICAL CONTROL – GENERAL PROJECT OVERSIGHT | | |
| Project Management Automation and Tools Support | <ul style="list-style-type: none"> Manage and maintain automated tracking tools for development, testing, and project performance Create new tools, reports, and functions as needed Communicate with infrastructure support and application maintenance contractors | <ul style="list-style-type: none"> Employ tools developed and maintained by PCO Recommend improvements |
| Integration Vendor Oversight | <ul style="list-style-type: none"> Coordinate and complement testing efforts so that tools incompatible with production environments are not used Coordinate and complement requirements | <ul style="list-style-type: none"> Execute test in a production compatible environment and on desktops that appropriately represent the end-users hardware Perform requirements gathering |



The following deliverables will be finalized with the PCO and Integrator by the State at project start-up.

| DELIVERABLE | DESCRIPTION OF EFFORT |
|--|---|
| Project Concept Document and Project Charter | As part of the project initiation phase, the PCO Manager will create the Project Concept Document and Project Charter as defined within the State’s PMM. The PCO will use these documents to provide overall project direction, and we will leverage existing templates. |
| Detailed Task-level Plans and Schedules for Deployment | In coordination with the State and the Integration vendor, the PCO will create logical, detailed, and effort-driven project plans and schedules. The PCO will maintain these project schedules in Microsoft Project format and will furnish them to the State. The PCO will maintain the project schedules weekly, to continue to track all scope items at the phase and task level, meeting project milestones and avoiding personnel workloads that violate project assumptions. This maintenance will continue through the life of all releases, from initiation through deployment. |
| Risk Management Plan | As part of project planning, the PCO will create the Risk Management Plan. The PCO conduct activities to identify potential risks, estimate their probability of occurring, and define what impact they would have on the project. For each risk, the PCO will develop mitigation strategies using standard templates. |
| Quality Plan | As part of project planning, the PCO will create the Quality Plan. The PCO will conduct activities to identify the procedures and resources required to conduct quality assurance. The PCO will use standard templates and plans from other projects will be used to promote reuse. |
| Communication Plan | As part of project planning, The PCO will create the Communication Plan. The PCO will conduct activities to identify the required communications, frequency of the communications, appropriate stakeholders for the communications, and the media of the communications. The PCO will use standard templates. |
| Change Control Management Plan | As part of project planning, the PCO will create the Change Control Management Plan. The PCO will conduct activities to identify the key processes already in place with other state projects and will customize them as appropriate to the new project. The PCO will use standard templates and will include standard tools in the plan. |
| Change Control Request Plan | As part of project planning, the PCO will create the Change Control Request Plan. The PCO will conduct activities to identify the key processes already in place with other state projects and will customize them as appropriate to the new project. The PCO will use standard templates and will include standard tools in the plan. |
| Formal Work Approval Process (WAP) | Working with the State, the PCO will develop and support a formal WAP. The PCO will use the established WAP to aid in obtaining formal approval on work and deliverables. |
| Weekly Status Reports | Using the SUITE of PCO tracking tools, the PCO will generate graphical metrics reports and will produce scorecards driven by empirical evaluation. The PCO will collate the scorecards with the issues reports and status reports provided by each team lead. These status reports will be furnished weekly to the State. |



| DELIVERABLE | DESCRIPTION OF EFFORT |
|---|--|
| | Appendix A, Sample Reports includes a more complete description of the process and sample reports. |
| Facilitation of, and preparation of materials for, deployment meetings | <p>The PCO will coordinate with the State and the Integration vendor to facilitate open and honest release deployment meetings.</p> <p>To satisfy the requirements of this deliverable, we will undertake the following activities:</p> <ul style="list-style-type: none"> ■ Schedule frequent Go-Live meetings ■ Create a Microsoft Project Go-Live schedule and track details about events leading up to and through Go-Live ■ Identify the need for Go-Live participation by Treasury, MIDT, the Integration vendor, or other organizations external to the project and then acquire their support ■ Facilitate release deployment meetings and drive the completion of tasks ■ Act as a communication hub during Go-Live ■ Facilitate creation of Go/No Go criteria ■ Manage a Go/No Go assessment during implementation ■ Initiate and facilitate emergency meetings during the Go-Live period ■ Work across boundaries by linking in technical groups (telecommunications, infrastructure) during preparation and deployment. |
| Facilitation of, and preparation of materials for, weekly status meetings for managers and team leaders | Working with the Integration vendor, the PCO will develop a status reporting template. As part of the weekly status reporting process, the PCO will gather the status reports from each team leader and then consolidate and publish the weekly status reports. The PCO will produce the appropriate number of copies, distribute them at the managers and team leaders meeting, and facilitate the corresponding status meetings. |
| Facilitation of, and preparation of materials for, biweekly leadership meetings | As part of the biweekly status reporting process, the PCO will gather status reports from each project leader and will incorporate these documents in the project scorecards and escalated issues. The PCO will produce the appropriate number of copies, distribute them to the attendees, and facilitate the corresponding biweekly leadership meeting. |
| Facilitation of, and preparation of materials for, weekly planning meetings | The PCO will consolidate inputs from the Treasury, MDIT, and the Integration vendor program leaders. The PCO will produce a report on proposed system changes (pending review) and will distribute it to meeting attendees. The PCO will facilitate this meeting, which focuses on major objectives of the Treasury integrated tax processing and administration project. |
| Participation in, and materials preparation for, executive leadership meetings, as requested by the Integration vendor or MDIT Project Manger | The PCO will support Treasury integrated tax processing and administration executive leaders as requested by the Treasury Program Manager. |
| Performance metrics, including scorecards, earned value analyses, resource usage, defects | Using the project management tool kit, the PCO will analyze raw performance data and will produce fact-based metrics reports on schedule performance, testing performance, and production performance. These reports will be instrumental in assessing all |



| DELIVERABLE | DESCRIPTION OF EFFORT |
|---|--|
| <p>detected and resolved in testing, defects introduced into production, and analysis of application down time</p> | <p>aspects of project health. The standard report set will include the following:</p> <ul style="list-style-type: none"> ■ Scorecards – These scorecards provide a visual red, yellow, or green status as well as a brief description of critical issues. ■ Earned Value Analysis – Driven from the project schedule, earned value analysis offers an empirical assessment of each deliverable, delivery phase, or release. Status is displayed graphically. ■ Resource Usage – Several different reports are produced weekly by Time Tracker and the Microsoft Project Schedules to identify over-allocated and under-allocated resources. ■ Defect Tracking – The Remedy application generates many different defect reports that the PCO uses for tracking defects identified in testing and production. ■ Warranty Work Tracking – The PCO uses Remedy to identify and communicate potential warranty items to the State. After the State and the Integration vendor agree that the item is a warranty item, the PCO enters it in the project schedule and uses our standard reporting tools to track progress weekly. The PCO produces a report on warranty tickets by release as part of product quality tracking. ■ Application Downtime – The PCO works with the State and Integration vendor to track and report system availability against the service level agreement (SLA). |
| <p>Facilitation of, and preparation of materials for, close-out of each release including archiving all project data, lessons-learned sessions, and any open action items</p> | <p>At the end of each release, the PCO will execute PMM close-out activities, including project data archiving, publishing of lessons learned, close-out of open items, and continual improvement activities.</p> |
| <p>Ad hoc reports requested by the system integration project program manager</p> | <p>The PCO will make every effort to satisfy the special reporting and project analysis needs of the Treasury system integration project program manager.</p> |
| <p>Training on the processes and tools used for project management control for the State staff members designated to work with and on the PCO</p> | <p>The PCO will approach the training of state staff as we would approach training for any team member. Assuming a base skill set appropriate for the position, we would assess the project-specific skills and knowledge that each staff member requires to perform appointed functions. The resulting training plan will emphasize self-paced reviews of existing project processes and tool documentation and will provide extended on-the-job training with an experienced mentor.</p> |



The following deliverables will be finalized with the PCO and Integrator by the State at project start-up.

Business Analysis/Tax Expertise/SAP Expertise Deliverables

| DELIVERABLE | DESCRIPTION OF EFFORT |
|--|---|
| Documented recommendations for best or leading practices for tax administration and processing in association with native functionality of the SAP system | The PCO will provide documentation for recommendations for best or leading practices for tax administration and processing. The PCO will work with Treasury and MDIT in determining the best SAP system functionality for the new tax system. |
| Recommendations and documentation in support of maintaining the SAP upgrade path through configuration rather than modification or extension to the SAP code | The PCO will provide documentation and recommendations in support of maintaining the SAP upgrade path. The PCO will assist the Integration vendor in determining the suitability of SAP for a specific functionality. |
| Technical and functional reviews including documentation | The PCO will facilitate technical and functional reviews and provide appropriate documentation. Examples of documentation may include a modification log, and a list of system changes and approvals. |

The following deliverables will be finalized with the PCO and Integrator by the State at project start-up.

Technical Control Deliverables

| DELIVERABLE | DESCRIPTION OF EFFORT |
|---|---|
| Weekly written status reports that include, at a minimum, a description of work accomplished, work scheduled, and identification of issues requiring management attention | The PCO will provide weekly written status reports that include, at a minimum, description of work accomplished, summary of work scheduled, and identification of issues requiring management attention. |
| Documentation of all implemented processes and tools to support application development, testing, release, and configuration management | THE PCO will provide documentation of all implemented processes and tools to support application development, testing, release, and configuration management. This information will be checked into the repository and made available on the PCO Web site whenever possible. |
| Training on the processes and tools used for technical and infrastructure control for state staff designated to work as part of the technical control team | THE PCO will provide training on the processes and tools used for technical and infrastructure control for state staff designated to work as part of the technical control team. The training will be in the form of documented processes and mentoring as state resources become integrated members of the technical control team and receive regular working assignments. |



| DELIVERABLE | DESCRIPTION OF EFFORT |
|--|--|
| Application Design, Development and Testing Standards Documents (code standards, quality standards, database standards, test plan standards) | The team will leverage existing standards provided by the State and other projects such as SUITE tools and templates. We will perform gap analysis to determine additional needs for this project and enhance the standards to reflect any project specific needs. |
| Monthly Standards Review Reports | THE PCO will keep metrics on the standards reviews conducted on the development team effort. We will publish results monthly in a standards review report. |

Approach to Interfaces with State Staff

The following roles will be finalized with the PCO and Integrator by the State at project start-up.

| ROLES | DESCRIPTION OF DUTIES |
|--|---|
| Treasury Steering Committee | <ul style="list-style-type: none"> ■ Provides strategic direction ■ Has ultimate authority for the new tax processing and administration system ■ Serves as the highest point of escalation – interfaces with the THE PCO Delivery Executive and PCO Manager |
| Treasury Business Owner | <ul style="list-style-type: none"> ■ Serves as a point of escalation – interfaces with the THE PCO project sponsor ■ Provides support to committed schedule ■ Participates in the project start up and planning ■ Participates in meetings, reviews, and sign offs |
| MDIT Project Manager | <ul style="list-style-type: none"> ■ Serves as THE PCO’ first-level of contact – interfaces with the THE PCO project manager ■ Provides daily project direction ■ Aids in resolving identified issues ■ Acts as a single point of contact for scheduling interviews ■ Is available for meetings and reviews ■ Signs off on deliverables ■ Provides a contact list of Treasury and MDIT representatives |
| Treasury Subject Matter Experts (SMEs) | <ul style="list-style-type: none"> ■ Available as needed for interview and information gathering ■ Available for meetings and reviews ■ Represents their respective tax, business, and IT areas |
| THE PCO Client Delivery Executive | <ul style="list-style-type: none"> ■ Attends Treasury Steering Committee meetings and serves as the escalation point for critical issues ■ Makes sure the delivery of THE PCO services meets or exceeds Treasury expectations ■ Brings global corporate resources of THE PCO to bear as necessary to facilitate project success |
| THE PCO Enterprise Project Management | <ul style="list-style-type: none"> ■ Takes overall accountability for the initiative and THE PCO professional services ■ Interacts and aligns with the Treasury sponsor regarding direction and scope of services |



| ROLES | DESCRIPTION OF DUTIES |
|--|---|
| Manager | <ul style="list-style-type: none"> ■ Makes sure the delivery of THE PCO services meets or exceeds Treasury expectations ■ Checkpoints work and participates in development of current and future solution strategies |
| THE PCO Account Executive | <ul style="list-style-type: none"> ■ Is first point of escalation for issues after the PCO Manager ■ Directs day-to-day relationship between THE PCO, Treasury, and MDIT |
| THE PCO Project Control Office Manager | <ul style="list-style-type: none"> ■ Provides overall leadership to the team ■ Directs day-to-day activities of the project team ■ Develops project plan ■ Monitors progress ■ Oversees change control process ■ Serves as the primary point of contact for the Treasury Business Owner and MDIT Project Manager ■ Reports status to the Treasury Business Owner and MDIT Project Manager ■ Participates in appropriate reviews ■ Participates as requested in preparation and evaluation of RFP for new integrated tax processing and administration system |
| THE PCO Project Scheduler | <ul style="list-style-type: none"> ■ Creates and maintains the project schedule ■ Responsible for data analysis, project metrics, and reporting ■ Responsible for time tracking of all resources ■ Assists with meeting preparation and facilitation |
| THE PCO Business Analyst/Tax Expert | <ul style="list-style-type: none"> ■ Interacts with key stakeholders and Treasury SMEs to facilitate the collection of high-level requirements ■ Provides recommendations in tax processing ■ Participates in appropriate reviews ■ Participates as requested in preparation and evaluation of RFP for new integrated tax processing and administration system |
| THE PCO SAP Technical Expert | <ul style="list-style-type: none"> ■ Interacts with key stakeholders and Treasury IT personnel ■ Provides technology expertise in SAP ■ Reviews proposed IT architecture ■ Participates in appropriate reviews ■ Participates as requested in preparation and evaluation of RFP for new integrated tax processing and administration system |
| Configuration Management Lead | <ul style="list-style-type: none"> ■ Defines configuration management processes ■ Works with the Integration vendor to enforce configuration management processes ■ Participates as requested in preparation and evaluation of RFP for new integrated tax processing and administration system |

The PCO will fully analyze the scope of work, applying their expertise to develop an estimate that subsequently can be translated into a schedule with task durations and specified dependencies. A critical component of proper estimating techniques is the capability to repeatedly generate an objective quantification of the time required to complete assigned work. The PCO will employ a robust estimating process and procedures that accurately predict needed development effort.

