

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY MANAGEMENT AND BUDGET September 20, 2010
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO.1
TO
CONTRACT NO. 071B7200348
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Technology Partnership Group 9860 Westpoint Drive, Suite 700 Indianapolis, IN 46256 Email: teakins@techpg.com	TELEPHONE Terri Eakins (317) 610-6100
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 335-4804 Pam Platte
Contract Compliance Inspector: Mark Lawrence Loans and Bonds Management System	
CONTRACT PERIOD: From: September 13, 2007 To: September 12, 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, this contract is hereby EXTENDED 2 years to September 12, 2012. The attached service level agreement defines maintenance and support. Please also note, the buyer for this contract has been changed to Pamela Platte.

AUTHORITY/REASON(S):

Per vendor and DTMB agreement and the approval of the State Ad Board on September 14, 2010.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$395,895.00

SERVICE LEVEL AGREEMENT

between the

**MI Department of Treasury
MI Department of Information Technology**

and

Technology Partnership Group, Inc.

for the

**Maintenance and Support of the
Loan and Bond Management System**

This Service Level Agreement (SLA) document represents the Support and Maintenance Agreement for the Loan and Bond Management System (LBMS) for the Bureau of Bond Finance, Department of Treasury, State of Michigan (the Bureau). This agreement has been mutually executed between Technology Partnership Group, Inc. (TechPG) and the State of Michigan. This document has been executed as of this date, December 10, 2008, for the period of December 1, 2008 through September 30, 2011. This SLA is attached as an addendum to the original contract between these entities. The specifications, terms, and conditions of the original contract take precedence over any language in this Service Level Agreement (SLA).

The Bureau is responsible for the oversight and servicing of bonds and loans for the State of Michigan. TechPG was contracted to develop and implement the LBMS to further automate the services of the Bureau. This agreement describes the services expected and agreed to between the parties for ongoing maintenance and support of the components and technologies used to develop and implement the LBMS. This agreement does not cover the maintenance and support needed for the servers, networks, and other technologies that are supplied by the Michigan Department of Information Technology (MDIT).

Specific roles and expectations of TechPG, the Bureau, and MDIT are described within the body of this document. Monthly status meetings will be established to ensure continuity of services and good communication between parties. The goal of this agreement is for all parties to work together to insure consistent and continuous operations of LBMS.

Definitions

“Critical outage/problem” is any outage or problem experienced within the LBMS system that prevents the Bureau of Bond Finance from processing loans or issuing bonds and/or causes missed business deadlines associated with loans and bonds.

“Non-Critical issue/problem” is any failure that is minor in nature and does not impede LBMS system core operations and functionality; (i.e., report will not run, screen display is malfunctioning).

“Response” is defined as a call or e-mail with the originator of the request; the single point of contact from either the Bureau and/or the MDIT Application Manager assigned to LBMS. Expected response times expected are stated below.

“Full Operational State” is complete restoration of all functionality prior to failure.

“LBMS system” includes the application code, the databases, the data, the GeneXus software, and any other technology provided by TechPG to make this system fully operational.

Service Level Agreement (SLA) is this support and maintenance agreement stating expectations and commitments between all parties with the goal of consistent and continuous operations of LBMS

Expectations of Services

Hours of Operation:	7:30 a.m to 5:00 p.m.
Days of Operation:	Monday through Friday
Duration of Agreement:	12/1/2008 through 9/30/2011
Expected Response Times:	
➤ Critical Outage/Problem:	2-hour Initial Response Time 2-hour Assessment of Problems/Options 8-hour Remediation or Workaround 24-hour Complete restoration of services 72-hour Post-restoration follow-up
➤ Non-Critical Problem:	8-hour Initial Response Time 24-hour Assessment of Problems/Options + Provide Reason for outage + Provide Plan for remediation + Target Date for complete restoration + Post-restoration follow-up

- Provide monthly metrics of support activity which compares and contrasts service level performance against service level targets for: calls taken, calls resolved and elapsed time; calls open and estimated date of resolution due by the 10th of the following month.
- Compensate the State for Critical outages/problems that are not remediated within timeframes stated on page 2 of this SLA. The State of Michigan reserves the right to assess TechPG a charge of \$500/day of continued outage above the threshold stated on page 2 of this SLA unless all parties agree to a different remediation approach with a finite date of completion.
- Abide by all technology standards, SOM policies, and procedures established for controlled, secure and confidential IT activities. Access the LBMS system via the sanctioned SOM VPN only.
- Meet with staff members of the Bureau and MDIT at least twice each year to review the provisions of this SLA in the context of new implementations and growing experience and TechPG's performance metrics and results, and to agree upon LBMS performance metric adjustments for the next period.
- Work with Treasury and MDIT to provide a corrective action plan within five (5) days if:
 - Initial response times fall outside of expected performance levels for two (2) consecutive months or four (4) months in any 12 consecutive month period after an initial baseline is established during the first full quarter of LBMS operations.
 - The number of defects/system failures is greater than three (3) in one month or chronic failures of the same function exist for more than 90 days.

Department of Treasury, Bureau of Bond Finance Roles and Responsibilities

- The Bureau will provide one person as a point of contact for the LBMS and will designate a backup to that person.
- The Bureau will provide staff as required to work with TechPG and MDIT to quickly resolve system issues and perform necessary testing of applied fixes. The staff is expected to be available for these activities within 24 hours of notice provided from either TechPG or MDIT.
- The Bureau manager responsible for oversight of the LBMS will review and signoff on any invoices within seven days of receipt from TechPG or MDIT.
- The Bureau is willing to compensate MDIT for identifying and training a staff member on the LBMS application and tools to expedite future problem resolution.

Michigan Department of Information Technology Roles and Responsibilities

- Provide a single point of contact from the Department of Information Technology to coordinate and facilitate information sharing and LBMS remediation assistance as needed. MDIT will also provide a designated backup.
- Provide a Virtual Private Network (VPN) through MDIT's secure Vendor Extranet to the required LBMS server hardware for access to the application layer of the LBMS system for the purpose of researching and remediating outages.
- Pay invoices on a monthly basis, by the 25th of the preceding month, with a start date following the initial 90-day warranty period. MDIT will make every effort to approve invoices received within seven days of receipt from TechPG. The normal 45-day process for payment processing by the Department of Management Bureau should be anticipated by the vendor.
- MDIT will attempt to identify and/or triage all outages and problems before contacting TechPG within five work days.
- Provide a controlled process by which both planned and unplanned changes are tested and put into production on the LBMS.
- Provide appropriately trained technical resources to work with TechPG and the Bureau to facilitate the resolution of LBMS problems. MDIT staff will facilitate any requirements gathering sessions for future phases of LBMS development.

All components of the original contract are implicitly applied to this SLA between the State of Michigan and TechPG. Any disputes will be handled through the original contract language and processes. In all cases, the original contract is the primary document and this SLA is secondary to that contract.

Attached is the SLA Payment Schedule for the Service Level Agreement. The sum of hours designated in the SLA can be used throughout the year(s) of this agreement. A minimum of 90-days notice in writing is required by either the State or TechPG if there is no intent to renew this agreement for the next fiscal year.

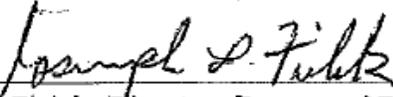
ACCEPTED THIS TENTH DAY OF DECEMBER, 2008 BY:



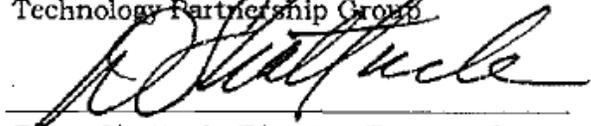
Janet Hunter-Moore, Director, Bureau of
Bond Finance, State Finance Division



Terri Eakins, President and CEO,
Technology Partnership Group



Joseph Fielek, Director, Bureau of Bond
Finance



Dawn Shattuck, Director, Bureau of
Project Management



Dave Borzenski, Client Services Director,
Department of Information Technology,
Agency Services

SLA Payment Schedule

\$1500 per month, payable by the 25th of the preceding month of service

This provide access to TechPG resources including staff, help desk, problem reporting system, and support according to the expectations in this SLA, and includes 12 hours of developer time for maintenance and fixes and 3.2 hours of project management time for SLA reporting and meetings per month.

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NAME & ADDRESS OF VENDOR Technology Partnership Group 9860 Westpoint Drive, Suite 700 Indianapolis, IN 46256	TELEPHONE Terri Eakins (317) 610-6100 VENDOR NUMBER/MAIL CODE BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Mark Lawrence <p style="text-align: center;">Loans and Bonds Management System</p>	
CONTRACT PERIOD: From: September 13, 2007 To: September 12, 2010	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
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MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of ITB #07117200206, this Contract Agreement and the vendor's quote dated 7/30/2007. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence. Estimated Contract Value: \$395,895.00	

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

<p>FOR THE VENDOR:</p> <p>Click to type name of firm here _____ Firm Name</p> <p>Authorized Agent Signature Click to type name of agent; or, delete this box _____ Authorized Agent (Print or Type)</p> <p>_____</p> <p style="text-align: center;">Date</p>	<p>FOR THE STATE:</p> <p>Signature _____ Douglas Collier, Buyer</p> <p>Name/Title _____ IT Division</p> <p>Division _____</p> <p>_____</p> <p style="text-align: center;">Date</p>
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STATE OF MICHIGAN
Department of Management and Budget
Purchasing Operations

Contract #071B7200348
Loan & Bond Management System

Buyer Name: Douglas Collier
Telephone Number: 517-335-4804
E-Mail Address: collierd1@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 Management & Budget (MDMB), with assistance of the Michigan Department of Information Technology (MDIT), has issued this Contract for the purpose of obtaining proposals from qualified firms to provide software and an implementation of a Loans and Bonds Management System.

Some of the benefits the Bureau expects to realize from an integrated Loans and Bonds Management System are:

- Enable the processing of the new School Loan Revolving Fund as mandated by the legislature.
- Standardize the process of loans and bonds management, and tracking of the current loans and bonds.
- Allow connecting and tracking loans issued, and corresponding bonds issued, to source the loans.
- A centralized contact management system for the Bureau.
- Allow management to easily track loans and bond status via a dashboard.
- Eliminate manual methods used to remind of date driven events such as loan and bond payments.
- Allow configurable report views into the data

This project consists of the following components:

- Verification and validation of requirements [Vendor ensures software developed or changed will satisfy requirements and that the right product is delivered]
- Configuration / Installation of Software
- Design and Development of Software if the COTS product does not exist
- Software Implementation
- Services to implement the application, including configuration, customization, modification, interfaces, data conversion, integration and testing
- Transition of business operations to the new application, including data migration
- Knowledge transfer to State operations staff
- On-Site Training
- Documentation, to include User manuals and Technical manuals
- Maintenance & Support

Contractor is to follow the State’s methods, policies, standards and guidelines that have been developed over the years. . All services and products provided as must comply with all applicable State IT policies and standards in effect at the time the RFP was issued. The Contractor awarded the contract must request any exception to State IT policies and standards in accordance with MDIT processes. It will be the responsibility of the State to deny the exception request or to seek a policy or standards exception.