The PCO will adhere to the PMBoK principles by first defining the work breakdown structure (WBS) to define the scope of work, build the foundation for schedule and cost performance measurements and make sure that nothing is omitted. From there the project schedule will be developed to provide a baseline for performance



measurement and compare planned versus actual progress. The PCO uses earned value performance to determine if a project is ahead of or behind schedule for both time and costs.

The PCO team will use historical data from past State projects as a starting point to build up project specific time estimates and uses a metrics repository to continually refine the estimates. The PCO team will incorporate MDIT's or the Integration vendor time estimating algorithms when building project schedules.

The PCO's will use the following approach to quality control:

- Establish quality standards and thresholds with Treasury and MDIT.
- Provide measurements and track variances against the standard.
- Report variances to Treasury, MDIT, and the Integration vendor including the impact of failing to meeting standards.
- Follow the problem resolution process.

The PCO's approach to quality will bring consistent, early identification of problems resulting in less cost and rework throughout the project. This approach will add value to the State of Michigan's business by reducing rework, maintaining highly motivated employees, and providing consistent and repeatable processes. This quality system is designed for active participation of all entities supporting this project.

The PCO's documentation structure will promote standards and processes across the enterprise. It focuses on a collaborative approach, documenting how organizations run their business. It also provides the foundation necessary for the integration of business processes.

The overall process begins with client requirements and ends with client satisfaction, promoting and leveraging quality processes.

The PCO will develop a Quality Plan during the start-up of the Treasury PCO using SUITE tools that are available to conform to State of Michigan standards. The Quality Plan addresses those activities that will be undertaken by the PCO to make sure the project deliverables meet or exceed client expectations. Typical elements of a Quality Plan and the documents used to promulgate the plan are listed below:

- Scope and approach for the engagement
- Roles and responsibilities of key CONTRACTOR and client personnel, especially with respect to resolving any engagement issues
- Delivery of key deliverables to the client, which is conducted during formal meetings or presentations to solicit feedback and confirm acceptance, and is documented in meeting summaries
- Periodic management status reports between the PCO CONTRACTOR engagement leader and the client sponsor (Unless specified by the client, the format and frequency of the reports should be proposed by the engagement leader on or before the kick-off meeting.)
- Typical deliverables, including how interviews will be documented (It is generally desirable for interviews to be approved by both the engagement leader and the client interviewee if the engagement allows sufficient time for this. The engagement leader should propose the deliverable formats no later than the kick-off meeting.)
- Identification of risks associated with the engagement, and how they will be mitigated (Often this is conducted during the kick-off meeting or a specific risk analysis meeting prior to the kick-off meeting, and is continually reviewed during project status updates.)
- Reference to any change control requirements in the Contract/Agreement/SOW (If this engagement is a subset of a larger account project, refer to existing change control procedures.)

Internal Quality Control Monitoring Approach

The PCO's will provide quality control monitoring as follows:

- Establish quality standards and thresholds with Treasury and MDIT.
- Provide measurements and track variances against the standard.



- Report variances to Treasury, MDIT, and the Integration vendor including the impact of failing to meeting standards.
- Follow the problem resolution process.

The PCO will develop a Quality Plan during the start-up of the Treasury PCO using SUITE tools that are available to conform to State of Michigan standards. The Quality Plan addresses those activities that will be undertaken by the PCO to make sure the project deliverables meet or exceed client expectations. Elements of a Quality Plan and the documents used to promulgate the plan are listed below:

- Scope and approach for the engagement
- Roles and responsibilities of key PCO and client personnel, especially with respect to resolving any engagement issues
- Delivery of key deliverables to the client, which is conducted during formal meetings or presentations to solicit feedback and confirm acceptance, and is documented in meeting summaries
- Periodic management status reports between the PCO engagement leader and the client sponsor (Unless specified by the client, the format and frequency of the reports should be proposed by the engagement leader on or before the kick-off meeting.)
- Typical deliverables, including how interviews will be documented (It is generally desirable for interviews to be approved by both the engagement leader and the client interviewee if the engagement allows sufficient time for this. The engagement leader should propose the deliverable formats no later than the kick-off meeting.)
- Identification of risks associated with the engagement, and how they will be mitigated (Often this is conducted during the kick-off meeting or a specific risk analysis meeting prior to the kick-off meeting, and is continually reviewed during project status updates.)
- Reference to any change control requirements in the Contract/Agreement/SOW (If this engagement is a subset of a larger account project, refer to existing change control procedures.)

The PCO, Treasury, and MDIT project managers should continuously monitor project progress and consider taking corrective action whenever a potential schedule or budget deviation is identified. We will work with Treasury to define performance thresholds relevant to the agency, the project, and the active life cycle. Some of the following triggers are:

- If it is anticipated that the next milestones or deliverables will be more than 15 days late
- If it is anticipated the total project budget (cost to complete) will be more than 5 percent over budget
- If the work effort for any related activity on the critical path exceeds more than 10 percent of planned effort
- If risk probability is high and the severity code is high, and no mitigation plan exists
- If QA defects noted on the project log are unresolved and aged.

Approach and Timeline for Establishing a PCO

The PCO is responsible for fully and rigorously implementing the State's PMM. The Project Management Control team will follow the PMM phases (Initiation, Planning, Execution, Control, and Closeout). When responding to each Project Management Control subtask, the PCO will identify those PMM phases that the subtask supports.

The PCO will provide a detailed project plan that contains more than just a project schedule. It will contain all the key plan components required to effectively manage all aspects of the project, such as communication, issues, risk, and so forth. The PCO will identify issues, risks, and concerns and rapidly resolve them. Consequently, the PCO will establish and maintain detailed rational project schedules that encompass the work needed to fulfill the scope and meet project milestones. The PCO will use this project schedule as input to generate graphical metrics status. The metrics will join issues, risks, and concerns as key inputs to various status reports that the PCO will generate and use to foster open and honest reviews as the PCO facilitates the weekly and biweekly manager and executive status meetings.



The contractor will establish a delivery-focused project management model for Treasury, leveraging the disciplines that they established globally at the Contractor's Solution Centers. Due to the contractor's expertise and their State of Michigan experience, the project team will implement a PCO within 30 days of contract signing (purchase order receipt).

Method Used to Administer the Project from a Corporate Level

The contractor's State and Local Government group is responsible for performing the services requested in the contract. Because of the importance and diversity of government needs, the contractor has established the Global Government Industry (GGI) to act as a central point for leveraging their corporations industry-focused intellectual capital and best practices worldwide. The GGI organization comprises a team of regional leaders and a team of government segment and affinity group leaders, who collaborate with the GGI leader to accomplish the organization's goals and objectives.

The local State of Michigan account is led by Client Delivery Executive Gary LaRoy. Mr. LaRoy is responsible for client relationships and client satisfaction. Responsible for the Enterprise Project Management Office (EPMO) and reporting to Gary LaRoy is Robert Bartholomew. The EPMO role stresses the importance the PCO CONTRACTOR places on continuous improvement and consistency in delivery that will ultimately benefit the State as a whole. Mr. Bartholomew will work with Treasury on contractual compliance issues, as well as provide insight to leverage best practices, capabilities, and staff between all of the contractor's PCO contracts within the State of Michigan. Lynn Nichols, Project Management Professional (PMP), will act as Account Executive, to provide a point of escalation for issues regarding the delivery of the PCO. This executive-level accountability will verify responsiveness, ultimate control over the PCO's team's performance, and a consistent focus on key relations with the State.

Methodology by Which the Prime Contractor Plans to Monitor and Evaluate the Performance of the Subcontractor's (if Used) and Contractor Personnel

The prime contractor is ultimately responsible for the subcontractor staff and as such carefully selected the subcontractors based on their reputation within the industry and previous working partnerships with the contractor on other contracts.

Subcontractor personnel are fully integrated into prime contractor and receive direction from the prime contractor's project management leaders. The prime contractor will interpret contract roles and responsibilities for its subcontractors, including communication, tracking, and managing those expectations. The prime contractor will monitor the performance of our subcontractors to confirm that their performance supports and contributes to the State's goals and the success of the Treasury project.

PROJECT MANAGEMENT CONTROL

The Project Control Office Manager will provide project management assistance to the State and the Integrator through performance of the following tasks:

- a) Develop and manage project schedules and application releases – Work in tandem with the Integrator to create system lifecycle schedules and plans that are logic and resource driven. Maintain the schedules to manage scope and interim deliverables to ensure project remains on time and within scope and budget.
- b) Manage resource pool – Using project management tools, align resources to application releases and tasks, identify additional resources as needed, identify resource conflicts, and assist in leveling resources across tasks and/or releases. This task does not include staff supervision or direct assignment of individuals to tasks. These specific responsibilities (staff supervision and task assignment) are the responsibility of the Integrator and/or the State. The PCO Manager has the responsibility to manage the staff resources assigned to the PCO.
- c) Maintain Change Control and Issue Resolution processes – Provide structure to manage changes in scope, time, and cost. Document and escalate issues. Facilitate cross-functional team communications for timely issue resolution.



- d) Time Tracking – Support level of effort and time tracking, determine where resource time is spent, gather and document data to enable increased estimating accuracy for future software releases based on historical data.
- e) Cost Tracking – Track project costs and determine project performance based on cost and schedule.
- f) Release Planning – Support the System Integration Project Release Planning process by close coordination with the Integrator in selection, research, and preliminary planning of interim deliverables releases. This effort includes input from Executive Leadership, Treasury Business Owner, MDIT Project Manager (PM), as well as groups representing the end users.
- g) Communication – Identify appropriate information requirements and their flow, and ensure individuals at all levels receive appropriate information on scheduling and planning in a timely manner. Establish meeting schedules and agendas. Facilitate release and status meetings and publish summary meeting notes. Coordinate communications across all stakeholders.
- h) Performance Monitoring - Maintain disciplined process for monitoring release deliverables and schedule milestones. Create performance measurement baselines for scope, schedule and cost. Update and produce project scorecards. Monitor and publish earned value and other performance metrics. Report program status and milestones on a timely basis. Facilitate action plans for solving progress-related obstacles.
- i) Perform Quality Control – Ensure that all deliverables are complete and follow a formal Work Approval Process (WAP) before securing approval from stakeholders.
- j) Risk Analysis – identify project risk factors and the probability and impact of each factor; develop strategies for dealing with the risk factors.
- k) Provide support and assistance to other Treasury System projects as resources permit.
- l) Interface with Treasury, MDIT, Integrator, and other areas as necessary, including local and enterprise Project Management Offices.

BUSINESS ANALYSIS / TAX EXPERTISE / SAP EXPERTISE

The PCO will:

- a) Provide State Tax Administration Expertise – Share best or leading practices for tax administration. Review project deliverables for compliance to business needs and functional implementation approaches.
- b) Provide SAP Functional Expertise in Public Sector Collections and Disbursements (PSCD) and FICO process areas. Work with SAP and the Integrator to facilitate the appropriate implementation of SAP software.
- c) Conduct periodic Quality Assurance Reviews to ensure that defined project processes are being followed.
- d) Coordinate the independent assessments provided by SAP under the Software Support Contract.
- e) Review business requirements definitions – Work closely with Treasury and the Integrator on the refinement of business requirements, processes, business rules, and validations.

TECHNICAL SUPPORT

The PCO's tasks include:

1. Configuration Management

- a) Oversee the administration of version-control repositories to enforce configuration management processes for new development and application maintenance activities.
- b) Create, modify and improve automated build process controls.
- c) Recommend software configuration products, processes, and best practices.
- d) Manage and support the SAP client and transport strategies.
- e) Manage and support the processes to modify production and pre-production applications.
- f) Provide configuration management processes for all source code archives and processes for the Data environments.



- g) Manage all configurable items that comprise a software product (requirements, designs, and modules)
- h) Provide support and recommend modifications to any software installation used to automate, facilitate and enforce the development process governing change control, workflow and promotion to production procedures.
- i) Define strategies to manage data for testing, training, and demonstration purposes.
- j) Provide production support ticket information (reports) and other program management data to System Integration Project.

2. General Project Oversight

- a) Coordinate, interface with, and complement testing tools, processes, schedules, and metrics with the Integrator, MDIT, and Treasury.
- b) Coordinate, interface with, and complement training tools, processes, schedules, and metrics with the Integrator, MDIT, and Treasury.
- c) Coordinate, interface with, and complement requirements tools, processes, schedules, and metrics with the Integrator, MDIT, and Treasury.
- d) Produce standards and documentation templates for all phases of testing, including unit, systems, integration, user acceptance, performance, and conversion. Monitor testing process to insure that standards are adhered to throughout testing.

PROJECT CONTROL DELIVERABLES

The following tangible deliverables (a through h) are to be completed and approved by the State within the first 90 days of the PCO contract. (It is assumed that the Integrator has to be on board for a minimum of 30 days prior to the completion of the detailed project plan). The remaining actions are ongoing in nature and expected in the frequency stated.

- a) Revised Project Concept Document and Project Charter - using State of Michigan Project Management Methodology template.
- b) Detailed Project Plan – Plan should include milestones, tasks (work breakdown structure), hours, durations, schedule, and resource allocation. Detailed task level plans and schedules must be created for each release deployment. Note: This is the detailed task plan to be developed with the input of the Project Team (Integrator, Treasury, & MDIT.) A project plan detailing the milestones, tasks (work breakdown structure), hours, durations, schedule, and resource allocation for establishing the PCO is to be submitted as part of the contract (include with Article 1, Attachment D.)
- c) Risk Management Plan – using State of Michigan Project Management Methodology template
- d) Quality Plan - using State of Michigan Project Management Methodology template
- e) Communication Plan - using State of Michigan Project Management Methodology template
- f) Change Control Management Plan - using State of Michigan Project Management Methodology template
- g) Change Control Request Plan - using State of Michigan Project Management Methodology template
- h) Develop and support a formal Work Approval Process (WAP.)
- i) Weekly status reports - using State of Michigan Project Management Methodology template
- j) Facilitation of and materials preparation for deployment(s) meetings.
- k) Facilitation of, materials preparation and meeting notes for weekly status meetings for managers and team leaders.
- l) Facilitation of, materials preparation and meeting notes for bi-weekly leadership meetings.
- m) Facilitation of, materials preparation and meeting notes for weekly planning meetings.
- n) Participation in and materials preparation for Executive Leadership meetings, as requested by the Integrator or MDIT Project Manager.
- o) Performance metrics including score cards, earned value analysis, project evaluation, resource usage, defects found and resolved in testing, defects introduced into production, analysis of Integrator warranty work, and analysis of application down time.



- p) Facilitation of and materials preparation for close-out of each release, including archival of all project data, lessons learned sessions, and close-out of any open action items.
- q) Ad hoc reports requested by the System Integration Project Program Manager.
- r) Training on the processes and tools used for project management control for State staff designated to work with and on the Project Control Office.

BUSINESS ANALYSIS / TAX EXPERTISE / SAP EXPERTISE

- a) Documented Recommendations for best or leading practices for tax administration and processing in association with native functionality of the SAP system.
- b) Recommendations and documentation in support of maintaining the SAP upgrade path through configuration rather than modification or extension to the SAP code.
- c) Technical and functional reviews including documentation

TECHNICAL CONTROL

- d) Weekly written status reports that include, at a minimum, a description of work accomplished, work scheduled, and identification of issues requiring management attention.
- e) Documentation of all implemented processes and tools to support application development, testing, release and configuration management.
- f) Training on the processes and tools used for technical / infrastructure control for State staff designated to the Technical Control team.
- g) Application Design, Development and Testing Standards Documents (code standards, quality standards, database standards, test plan standards)
- h) Monthly Standards Review Reports

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

Project Control Office Manager

The Contractor shall supply a full-time on-site Project Control Office Manager to provide the oversight and direction necessary to establish a fully functional Project Control Office and to manage the PCO staff and ongoing daily operations of the PCO. The contractors staffing strategy focuses on providing the right people in the right roles in a timely manner and supporting those team members with mature CMMI disciplines and tools (MiTracker) experience to produce the highest quality of products.

The PCO manager will directly oversee all the PCO personnel.

Key Personnel

The following are the key personnel for the PCO:

- Project Control Office Manager – Will Mahoney – committed to project through the end of Phase I and initial warranty period which is anticipated to be 6/30/2009
- Project Scheduler – Islam Abudiab, PMP – committed to project through the end of Phase I and initial warranty period which is anticipated to be 6/30/2009
- Business Analyst/Tax Expert – To be named at a later date -Scheduled through month 18, 2/2009; but can be released at the end of month 12
- SAP Technical Expert To be named at a later date– Scheduled through month 18, 2/2009, but can be released at the end of month 12.
- Configuration Management Lead – Kris Dayton – available half time at project startup; begin full time on project by 4/1/2008, but if it is determined that he is required more than half time by 1/2008, his hours and billing will be adjusted to accommodate the demands of the Integrated Tax PCO.; committed to remain on project through the end of Phase I implementation and initial warranty period which is anticipated to be 6/30/2009.



The PCO Manager will provide comprehensive review for all PCO activities with the mission to ensure that the new integrated tax processing and administration system project is completed on time, within budget, and within scope.

The Project Control Office Manager will create and manage detailed project plans and schedules for the day-to-day tracking and oversight of phases and deliverables within the project using State of Michigan Project Management Methodology. The PCO Manager will create and use tools to monitor and report on schedule progress, resource utilization, issue resolution/escalation, and process adherence. The PCO Manager will also gather and report on Project Team (Integrator, MDIT, and Treasury) performance and compliance.

Project Scheduler

The Project Scheduler will update schedules for monitoring and control of detailed project schedules. This detailed tracking includes reviewing time tracking data on an individual-by-individual basis, ensuring effort is applied to the correct tasks and information regarding remaining effort (estimated) has been provided, and applying these updates to the project schedule. This person will work closely with the PCO Office Manager to update and refine existing plans, identifying over and under utilized resources and performing "what if" analysis to determine an appropriate course of action to keep the project on schedule. The Project Scheduler requires good communication skills to converse with system developers, team leads, and supervisors (managers), ensuring all tasks required for successful completion of the project have been identified and properly planned.

The Project Scheduler will support the Project Control Office using project management tools, techniques, and methodologies such as MS Project, MS Word, MS Excel, MS PowerPoint, and other tools to assist in the monitoring of individual tasks. A Project Scheduler will have a software development background and has developed on large systems. The Project Control Office Manager will direct the daily activities of the Project Scheduler. The Project Scheduler will provide many of the metrics necessary to monitor and report on the status of a release (project).

Business Analyst / Tax Expert

The Business Analyst / Tax Expert will be responsible for reviewing the functional and process requirements for implementing Tax Processing and Administration functions within the SAP environment.

SAP Technical Expert

The SAP Technical Expert will be responsible reviewing the technical requirements for implementing Tax Administration within SAP. The SAP Technical Expert will work closely with Business Analyst / Tax Expert to ensure alignment between the business functions and processes required by the Treasury Department and the ability of SAP to be configured to perform such functions. The individual may also be required to participate in quality control or quality assurance sessions with the Integrator to optimize the SAP technical functioning proposed.

Configuration Management Lead

The Configuration Management Lead will be responsible for administering all configuration management tools and processes, which includes defining collections and branches of artefacts as working and production releases, and enforcing configuration management processes on the System Integration Project for new development and maintenance activities. The Configuration Management Lead will create, modify and improve automated build processes, configuration management tracking utilities/applications, configuration management reporting utilities/applications and any other automated productivity tools used for building and/or tracking the configurable items within the System Integration Project application(s). The Team may be supplemented by staff from MDIT. SAP Solution Manager and Serena PVCS / Version Manager have been selected as the configuration management environments.

All additions to the PCO staff and staffing durations must be pre-approved by the Michigan Business Tax/Michigan Integrated Tax System Project Director and the Treasury Project Officer.



1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

It is anticipated that a minimum 6 to 10 State staff will be added to various areas of the Project. The state intends to have a full-time MDIT Sr. Project Manager to oversee the project. The state will also have a full-time Project Technical Lead to manage state MDIT staff and MDIT owned technical deliverables within the project. The State will also have a senior Treasury Business Owner assigned to oversee all business decisions and to manage State Treasury and other non-IT related staff. In addition, the state intends to assign Treasury and MDIT staff to the Functional and Technical Teams working on the project. Their functions will vary as skill sets are learned and enhanced. It is the State's intent that by project completion, the knowledge and skills required to operate and manage the System Integration Project could fully reside with these staff.

The PCO contractor will provide to the state team members project-specific training that is similar to the training provided for state staff on the MiCSES and BRIDGES projects. Assuming a base skill set appropriate for the position, the PCO Contractor will assess the project-specific skills and knowledge the resources required to perform their appointed functions. The resulting training plan will emphasize self-paced review of existing project process and tool documentation and provide extended on-the-job training with an experienced mentor.

The State will retain administrative responsibility for these resources, including addressing job performance evaluation, career planning, and salary administration.

The PCO Contractor will complete knowledge transfer to selected State Staff by June 1, 2009.

1.203 OTHER ROLES AND RESPONSIBILITIES

The intent of the contract is to utilize as many State processes as possible. With that in mind, some resources within both Treasury business units and MDIT may be needed to assist the contractor in understanding the current processes in place. These staff may be utilized for short periods of time to help Project Control Office staff understand tax processing and administration.

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

The contractor will carry out this project under the direction and control of the MDIT Project Manager and Treasury Business Owner. While MDIT is the contract administrator for the contract, no changes to the scope, timeline or cost will be made without prior approval of the Treasury Steering Committee. Direction of the project will be provided by MDIT and Treasury jointly.

While the required Communication Plans will identify frequency of meetings and project updates, at a minimum the Project Control Office Manager will submit written weekly Status Reports which outline work accomplished during the reporting period, highlighting milestones achieved; work to be accomplished during the subsequent reporting period; and problems, real or anticipated, which should be brought to the attention of the MDIT Project Manager, Treasury Business Owner, and the project team. If a problem has the potential to impact the scope, schedule or project costs, the MDIT Project manager and Treasury Business Owner will schedule a meeting with the Project Control Office Manager to determine the impact of the problem and the risk to the project and work with the Project Control Office Manager to resolve the problem. Quarterly Project Evaluations will be submitted to the Treasury Business Owner and MDIT Project Manager. A quarterly meeting will be required to discuss the evaluation and determine if changes to the Project Plan are warranted.

Project Control Office Manager will manage the project schedule. Updated project plans will be distributed to the Treasury Business Owner and MDIT Project Manager on a monthly basis to reflect project status in terms of schedule, scope and cost. Any schedule slippage that impacts the critical path that cannot be corrected within a two week time period or without changes to scope or cost must be brought to the immediate attention of the Treasury Business Owner and the MDIT Project Manager.

The PCO vendor will review concerns with the integration vendor and the State. In considering potential resolutions, priority will be given to the quality, scope, and schedule commitments made in the master project plan. When identified, the PCO contractor will go after these problems, working with the State and the



integration vendor to achieve a speedy resolution. First, the PCO will exhaust options that use their plan contingencies (extending workdays and work weeks, reallocating work and resources, adjusting intermediate milestones, and so on). If these contingencies are inadequate to address the potential problem, the PCO contractor will examine the option of additional resources. The integration vendor will have to address budgetary issues that arise from this. If, in the end, modifying the scope or timing of a release is the best option, the PCO will collaborate with the State and the integration vendor to create a high-confidence plan that will maximize the State's priorities and minimize the impact to scope and timing as much as possible.

The PCO Contractor will keep the end in mind by working with the State and the integration vendor to perform the following:

- Clearly define the goals, scope, and timing of each release.
- Actively monitor and manage the project schedule.
- Develop and manage project schedules and application release Manage the resource pool.
- Tightly control scope.

By clearly defining goals, scope, and timing, then actively managing to these commitments, the PCO contractor, and the State will enable the integration vendor to meet the project's objectives. . As requested, the PCO contractor will implement the PMM process set for the Treasury project, while bringing elements of their CMMI Level 5 methodologies and PM2 for the State's benefit.

Communication Plan

The Project Management Control team will establish and maintain a robust communication plan that identifies project stakeholders, regardless of their organization or employer. The plan will specify the information to be communicated, information sources, and target audiences. To promote communication consistency, the PCO contractor will create procedures and distribution lists for standard project communications. The PCO contractor will support and monitor these communications to verify adherence to the plan.

The PCO contractor will establish the Treasury project control Web page to afford the State and the project management team access to the same raw information, metrics, and performance analysis reports.

The PCO will incorporate numerous automated communication features in the project control toolset for critical project information. The infrastructure request system creates an e-mail notification to key personnel whenever a new request is entered. As the status of the request is updated, the requestor will receive an e-mail notification. Project Tracker notifies the project owner whenever a project is elevated to Red status. Time Tracker identifies staff members who are late in submitting timesheets so that e-mail notifications can be generated and sent. Issue Tracker also includes automatic e-mail notification functions for issues, change controls, and risks. In addition, Issue Tracker offers tailoring capabilities that enables users to define the projects and events for which they will receive notifications.

Regardless of the efficiency and effectiveness of our electronic and paper communication solutions, personal meetings remain a critical component of successful communication. The Project Management Control team will plan and facilitate leadership and critical, special initiative meetings that include formulating agendas and confirming their implementation, reviewing and addressing issues, and distributing minutes.

1.302 REPORTS

Weekly Project Status Reports must be provided to the Treasury Business Owner, MDIT Project Manager, and other key project personnel as identified by Treasury and MDIT.

Monthly Project Plan updates must be provided to the Treasury Business Owner, MDIT Project Manager, and other key project personnel as identified by Treasury and MDIT.

Monthly Performance Reports must be provided to the Treasury Business Owner, MDIT Project Manager, and other key project personnel as identified by Treasury and MDIT.

Quarterly Project Evaluation Reports must be provided to the Treasury Business Owner, MDIT Project Manager, and other key personnel as identified by Treasury and MDIT.

Monthly Standards Review Reports must be provided to the Treasury Business Owner, MDIT Project Manager, and other key personnel as identified by Treasury and MDIT.

Weekly Issue logs must be provided to the Treasury Business Owner, MDIT Project Manager, and other key personnel as identified by Treasury and MDIT.

1.4 Project Management

1.401 ISSUE MANAGEMENT

Issues are those things that endanger the project. It includes imminent threats and events that may have already occurred. An issue is a problem that has the potential to affect progress or project outcome and can manifest as any point of controversy, debate, or concern that could adversely affect success. Issue management captures, exposes, escalates, and resolves these unplanned events to eliminate or minimize impact on the attainment of project milestones. The PCO project manager will ascertain that issues are captured in a tool and evaluated and assigned for resolution.

The PCO team will employ an aggressive approach to issue identification and resolution. The PCO manager will detect issues that may not have been clearly articulated. As a meeting and communication facilitator, the PCO manager will have unique access to a wide array of independent data sources for identifying issues that otherwise could go undetected.

Possible sources of issues in this category include the following:

- Recurring problems among project teams
- Problems for which no one claims ownership
- Changes in work patterns around a project deliverable
- Reports during meetings that can affect other teams or deliverables.

The PCO's methodology incorporates continual issues documentation, tracking, and resolution through the use of an issues and enhancement tracking log within MiTracker. This document provides a framework for gathering the data necessary to evaluate areas of concern and to resolve those areas. The steps to document an issue are as follows:

- Generate a unique identification (ID) number.
- Assign each issue a priority: Critical, High, Medium, or Low. The priority is mutually agreed upon by the State and the project manager.
- Note the open date of the issue resolution process.
- Record the individual or team initiating the process.
- Assign responsibility for resolution.
- Provide a short description of the issue for reference in subsequent documentation, including status reports.
- Enter an estimated resolution date, targeting the closure date for the issue.
- Enter a detailed description of the resolution.
- Track progress by showing issue status as New, In Progress, Escalated, On Hold, or Closed.
- Enter comments to provide the ongoing status of the item.