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

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



Enterprise Policies, Procedures and Standards, including security policy and procedures:
<http://www.michigan.gov/dit/0,1607,7-139-34305---,00.html>

The State's Project Management Methodology (PMM) must be followed:
http://www.michigan.gov/dit/0,1607,7-139-18391_22016-58009--,00.html.

The State seeks to have services begin in October 2007, with full implementation of the system to be completed by January 2008.

A more complete description of the software and/or services sought for this project is provided in Section 1.104, Work and Deliverables. Proposals submitted in response to this solicitation must comply with the instructions and procedures contained herein.

1.002 BACKGROUND

The Michigan Department of Treasury, Bureau of Bond Finance is charged with a mandate to provide access to the financial market at the lowest cost to Michigan citizens on behalf of Public Schools, Public School Academies, Private Colleges and their students, Higher education students, Hospitals, Municipalities, and other voter-approved projects.

The web site of the Bureau of Bond Finance is: <http://www.michigan.gov/treasury/0,1607,7-121-1753---,00.html>

The Bureau fulfills this mandate in the activities of its two primary divisions – the **Authority Finance Division**, and the **State Finance Division**. The Authority Finance Division provides the financial and administrative support to the State Authorities such as the Michigan Municipal Bond Authority, the Michigan Higher Education Student Loan Authority, the Michigan Public Educational Facilities Authority, and Michigan State Hospital Finance Authority. The State Finance Division manages the State's Common Cash Fund, the Cash Flow activity, issues State Bonds and Notes, administers the State's School Bond Qualification and Loan program, performs compliance and regulatory disclosure functions, and acts as a fiscal agent and trust service for the various bond issues and public finance programs.

Bureau of Bond Finance currently uses various systems to support these functions. The Michigan Municipal Bond Authority uses the "Munex™" system, a product of the Ferrand Consulting Group, Inc., to manage bond issues for most programs. State Debt uses Access databases and Excel spreadsheets. School Bond Loan uses Paradox database for storing loan information, SQL Server database for qualification data, and Excel spreadsheets for loan estimate data. "Bekant" is the contact management system integrated with "Munex" and is used for all the bond and loan information stored in the Munex system. Other areas use Excel spreadsheets and a "rolodex" database developed in-house. These various systems support approximately thirty to forty users.

Recent legislative changes have mandated significant changes in the School Bond Qualification and Loan Program. The current School Bond Loan system has many limitations, and requires extensive manual input and tracking across various systems such as Paradox, the SBL Qualification program (in .Net), and individually maintained spreadsheets. To comply with the legislative changes, the system will need to be replaced. For more information on the School Bond Qualification and Loan Program see:
http://www.michigan.gov/treasury/0,1607,7-121-1753_37602_37607---,00.html.

The Bureau initiated an assessment in August 2006 to identify business processes, technology needs and study the feasibility of replacing not only the School Bond Loan system but developing an integrated Loans and Bonds management system which will eventually support other loans and bonds managed by the Bureau and the various Authorities. The findings revealed that there was significant duplication of processes and data across the Bureau. The analysis also revealed that due to the similarity of the processes, all the loans, bonds and State Debt across the Bureau could be integrated into a core Loans & Bonds Management System. The study recommended an integrated loans and bonds management system, incorporating all the current systems in a phased approach beginning with the School Loan Revolving Fund.

Since issuance of Loans and Bonds is a fairly regulated and standard process, the State is looking for COTS packages that may fulfill all the requirements. The State is not opposed to a proposal to develop the system from ground-up, if it can be shown to be cost-effective. Therefore the plan calls for a phased-in approach,



either implementing an “off the shelf” package or creating a system to meet the core requirements of the various loans and bonds financial programs managed by the Bureau, and then implementing each of the financing programs starting with the School Bond Loan program. The new system should be able to support at least fifty concurrent users. These users are working in the Austin building, in Lansing, Michigan.

Technology Partnership Group (TechPG) is an information technology consulting company that specializes in developing and implementing information management systems and applications for federal, state and local government programs. Headquartered in Indianapolis, Indiana and certified as a Women’s Business Enterprise (WBE), the company has extensive knowledge of the policies and operations of a variety of highly-regulated public sector programs; comprehensive experience in the transfer, design, development, testing, training and implementation of large mission-critical automated systems; and a thorough understanding of a variety of federal and state system requirements. Since its founding in 1992, TechPG has worked with the states of California, Illinois, Indiana, Kentucky, Michigan, Minnesota, Nebraska, North Carolina, Ohio, Oklahoma, South Carolina, Virginia and Wisconsin.

TechPG is currently implementing similar functionality as that desired by the Bureau in the state of Indiana for the Indiana Economic Development Corporation (IEDC) and Indiana Finance Authority (IFA). TechPG is designing and developing three new systems to replace existing applications which no longer meet the agencies’ needs for functionality or performance: the first replaces an Access-based system used by IEDC to track all loans issued under the Capital Access Program (CAP); the second replaces an Excel-based spreadsheet system used by the IFA to track bond-based revolving fund loans and grants for the State Environmental program for wastewater, drinking water, and Brownfield sites; the third replaces an Access-based system used by IFA to track loans and grants for the Bonds Program and Volume Capital Access Program.

TechPG will transfer a copy of this software to the Bureau and use it as the basis for the Loan and Bond Management System. TechPG will take the base system and apply known changes already identified by the Bureau to create a system prototype and use this during configuration/design meetings. This prototype would then be modified to create the final Loan and Bond Management System. This approach provides the Bureau with the benefits of starting with a base-system application, while allowing full customization to meet your unique needs.

After careful review of the documentation provided with the ITB, TechPG believes that its Loan and Bond Management System solution supports more than 90 percent of the data elements and more than 75 percent of the desired functionality requested in this procurement. Much of the new configuration/development work will be related to the specific reports and documents required by the Bureau. From a technical standpoint, TechPG is proposing a web-based .Net solution using Oracle, running in the state datacenter.

TechPG will be conducting this project using proven project management processes for tracking and reporting the project status through an approved project plan, weekly status reports and monthly status meetings.

The functionality that will serve as the base for the system was implemented with the GeneXus toolset. This tool allows business analysts to record the functional needs of a client, including screens, reports, processes and interfaces, into a knowledge base and then generate the system using the knowledge base in the desired technical environment. This functionality eliminates the need to have highly skilled .Net or Java database programmers making the system changes or enhancements. It also allows for the Loan and Bond system to be generated in newer environments in the future simply by regenerating the system with the appropriate technical generator. TechPG will provide the Bureau or the Michigan Department of Information Technology (MDIT) with a copy of the GeneXus development environment and provide appropriate training on its use.



From work performed in Indiana, where the data also resided in multiple databases and spreadsheet systems, TechPG learned that it is very easy to underestimate the conversion effort. To address this, the conversion activities will begin the first week of the project and run for the entire length of the project. Once all data sources are identified and verified, a conversion plan will be created. Historical data (inactive records) will be converted first and then active items will be converted incrementally based upon activity dates leading up to roll out date.

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

The Vendor will provide the following services for the complete and successful implementation of a Loans and Bonds Management System providing the functionality required for the State's business operations for the Michigan Department of Treasury, at Austin Building, 430 W. Allegan, Lansing, MI 48910:

1. Design and Implement the Loans and Bonds Management System. The vendor will meet the requirements detailed in Appendices A, B and C.
2. Provide complete technical documentation, database layouts, and user manuals.
3. Provide on-site training for all the users of the system.
4. Convert and import data from two paradox databases (four tables) (See Appendix F and Items discussed in orals).
 - a) School Bond Loan Fund – School District Table, 42 fields, 550 records
 - b) School Loan Revolving Fund – School District Table, 54 fields, 559 records
 - c) School Bond Loan Fund – Detail Table, 11 fields, 12,395 record
 - d) School Loan Revolving Fund – Detail Table, 11 fields, 2265 records
5. Provide a mechanism to import/export data to/from standard formats such as MS Excel, and CSV (Appendix A - Functional Requirements).

1.102 OUT OF SCOPE

The following services are NOT a part of the Project Scope:

- Data conversion and interfaces for systems other than the School Bond Loan System.
- Replacement of Bureau Applications other than the School Bond Loan System
- Additional requirements not part of the original RFP requirements documentation.

1.103 ENVIRONMENT

The Bureau of Bond Finance makes use of a variety of hardware and software to support their business process. The current IT infrastructure is comprised of client server, a web-based application, a hosted application, and various other Commercial Off the Shelf (COTS) applications that reside on specific PC's. Local Area Networks (LAN), Wide Area Networks (WAN), Intranet and Internet connections are utilized to facilitate communication, information sharing and system access. E-mail is used to disseminate information, share data, schedule meetings, submit and answer questions. In addition, the Bureau also manages a few listserv for various areas to disseminate information to the customers. The Bureau accesses the MAIN accounting system and generates various reports for account reconciliation, cash management projections, and other areas.

Current Operating Environment

The following software is common across the Bureau:

- ❖ Windows 2000 Professional Operating System (currently upgrading to Windows XP)
- ❖ Microsoft Office XP Professional
- ❖ Novell NetWare
- ❖ GroupWise 6.5
- ❖ Internet Explorer
- ❖ DCDS (the State’s employee time-keeping system)
- ❖ WinZip
- ❖ SBC Phonebook
- ❖ Symantec Norton’s AntiVirus v9 (currently upgrading to version 10)
- ❖ Adobe Reader
- ❖ MAIN (Michigan Information Administrative Network)

Current Applications

- ❖ Munex Loans and Bond Tracking System
- ❖ Bekant Contact Management System (integrated with Munex)
- ❖ School Bond Loans Receivable System in Paradox
- ❖ School Bond Loan Qualification System: Intranet-based system implemented using Microsoft.NET and MS SQL Server.
- ❖ Loans Receivable System for SLRF (School Loan Revolving Fund) in Paradox
- ❖ MAIN
- ❖ Great Plains Accounting System (hosted application)
- ❖ Excel spreadsheets
- ❖ Numerous Microsoft Access DB for various functions, examples are MSHFA (Michigan State Hospital Finance Authority) Fee Calculation and Stand Alone Bond Issues.

State Standards

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

The State must be able to maintain software and other items produced as the result of the Contract. Therefore, non-standard development tools may not be used unless approved by MDIT. The Vendor must request, in writing, approval to use non-standard software development tools, providing justification for the requested change and all costs associated with any change. The State’s Project Manager and MDIT must approve any tools, in writing, before use on any information technology project.