The PCO manager will assign to unresolved issues an escalation level that follows the Treasury governance process.

1.402 RISK MANAGEMENT

Risks and Issues are not the same. Risks are those things that you can assume or anticipate in a project. Issues are imminent threats or things that have already occurred. The Risk management process will involve: 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. Risk assessment reviews will be required on a monthly basis.

The PCO CONTRACTOR team and other stakeholders will identify initial risks and assumptions. Key players will be identified and invited to the risk review session because it is important to elicit concerns and assumptions that might jeopardize project success. These issues will be captured and documented for further analysis, forming the initial risk management plan. As the project progresses, the PCO CONTRACTOR team will assist in identifying and documenting additional risks in a process that continues throughout the project life cycle.

Risk Assessment – The PCO CONTRACTOR team and associated state SMEs assess the documented risks for ranking from high to low. The PCO manager will enter the risks into the risk management plan for tracking and status updates. The PCO manager, together with the Treasury Business Owner and the MDIT Project Manager (Project Management team) will determine whether the risk should be accepted, mitigated, or avoided and then develop a risk management plan, as appropriate. The Project Management team will assess alternative mitigation strategies.

Risk Reporting – The PCO CONTRACTOR team will develop our risk reporting approach in accordance with the State’s PMM and the PMBoK to provide visibility into known project risks and to provide the status of the mitigation progress. As risks are identified, assessed, and accepted, they become part of the risk identification log that documents each risk, priority, impact, and exposure.

When risks with an exposure level of medium or high are identified, they are entered into the project risk mitigation and contingency plan. This plan documents the risk identification number, mitigation action, measurement, planning, tracking, and contingency actions. When a risk no longer has the potential to affect project performance or key measures (probability, impact, time, or proximity), the owner will communicate the resolution to the project team and affected groups, and the risk will be closed.

1.403 CHANGE MANAGEMENT

No change to project scope or cost can be made without the written approval of the MTB/MIITAS Steering Committee. Any change to the schedule which impacts the critical path and/or the date of a deliverable cannot be made without the written approval of the Treasury Business Owner and the MDIT Project Manager.

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

Managing changes to the baseline project schedule is accomplished by incorporating only vital changes, which are documented and approved through the change control process. This is an iterative process, triggered by formal change requests. The PCO team will include the following work elements in this process:

- Identify project changes and accept change requests.
- Evaluate the impact of change requests.
- Review change requests.

- Revise project plans and work products.
- Communicate status of changes.
- Review the change control process.

The PCO team will implement a rigorous change control process that brings together input from the project stakeholders and measures the impact against the organization's priorities. This will provide MDIT and Treasury with the data necessary to make an informed decision about accepting or rejecting change. The change management process is facilitated through MiTracker. Change control management is a subfunction of Issues Tracker and a component of MiTracker, which allows the team to capture, classify, and communicate changes and to evaluate the impact of the change. The PCO contractor will maintain this functionality in conjunction with the maintenance of Issues Tracker.

1.5 Acceptance

1.501 CRITERIA

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

Deliverables and services are not considered complete until accepted or approved by the Treasury Business Owner and the MDIT Project Manger (or their designated agent.) As there are only services and no physical deliverables anticipated in this contract approval will be based on the acceptable performance of the PCO staff assigned by the contractor. If physical deliverables are later added, they will not be considered complete until formally accepted and approved by the Treasury Business Owner and MDIT Project Manager (or their designated agent). Approval for deliverables must be in writing. Upon completion of a deliverable, the Project Control Office Manager will present the deliverable to the Treasury Business Owner and MDIT Project Manager for review and acceptance. The Treasury Business Owner and MDIT Project Manager will have 10 working days to review and accept/reject the deliverable. If the deliverable is rejected, the Treasury Business Owner and MDIT Project Manager will meet with the Project Control Office Manager and present to the Project Control Office Manager the reasons why the deliverable is not accepted, as delivered.

1.502 Criteria

The acceptance criteria for deliverables under this contract are as follows:

The Treasury Business Owner, the MDIT Project Manager and the Project Control Office Manager will mutually agree upon delivery dates for specific processes and other output. The Project Control Office contractor will be held accountable to these deliverables in a similar manner as the State staff, the Integrator, and others are held accountable for their project tasks.

The Project Control Office will submit a monthly report, with the billing invoice, that identifies work performed to the Treasury Business Owner and the MDIT Project Manager (or their designed agents) for review and approval.

The work performed must include sufficient detail to map work performed to tasks within the project plan. Where the resource is expected to produce project reports or perform a task, the monthly report for that resource should identify those reports produced as part of the overall project management and technical oversight of the project. These reports are included within the Statement of Work section of the contract and include:

- Status Reports
- Performance Reports
- Project Evaluations
- Project Score Cards
- Standards Monitoring and Audit Reports

For those deliverables that are a result of a Change Request, the Project Control Office Manager will submit a completed Change Request document to the Treasury Business Owner and the MDIT Project Manager.

1.502 FINAL ACCEPTANCE

Signoff (approval) of the Treasury Business Owner and MDIT Project Manager for the deliverables and services rendered each month will constitute final acceptance.

1.6 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

The contract is for a firm fixed price “not to exceed” monthly rate for each type of resource documented in the Roles and Responsibilities section above.

State shall pay Contractor an amount up to an amount not to exceed \$2,989,440.00, for up to three years with two optional one-year extensions at the State’s sole discretion. The initial scope is for the duration of Phase 1 of the new integrated tax processing and administration system, which is anticipated to be completed in an approximately two-year time-frame, including the warranty period. The remaining contract time is to be used for any necessary extensions to the project, especially as yet undefined subsequent phases of the project. Payment is dependent on satisfactory performance of all activities necessary for the performance of work as set forth in this SOW. Authorized Services and Price List as follows (use separate pages, marked as Article 1, Attachment A, if necessary for the price schedules relevant to each Statement of Work):

All prices/rates quoted in bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted.

Staffing categories and hourly rates shall be firm for the duration of the 3-year Contract. Tables 1 thru 5 will be used as fixed hourly rates for responses to Statements of Work, and will draw on an estimated 12,000 hours for the duration of the 3-year Contract. It is estimated that the State may use up to 4,000 hours per year for additional staffing. The process to request Statement of Work hours will be agreed upon by the Contractor and the State. Work should not proceed on any Statement of Work hours without authorization to proceed from the State.

In the event it is necessary for contractual staff to travel for this project, prior approval must be obtained by the Project Control Office Manager. Travel time is not to be included in the time that is billable to the State. All costs should be built into fully loaded rates.

The State requires all Contractor staff to perform all work for this project on-site at the Treasury project offices in the greater Lansing Michigan area. Project work hours are Monday through Friday from 8 a.m. to 5 p.m., E.S.T.

Travel to and from the Treasury Project work site is not billable and travel time to and from the Project work site is exclusive of the project work hours.

The Treasury project office will be located within the greater Lansing Michigan area. The State will provide physical workspace for all Contractor staff at the project office site. Included in this workspace are basic office furniture, telephone for local calls, and a PC configured to meet State requirements. In some instances, Contractor staff shall be required to share a cubicle and telephone. In all instances, each individual Contractor staff person shall be provided a PC and shall not be required to share a PC. The State will not supply parking, cell phones or pagers as part of this contract for the contractor’s staff.

Specific details of invoices and payment will be agreed upon between MDIT/Treasury and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Purchasing, Department of Management and Budget.

MDIT will review all work for acceptance within 30 calendar days of completion and/or receipt. The Contractor will not be paid for any costs attributable to corrections of any errors or omissions that have been determined by the MDIT and Treasury Project Manager.

1.7 Additional Terms and Conditions Specific to this SOW

The contractor can propose additional PCO tools that meet State standards. Vendors are also to provide pricing for the additional PCO tools. However, it will be at the State's discretion whether the tools will be purchased via the contract that is issued from this Contract or from the State's Michigan Master Computing Contract.

There are no additional tools required for this proposal. Please see technical proposal section 1.4 Project Management for a description of the MiTracker tool set that is proposed for this project.

Both the technical and pricing proposal are valid for 120 days from the due date of this proposal (July 10, 2007).

- THE PCO CONTRACTOR will make a good faith effort to identify an SAP Technical Expert with the required PSCD experience or to identify an acceptable alternative approach that will satisfy this requirement.
- THE PCO CONTRACTOR will make a good faith effort to identify another Business Analyst / Tax Expert with receipt processing, refund, and filing experience or to identify an acceptable alternative approach that will satisfy this requirement.
- Per the State's request, THE PCO CONTRACTOR commits that the following PCO Staff will remain on the project through the end of Phase 1 implementation and initial warranty period which is anticipated to be June 30, 2009.

Wilbur Mahoney - Project Control Office Manager

Islam Abudiab, PMP - Project Scheduler

Please see item 6, creative approaches, for information on the Configuration Management Lead role.

- Per the State's request, THE PCO CONTRACTOR has reviewed the monthly not-to-exceed prices for the Project Control Office Manager, Project Scheduler, and Configuration Management Lead. THE PCO CONTRACTOR is unable to reduce the monthly price for these positions, however some reduction of the associated hourly rates has been included to apply to additional resources.
- Per the State's request, THE PCO CONTRACTOR has reviewed creative approaches to reduce the overall project price and improve chances of success. The following alternatives are suggested:
 - THE PCO CONTRACTOR recommends a restructuring of the Configuration Management Lead role to include both configuration management and technical architecture. To accomplish this THE PCO CONTRACTOR would leverage existing PCO resources to provide the mix of support needed. This would require replacing Wenjun Shi with Kris Dayton. Specifically, in addition to the Configuration Management role, Kris can provide the skills to help ensure the technical architecture is designed and implemented successfully and reach back into the other PCO's to pull additional support as required. Kris would also be available on a half time basis at project startup to assist in getting the Treasury PCO started quickly. He would begin full time on the project by April 1, 2008. If it is determined that Kris is required more than half time by January, 2008, his hours and billing will be adjusted to accommodate the demands of the Integrated Tax PCO. THE PCO CONTRACTOR commits that Kris would remain on the project through the end of Phase 1 implementation and initial warranty period which is anticipated to be June 30, 2009.
 - End SAP Expert at the end of month 18, February 2009. This will reduce the billing for this role by 18 months.



- End Tax Expert early at the end of month 18, February 2009. This will reduce the billing for this role by 18 months.
- If either the SAP or Tax Expert positions are determined by the State to be unnecessary before the 18 month is fulfilled, these positions can be ended early with 30 day written notice.
- If during or after initial implementation of the Integrated tax project the State determines that a lesser skilled Tax Expert or SAP Expert is required, with 30 days notice THE PCO CONTRACTOR will identify a replacement and will use the agreed upon labor rate table to work with the State to agree on the appropriate rate based upon the level of resource provided.
- THE PCO CONTRACTOR has proposed to use this state project management tool in its current state to augment project tracking capabilities with no incremental cost to the State of Michigan. THE PCO CONTRACTOR worked with the State of Michigan to develop the MiTracker tool set. This Web-based tool supports the Michigan Child Support Enforcement System (MiCSES), BRIDGES, Michigan Department of State (MDOS), Infrastructure, and Business Application Modernization (BAM) projects, among others. Any enhancements made to the tool to improve functionality will remain the States' property after the completion of the Integrated Tax Project.

**Article 1, Attachment A
Pricing**

**Article 1, Attachment A – Pricing
TOTAL PROJECT PRICE INFORMATION SUMMARY**

“NOT TO EXCEED” PRICE PROPOSED FOR 3-YEAR CONTRACT

| TABLE 1 | |
|--|-------------|
| TASK 1 PROJECT CONTROL OFFICE MANAGER | \$864,000 |
| TASK 2 PROJECT MANAGEMENT SUPPORT SERVICES | \$2,125,440 |
| TASK 3 PCO TOOLS | \$0 |
| PRICE PROPOSED FOR TOTAL 3-YEAR PROJECT | \$2,989,440 |