The State’s security environment includes:

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



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

Vendors must provide a detailed description of the infrastructure requirements for the software proposed. For example, the database, operating systems (including versions), and hardware required for maximum effectiveness of the software. Describe the proposed architecture, technology standards, and programming environment.

1.104 WORK AND DELIVERABLE

The Contractor shall provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below and in the attached appendices.

TechPG is currently implementing the same functionality desired by the Michigan Bond Finance Bureau in the State of Indiana for the Indiana Economic Development Corporation (IEDC) and Indiana Finance Authority (IFA). This functionality has been developed as a web-based, .Net system using SQL as the underlying database. This functionality supports the processing of Grants, Loans and Bonds including the disbursement and collection of payments and document management. . The same project team that has developed and implemented the Indiana system will implement the Michigan system.

TechPG will transfer a copy of this software to the Treasury Department, Bureau of Bond Finance as the base functionality for the system. TechPG will take the base system and will apply known changes already identified by the Bureau to create a system prototype to be used during the configuration/design meetings. This prototype will be modified during the configuration process to complete the Bond Finance requirements listed in Section X and to provide the end users with as much "real" functionality as is possible in the timeframe allowed.

After careful review of the documentation provided with the ITB, TechPG believes that its Loan and Bond Management System solution supports more than 90 percent of the data elements and more than 75 percent of the desired functionality requested in this ITB. Much of the new configuration/development work will be related to the specific reports and documents required by the Bureau.

Select Features

The TechPG solution contains all data required to originate, track and manage all bonds and loans. During the Configuration/Design phase of the project, the TechPG business analysts will review and compare the existing functionality with the desired tracking and management activities desired by the Bureau. If deficiencies are discovered, appropriate functionality will be designed and implemented to meet the needs of the Bureau.

The TechPG solution also allows for all contacts with clients, lenders, committees and other interested parties to be recorded and tracked within the integrated loan record providing a user with a quick reference to all contacts made regarding a loan.

Once loans have been successfully originated and closing has occurred, they need to be tracked and basic financial actions must occur. The TechPG solution contains functionality to search for loans for user review and maintenance.

The following screen image shows a basic loan search screen with some sample data. From this screen a user can enter search criteria and view the results. Assuming that they have proper authority, loans can also be created, viewed in detail, updated and deleted from this screen. TechPG business analysts will work with the Bureau to configure these screens to meet your needs during the Configuration/Design phase of the project.



Application Header

Home First Option Second Option Third Option Fourth Option Last One

Recents: [Work With Bank Documents](#) [Bank document](#) [Work With Customer](#) [bob](#) [Work With Loan](#)

Work With Loan

Lender Loan Number

Customer Name

Bank Name

⏪ ⏩ ⏴ ⏵

	Lender Loan Number	Loan Number	Customer Name	Bank Name	Special Type	Date	Amount	Loan Paid?
	dslkfidsi		bob	Bank of Nicolene	Child	05/09/2007	12.00	<input type="checkbox"/> Loan Paid Off
	fdqdfq		bob	Regions Bank	HiTech	05/09/2007	234.00	<input checked="" type="checkbox"/> Loan Paid Off
	sadksidlkia		bob	Regions Bank	Ag	05/25/2007	125.00	<input type="checkbox"/> Loan Paid Off

Footer Info

The TechPG solution includes a Funds module that allows for a General Ledger (GL) code(s), normally associated with the funding source or bond, to be assigned to the fund and a complete financial transaction history of all activities that have occurred for a loan. As loans are billed (charged) and payments received, transactions are created to record these activities. The system also supports the entry of adjustments, recoveries and charges to the loan records.

The solution automatically creates bills and notices for the active loans based upon the loan information. These notices are attached to the loan record for review and historical tracking. The solution also contains an amortization module that allows for the tracking of a primary (active) and multiple historical schedules. This functionality supports the need to modify schedules due to loan modifications, while still providing the user with a complete history of the loan schedules.

The TechPG solution contains all data required by the Bureau to produce the Delinquency Reports identified. During the Configuration/Design phase of the project, TechPG business analysts will work with the Bureau to determine if there are better methods such as delinquency dashboards or online alert lists that can be provided to the Bureau’s staff to more efficiently track the loan delinquencies.

The TechPG solution contains several functions that support Credit Administration. Through document generation, notices, filings and requests can be automatically generated and a copy can be attached to the loan record for tracking and historical reporting. Additionally, if documents arrive from outside sources, they too can be uploaded to the document history for the loan record. Depending on the situation, automated interfaces or web services can also be created to automatically pass data between the Bureau and business partners.

During the Configuration/Design phase of the project, TechPG business analysts will work with the Bureau to determine what level of automation and processing can be implemented to support the Credit Administration process.

Development Toolset

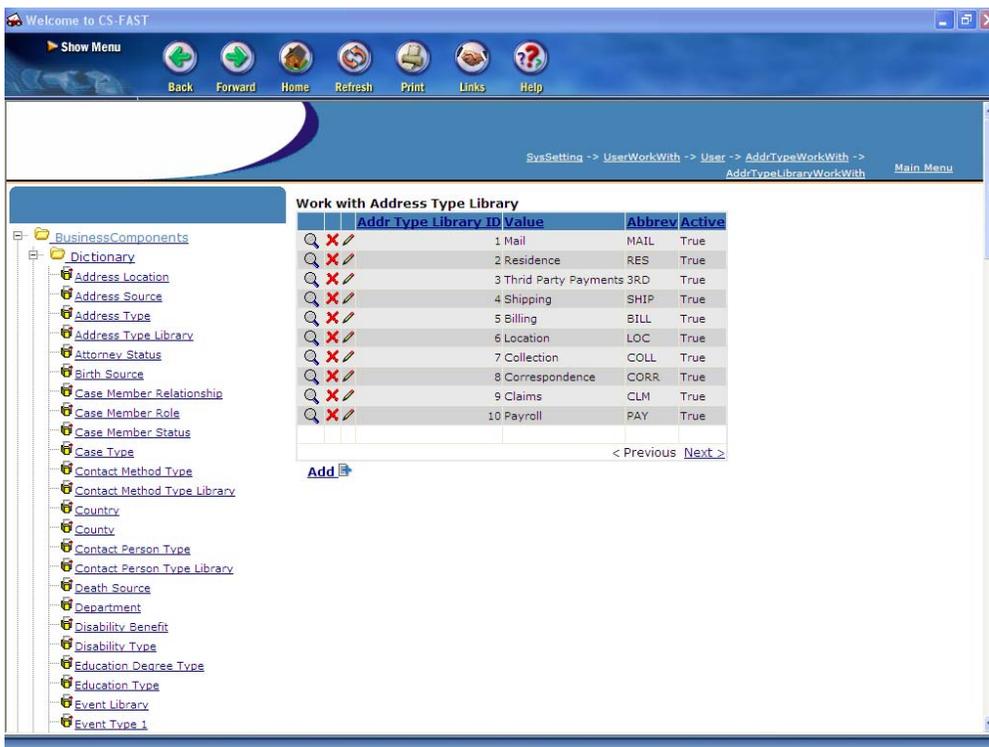
The functionality that will serve as the basis for the Bureau’s system was implemented with the GeneXus toolset. This tool allows business analysts to record the functional needs of a client, including screens, reports, processes and interfaces, into a knowledge base and then generate the system using the knowledge base in the desired technical environment. This functionality eliminates the need to have highly skilled .Net or Java database programmers making the system changes or enhancements. It also allows for the Bureau system to be generated in newer environments in the future simply by regenerating the system with the appropriate technical generator.

The two most important benefits of developing systems with the GeneXus toolset are the level of knowledge required by the “technical” staff and the concept of “future-proofing”. Unlike other technical development environments, users of GeneXus are not called developers, but are called business analysts. This is due to the actions of developing a system using GeneXus—it is not about how much you know about .Net or Java but how well you can document and define the desired business needs into a Knowledgebase. Once the business needs (screens, reports, etc.) are defined, the GeneXus generators produce the desired functionality in whatever technical environment is desired. It may be a web-based .Net/SQL environment or a Java/Oracle implementation. This functionality allows us to effortlessly change the existing loan tracking software from SQL Server to an Oracle DBMS.

Modifying the system functionality is as simple as changing the business needs in the Knowledgebase and regenerating the code. As new technologies are available such as Ruby, it is as simple as applying the Ruby generator to the code to create a Ruby-based system. This flexibility and easy ability to regenerate the system in any desired environment is the essence of “future-proofing”.

While the GeneXus toolset uncomplicates the development and maintenance of systems, most changes do not require any programmatic changes. The TechPG solution is heavily driven by user-maintained look-up tables and parameters to add or modify existing functionality can be configured through on-line screens.

The following screen image shows the maintenance function for a look-up table. On this screen you can add, update or delete items from the table.



As described earlier, the delivered system will be created with the GeneXus toolset. Since all code will belong to the Bureau, there will be no restrictions on what can and cannot be modified by authorized users, although making changes during the warranty period may void the warranty. TechPG will deliver basic training on using the GeneXus toolset to the Bureau’s staff as part of the project. TechPG’s experience is that a staff member who is “somewhat technical” can be proficient with the GeneXus environment in five to seven days.



All bug fixes and enhancements will be made in the development environment and then moved to a test environment for integration testing. Once acceptance testing has concluded successfully and has been approved by the Treasury and MDIT designees, implementation will proceed according to the initial project plan. This plan also includes any tasks necessary for data conversion and training. Implementation will be scheduled for over weekends or during periods when workers normally do not work.

Security

The application stores a user profile for each user who has access to the application. System administrators are responsible for maintaining user profiles.

- **Username** are unique to each user.
- **Username** formats can be enforced. For example, the system can require usernames to be between 6 and 10 characters with at least one numeric digit and one alpha character.
- If a user is no longer able to access the application, the user profile can be inactivated by a system administrator, but not deleted.
- **User** profiles can automatically be locked if the username is used during a prescribed consecutive number of failed login attempts. The amount of time the user profile will be temporarily locked can also be set.
- **Each** failed login attempt is logged.

The following screen image shows user-configurable security settings.

When a user is added to the system, he or she is assigned a default password which the user is required to change after logging in for the first time.

- **Passwords** are stored encrypted and cannot be decrypted. If a password is forgotten, it cannot be retrieved. In the case of lost passwords, a new password is set by the system administrator.
- **Passwords** can be set to expire in a prescribed number of days.
- **When** a password approaches expiration, the user can be reminded in a prescribed number of days in advance.

- **Users can be restricted from reusing a prescribed number of previous passwords.**
- **Users can be restricted from reusing any previous passwords within a prescribed number of days.**

The following screen images show User Profile screens.

Users

Username: jbutera
 Title: Mr.
 First Name: Jason
 Middle Name:
 Last Name: Butera
 Suffix:
 Former Name:
 Preferred Name:
 Job Title: Software Developer
 Work Phone: 3176106100
 Work Phone Extension: 105
 Mobile Phone: 3175235152
 Pager Number:
 Alternate Phone: 3173870777
 Email: jbutera@techpg.com
 Start Date: 3/7/2003
 End Date:
 Active Ind:
 Locked Indicator:
 Locked Date:
 Failed Login Count: 0
 Login Locked Ind:
 Login Locked Date: 4/25/2006 2:08 PM
 Login Unlock Date: 4/25/2006 2:09 PM

Failed Login Count: 0
 Login Locked Ind:
 Login Locked Date: 4/25/2006 2:08 PM
 Login Unlock Date: 4/25/2006 2:09 PM
 Password Reminder Question:
 Password Reminder Answer:
 Stamp User ID: jbutera
 Stamp Username: jbutera

Password

User ID	Password ID	Value	Create Date	Expire Date	Active Ind
6	19 63EE1A073AAE9C67F5ADF5741948820CE8C1C13D		4/25/2003 2:16:49 PM	10/22/2005 12:00:00 AM	False
6	26 85FF04EFCE95C7864042BAEF127280890E4962AD		11/30/2005 4:07:00 PM	6/2/2006 12:00:00 AM	False
6	27 471F3B68EBC9DC4ABAC569CFF68CE185F7725333		9/13/2006 1:28:44 PM	12/12/2006 12:00:00 AM	True

Add Line

User_Role

Role ID	Value
Administrator	<input checked="" type="checkbox"/>

Add Line

User_Privilege

ID	Value	Enabled Indicator
		<input type="checkbox"/>

Add Line

Once users have been authenticated to use the system, their authority or security profile is monitored to determine which actions the user can perform within the system. Any action, page or screen element that needs to be secured in the system has a related security privilege. Examples of items or actions that can be secured are: viewing data, updating data, adding data, deleting data, accessing modules, etc. Security privileges are organized into groups called roles. Users are assigned one or



more roles to determine their authority in the system. Because users can be assigned multiple roles, role privileges are inclusive-based. In other words, roles determine what a use can do in the system, not what they can't do. If a particular privilege belongs to a role, any user assigned to that role can perform the function secured by the aforementioned privilege. It is already assumed that if a privilege doesn't belong to a role, users assigned that role cannot perform it.

For the most part, almost all users that share the same basic authority can be categorized into roles in the system. Let's say you have a dozen users known as clerks that use the system, and they share the same basic tasks. A role called CLERK can be created which contains all the privileges required for them to perform their tasks. However, your office may have a dozen users known as clerks who share the same basic tasks, but each clerk is tasked with one or more items that the others do not share. You could create a dozen roles to satisfy each user, or you could create one role containing the shared privileges and then deviate each user's security profile from that role.

To deviate security roles, privileges are assigned directly to the user and are flagged whether or not the user can perform the action. If a privilege is assigned directly to a user and flagged that the user can perform the action, the user is able to perform the action regardless of whether any of their assigned roles contains that privilege. Likewise, if a privilege is assigned directly to a user and flagged that the user cannot perform the action, the user is unable to perform the action even if all of their assigned roles contain the privilege.

Each screen within the system starts by checking to ensure that the worker trying to access the screen has the appropriate security role that would allow the access and then determines what actions can be performed. This continual checking ensures that someone is not attempting to jump into the application by entering a URL directly to try to bypass the login screen and security validation. When a user attempts to access a screen without proper security, he or she is taken back to the login screen to ensure that the system is entered properly with the correct credentials.

A. Functional Requirements

The expected Functional requirements for the project are detailed in Appendix A.

B. Technical Requirements – Technical requirements for the system are listed in the table of Appendix B, and are to be implemented and supported by MDIT.

C. General System Requirements – the expected General system requirements for the application are listed in the table of Appendix C.

D. Services to be Provided

Contractor will provide the following:

1. **Requirements Verification and Validation** – The Contractor shall:
 - a. Follow their methodology to verify and validate identified requirements.
 - b. Ensure requirements meet federal, state, industry and identified standards.
 - c. Clarify any unclear or ambiguous requirements which could have an impact on the success of the project. Provide a gap analysis of what the system can do and what requirements can and cannot be met by the system as planned.

The Requirements phase will begin with assembling the requirements contained in the ITB, any documentation provided by the Bureau, and answers to questions posed by TechPG. This pre-gathered documentation will be assembled into a requirements document and the TechPG team will hold meetings with the Bureau's staff to validate each requirement and create expanded documentation detailing all aspects of the requirement. The format of the requirements documents will be defined during the Project Initiation phase of the project.



One of the most important items that will be documented is the business need or rationale behind why a requirement exists, and how the TechPG system will fulfill that requirement.. During this process, the focus will be on functionality and not solely on the technical solution. Access to appropriate user and management staff will be critical during this task as will be the pre-gathering of all pertinent documentation. Once the requirements are validated, the document is completed and will be reviewed with the project steering committee for approval

Preliminary Project Plan See Article 1 – E, the Contractor’s Preliminary Project Plan. It has the necessary time frames and deliverables for the various stages of the project, and the responsibilities and obligations of both the Contractor and the State.

TechPG will refine the preliminary project plan presented in this proposal. Since the plan in the ITB so closely follows TechPG’s preferred approach, TechPG based its preliminary plan on the one in the ITB to minimize the need for additional explanations or clarifications. During the Initiation phase of the project, TechPG’s Project Manager will work with the Project Steering Committee / Bureau’s management to finalize the actual project plan.

Developing and maintaining a project plan is only one part of a comprehensive project management program. The overall engagement will begin project initiation tasks and a kickoff meeting where all stakeholders will be identified , the steering committee will be established, and all project team members will be introduced and contact information exchanged.

During the first two weeks, the project management team will work with TechPG to finalize the detailed project plan, the specific work products for each of the deliverables, and the expected timelines that all parties will commit to. The format of the weekly status report will be agreed upon and plans related to monthly status meetings will be determined. The weekly project report will identify the progress being made on the project and any issues encountered. The monthly steering committee meeting will ensure that all issues are being addressed and that all stakeholders have a chance to discuss any issues or concerns that they may have.

During the first week of the project, Bureau staff will provide the TechPG team with a walkthrough of the current applications and processes, a review of the current technical environment and a review of any existing system or procedural documentation. This effort will provide TechPG with the base knowledge required to learn and prepare for the design and development activities.

Technical planning will also begin in the first two weeks. The TechPG team will work with the MDIT’s technical staff to validate and implement the technical environments where the system will reside. During these activities, the technical needs of the system will be defined, a technical design document will be created, and a timeline agree to for MDIT environmental establishment.

2. .

- a. In particular, the Preliminary Project Plan will include:
 - i. An overview of the project.
 - ii. The Contractor’s project organizational structure, Operational approach, logistical approach and migration path proposed for the project.
 - iii. A staffing plan, adequate to meet all deliverables within the stated timeframes. The Contractor’s staffing plan must include names, title, and resumes of key personnel assigned to the project. The key personnel must be the staff the Contractor intends to assign to the project, and not sample resumes. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - iv. An estimated timeline for the project, with appropriate milestones.
 - v. Identification of roles and responsibilities.
 - vi. The labor, equipment, materials and supplies required to be provided by the State in meeting the target dates established in the Preliminary Project Plan
 - vii. The table that follows provides tasks and associated deliverables for each phase of the project:

Task	Description of Tasks	Deliverable	Vendor Role	State Role
Phase 1 Initiation				
Preparation	<ul style="list-style-type: none"> <input type="checkbox"/> Procure software (if using COTS package) Work planning and scheduling, Clarification of roles and responsibilities, <input type="checkbox"/> Work environment preparation, Project team training planning 	<ul style="list-style-type: none"> <input type="checkbox"/> Initial project plan <input type="checkbox"/> Issue resolution procedures <input type="checkbox"/> Communications plan 	<ul style="list-style-type: none"> <input type="checkbox"/> Project management guidelines <input type="checkbox"/> Project standards and controls 	<ul style="list-style-type: none"> <input type="checkbox"/> Coordinate State resources needed <input type="checkbox"/> Provide work area <input type="checkbox"/> Define project standards and controls required by the State <input type="checkbox"/> Assign Project Manager for the Project
Project Team Training	<ul style="list-style-type: none"> <input type="checkbox"/> Provide project team member technical and functional training 		<ul style="list-style-type: none"> <input type="checkbox"/> Conduct training 	<ul style="list-style-type: none"> <input type="checkbox"/> Schedule appropriate staff to attend the training.
Technical Environment Preparation	<ul style="list-style-type: none"> <input type="checkbox"/> Determine system requirements <input type="checkbox"/> Design configurations <input type="checkbox"/> Create development environment <input type="checkbox"/> Install software and/or equipment <input type="checkbox"/> Establish security procedures 		<ul style="list-style-type: none"> <input type="checkbox"/> Technical standards <input type="checkbox"/> Security standards <input type="checkbox"/> Technical procedures <input type="checkbox"/> Database environments 	<ul style="list-style-type: none"> <input type="checkbox"/> Provide access to infrastructure for installation <input type="checkbox"/> Schedule State staff required <input type="checkbox"/> Ensure resources available as needed <input type="checkbox"/> Adopt standards and procedures required
Readiness Assessment and Project Kickoff	<ul style="list-style-type: none"> <input type="checkbox"/> Assess the State's readiness to proceed with the project, identifying gaps <input type="checkbox"/> Conduct kickoff meeting 	<ul style="list-style-type: none"> <input type="checkbox"/> Project Kick-off <input type="checkbox"/> Pre-project checklist 	<ul style="list-style-type: none"> <input type="checkbox"/> Readiness assessment 	<ul style="list-style-type: none"> <input type="checkbox"/> Review the pre-project checklist <input type="checkbox"/> Schedule and attend meetings
Phase 2 Design				
Software orientation	<ul style="list-style-type: none"> <input type="checkbox"/> Introduce the processes of the software application to State stakeholders 		<ul style="list-style-type: none"> <input type="checkbox"/> Overview session agendas <input type="checkbox"/> Overview session notes 	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure appropriate staff attend session. <input type="checkbox"/> Review State current business functions and processes.