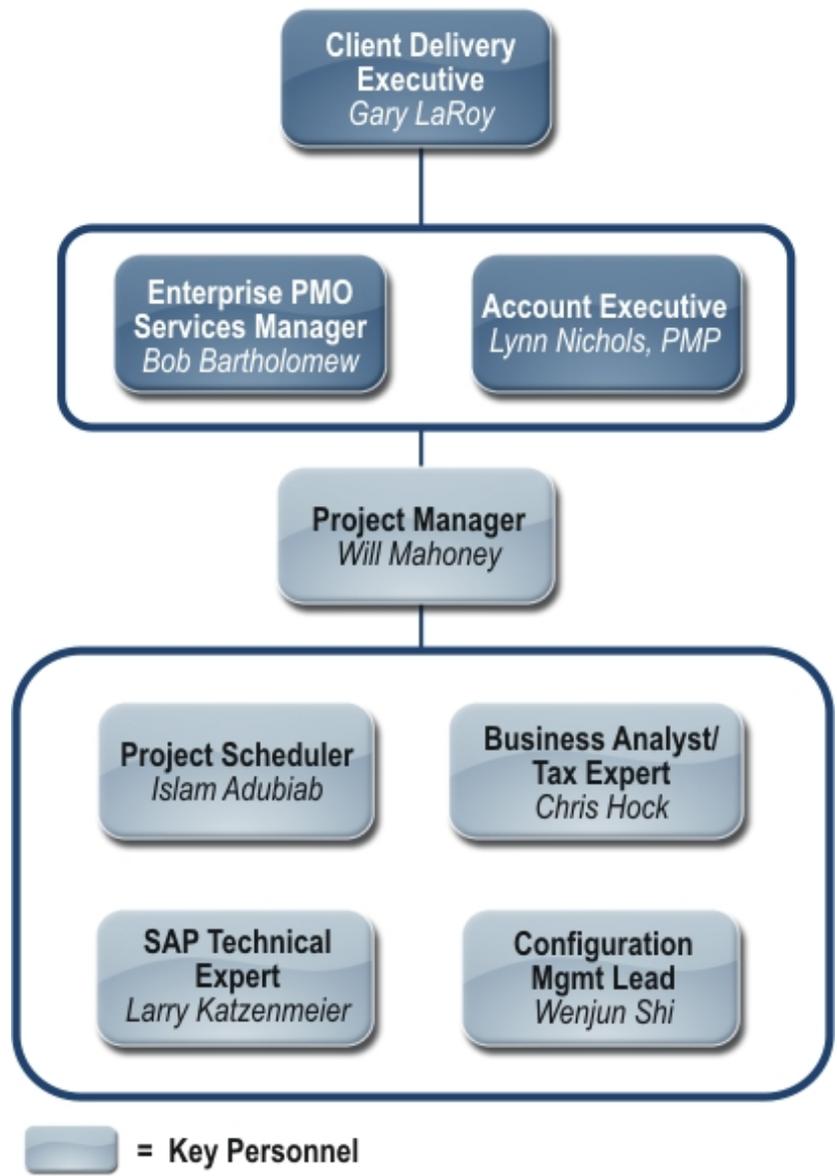
TASK 1:
 MONTHLY “NOT TO EXCEED” PRICE FOR PROJECT CONTROL
 OFFICE MANAGER
 TRANSFER TOTAL PRICE FOR 3-YEAR CONTRACT TO TABLE 1, TASK 1

| TABLE 2 | | |
|---|-------------|----------------------------------|
| STAFFING CATEGORY | HOURLY RATE | “NOT TO EXCEED” MONTHLY PRICE |
| Project Control Office Manager ■ This is a full-time position | \$160.00 | \$24,000 |
| Total Price for 3-Year Contract for Project Control Office Manager (Transfer to Table 1, Task 1) | \$ | \$864,000 |

**TASK 2:
PROJECT MANAGEMENT SUPPORT SERVICES
MONTHLY “NOT TO EXCEED” PRICE FOR PROJECT MANAGEMENT SUPPORT STAFF
TRANSFER TOTAL PRICE FOR 3-YEAR CONTRACT TO TABLE 1, TASK 2**

| TABLE 3 | | | | |
|---|--------------------|--|--|---------------------------|
| STAFFING CATEGORY | HOURLY RATE | “NOT TO EXCEED” MONTHLY PRICE | PROJECT DURATION (NUMBER OF MONTHS) | TOTAL PROJECT COST |
| Project Scheduler | \$125 | \$17,760 | 36 | \$639,360 |
| Configuration Management Lead | \$125 | \$17,760 | 33 (See BAFO assumptions) | \$586,080 |
| Business Analyst/Tax Expert | \$200 | \$29,500 | 18 | \$531,000 |
| SAP Technical Architect | \$150 | \$20,500 | 18 | \$369,000 |
| Total Price for 3-Year Contract for Project Management Support Services (Transfer to Table 1, Task 2) | \$ | \$ | | \$2,125,440 |

Article 1, Attachment B
Organizational Chart, including Key Personnel



**Article 1, Attachment C – Labor Rates
Additional Staffing**

**HOURLY RATES FOR EACH STAFF TO BE USED AS FIXED RATES FOR RESPONSES TO
STATEMENTS OF WORK
(DRAWN FROM ESTIMATED 12,000 HOURS, 4,000 PER YEAR)**

HOURLY RATES ARE FIXED FOR DURATION OF 3-YEAR CONTRACT
HOURLY RATES FOR EACH STAFF TO BE USED AS FIXED RATES FOR RESPONSES TO STATEMENTS OF WORK (DRAWN FROM ESTIMATED 12,000 HOURS, 4,000 PER YEAR)

| HOURLY RATES ARE FIXED FOR DURATION OF 3-YEAR CONTRACT | |
|---|---------------------------------|
| STAFFING CATEGORY | FIXED HOURLY RATE - BAFO |
| Project Manager/Release Manager | \$160 |
| Project Manager/Project Scheduler | \$125 |
| Systems Architect | \$135 |
| Business Specialist | \$135 |
| Technical Writer | \$75 |
| Training Coordinator (see note below) | \$100 |
| Change Management Consultant | \$135 |
| Support Staff/Administrative (see note below) | \$60 |
| Work Flow Coordinator | \$132 |
| Infrastructure Team Resource | \$120 |
| Configuration Management Team Resource | \$90 |
| Application Architecture Team Resource | \$100 |
| Environment Planning/Prep Team Resource | \$100 |
| Systems DBA Team Resource | \$135 |
| Network/Dev Environment Support Team Resource | \$90 |
| Data Modeler Team Resource | \$135 |
| Data Loader/Utilities Team Resource | \$100 |
| Senior or Expert Analyst | \$150 |
| Senior or Expert Programmer | \$150 |
| Programmer/Analyst | \$135 |
| Programmer | \$90 |
| Database Administrator Services | \$120 |
| Testing Lead Resource | \$80 |

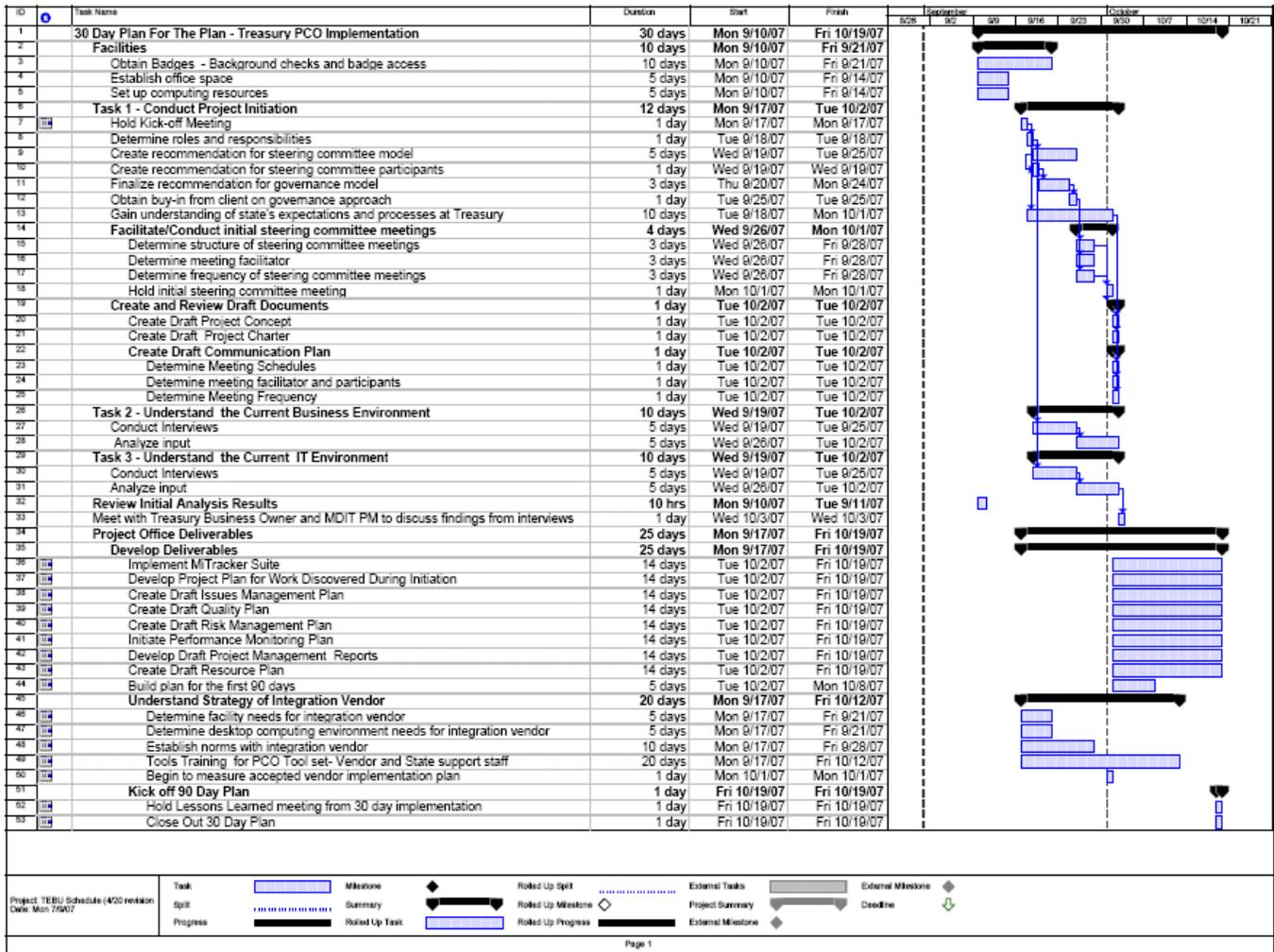
BAFO Response:

The PCO contractor has reduced the hourly rates on several of the positions listed above. These represent “not to exceed” rates.

Although the programmer and programmer/analyst rates are higher than the rates under the ReStart program and MVP Category 5, this project may require a specific SAP skill set. A comparison of these rates with MVP Category 1, Data Warehouse, demonstrates that programmer and programmer/analyst rates reflect the need for specialized skills. When a statement of work is issued for these categories, The PCO Contractor will work with the State to further define the expertise required and provide a corresponding hourly rate within the not-to-exceed rate structure.

does not normally provide staffing for the training coordinator or support/staff administrative roles on an ad hoc basis. THE PCO CONTRACTOR has not bid on any Restart bids for these types of positions, thus the rates are higher than under the Restart contract. If the State requires this type of resource under this contract, THE PCO CONTRACTOR will work with the State to reduce the hourly rate based on the specific skill set required or we will support the State if you choose to issue a ReStart bid for these role.

Article 1, Attachment E Project Plan



Article 1, Attachment G
Resume Summary Form

Resume Summary Forms for Key Personnel

Resume Summary Form – Vendor Project Control Office Manager

| | | |
|--|---------------------------|---------------|
| Proposed Resource Name: | | |
| Proposed Role: | Vendor PCO Manager | |
| Organization associated with (check one) | Prime Bidder | Subcontractor |

List skills and experience that qualifies the team member for the duties and responsibilities on this project for the proposed role. This section must clearly specify how the proposed resource meets each of the requirements for this role detailed in Section 1.201 Contractor Staff, Roles and Responsibilities. Identify the Project and clearly describe the team member’s role and experience in contributing to the project. Use additional space as necessary.

Requirement #1: Documented 3 to 5 years experience in successfully managing the establishment and operations of a fully functioning Project Control Office or Project Management Office. A minimum of 2 such “establishments” is required for this particular project position.

Requirement #2: Documented experience in successfully managing a PMO/PCO for complex projects (including multiple stakeholders, PCO staff, multiple vendors, data conversions and multiple technologies).

Requirement #3: Documented experience in performing Project Management, Quality Management, or other critical functions within complex Information Technology projects (preferably with budgets greater than \$10,000,000 and multi-phase, multiyear implementations).

Requirement #4: Excellent written and verbal communication skills. Demonstrable presentation skills are necessary for this position. Skills in MS Project, MS Excel, MS Word, MS PowerPoint, required.

Requirement #5: Demonstrated leadership ability in complex projects involving multiple vendors and in-house resources within all levels of an organization. Leadership ability will be assessed within the Oral Presentation

Requirement #6: Professional certification in Project Management, such as Project Management Professional (PMP) certification from the Project Management Institute.

List client references for work performed that is used to meet the requirements, and all projects that the proposed resource has worked on during the past three (3) years. A minimum of three (3) client references is required.

| Client Name Contact Name, Telephone and email address | Project Title | Start Date | End Date |
|--|----------------------|-------------------|-----------------|
| | | | |
| | | | |
| | | | |

Article 1, Attachment G
Resume Summary Form

Resume Summary Forms for Key Personnel
Resume Summary Form – Project Scheduler

| | | |
|--|-------------------|---------------|
| Proposed Resource Name: | | |
| Proposed Role: | Project Scheduler | |
| Organization associated with (check one) | Prime Bidder | Subcontractor |

List skills and experience that qualifies the team member for the duties and responsibilities on this project for the proposed role. This section must clearly specify how the proposed resource meets each of the requirements for this role detailed in Section 1.201 Contractor Staff, Roles and Responsibilities. Identify the Project and clearly describe the team member’s role and experience in contributing to the project. Use additional space as necessary.

- Requirement #1:** A history of working within a project office environment.
- Requirement #2:** 1 year experience working in project offices on system development projects.
- Requirement #3:** Experience in tracking and analyzing metrics as relevant to system implementations
- Requirement #4:** Good written and verbal communication skills.
- Requirement #5:** Demonstrated project scheduling experience including extensive use of MS Project, MS Word, MS Excel, MS PowerPoint, and other tracker tools to assist in the monitoring of individual tasks.
- Requirement #6:** PMM (or equivalent) experience in time, resource, and schedule management, including identification of work breakdown structure (WBS) and task dependencies.

List client references for work performed that is used to meet the requirements, and all projects that the proposed resource has worked on during the past three (3) years. A minimum of three (3) client references is required.

| Client Name Contact Name, Telephone and email address | Project Title | Start Date | End Date |
|---|---------------|------------|----------|
| | | | |
| | | | |
| | | | |

Article 1, Attachment G
Resume Summary Form
Resume Summary Forms for Key Personnel
Resume Summary Form – SAP Technical Expert

| | | |
|--|------------------------------------|---------------|
| Proposed Resource Name: | | |
| Proposed Role: | Vendor SAP Technical Expert | |
| Organization associated with (check one) | Prime Bidder | Subcontractor |

List skills and experience that qualifies the team member for the duties and responsibilities on this project for the proposed role. This section must clearly specify how the proposed resource meets each of the requirements for this role detailed in Section 1.201 Contractor Staff, Roles and Responsibilities. Identify the Project and clearly describe the team member’s role and experience in contributing to the project. Use additional space as necessary.