Task	Description of Tasks	Deliverable	Vendor Role	State Role
Initial Configuration	<ul style="list-style-type: none"> <input type="checkbox"/> Develop initial State configuration <input type="checkbox"/> Make key configuration enhancements more closely resembling the production environment 	<ul style="list-style-type: none"> <input type="checkbox"/> Initial configuration document 	<ul style="list-style-type: none"> <input type="checkbox"/> Develop initial configuration document 	<ul style="list-style-type: none"> <input type="checkbox"/> Review configuration document and verify accuracy
Fit Analysis	<ul style="list-style-type: none"> <input type="checkbox"/> Structured walk through of application features to map product to State's needs; <input type="checkbox"/> Clarify interface, file transfer and conversion requirements; <input type="checkbox"/> Identify issues and prepare plans to address. 	<ul style="list-style-type: none"> <input type="checkbox"/> Module configuration documents 	<ul style="list-style-type: none"> <input type="checkbox"/> Module fit session agendas <input type="checkbox"/> Module approach papers 	<ul style="list-style-type: none"> <input type="checkbox"/> Provide resources and access required <input type="checkbox"/> Review and verify the deliverables
State Configuration	<ul style="list-style-type: none"> <input type="checkbox"/> Configure software and/or equipment based on the State's unique requirements. <input type="checkbox"/> Define user training and documentation requirements. 	<ul style="list-style-type: none"> <input type="checkbox"/> Requirements definition <input type="checkbox"/> Initial prototype system configuration. 	<ul style="list-style-type: none"> <input type="checkbox"/> Requirements verification and validation. 	<ul style="list-style-type: none"> <input type="checkbox"/> Assist with population of configuration. <input type="checkbox"/> Review and verify accuracy of document
Module prototyping and testing	<ul style="list-style-type: none"> <input type="checkbox"/> Setup tables; <input type="checkbox"/> Create business test scenarios; <input type="checkbox"/> Execute business test scenarios; and adapt system to resolve discrepancies <input type="checkbox"/> Update system configuration document 	<ul style="list-style-type: none"> <input type="checkbox"/> Module business process templates <input type="checkbox"/> Executed/accepted business process test scripts 	<ul style="list-style-type: none"> <input type="checkbox"/> Finalized module business process test scripts <input type="checkbox"/> Conduct acceptance test of prototype's module business process 	<ul style="list-style-type: none"> <input type="checkbox"/> Assist in population of tables <input type="checkbox"/> Participate in testing. <input type="checkbox"/> Assist with resolution of issues <input type="checkbox"/> Identify business process issues and suggestions for resolution
Phase 3 Development				
Interface design and development	<ul style="list-style-type: none"> <input type="checkbox"/> Work with the State to design and develop interfaces identified in fit analysis 	<ul style="list-style-type: none"> <input type="checkbox"/> Develop, design, verify design of interface 	<ul style="list-style-type: none"> <input type="checkbox"/> Interfaces <input type="checkbox"/> Program and install interface 	<ul style="list-style-type: none"> <input type="checkbox"/> Provide resources to identify and test <input type="checkbox"/> Test interface



Task	Description of Tasks	Deliverable	Vendor Role	State Role
				<input type="checkbox"/> Verify each unit-tested interface meets requirements
Conversion design and development	<input type="checkbox"/> Plan and design the conversion processes with plan and schedule for conversion.	<input type="checkbox"/> Conversion design for data	<input type="checkbox"/> Program and install conversion program	<input type="checkbox"/> Provide resources and access <input type="checkbox"/> Provide data extract <input type="checkbox"/> Review and verify design <input type="checkbox"/> Test conversion program <input type="checkbox"/> Verify each unit-tested conversion meets requirements <input type="checkbox"/> Cleanse data
Queries and Reports design and development	<input type="checkbox"/> Assist State in developing and applying skills necessary to use the system once implementation complete <input type="checkbox"/> Develop and test reports	<input type="checkbox"/> Custom report requirements	<input type="checkbox"/> Custom report development <input type="checkbox"/> Assist with development of reports <input type="checkbox"/> Program and install reports	<input type="checkbox"/> Provide resources and access <input type="checkbox"/> Test reports
Security definition and setup	<input type="checkbox"/> Prior to production, setup security as identified by State, <input type="checkbox"/> Implement and test	<input type="checkbox"/> Security template	<input type="checkbox"/> Develop security template	<input type="checkbox"/> Provide resources and access
Modification Development	<input type="checkbox"/> If any additional modifications are requested by the State, subject to approved change order, design and develop modifications		<input type="checkbox"/> Modification work as contracted <input type="checkbox"/> Program and install modifications	<input type="checkbox"/> Provide resources and access <input type="checkbox"/> Review and verify design <input type="checkbox"/> Test modifications <input type="checkbox"/> Verify each unit-tested modification meets requirements
End user training development	<input type="checkbox"/> Develop training manuals to reflect that client's final	<input type="checkbox"/> Training plan <input type="checkbox"/> Training manuals	<input type="checkbox"/> Development of training manuals.	<input type="checkbox"/> Establish appropriate training sessions



Task	Description of Tasks	Deliverable	Vendor Role	State Role
	requirements for using the module. <input type="checkbox"/> Update the training manuals to reflect the system as configured for the State.			and agenda. <input type="checkbox"/> Provide and schedule training rooms.
Phase 4 Implementation				
Build stage and production environments	<input type="checkbox"/> Create the stage and production environments, <input type="checkbox"/> Define and establish security, <input type="checkbox"/> Convert data.		<input type="checkbox"/> Stage – production planning meeting <input type="checkbox"/> Completed stage – production planning meeting <input type="checkbox"/> Perform full conversion testing in stage environment	<input type="checkbox"/> Provide resources and access needed <input type="checkbox"/> Develop, populate, modify stage environment <input type="checkbox"/> Setup security <input type="checkbox"/> Validate conversions
Stage preparation and testing	<input type="checkbox"/> Perform a dress rehearsal of the production environment prior to live date of the system, running parallel process cycles to be validated against the production systems. <input type="checkbox"/> Conduct system and acceptance testing	<input type="checkbox"/> System test scripts <input type="checkbox"/> Acceptance test scripts	<input type="checkbox"/> Stage- production planning meeting agenda <input type="checkbox"/> Completed stage – production planning meeting <input type="checkbox"/> Parallel cycles of system <input type="checkbox"/> Production system <input type="checkbox"/> Perform full conversion testing and system test	<input type="checkbox"/> Provide resources and access as required <input type="checkbox"/> Develop user acceptance test criteria <input type="checkbox"/> Validate <input type="checkbox"/> Perform user acceptance test <input type="checkbox"/> Conduct parallels <input type="checkbox"/> Signoff on system
Conduct user training	<input type="checkbox"/> Provide train the trainer training <input type="checkbox"/> Provide end user training <input type="checkbox"/> Provide training to technical staff		<input type="checkbox"/> Initial train the trainer sessions <input type="checkbox"/> User training sessions <input type="checkbox"/> Technical training sessions	<input type="checkbox"/> Identify State trainers to attend <input type="checkbox"/> Attend sessions <input type="checkbox"/> Conduct end user training
Migration	<input type="checkbox"/> Coordinate tasks for cutover	<input type="checkbox"/> Production setup plan <input type="checkbox"/> Migration task list	<input type="checkbox"/> Populated production database <input type="checkbox"/> Create and populate the production environment	<input type="checkbox"/> Validate the production environment
Phase 5 Post Implementation				



Task	Description of Tasks	Deliverable	Vendor Role	State Role
Post Production Support	<ul style="list-style-type: none"> <input type="checkbox"/> Provide maintenance and support. <input type="checkbox"/> Resolve issues and problems as detected. <input type="checkbox"/> Revise procedures as needed and communicate updated procedures to the user community. <input type="checkbox"/> Provide help desk support and workshops as needed for users in the field. 		<ul style="list-style-type: none"> <input type="checkbox"/> Provide support to project team as required 	<ul style="list-style-type: none"> <input type="checkbox"/> Provide support to user community. <input type="checkbox"/> Resolve system and process issues and provide user community with updated procedures. <input type="checkbox"/> Communicated project team decisions to user community. <input type="checkbox"/> Maintain issues log to be resolved with Vendor

4. **Data Conversion** – Contractor will convert and import data for School Bond Loan System. The data is to be imported from the following current systems and as discussed in orals:

- a. Loan data from Paradox Database
- b. Payment Estimates from Excel Spreadsheet
- c. Bond information from Munex System (Munex can generate .csv files)
- d. Qualification data from School Bond Qualification System in SQL Server database, and developed in the dot Net environment.

From the work performed in Indiana, where the data resides in multiple databases and spreadsheet systems, TechPG learned that it is very easy to underestimate the conversion effort. To address this, the conversion activities will begin the first week of the project and run for the entire length of the project. Once all data sources are identified and verified, a conversion plan will be created. Historical data (inactive records) will be converted first and then active items will be converted incrementally based upon activity dates.

TechPG will begin this effort by reviewing sources of data and documenting what data resides in each source. Once this has been accomplished and the configuration/design meetings have defined what the base data structures will contain, the existing data will be mapped to the new structures. From this mapping effort, a conversion plan will be created that will identify how the data will be converted and specify any defaults or rules that will be applied to the conversion effort. This plan will then be submitted to the state for approval.

Once approved, TechPG will begin by converting the data for any inactive loans, since this data should be static. Testing will occur against this data to ensure that it is being converted properly and works with the new system. This data will serve as the basis for the data for acceptance testing.

TechPG will then begin an incremental conversion of the active loans working toward the implementation date. This incremental approach permits us to only convert the last two weeks of activity at the time the system goes live.



Interfaces -Contractor must provide an interface using “Export to Excel and .csv” files function to create files that can be imported to the MS Great Plains Accounting system. This interface is primarily used to create journal entries into the Accounting system.

All required interfaces will be identified during the requirements verification and validation phase, addressed during design activities, and included in the development and testing effort. The interface identified in ITB to support journal entries in the MS Great Plains Accounting system is fully supported by the base system.

5.

Design

Using the approved requirements document, meetings will then be held to determine the appropriate system processes and functionality. These meetings will be led by TechPG team members and attended by all appropriate State stakeholders. TechPG will be using the GeneXus development environment to allow for rapid prototyping of the systems.

Prior to the design meetings, a working prototype of the required functionality will be created for use and modification during the meetings to give the attendees a true understanding of the functionality being designed. This prototype will be based upon the functionality created for the Indiana Economic Development Corporation and Indiana Finance Authority systems.

TechPG has found this method to work much better than the classic “design on paper and then build the system” approach. Taking a more iterative approach, TechPG’s solution can move the Bureau quickly from a rough prototype to a functioning model that shows exactly how the system is going to look and feel.

Once the configuration/design meetings are complete, any outstanding issues will be addressed and resolved. A complete system design document will then be created and presented to the Steering Committee and Bureau management for review and acceptance.

Development

Following the design meetings, the TechPG technical staff will take the approved system design and prototype and make the required changes in its development environment. We will continue to use the GeneXus development environment to generate .Net code for the screens and reports. The .Net code that is generated can then either be maintained within the GeneXus environment or through Visual Studio.

During this task, appropriate styles and graphics will be applied to give the system the desired look and feel. An internal integrated security module will also be applied to provide the users with the desired role-based security functions.

For each program or report, the programmer will perform a unit test to verify the functionality and document the results. Upon completion, the program will be ready for system and User Acceptance testing.

System Testing

TechPG testing staff and designated Bureau staff will take the requirements and technical design documents and create test plans. These test plans will be executed to ensure that the desired functionality has been properly created. The staff performing these tests will be independent of the technical development staff. . It is assumed that the system test environment will contain converted data for complete testing.