Requirement #1: 10+ years of experience in the information technology project implementation field or related experience.

Requirement #2: Experience in performing SAP system administration and architectural assessments in projects similar in size and scope to this project.

Documents must include:

- Description of Tax Processing Review and Analysis experience
- Number of internal and external users of system
- Number of transactions processed (average daily/annual)
- Type of system input/output
- Description of business architecture assessed
- Description of functions and features (system assessed and core processes designed or restructured)

Requirement #3: Minimum 5 years experience in architectural design and systems analysis and design with a wide range of operating systems, databases and development tools.

Requirement #4: Minimum 7 years experience with performing systems analysis or development

Requirement #5: Minimum 5 years experience with Oracle databases.

Requirement #6: Skilled in MS Project, MS Excel, MS Word, MS PowerPoint, macros, charting

Requirement #7: Ability to work in a team environment

Requirement #8: Ability to be able to work independently

Requirement #9: Excellent written and verbal communication skills

List client references for work performed that is used to meet the requirements, and all projects that the proposed resource has worked on during the past three (3) years. A minimum of three (3) client references is required.

| Client Name Contact Name, Telephone and email address | Project Title | Start Date | End Date |
|---|---------------|------------|----------|
| | | | |
| | | | |
| | | | |

Article 1, Attachment G
Resume Summary Form

Resume Summary Forms for Key Personnel

Resume Summary Form – Business Analyst / Tax Expert

| | | |
|--|--------------------------------------|---------------|
| Proposed Resource Name: | | |
| Proposed Role: | Business Analyst / Tax Expert | |
| Organization associated with (check one) | Prime Bidder | Subcontractor |

List skills and experience that qualifies the team member for the duties and responsibilities on this project for the proposed role. This section must clearly specify how the proposed resource meets each of the requirements for this role detailed in Section 1.201 Contractor Staff, Roles and Responsibilities. Identify the Project and clearly describe the team member’s role and experience in contributing to the project. Use additional space as necessary.

Requirement #1: 5+ years of experience in Business Process Analysis or in a related function.

Requirement #2: Documented experience in performing business architectural assessments and proposing new business process designs (for Information Technology systems) to meet business needs in projects similar in size and scope to the new integrated tax processing and administration system.

Documentation should include:

- o Description of Tax Processing Review and Analysis experience
- o Number of internal and external users of system
- o Number of transactions processed (average daily/annual)
- o Type of system input/output
- o Description of business architecture assessed
- o Description of functions and features (system assessed and core processes designed or restructured)

Requirement #3: Minimum of 5 years experience facilitating workgroups, conducting interviews for information gathering

Requirement #4: Minimum of 5 years experience developing business processes descriptions and flows, business models, and narratives

Requirement #5: Skilled in MS Project, MS Excel, MS Word, MS PowerPoint, macros, charting

Requirement #6: Ability to work in a team environment

Requirement #7: Ability to be able to work independently

Requirement #8: Excellent written and verbal communication skills, good presentation skills required

List client references for work performed that is used to meet the requirements, and all projects that the proposed resource has worked on during the past three (3) years. A minimum of three (3) client references is required.

| Client Name Contact Name, Telephone and email address | Project Title | Start Date | End Date |
|--|----------------------|-------------------|-----------------|
| | | | |
| | | | |
| | | | |

Article 1, Attachment G
Resume Summary Form

Resume Summary Forms for Key Personnel

Resume Summary Form – Configuration Management Lead

| | | |
|--|--------------------------------------|---------------|
| Proposed Resource Name: | | |
| Proposed Role: | Configuration Management Lead | |
| Organization associated with (check one) | Prime Bidder | Subcontractor |

List skills and experience that qualifies the team member for the duties and responsibilities on this project for the proposed role. This section must clearly specify how the proposed resource meets each of the requirements for this role detailed in Section 1.201 Contractor Staff, Roles and Responsibilities. Identify the Project and clearly describe the team member's role and experience in contributing to the project. Use additional space as necessary.

Requirement #1: Documented experience developing CM processes and leading a CM team in execution of those processes.

Requirement #2: A minimum of 3 years experience with configuration management, including version control integrated within a software development life cycle.

Requirement #3: A minimum of 2 years in scripting build processes for large application, including UNIX scripting, DOS scripting, and SQL scripting for performing database modifications/updates

Requirement #4: A minimum of 2 years experience with Serena PVSC / Version Manager

List client references for work performed that is used to meet the requirements, and all projects that the proposed resource has worked on during the past three (3) years. A minimum of three (3) client references is required.

| Client Name Contact Name, Telephone and email address | Project Title | Start Date | End Date |
|--|----------------------|-------------------|-----------------|
| | | | |
| | | | |
| | | | |

Article 2 – General Terms and Conditions

2.010 Contract Structure and Administration

2.011 Definitions

Capitalized terms used in this Contract (including its Exhibits) shall have the meanings given below, unless the context requires otherwise:

- (a) “Days” means calendar days unless otherwise specified.
- (b) “24x7x365” means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
- (c) “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. “Additional Service” does not include New Work.
- (d) “Amendment Labor Rates” means the schedule of fully loaded hourly labor rates attached as **Article 1, Attachment C**.
- (e) “Audit Period” has the meaning given in **Section 2.111**.
- (f) “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.
- (g) “Incident” means any interruption in Services.
- (h) “Business Critical” means any function identified in any Statement of Work as Business Critical.
- (i) “Deliverable” means physical goods and/or commodities as required or identified by a Statement of Work.
- (j) “Key Personnel” means any Personnel designated in **Article 1, Section 1.201 and/or Attachment B**, as Key Personnel.
- (k) “New Work” means 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. “New Work” does not include Additional Service.
- (l) “Services” means any function performed for the benefit of the State.
- (m) “State Location” means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
- (n) “Subcontractor” means 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.
- (o) “Work in Process” means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.



2.012 Attachments and Exhibits

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

2.013 Statements of Work

- (a) The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract, or an amendment to this Contract (see 2.106). Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.
- (b) Unless otherwise agreed by the parties, each Statement of Work (as defined in Article 1) will include, or incorporate by reference to the appropriate Contract Article 1 Attachment containing, the following information:
- A description of the Services to be performed by Contractor under the Statement of Work;
 - A project schedule (including the commencement and completion dates for all tasks, subtasks (for all projects of sufficient duration and complexity to warrant sub task breakdown), and Deliverables;
 - A price/rate schedule for any additional positions.
 - A specification of Contractor's and the State's respective performance responsibilities with respect to the performance or completion of all tasks, subtasks and Deliverables;
 - A listing of any Key Personnel of Contractor and/or its Subcontractors for that Statement of Work and any future Statements of Work;
 - Any other information or provisions the parties agree to include.
- (c) Reserved.
- (d) The initial Statements of Work, as of the Effective Date, are attached to this Contract.

2.014 Issuing Office

This Contract is issued by the Department of Management and Budget, Purchasing Operations and **MDIT/ Treasury** (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. **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 Contractor Administrator within Purchasing Operations for this Contract is:

Joann M. Klasko
Purchasing Operations
Department of Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
KlaskoJ@michigan.gov
(517) 241-7233

2.015 Contract Compliance Inspector

Upon receipt at Treasury of the properly executed Contract, it is anticipated that the Director of DMB Purchasing Operations, in consultation with Treasury, will direct that the person named below, or any other person so designated, be authorized to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of such Contract as that authority is retained by the Office of Purchasing Operations.** The Contract Compliance Inspector for this Contract is:

Mark Lawrence
525 W. Allegan St.
Constitution Hall, 1st Floor, North
Lansing, MI 48933
(517)241-1640
LawrenceM1@michigan.gov

2.016 Project Manager

The following individual will oversee the project:

David Gilliland
Michigan Department of Information Technology
Operations Center, 2nd Floor
7285 Parsons Drive
Lansing, MI 48913

2.017 Executive Sponsors

The following individuals will serve as Executive Sponsors for Treasury and MDIT:

Mark Haas
Michigan Department of Treasury
Austin Building, 1st Floor
Lansing, MI 48913

Ken Theis
Michigan Department of Information Technology
DIT Executive Office
Romney Building, 8th Floor
111 S. Capital Ave.
Lansing, MI 48913

[2.020 Contract Objectives/Scope/Background](#)

2.021 Background

Please refer to Section 1.002.

2.022 Purpose

Please refer to Section 1.001.

2.023 Objectives and Scope

Please refer to Sections 1.101 and 1.102.

2.024 Interpretation

Sections 2.021 through 2.023 are intended to provide background and context for this Contract and are not intended to expand the scope of the obligations under this Contract or to alter the plain meaning of the terms and conditions of this Contract. However, to the extent the terms and conditions of this



Contract are unclear or otherwise ambiguous, such terms and conditions are to be interpreted and construed in light of the provisions of this Section.

2.025 Form, Function and Utility

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

2.030 Legal Effect and Term

2.031 Legal Effect

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

2.032 Contract Term

This Contract is for a period of three (3) years commencing on the date that the last signature required to make the Contract enforceable is obtained. All outstanding Purchase Orders shall also expire upon the termination (cancellation for any of the reasons listed in 2.210) of the Contract, unless otherwise extended pursuant to the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.033 Renewal(s)

This Contract may be renewed in writing by mutual agreement of the parties not less than thirty (30) days before its expiration. The Contract may be renewed for up to **two (2)** additional one-year periods. Successful completion of negotiations surrounding the terms of the extension will be a pre-requisite for the exercise of any option year.

2.040 Contractor Personnel

2.041 Contractor Personnel

- (a) **Personnel Qualifications.** All persons assigned by Contractor to the performance of Services under this Contract shall be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and shall be fully qualified to perform the work assigned to them. Contractor shall 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 shall 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.
- (b) **Key Personnel**
 - (i) In discharging its obligations under this Contract, Contractor shall provide the named Key Personnel on the terms indicated. **Article 1, Attachment B** provides an organization chart showing the roles of certain Key Personnel, if any.
 - (ii) Key Personnel shall be dedicated as defined in **Article 1, Attachment B** 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.
 - (iii) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of



the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. Additionally, the State's request shall be based on legitimate, good faith reasons. Proposed alternative for the individual denied, shall be fully qualified for the position.

- (iv) Contractor shall not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. If the Contractor does remove Key Personnel without the prior written consent of the State, it shall be considered an unauthorized removal ("Unauthorized Removal"). It shall not be considered an Unauthorized Removal if Key Personnel must be replaced 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. It shall not be considered an Unauthorized Removal if Key Personnel must be replaced 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 thirty (30) days of shadowing unless parties agree to a different time period. The Contractor with the State shall 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 rights under **Section 2.210**.
- (v) It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.210**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount shall be \$25,000.00 per individual provided Contractor identifies a replacement approved by the State pursuant to **Section 2.041** and assigns the replacement to the Project to shadow the Key Personnel s/he is replacing for a period of at least thirty (30) days prior to such Key Personnel's removal.

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

- (c) **Re-assignment of non-Key Personnel.** Prior to re-deploying to other projects, at the completion of their assigned tasks on the Project, teams of its non-Key Personnel who are performing Services on-site at State facilities or who are otherwise dedicated primarily to the Project, Contractor will give the State at least ten (10) Business Days notice of the proposed re-deployment to give the State an opportunity to object to the re-deployment if the State reasonably believes such team's Contract responsibilities are not likely to be completed and approved by the State prior to the proposed date of re-deployment.



- (d) **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 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 personnel for the removed person shall 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 such incident with removed personnel results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted in **Section 2.076** for a time as agreed to by the parties.
- (e) **Staffing Levels.**
- (i) All staff requirements not specified in the applicable Statement of Work or State-approved project plan as State personnel will be supplied by Contractor. This includes secretarial, clerical and Contract administration support staff necessary for Contractor to perform its obligations hereunder.
- (ii) Contractor shall provide sufficient personnel resources for the completion of Contract tasks indicated in Contractor's project plan approved by the State. If the level of personnel resources is insufficient to complete any Contractor Contract tasks in accordance with the Contract time schedule as demonstrated by Contractor's failure to meet mutually agreed to time schedules, Contractor shall promptly add additional qualified personnel resources to the performance of the affected tasks, at no additional charge to the State, in an amount sufficient to complete performance of Contractor's tasks in accordance with the Contract time schedule.
- (f) **Personnel Turnover.** The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event, notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.
- (g) **Location.** All staff assigned by Contractor to work on the Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

2.042 Contractor Identification

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

2.043 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, and, as reasonably requested by the State, to provide to the State's agents and other contractors with reasonable access to Contractor's Project personnel, systems and facilities to the extent they relate to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the systems or



facilities and provided Contractor receives reasonable prior written notice of such request. 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 such requests for access.

2.044 Subcontracting by Contractor

- (a) Contractor shall have full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under this Contract, including payment of any and all charges for Services and Deliverables.
- (b) Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Management and Budget, Office of Purchasing Operations has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.
- (c) The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor.
 Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. Attached as **Exhibit A** is a list of the Subcontractors, if any, approved by the State as of the execution of this Contract. The Contractor is totally accountable for the performance of any subcontractor(s) it may utilize under this Contract.
- (d) Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.040, 2.110, 2.150, 2.160, 2.171(c), 2.172(b), 2.180, 2.260, 2.276, 2.297** in all of its agreements with any Subcontractors.
- (e) The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

2.045 Contractor Responsibility for Personnel

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.

2.050 State Standards

2.051 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/0,1607,7-139-30639_30655---,00.html.

2.052 PM Methodology Standards

The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. See the State’s PMM website at <http://www.michigan.gov/projectmanagement>.

The Contractor shall use the State’s PPM to manage this Contract. If the Contractor requires training on the PMM, those costs shall be the responsibility of the Contractor, unless otherwise stated.