When potential defects are discovered, the testing staff will work with the development staff to review their findings and determine whether a defect truly exists. If a defect is found to exist, the code will be retuned for correction and then retested. Once a system has passed all test cases, and has passed system testing, the system will be ready for acceptance testing.

Training

TechPG staff has extensive experience with the development and delivery of training programs as presented in its Summary of Qualifications and team resumes. A custom training program and appropriate training materials will be developed to teach users, supervisors and management staff the features and functionality of the system. While the system is intuitive and easy-to-use, proficiency will be developed through hands-on activities in a training environment. The training curriculum will first be delivered to staff who will participate in the acceptance testing phase. Then, the training of remaining staff will be timed to coincide with the cutover to the new system.

Acceptance Testing and Implementation

When the system is ready for acceptance testing, it will be migrated to an acceptance test environment that will mimic the production environment and where the system code will be frozen.. This environment will provide the converted data loaded for inclusion in the acceptance testing processes.

During this time, TechPG encourages the acceptance testers to “play” with the system and try to “break it” or find undetected defects. Playing “what if” is one of the best ways to exercise system functionality. As with the TechPG system test phase, any potential defects will be investigated and a validity determination will be made. Any true defects will be returned for correction and retest prior to resubmission for acceptance test.

Upon acceptance testing completion, the system can be scheduled for implementation. Implementation will include both the migration of the code and the approved converted data.

Once the system has been implemented, then the system will be considered accepted and the warranty period will begin, see section X for the warranty period specifics.

E. Service Levels (Quality Requirements) -

1. Both online inquiry and online update of single transactions shall be achieved in five (5) seconds or less ninety-five percent (95%) of the time. Post Implementation performance adjustments to the technical environment may be necessary. TechPG will work with MDIT to ensure the best performance tuning possible for this system.

Measurement – Time will be measured from the time the request arrives in the application server until the final response leaves the application server.

Target Performance – 100% compliance with target service level.

Period of Review – Monthly

2. The system shall be accessible by users no less than 95% of the time based on a schedule of 7 a.m. to 6 p.m. Monday through Friday. Scheduled maintenance not included.

Measurement – Accessible hours 7 a.m. to 6 p.m. Monday through Friday, less scheduled outages as agreed by State. Total accessible hours divided by total hours in measurement period, excluding force majeure as defined in Article 2, Terms and Conditions.

Target Performance – 100% compliance with target service level.

Period of Review – Monthly

3. The Contractor shall provide telephone technical support on a 9 am to 5 pm basis for all applications procured as a result of this RFP with 90% of calls responded to within two hours.

Measurement – Number of calls responded / total calls.

Target Performance – 99% compliance with target service level.

Period of Review – Monthly

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

1. Location of Work

- a. The work is to be performed, completed, and managed at the following locations:
 - i. Austin Building, 430 W. Allegan, Lansing, MI 48910
 - ii. Operations Center, 7285 Parsons Drive, Dimondale, Mi. 48821

- b. The State *will* provide the following resources for the Vendor's use on this project:
 - Work space
 - Desk
 - Telephone
 - PC workstation
 - Printer
 - Access to copiers and fax machine

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

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

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

The Contractor will identify a Contract Administrator. The duties of the Contract Administrator shall include, but not be limited to: i) supporting the management of the Contract, ii) facilitating dispute resolution, and iii) advising the State of performance under the terms and conditions of the Contract. The State reserves the right to require a change in the current Contract Administrator if the assigned Contract Administrator is not, in the opinion of the State, adequately serving the needs of the State.

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

The Contractor will present and allow the State staff to interview all Key Personnel assigned to the project. The contractor is obligated to provide the key personnel submitted at the time of bid. Failure to do so may result in the cancellation of the bid award.

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

- Manage all defined Contractor responsibilities
- Manage Contractor's subcontractors, if any
- Develop the project plan and schedule, and update as needed
- Serve as the point person for all project issues



- Coordinate and oversee the day-to-day project activities of the project team
- Assess and report project feedback and status
- Escalate project issues, project risks, and other concerns
- Review all project deliverables and provide feedback
- Proactively propose/suggest options and alternatives for consideration
- Utilize change control procedures
- Prepare project documents and materials

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

TechPG has identified an optimally-sized and highly-qualified team with strong knowledge and expertise to complete the work identified in the ITB and in this proposal.

TechPG will perform, complete and manage its work for the Bureau from its company headquarters and development center in Indianapolis. TechPG resources will work closely with the State's staff through all stages of the project and be on-site at either the Austin Building or Operations Center as appropriate for meetings, interviews, design sessions and walkthroughs, user and technical training, acceptance testing and implementation activities. Although TechPG will primarily use its own equipment for development, project management and communications activities, the team will need access to basic work space, standard office equipment, and the internet while on-site.

TechPG routinely screens its staff as part of its hiring process and will provide security clearance checks including criminal background investigations and drug tests for the team members assigned to this project.

An organizational chart has been included in Article 1, Attachment B. To demonstrate its commitment to the State of Michigan Department of Treasury and to ensure the success of this project, TechPG has assigned its owners and senior development staff to the project team. This project will have the full attention of TechPG's resources for the duration of the project. Resumes for TechPG's owners and other key staff have been provided and TechPG commits that it will provide these resources to perform the work on this project. All key staff will be made available to the State for interviews.

Terri L. Eakins, President and CEO of TechPG, will serve as the Contract Administrator for this engagement and will support the management of the Contract, facilitate dispute resolution, and advise the State of performance under the terms and conditions of the Contract. Her duties will also include project management and quality assurance activities. She will work closely with the designated personnel from the State to insure a smooth transition to the new system, coordinate all of the activities of the TechPG personnel assigned to the project, and create all reports required by the State. Her responsibilities include, at a minimum:

- ***Managing all defined vendor responsibilities***
- ***Developing the project plan and schedule and updating as needed***
- ***Serving as the point person for all project issues***
- ***Coordinating and overseeing the day-to-day project activities of the TechPG team***
- ***Assessing and reporting project feedback and status***
- ***Escalating project issues, project risks, and other concerns***
- ***Reviewing all project deliverables and providing feedback***
- ***Proactively proposing/suggesting options and alternatives for consideration***
- ***Utilizing change control procedures***
- ***Preparing project documents and materials***



The following four resources constitute the key personnel that will be assigned to this project by TechPG. Their roles and responsibilities include:

Team Member	Role	Responsibilities
Jack Eakins	Technical and Design Lead	<ul style="list-style-type: none"> • Leading all configuration/design meetings • Defining technical environment • Leading configuration, development and testing efforts • Leading acceptance and implementation activities
Terri Eakins	Project Director	<ul style="list-style-type: none"> • Performing project management • Providing project reporting • Conducting quality assurance analysis of deliverables • Assisting with training delivery
Andrea Connell	Business Analyst and Conversion Lead	<ul style="list-style-type: none"> • Gathering and analyzing system requirements • Leading system test activities • Leading conversion activities • Supporting acceptance and implementation activities • Assisting with training program development and delivery
Ray Engelman	Training and Documentation Lead	<ul style="list-style-type: none"> • Creating system design documentation • Creating user documentation • Developing training program • Creating training materials • Delivering training

Additional technical and support staff will also be utilized to successfully complete this engagement, but are not considered key personnel, so their resumes have not been included in this section. TechPG does not intend to use any Subcontractors for the performance of the work identified in this proposal.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The State Project Team will consist of a steering committee, Subject Matter Experts (SME's), project support, and a project manager. The Bureau of Bond Finance is the project sponsor and will serve on the steering committee, as will the Director of Program Management, and the MDIT Client Service Director. MDIT will provide a Project Manager. MDIT will be responsible for the State's infrastructure and will work together with the Contractor to determine the specific system configuration necessary.

The project steering committee will provide the following services:

- Approve the project schedule
- Authorize modifications to scope, resources, timelines, technology purchases and the overall budget of the project
- Ensure senior management commitment to the project
- Act as a final arbiter on issues and risks that significantly affect the business interests of the State



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

- Resolve project issues in a timely manner
- Review project plan, status, and issues
- Resolve deviations from project plan
- Provide acceptance sign-off
- Utilize change control procedures
- Ensure timely availability of State resources
- Make key implementation decisions

The State's Project Control Office will provide the following services:

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

The Project Organization/Governance model is in Appendix E.

As of the effective date for contract commencement the MDIT Technical Project Manager shall be:

Bruce Colf
Michigan Dept. of Information Technology
Lansing, MI 48913
Phone: 517-636-5043
E-mail: ColfB@michigan.gov

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

- Level 1 – Business leads
- Level 2 – Project Managers
- Level 3 – Executive SME's, Director of Program Management, MDIT Client Service Director
- Level 4 – Steering Committee

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

- Systems Analyst
- Application Administrator
- User Implementation Coordinator

- Network Administrator
- Database administrator
- Remote access to test database environment

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

TechPG will work closely with the State’s proposed Project Team, consisting of a steering committee, Subject Matter Experts (SME’s), project support, and a project manager to insure the successful completion and implementation of the new Loan and Bond Management System for the Department of Treasury, Bureau of Bond Finance.

If additional State resources are required at various stages of the project, the TechPG Project Manager will make every effort to provide the State with sufficient advance notice of when those services may be required.

1.203 OTHER ROLES AND RESPONSIBILITIES

reserved.

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

TechPG agrees to the project management activities as presented in the ITB including:

- ***Participation in an orientation meeting not more that 10 days from execution of the Contract***
- ***Attendance and participation in, at a minimum, monthly performance review meetings***
- ***Creation and maintenance of project control documents to include a comprehensive project plan, issue resolution procedures, communications plan, and risk assessment and mitigation strategies***

TechPG also agrees to manage the project in accordance with PMBOK standards and the state’s Project Management Methodology and will use automated project management tools to support management activities.

A. Orientation Meeting

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

2. Performance Review Meetings

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

3. Project Control

1. The Contractor will carry out this project under the direction and control of the Bureau of Bond Finance and Department of Information Technology
2. Within five (5) working days of the award of the Contract, the Contractor will submit to the State project manager(s) for final approval, the finalized Project Plan.
 - a. This plan must be in agreement with section 1.104 Work and Deliverables Preliminary Project Plan, and must additionally include:
 - i. The finalized Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - ii. The project breakdown (work plan) showing sub-projects, activities and tasks, and resources required and allocated to each.
 - iii. Identification of risks and mitigation strategies.
 - iv. A communication plan
 - v. A time-phased plan in the form of a graphic display, showing each event, task, and decision point in the work plan.
3. The Contractor will manage the project in accordance with the PMBOK® (Project Management Body of Knowledge from the Project Management Institute) and the state's Project Management Methodology (PMM). Methodology is available at www.michigan.gov/projectmanagement.
 - a. Contractor will use an automated tool for planning, monitoring, and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract.
 - b. Contractor shall use automated project management tools, as reasonably necessary, in order to perform the cited Services, which shall include, through the end of the Contract, the capability to produce:
 - 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) calendar days, updated semi-monthly).
 - iii. Updates must include actual time spent on each task and a revised estimate to complete.
 - iv. 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 standard is described with reasonable detail in the Statement of Work.