2.053 Adherence to Portal Technology Tools

The State has adopted the following tools for its Portal Technology development efforts:

- Vignette Content Management and personalization Tool
- Inktomi Search Engine
- E-Pay Payment Processing Module
- Websphere Commerce Suite for e-Store applications

Unless otherwise stated, Contractor must use the Portal Technology Tools to implement web content management and deployment efforts. Tools used for web-based application development must work in conjunction with Vignette and Inktomi. The interaction with Vignette and Inktomi must be coordinated with MDIT, Enterprise Application Services Office, e-Michigan Web Development team.

Contractors that are compelled to use alternate tools must have received an exception from MDIT, Enterprise Application Services Office, e-Michigan Web Development team, before this Contract is effective.

2.054 Acceptable Use Policy

To the extent that Contractor has access to the State computer system, Contractor must comply with the State’s Acceptable Use Policy, see <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--,00.html>. All Contractor employees must be required, in writing, to agree to the State’s Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor’s access to the State system if a violation occurs.

2.060 Deliverables

2.061 Ordering

- (a) Any Services/Deliverables to be furnished under this Contract shall be ordered by issuance of written Purchase Orders/Blanket Purchase Order by the State after approval by the Contract Administrator or his/her designee. All orders are subject to the terms and conditions of this Contract. In the event of conflict between an order and this Contract, the Contract shall take precedence as stated in **Section 2.293**. In no event shall any additional terms and conditions contained on a Purchase Order/Blanket Purchase Order be applicable, unless specifically contained in that Purchase Order/Blanket Purchase Order’s accompanying Statement of Work.
- (b) MDIT will continue to oversee the use of this Contract by End Users. MDIT may, in writing, delegate to agencies the authority to submit requests for certain services directly to the Contractor. MDIT may also designate, in writing, some services as non-delegated and require MDIT review and approval before agency acquisition. MDIT will use Contractor provided management reports and periodic random agency audits to monitor and administer contract usage for delegated services.

2.062 RESERVE

2.063 RESERVE

2.064 RESERVE

2.070 Performance

2.071 Performance, In General

The State engages Contractor to execute the Contract and perform the Services/provide the Deliverables, and Contractor undertakes to execute and complete the Contract in its entirety in accordance with the terms and conditions of this Contract and with the participation of State representatives as specified in this Contract.

2.072 Time of Performance

- (a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables in accordance with 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 2.072(a)**, 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, in such event, shall inform the State of the projected actual delivery date.
- (c) If Contractor believes that a delay in performance by the State has caused or will cause Contractor to be unable to perform its obligations in accordance with specified Contract time periods, Contractor shall notify the State in a timely manner and shall use commercially reasonable efforts to perform its obligations in accordance with such Contract time periods notwithstanding the State’s failure. Contractor will not be in default for a delay in performance to the extent such delay is caused by the State.

2.073 RESERVED

2.074 Bankruptcy

If Contractor shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against Contractor and not removed within thirty (30) days, or if the Contractor becomes insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, and Contractor and/or its affiliates are unable to provide reasonable assurances that Contractor and/or its affiliates can deliver the services provided herein, the State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the “Work in Process” and finish such Works in Process by whatever appropriate method the State may deem expedient. Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process shall be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

To secure the State’s progress payments before the delivery of any services or materials required for the execution of Contractor’s obligations hereunder, and any work which Contractor may subcontract in the support of the performance of its obligations hereunder, title shall vest in the State to the extent the State has made progress payments hereunder.

2.075 RESERVE

2.076 RESERVE

2.080 Delivery and Acceptance of Deliverables

2.081 RESERVE



2.082 Delivery of Deliverables / Services

- (a) Where applicable, the Statements of Work/POs contain lists 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”), a good (“Physical Deliverable”) or a Service. 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 the Contract.

2.083 RESERVE

2.084 Approval of Deliverables, In General

- (a) All Deliverables (Physical Deliverables and Written Deliverables) and Services 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 will include the successful completion of Testing as applicable in **Section 2.083**, 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.
- (b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.
- (c) Prior to commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor in accordance with **Section 2.083(a)**.
- (d) The State will approve in writing a Deliverable/Service upon confirming that it conforms to and, performs in accordance with, its specifications without material deficiency. The State may, but shall not be required to, conditionally approve in writing a Deliverable/Service 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/Service that remain outstanding at the time of State approval.
- (e) If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, 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 the 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/Service and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses provided the State can furnish proof of such general expenses; or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure such breach. 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.



- (f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if such process reveals deficiencies in or problems with a Deliverable/Service 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 stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery prior to resuming the testing or approval process.

2.085 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 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 Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State's election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) 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 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 Deliverable to confirm that the identified deficiencies have been corrected.

2.086 Process for Approval of Services

The State Review Period for approval of Services is governed by the applicable Statement of Work (failing which the State Review Period, by default, shall be thirty (30) Business Days for Services). The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Services (or at the State's election, subsequent to approval of the Service). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) Business Days resubmit the Service 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 implementation of a corrected Service 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 Service for conformity and that the identified deficiencies have been corrected.

2.087 Process for Approval of Physical Deliverables

The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (failing which the State Review Period, by default, shall be thirty (30) continuous Business Days for a Physical Deliverable). The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Deliverable (or at the State's election, subsequent to approval of the Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within thirty (30) 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 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 Deliverable to confirm that the identified deficiencies have been corrected.

2.088 Final Acceptance

Unless otherwise stated in the Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable shall occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.080-2.087**. Payment will be made for Deliverables installed and accepted. Upon



acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.090 Financial

2.091 Pricing

(a) **Fixed Prices for Services/Deliverables**

Each Statement of Work/PO issued under this Contract shall specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. To the extent the parties agree that certain specific Services will be provided on a time and materials basis, such Services shall be provided at the Amendment Labor Rates (**Article 1, Attachment A and Attachment C**). The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

(b) **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, using the rates in **Article 1, Attachment** unless specifically identified in an applicable Statement of Work.

(c) **Services/Deliverables Covered**

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

(d) **Labor Rates**

All time and material charges will be at the rates specified in **Article 1, Attachment C**.

2.092 Invoicing and Payment Procedures and Terms

(a) Invoicing and Payment – In General

- (i) 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.
- (ii) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. The charges for Services billed on a time and materials basis shall be determined based on the actual number of hours of Services performed, at the applicable Labor Rates specified in **Article 1, Attachment A and Attachment C**. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 2.094**.
- (iii) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within forty-five (45) days after receipt, provided the State determines that the invoice was properly rendered.



- (b) **Taxes** (See Section 2.305 and Article 3, Section 3.022-3.024 for additional)
The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.
- (c) **Out-of-Pocket Expenses**
Contractor acknowledges that the out-of-pocket expenses that Contractor expects to incur in performing the Services/ providing the Deliverables (such as, but not limited to, travel and lodging, document reproduction and shipping, and long distance telephone) are included in Contractor's fixed price for each Statement of Work. Accordingly, Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates. See http://www.mi.gov/dmb/0,1607,7-150-9141_13132---,00.html for current rates.
- (d) **Pro-ration**
To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services shall be pro-rated for any partial month.
- (e) **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.
- (f) **Final Payment**
The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.093 State Funding Obligation

The State's obligation under this Contract is payable only and solely from funds appropriated for the purpose of this Contract. Contractor acknowledges and agrees that all funds for payments after the end of the current fiscal year are subject to the availability of a legislative appropriation for the purpose of this Contract. Events of non-appropriation are addressed further in **Section 2.210** of this Contract.

2.094 Holdback

Reserved

2.095 Electronic Payment Availability

Electronic transfer of funds is available to State contractors. Contractor is required to register with the State electronically at <http://www.cpexpress.state.mi.us>. Public Act 533 of 2004 requires all payments be transitioned over to EFT by October, 2005.

2.100 Contract Management

2.101 Contract Management Responsibility

- (a) Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to



perform its responsibilities in accordance with **Article 1, Attachment E** (Project Plan) is likely to delay the timely achievement of any Contract tasks.

- (b) The Services/Deliverables will be provided by the Contractor either directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor will act as a single point of contact coordinating these entities to meet the State's need for Services/Deliverables. Nothing in this Contract, however, shall be construed to authorize or require any party to violate any applicable law or regulation in its performance of this Contract.

2.102 Problem and Contract Management Procedures

Problem Management and Contract Management procedures will be governed by the Contract and the applicable Statements of Work.

2.103 Reports and Meetings

(a) Reports.

Within thirty (30) days after the Effective Date, the parties shall determine an appropriate set of periodic reports to be issued by Contractor to the State. Such reports may include:

- (i) Separately address Contractor's performance in each area of the Services;
- (ii) For each area of the Services, assess the degree to which Contractor has attained or failed to attain the pertinent objectives in that area, including on-time completion and delivery of Deliverables;
- (iii) Explain the reasons for any failure to achieve on-time completion and delivery of Deliverables and include a plan for corrective action where appropriate;
- (iv) Describe any circumstances that Contractor anticipates will impair or prevent on-time completion and delivery of Deliverables in upcoming reporting periods;
- (v) Include plans for corrective action or risk mitigation where appropriate and describe the status of ongoing problem resolution efforts;
- (vi) Provide reports setting forth a comparison of actual hours spent by Contractor (including its augmented personnel and Subcontractors) in performing the Project versus hours budgeted by Contractor.
- (vii) Set forth a record of the material personnel changes that pertain to the Services and describe planned changes during the upcoming month that may affect the Services.
- (viii) Include such documentation and other information may be mutually agreed to verify compliance with, and meeting the objectives of, this Contract.
- (ix) Set forth an updated schedule that provides information on the status of upcoming Deliverables, expected dates of delivery (or redelivery) of such Deliverables and estimates on timing for completion of the Project.

(b) Meetings.

Within thirty (30) days after the Effective Date, the parties shall determine an appropriate set of meetings to be held between representatives of the State and Contractor. Contractor shall prepare and circulate an agenda sufficiently in advance of each such meeting to give participants an opportunity to prepare for the meeting. Contractor shall incorporate into such agenda items that the State desires to discuss. At the State's request, Contractor shall prepare and circulate minutes promptly after a meeting.

2.104 System Changes

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

2.105 Reserved

2.106 Change Requests

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

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

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

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

- (a) Change Requests
 - (i) State Requests

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

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



- (iv) 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 Management and Budget, Office of Purchasing Operations.
- (vi) If the State requests or directs Contractor to perform any activities that Contractor believes constitute a Change, Contractor must notify the State that it believes the requested activities are a Change prior to commencing the performance of the requested activities. If Contractor fails to so notify the State prior to commencing performance of the requested activities, such activities shall be considered to be performed gratuitously by Contractor, and Contractor shall not have any right thereafter to assert any claim for additional compensation or time for the performance of such activities. If Contractor commences performance of gratuitous services outside the scope of this Contract and subsequently elects to stop performing such out-of-scope services, Contractor must, at the request of the State, back out or reverse any changes resulting from such performance that would adversely affect the Contract.

2.107 Management Tools

Contractor will use an automated tool for planning, monitoring and tracking the Contract's progress. In addition, Contractor shall use automated project management tools as reasonably necessary to perform the Services, which tools shall include the capability to produce through the end of the Contract: (i) staffing tables with names of personnel assigned to Contract tasks, (ii) project plans showing tasks, subtasks, Deliverables and the resources required and allocated to each (including detailed plans for all Services to be performed within the next sixty (60) days, updated semi-monthly) and (iii) graphs showing critical events, dependencies and decision points during the course of the Contract. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State's standard to the extent such information is described with reasonable detail in the Statements of Work and to the extent the related work is of sufficient project complexity and duration to warrant such reporting.

2.110 Records and Inspections

2.111a Records and Inspections

(a) **Inspection of Work Performed.**

The State's authorized representatives shall at all reasonable times and with ten (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 ten (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 such access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives.

(b) **Examination of Records.**

Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the "Audit Period"), shall, upon twenty (20) days prior written notice, have access to and the right to 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, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such 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.

(c) **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 in accordance with 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 must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

(d) **Audit Resolution.**

If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within thirty (30) days from receipt of such report, unless a shorter response time is specified in such 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 such audit report.

2.112 Errors

- (a) If the audit demonstrates any errors in the statements 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 (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.
- (b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than ten percent (10%), then the Contractor shall pay all of the reasonable costs of the audit.

2.120 State Responsibilities**2.121 State Performance Obligations**

- (a) **Equipment and Other Resources.** To facilitate Contractor's performance of the Services/Deliverables, the State shall provide to Contractor such equipment and resources as identified in the Statements of Work or other Contract Exhibits as items to be provided by the State.
- (b) **Facilities.** The State shall designate space as long as it is available and as provided in the Statement of Work, to house Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing shall observe and comply with all rules and regulations relating to, each of the State Facilities (including hours of operation) used by Contractor in the course of providing the Services. Contractor agrees that it will not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for Contractor's use, or to which Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.
- (c) **Return.** Contractor shall be responsible for returning 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.
- (d) Except as otherwise provided in **Section 2.220**, the State's failure to perform its responsibilities as set forth in this Contract shall not be deemed to be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, provided Contractor provides the State with reasonable written notice of such nonperformance and Contractor uses commercially



reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for Contractor's performance or Contractor's cost of performance, Contractor shall be entitled to seek an equitable extension via the Change Request process described in **Section 2.106**.

2.130 Security

2.131 Background Checks

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

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/ditservice/0,1607,7-179-25781-73760--00.html>. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.140 Reserved

2.150 Confidentiality

2.151 Freedom of Information

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

2.152 Confidentiality

Contractor and the State each acknowledge that the other possesses and will continue to possess confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor shall 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 shall mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State pursuant to applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State pursuant to its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. In the case of information of either Contractor or the State "Confidential Information" shall exclude any information (including this Contract) that is publicly available pursuant to the Michigan FOIA.

2.153 Protection of Confidential Information

The State and Contractor will each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access in order to fulfill the purposes of this Contract.



Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) such disclosure is necessary or otherwise naturally occurs in connection with work that is within such Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect such Confidential Information from unauthorized use or disclosure.

2.154 Exclusions

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

2.155 No Implied Rights

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

2.156 Remedies

Each party acknowledges that, if it breaches (or attempts or threatens to breach) its obligations under this Section, the other party may be irreparably harmed. Accordingly, if a court of competent jurisdiction should find that a party has breached (or attempted or threatened to breach) any such obligations, the non-breaching party shall be entitled to seek an injunction preventing such breach (or attempted or threatened breach).