1.302 REPORTS

Reporting formats must be submitted to the State's Program Manager for approval within 10 business days after the effective date of the contract. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract.

Project reports will be prepared and submitted to the State on a weekly basis and, unless otherwise agreed upon.

Reports will include

- Weekly Project status
- Updated project plan
- Summary of activity during the report period
- Accomplishments during the report period
- Deliverable status
- Schedule status
- Action Item status
- Issues
- Change Control

1.4 Project Management

1.401 ISSUE MANAGEMENT

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

TechPG shall maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State's Program Manager on an agreed upon schedule, with email notifications and updates. The issue log must be updated and must contain the following minimum elements:

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

1.402 RISK MANAGEMENT

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

TechPG must define risks identified as being significant to the success of the project. TechPG will effectively monitor and manage these risks, including reporting of risks to the State.

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

TechPG agrees to update and maintain the plan as agreed upon through the completion of the implementation phase of the project.



1.403 CHANGE MANAGEMENT

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

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

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

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. **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.**

At the beginning of the project, TechPG and the State will work together to develop appropriate change control procedures to be used when changes to the scope of the project or services are required.

1.5 Acceptance

1.501 CRITERIA

TechPG agrees to the State’s definition of Acceptance Criteria for Milestone Deliverables, Software and Service Deliverables.

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

1. Milestone Deliverables

Milestone deliverables will be accepted as described in the table in section 1.104, D. Deliverable expectation documents will be used to mutually determine the expected outcomes and workproducts from each deliverable / milestone.

2. Software - Software will be tested and approved by the Bureau's business users.

Testing must be sufficiently detailed to demonstrate the system’s compliance with the requirements of the RFP. At a minimum, the testing will confirm the following:

- a. Functional - the capabilities of the system with respect to the functions and features described in the RFP.
- b. Performance - the ability of the system to perform the workload throughput requirements. All problems should be completed satisfactorily within the allotted time frame.

3. Service Deliverables

Services include, but are not limited to, maintenance, training and support. The following criteria apply to service deliverables:

- a. The services will be accepted in accordance with the requirements of this contract and the accepted Contractor's proposal.
- b. MDIT staffs are properly trained and supplied documentation to support and use the software in accordance with the requirements of this contract and the accepted Contractor's proposal.

1.502 FINAL ACCEPTANCE

TechPG agrees to the State’s definition of Final Acceptance.

Final acceptance is expressly conditioned upon completion of all deliverables, completion of all tasks in the project plan as approved, completion of all applicable inspection and/or testing procedures, completion of user acceptance testing, final review by the project steering committee, and the written signoff by the State.

1.6 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

The value of the contract shall not exceed \$389,895.00, for up to three years with two optional one-year extensions at the State’s sole discretion.

Of the \$389,895.00, \$297,895.00 is for payment by milestone, and \$92,000.00 is for payment by fixed hourly rates.

TechPG identifies all information related, directly or indirectly, to the charges for services and deliverables including, but not limited to, costs, fees, prices, rates, bonuses, discounts, rebates, or the identification of free services, labor or materials.

TechPG provides a breakdown of all proposal costs along with a brief narrative explaining each cost basis, in the cost tables in Article 1, Attachment A.

Payment by Milestone

Payment to the Contractor will be made upon the completion and acceptance of the milestone, not to exceed contractual costs of the phase. A milestone is defined as complete when all of the deliverables within the phase have been completed.

	<i>Payment Milestone (see the deliverables included in this milestone in Article 1, Attachment D)</i>	<i>payment method</i>	<i>payment</i>
1.	Initiation	5%	\$14,395.00
2.	design	20%	\$57,579.00
3.	development	25%	\$71,974.00
4.	Implementation of Software	25%	\$71,974.00
5.	post implementation	15%	\$43,184.00
6.	Holdback	10%	\$28,789.00
	total		\$287,895.00

GeneXus Software Assurance for development and ad-hoc reporting tools cost \$2,000.00 per year, or \$10,000.00 over 5 years.

Payment by Fixed Hourly Rates

Future enhancements, outside of the current scope, will be paid at the fixed hourly rates shown in Article 1, Appendix A, Table 10. \$92,000.00 will be added to the value of the contract for fixed hourly rates.

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.

It is estimated that the State may use up to 1,040 hours 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.

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.

	Payment Milestone	Acceptance Criteria
1.	Initiation	Completion of tasks & deliverables in the phase
2.	design	Completion of tasks & deliverables in the phase
3.	development	Completion of tasks & deliverables in the phase
4.	Implementation	Completion of tasks & deliverables in the phase
5.	post implementation	System in production for 90 day warranty period, meeting the requirements and the service levels
6.	Holdback of non-COTS costs	Successful completion of a loan cycle, which is either April 30 or October 31

Assumptions of TechPG

- ***Because this is a custom application development project not based on a COTS product, all additional work or support after the end of the warranty period will fall under standard Change Control procedures. As such, no maintenance or support costs were provided for the Option years.***
- ***The State of Michigan will provide all hardware and implementation services..***
- ***The State of Michigan must make appropriate staff available to work with TechPG on this project. Delays in the review of deliverables by the State not attributed to TechPG may cause schedule slippage or increased costs.***
- ***Work will be performed at the TechPG offices in Indianapolis and at the Bureau's offices in Lansing or other Michigan sites as identified by the State.***
- ***The Bureau will provide workspace for TechPG staff while performing work at the Bureau's site. For planning purposes, this will not exceed three staff at any one time.***



- ***Conversion will be limited to the records identified in the ITB and in orals.***
- ***Change control procedures will be applied for all work considered outside the scope of the negotiated contract. All work considered outside of the original scope must have approval through the change control process prior to beginning work. Hourly rates for other, additional or new work to be performed as part of negotiated changes is included in Article 1 Attachment A – Pricing.***

1.7 Additional Terms and Conditions Specific to this SOW

1.701 ADDITIONAL TERMS AND CONDITIONS SPECIFIC TO THIS SOW

A. Directives

Reserved.

B. reserved

C. Other Vendors

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

Article 1, Attachment A
Pricing

Table 1: Summary of Project Cost

No.	Cost Categories	Cost (\$)	Percent of Total Cost	Comments
A.	reserved	\$0	0%	
B.	reserved	\$0	0%	
C.	Application Development Required only if a bidder is not proposing a COTS package. Give breakdown in Table 5	\$125,545	32.1%	
D.	Interfaces	\$0	0%	Included in Development
E.	Software Tools Licenses Give breakdown in Table 6	\$10,000	2.6%	
F.	Hardware Give breakdown in Table 11	\$0	0%	TechPG will work with the State IT staff to determine the appropriate hardware required to operate the system. This equipment will be provided by the State.
G.	Training and Documentation Give breakdown in Table 7	\$47,200	12.1%	
H.	Data Conversion and Migration	\$26,750	6.9%	
I.	Project Implementation Give breakdown in Table 9	\$78,400	20.1%	
J.	90-day Warranty Cost from the Date of Acceptance (if not included in this table)	\$0	0%	
K.	Maintenance and Support Give breakdown in table 2	\$10,000	2.6%	
L.	Future Enhancements Give breakdown in table 10	\$92,000	23.6%	
M.	Other cost identified by TechPG	\$0	0%	
	Total project cost	\$389,895	100%	

Table 2: Five Years Recurring Cost: Updates, Maintenance and Support

No.	Cost Categories	Cost (\$)	Comments
	COTS/Application Software Update Cost (includes licensing and updates each year)		GeneXus Software Assurance for development and ad-hoc reporting tools. (Optional)
	1. First Year	\$2,000	
	2. Second Year	\$2,000	
	3. Third Year	\$2,000	



	4. Fourth Year	\$2,000	
	5. Fifth Year	\$2,000	
	Maintenance and Support Cost (includes all programming and database administration functions for implementing future requirements)		No costs were included in this section since this is considered a custom application. If the Bureau wishes TechPG to provide some level of support for future requirements beyond those identified in Table 10, then the rates identified in Table 10 would apply. (Optional)
	1. First Year	\$	
	2. Second Year	\$	
	3. Third Year	\$	
	4. Fourth Year	\$	
	5. Fifth Year	\$	
	Total Recurring Cost	\$10,000	

Table 3: Total Five Years System Cost

No.	Cost Categories	Cost (\$)	Comments
	Total Five Years System Cost	\$389,895	

Table 4: Breakdown of Costs for Configuration of COTS Package (Reserved)

Table 5: Breakdown of Costs for Application Development (if the bidder is NOT proposing a COTS Package)

No.	Customization or Application Development	Total # of Resources	Total # of Hours	Unit Cost (\$)	Total Cost (\$)
	1. Programmer/Analyst	2	985	\$102	\$100,470
	2. Technical Writer	1	295	\$85	\$25,075
	3. (List Any Other)			\$	\$
	4.			\$	\$
	Total Cost of Customization			\$	\$125,545

Table 6: Breakdown of Software Tools Cost

No.	Software Tools Licenses Cost	Cost (\$)	Comments
D.	1. Report Writers	\$	
	2. Requirement Analysis Tools	\$	
	3. Design Tools	\$	
	4. Drawing Tools	\$	
	5. Development Environment Tools	\$6,000	One GeneXus Developer License
	6. Testing Tools (such as issues tracking, defect testing, load/stress testing, configuration management, etc.) (list and provide cost separately for each item) (a) (b)	\$	

	(c)		
	7. Other System Utilities (such as backup and disaster recovery, etc.) (list and provide cost separately for each item) (a) (b) (c)	\$	
	8. Any Other Software (list and provide cost separately for each item) (a) Ad-Hoc Reporting (b) (c)	\$4,000	50 licenses for GXquery
	Total Cost of Software Tools	\$10,000	

Table 7: Breakdown of Training and Documentation Cost during Implementation (inclusive of all travel and expenses)

No.	Training Cost and Documentation	Cost (\$)	Comments
F.	1. User Training	\$13,100	
	2. Technical Training	\$8,600	
	3. System Administration Training	\$4,200	
	4. Training Documentation	\$21,300	
	5. Other (list and provide cost separately for each item)	\$	
	Total Cost of Training and Documentation	\$47,200	This price does not include duplication and binding of training materials.