2.157 Security Breach Notification

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

2.158 Survival

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

2.159 Destruction of Confidential Information

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

2.160 Proprietary Rights

2.161 Reserved

2.162 Reserved

2.163 Rights in Data

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

2.164 Ownership of Materials

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

2.165 Reserved

2.166 Reserved

2.167 General Skills

Notwithstanding anything to the contrary in this Section, each party, its Subcontractors and their personnel shall be free to use and employ its and their general skills, know-how and expertise, and to use, disclose and employ any generalized ideas, concepts, know-how, methods, techniques or skills gained or learned during the course of performing the Services, so long as it or they acquire and apply the foregoing without disclosure of any confidential or proprietary information of the other party.

2.170 Warranties And Representations

2.171 Warranties and Representations

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and shall fulfill all of its obligations under this Contract. The performance of all obligations under this Contract shall be provided in a timely, professional, and workman-like manner and shall 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 this Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.
- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items in this Contract, Contractor shall 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, shall have, or shall 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 shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or shall 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 shall 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 such Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.
- (m) All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.
- (n) 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 such department within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of such contract.

2.172 Reserved

2.173 Reserved

2.174 Reserved



2.175a DISCLAIMER

THE FOREGOING EXPRESS WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES AND EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.175b Standard Warranties

RESERVED

2.176 Consequences for Breach

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

2.180 Insurance

2.181 Liability Insurance

(a) Liability Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such 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 pursuant to this Contract.

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

The insurance shall 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 shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in this Contract shall be issued by companies that have been approved to do business in the State.

See http://www.mi.gov/cis/0,1607,7-154-10555_22535---,00.html.

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

Before the Contract is signed by both parties or before the purchase order is issued by the State, the Contractor must furnish to the Director of Purchasing Operations, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the



Director of Purchasing Operations, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Purchasing Operations, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

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
 - \$500,000 Fire Damage Limit (any one fire)

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

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

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED 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 in accordance with applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, 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 shall 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 shall 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 such office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to the replacement value thereof, where such office space and its contents are under the care, custody and control of Contractor. Such policy shall 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 shall be endorsed on the policy as a loss payee as its interests appear.

(b) **Subcontractors**

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall 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) shall 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.

(c) **Certificates of Insurance and Other Requirements**

Contractor shall furnish to the Office of Purchasing Operations certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds 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.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If 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, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

2.190 Indemnification

2.191 Indemnification

- (a) **General Indemnification**
To the extent permitted by law, the Contractor shall 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.
- (b) **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.
- (c) **Employee Indemnification**
In any and all 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 shall 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.
- (d) **Patent/Copyright Infringement Indemnification**
To the extent permitted by law, the Contractor shall 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 such 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 such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such 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 shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such 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 such 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 shall have 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; or (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under this Contract.



2.192 Continuation of Indemnification Obligations

The Contractor's duty to indemnify pursuant to 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 prior to expiration or cancellation.

2.193 Indemnification Procedures

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

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to 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 shall have the right to defend the claim in such 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 shall promptly reimburse the State for all such reasonable costs and expenses.

2.200 Limits of Liability and Excusable Failure

2.201 Limits of Liability

The Contractor's liability for damages to the State shall be limited to two times the value of the Contract or \$200,000 (for low risk contracts – Select a higher amount for moderate to high risk contracts) which ever is higher. The foregoing limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross



negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The State's liability for damages to the Contractor shall be limited to the value of the Contract.

Neither the Contractor nor the State shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability shall not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

2.202 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 such 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 such party; provided the non-performing party and its Subcontractors are without fault in causing such default or delay, and such 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 to the extent that disaster recovery is included within Contractor's scope of work.

In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay and provided further that such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay Contractor's performance of the Services/provision of Deliverables for more than ten (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 shall not be liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance shall continue; (b) the State may terminate any portion of the Contract so affected and the charges payable there under shall be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to Contractor, except to the extent that the State shall pay for Services/Deliverables provided through the date of termination.

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

2.203 Disaster Recovery

RESERVED

2.210 Termination/Cancellation by the State

Except as otherwise specified below, the State may terminate this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents and employees for any of the following reasons:

2.211 Termination for Cause

- (a) In the event that Contractor breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA as defined in **Section 2.076**), which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State (such time period not to be less than thirty (30) days), or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of termination to Contractor, terminate this Contract in whole or in part, for cause, as of the date specified in the notice of termination.
- (b) In the event that this Contract is terminated for cause, in addition to any legal remedies otherwise available to the State by law or equity, Contractor shall be responsible for 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 shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any other terms otherwise included in this Contract, provided such costs are not in excess of fifty percent (50%) more than the prices for such Service/Deliverables provided under this Contract.
- (c) In the event the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State shall 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 shall cease on the effective date of the termination.
- (d) In the event this Contract is terminated for cause pursuant to this Section, and it is determined, for any reason, that Contractor was not in breach of contract pursuant to the provisions of this section, that termination for cause shall be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in this Contract for a termination for convenience.

2.212 Termination for Convenience

The State may terminate this Contract for its convenience, in whole or part, if the State determines that such a termination is in the State's best interest. Reasons for such termination shall 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 thirty (30) days prior to the date of termination. If the State chooses to terminate this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause shall cease on the effective date of the termination.

2.213 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 shall have the right to 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 shall give Contractor at least thirty (30) days advance written notice of termination for non-appropriation or unavailability (or such time as is available if the State receives notice of the final decision less than thirty (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 made available, the State may, upon thirty (30) days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in such manner and for such periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of such reduction.
- (c) In the event the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor pursuant to this Section, the State shall 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. For the avoidance of doubt, this Section will not preclude Contractor from reducing or stopping Services/Deliverables and/or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.214 Criminal Conviction

The State may terminate this Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense incident to the application for, or performance of, a State, public or private Contract or subcontract; convicted of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State reflects upon Contractor's business integrity.

2.215 Approvals Rescinded

The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. 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 such written notice.

2.216 Rights and Obligations upon Termination

- (a) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in Deliverables that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such 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) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to 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 pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be 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 shall have the right to assume, at its option, any and all subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.217 Reservation of Rights

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

2.218 Contractor Transition Responsibilities

In the event this contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of this Contract, 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 **Six (6) months**. These efforts shall include, but are not limited to, the following:

- (a) Personnel - 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 shall 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.
- (b) Information - The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.
- (c) Software. - 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 shall 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 shall, 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.
- (d) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the



agreed period after contract expiration that result from transition operations) at the rates specified by **Article 1, Attachment C**. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.219 State Transition Responsibilities

In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

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

2.220 Termination by Contractor

2.221 Termination by Contractor

If the State materially breaches its obligation to pay Contractor undisputed amounts due and owing under this Contract in accordance with **Section 2.090**, or if the State breaches its other obligations under this Contract to an extent that makes it impossible or commercially impractical for Contractor to perform the Services, and if the State does not cure the breach within the time period specified in a written notice of breach provided to the State by Contractor (such time period not to be less than thirty (30) days), then Contractor may terminate this Contract, in whole or in part based on Statement of Work for cause, as of the date specified in the notice of termination; provided, however, that Contractor must discharge its obligations under **Section 2.250** before any such termination.

2.230 Stop Work

2.231 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 ninety (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 shall be specifically identified as such and shall indicate that it is issued under this **Section 2.230**. Upon receipt of the stop work order, Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of 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 shall either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.210**.

2.232 Cancellation or Expiration of Stop Work Order

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. 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 thirty (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 2.106**.

2.233 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, such termination shall be deemed to be a termination for convenience under **Section 2.212**, and the State shall allow reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.230**.



2.240 Reserved

2.250 Dispute Resolution

2.251 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 shall 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 shall submit a letter executed by Contractor's Contract Administrator or his 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 supporting data provided with such an affidavit are current and complete to Contractor's best knowledge and belief.

2.252 Informal Dispute Resolution

- (a) All operational disputes between the parties shall be resolved under the Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve such dispute without the need for formal legal proceedings, as follows:
 - (i) The representatives of Contractor and the State shall meet as often as the parties reasonably deem necessary in order to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
 - (ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other's position.
 - (iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
 - (iv) Following the completion of this process within sixty (60) calendar days, the Director of Purchasing Operations, DMB, or designee, shall issue a written opinion regarding the issue(s) in dispute within thirty (30) calendar days. The opinion regarding the dispute shall be considered the State's final action and the exhaustion of administrative remedies.
- (b) This **Section 2.250** will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or pursuant to **Section 2.253**.
- (c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work pursuant to the Contract.

2.253 Injunctive Relief

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.252** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is such that the damages to such party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.254 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 shall not be deemed to



preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.210** and **2.220**, as the case may be.

2.260 Federal and State Contract Requirements

2.261 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, 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 pursuant to the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and any breach of this provision may be regarded as a material breach of the Contract.

2.262 Unfair Labor Practices

Pursuant to 1980 PA 278, MCL 423.231, *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 pursuant to 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. Pursuant to section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.263 Workplace Safety and Discriminatory Harassment

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

2.270 Litigation

2.271 Disclosure of Litigation

- (a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions thereto, to which Contractor (or, to the extent Contractor is aware, any Subcontractor hereunder) 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 hereunder; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor hereunder by a governmental or public entity arising out of their business dealings with governmental or public entities. Any such litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") must be disclosed in a written statement to the Contract Administrator within thirty (30) days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated as such. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.



- (b) Assurances. In the event that any such Proceeding disclosed to the State pursuant to 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:
- (i) the ability of Contractor (or a Subcontractor hereunder) to continue to perform this Contract in accordance with its terms and conditions, or
 - (ii) whether Contractor (or a Subcontractor hereunder) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in such Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that:
 - (A) Contractor and/or its Subcontractors hereunder will be able to continue to perform this Contract and any Statements of Work in accordance with its terms and conditions, and
 - (B) Contractor and/or its Subcontractors hereunder have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in such Proceeding.
- (c) Contractor shall make the following notifications in writing:
- (1) Within thirty (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 shall notify the Office of Purchasing Operations.
 - (2) Contractor shall also notify the Office of Purchasing Operations within thirty (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 Purchasing Operations within thirty (30) days whenever changes to company affiliations occur.

2.272 Governing Law

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

2.273 Compliance with Laws

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

2.274 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 such jurisdiction on the grounds of lack of personal jurisdiction of such court or the laying of venue of such court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.280 Environmental Provision

2.281 RESERVED

2.290 General

2.291 Amendments

The Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties.



2.292 Assignment

- (a) Neither party shall have the right to assign the Contract, or to 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 such affiliate is adequately capitalized and can provide adequate assurances that such affiliate can perform the Contract. Any purported assignment in violation of this Section shall be null and void. It is the policy of the State of Michigan to withhold consent from proposed assignments, subcontracts, or novations when such 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.
- (b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. In the event of any such permitted assignment, Contractor shall not be relieved of its responsibility to perform any duty imposed upon it herein, and the requirement under the Contract that all payments shall be made to one entity shall continue.

2.293 Entire Contract; Order of Precedence

- (a) 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 such subject matter and as additional terms and conditions on the purchase order shall apply as limited by **Section 2.061**.
- (b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of **Sections 2.110 through 2.220** of the Contract, which may be modified or amended only by a formal Contract amendment.

2.294 Headings

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

2.295 Relationship of the Parties (Independent Contractor Relationship)

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 or shall be deemed to be an employee, agent or servant of the State for any reason. Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

2.296 Notices

- (a) Any notice given to a party under the Contract shall be deemed effective, if addressed to such 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 (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

**State of Michigan
Purchasing Operations
Attention: Joann M. Klasko
PO Box 30026
530 West Allegan
Lansing, Michigan 48909**

With copies to:
**Mark Lawrence
Department of Information Technology
525 W. Allegan, 1st Floor, North
Lansing, MI 48933**

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

- (b) **Binding Commitments**
Representatives of Contractor identified in **Article 1, Attachment B** shall have the authority to make binding commitments on Contractor's behalf within the bounds set forth in such table. Contractor may change such representatives from time to time upon written notice.

2.297 Media Releases and Contract Distribution

- (a) **Media Releases**
Neither Contractor nor the State will make any news releases, public announcements or public disclosures, nor will they have any conversations with representatives of the news media, pertaining to the Contract, the Services or the Contract without the prior written approval of the other party, and then only in accordance with explicit written instructions provided by that party. In addition, neither Contractor nor the State will use the name, trademarks or other proprietary identifying symbol of the other party or its affiliates without such party's prior written consent. Prior written consent of the Contractor must be obtained from authorized representatives.
- (b) **Contract Distribution**
Purchasing Operations shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.

2.298 Reformation and Severability

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

2.299 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, such consent or approval shall be in writing and shall not be unreasonably withheld or delayed.

2.300 No Waiver of Default

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

2.301 Survival

Any provisions of the Contract that impose continuing obligations on the parties including the parties' respective warranty, indemnity and confidentiality obligations, shall survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

2.302 Covenant of Good Faith

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

2.303 Permits

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

2.304 Website Incorporation

State expressly states that it will not be 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 such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.305 Taxes

Vendors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes defined in Section 3.022 for all persons involved in the resulting Contract.

The State may refuse to award a contract to any Vendor who has failed to pay any applicable State taxes. The State may refuse to accept Vendor's bid, if Vendor has any outstanding debt with the State. Prior to any award, the State will verify whether Vendor has any outstanding debt with the State.

2.306 Prevailing Wage

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

The personnel supplied by Contractor under this Contract are salaried professionals, not hourly wage employees. At the State's request, all EDS employees assigned to this work effort will provide written assertions that they are paid at the last minimum wage, which will be deemed to satisfy the requirements of this Section.

2.307 Reserved

2.308 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 leading edge on the competitive RFP.

2.310 Reserved

2.320 Extended Purchasing

2.321 Reserved

2.322 Reserved

2.330 Federal Grant Requirements

2.331 Reserved