Table 8: Additional Training on an As-Needed Basis (inclusive of all travel and expenses)

Year	On-Site Training, Per Day (or describe minimum charge)	Cost (\$)	Comments
1	Daily charge for training delivery in Michigan	\$1,200	This fee provides the trainer for on-site training delivery. All preparation, material development, etc. is provided at Change Control rates.
2	Daily charge for training delivery in Michigan	\$1,200	
3	Daily charge for training delivery in Michigan	\$1,200	
4	Daily charge for training delivery in Michigan	\$1,350	
5	Daily charge for training delivery in Michigan	\$1,350	
	Total Cost of Additional As-Needed Training	\$	

Table 9: Project Implementation Cost

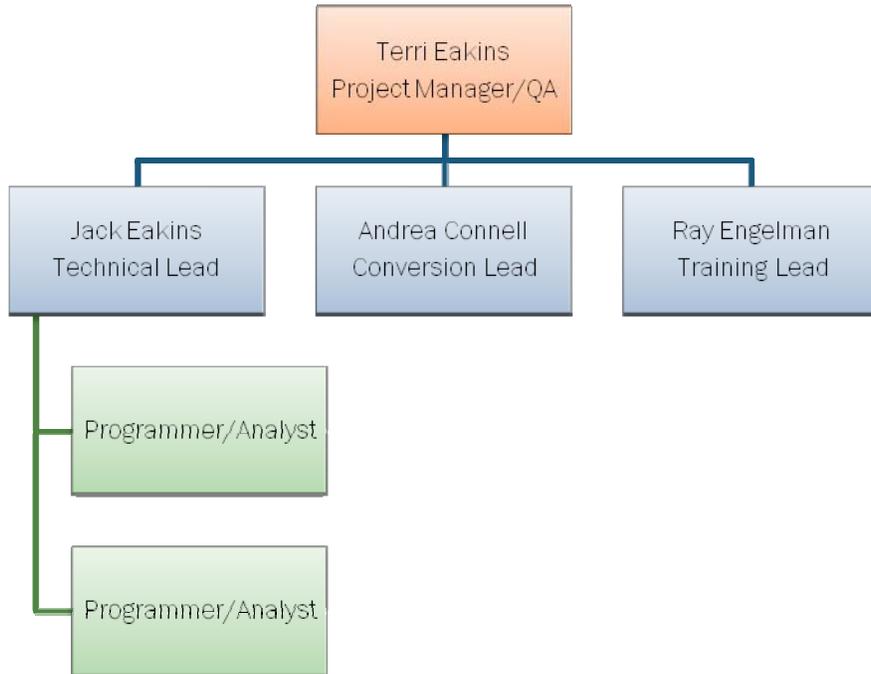
No.	Resources Required	Total # of Resources	Total # of Hours	Unit Cost (\$)	Total Cost (\$)
J.	1. Project Management	1	160	\$150	\$24,000
	2. Integration (Integration of your COTS/Application software product with customized code and external interfaces)				\$
	3. Testing (a) Unit (b) System (c) Integration (d) Performance (load and stress) (e) Parallel Testing (VERIS-VVRS) (f) UAT (g) Other (List)	2	355	\$85	\$30,175
	4. Deployment/Cutover	2	285	\$85.00	\$24,225
	5. (List Any Other)			\$	\$
	6.			\$	\$
	Total Cost Project Implementation			\$	\$78,400

Table 10: Fixed Labor Rates for Future Enhancements Outside of the Current Scope

No.	Customization or Application Development	Estimate of Total # of Hours	Fixed Hourly Rate (\$)
Years 1 – 3	Programmer/Analyst	300	\$85.00
	Technical Writer	300	\$80.00
	List any other – Project Management	30	\$150.00
Option Years 1 & 2	Programmer/Analyst	200	\$90.00
	Technical Writer	200	\$85.00
	List any other – Project Management	20	\$150.00
	Total Cost for Future Enhancements		\$92,000

The State of Michigan reserves the option of providing any/all Hardware. Table 11: Breakdown of Servers Hardware Cost Reserved

Article 1, Attachment B
Organizational Chart, including Key Personnel



Article 1, Attachment C
Labor Rates

[Please see Article 1 Attachment A – Pricing for all Labor Rates.]

Article 1, Attachment D
Deliverables

Deliverable	Type	Delivery Date	The Deliverable is Included in this Payment Milestone
Project Plan	Written Deliverable	10/1/07	Initiation
Issue Resolution Procedures	Written Deliverable	10/14/07	Initiation
Communications Plan	Written Deliverable	10/14/07	Initiation
Project Kick-Off Meeting	Meeting	10/14/07	Initiation
Pre-Project Checklist	Written Deliverable	10/18/07	Initiation
Initial Configuration Document	Written Deliverable	11/3/07	Design
Module Configuration Document	Written Deliverable	11/12/07	Design
Requirements Definition Document	Written Deliverable	11/19/07	Design
Prototype System Configuration	Custom Software Deliverable	11/22/07	Design
Business Process Templates	Written Deliverable	11/31/07	Design
Business Process Test Scripts	Written Deliverable	11/30/07	Design
Interface Design Document	Written Deliverable	11/29/07	Development
Conversion Plan	Written Deliverable	11/18/07	Development
Custom Report Requirements Document	Written Deliverable	12/13/07	Development
Security Template	Written Deliverable	11/25/07	Development
Training Plan	Written Deliverable	11/19/07	Development
Training Materials	Written Deliverable	12/19/07	Development
System Test Scripts	Written Deliverable	12/13/07	Implementation of Software
Acceptance Test Scripts	Written Deliverable	12/20/07	Implementation of Software
Deliver System	Custom Software Deliverable	1/5/08	Implementation of Software
Production Setup Plan	Written Deliverable	2/18/08	Implementation of Software
Migration Task List	Written Deliverable	1/20/07	Implementation of Software

Article 1, Attachment E
Project Plan

See separate document attached



Article 1, Attachment F
Service Level Agreement

TechPG agrees to the development and implementation of Service Level Agreements (SLAs) for this engagement.

[See Article 1.104 E and Article 2.076]



Article 2 – General Terms and Conditions

TechPG agrees to the General Terms and Conditions of the proposed Contract as presented in Article 2 of the ITB. TechPG agrees to provide certificate(s) of insurance verifying insurance coverage of the types and levels specified in the proposed Contract to the Director of Purchasing Operations prior to the Contract being signed or before any purchase order is issued by the State of Michigan.

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 list of the Deliverables to be provided, if any, including any particular specifications and acceptance criteria for such Deliverables, and the dates on which the Deliverables are scheduled to be completed and delivered to the State;
 - all Deliverable price schedules and other charges associated with the Statement of Work, the overall fixed price for such Statement of Work and any other appropriate pricing and payment terms;
 - 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, Office of Purchasing Operations and Department of Information Technology (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 the Office of Purchasing Operations for this Contract is:

Douglas Collier
 Purchasing Operations
 Department of Management and Budget
 Mason Bldg, 2nd Floor
 PO Box 30026
 Lansing, MI 48909
 Email: 517-335-4804
 Phone: collierd1@michigan.gov

2.015 Contract Compliance Inspector

Upon receipt at Purchasing Operations 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
 Department of Information Technology
 525 w. Allegan
 Constitution Hall, 1st floor North Tower
 Lansing, MI 48909
 Email lawrencem1@michigan.gov
 Phone 517 241-1640

2.016 Project Manager

The following individuals will oversee the project:

Name: Bruce Colf
 Department of Information Technology
 Email ColfB@michigan.gov
 Phone: 517 636-5043

Mary Martin
 Department of Treasury
 School Bond Qualification and Loans
 email: martinm11@michigan.gov
 Phone: 517-335-0994.

2.020 Contract Objectives/Scope/Background

2.021 Background

The Michigan Department of Treasury, Bureau of Bond Finance is charged with a mandate to provide access to the financial market at the lowest cost to Michigan citizens on behalf of Public Schools, Public School Academies, Private Colleges and their students, Higher education students, Hospitals, Municipalities, and other voter-approved projects.

A business process and technology assessment was initiated in November 2006 to identify processes, and technology needs, and study the feasibility of replacing not only the School Bond Loan system but developing an integrated Loans and Bonds management system that will also support other loans and bonds managed by the Bureau and the various Authorities. The feasibility study was completed in November 2006. The findings revealed that there was significant duplication of processes and data across the Bureau. The analysis also revealed that due to the similarity of the processes, all the loans, bonds and State Debt across the Bureau could be integrated into a core Loans & Bonds Management System. The study recommended an integrated loans and bonds management system, incorporating all the current systems in a phased approach starting with the School Loan Revolving Fund.

2.022 Purpose

The purpose of the contract is to implement a Loans and Bonds Management System. This will be a mixture of goods and services. Maintenance will also be required. This contract is specific to one agency, Treasury.

2.023 Objectives and Scope

Objectives are:

- Enable the processing of the new School Loan Revolving Fund as mandated by the legislature.
- Standardize the process of loans and bonds management, and tracking of the current loans and bonds.
- Allow connecting and tracking loans issued, and corresponding bonds issued, to source the loans.
- A centralized contact management system for all of the Bureau.
- Allow management to easily track loans and bond status via a dashboard.
- Eliminate manual methods used to remind of date driven events such as loan and bond payments.
- Allow configurable report views into the data

For Scope, see section 1.101 In Scope, and section 1.102 Out of Scope.

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 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 (1) 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) In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor 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, together with a copy of the applicable subcontract.

(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 DIT, Enterprise Application Services Office, e-Michigan Web Development team.

Contractors that are compelled to use alternate tools must have received an exception from DIT, 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) DIT will continue to oversee the use of this Contract by End Users. DIT may, in writing, delegate to agencies the authority to submit requests for certain services directly to the Contractor. DIT may also designate, in writing, some services as non-delegated and require DIT review and approval before agency acquisition. DIT will use Contractor provided management reports and periodic random agency audits to monitor and administer contract usage for delegated services.

2.062 Software

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

2.063 Hardware

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

2.064 Equipment to be New and Prohibited Products

(a) Equipment to be New

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

(b) Prohibited Products

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Purchasing Operations has approved a change order pursuant to **Section 2.106**.

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 Liquidated Damages (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 Time is of the Essence

The Contractor agrees that time is of the essence in the performance of the Contractor’s obligations under this Contract.

2.076 Service Level Agreements (SLAs)

- (a) SLAs will be completed with the following operational considerations:
 - (i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has occurred as defined in **Section 2.202**,
 - (ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification and/or coordination.
 - (iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. In order to invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.
 - (iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following (“Stop-Clock Conditions”):
 - 1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
 - 2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.
- (b) Chronic Failure for any Service(s) will be defined as three (3) unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling thirty (30) day period. Chronic Failure will result in the State’s option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three (3) additional months. The termination of the Service will not affect any tiered pricing levels.
- (c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two (2) weeks of outage(s) and provide a recommendation for resolution.
- (d) All decimals shall be rounded to two decimal places with 5 and greater rounding up and 4 and less rounding down unless otherwise specified.

2.080 Delivery and Acceptance of Deliverables

2.081 Delivery of Deliverables

Article 1, Attachment D contains a list of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document (“Written Deliverable”) or a Custom Software Deliverable. All Deliverables shall be completed and delivered for State review and written approval and, where applicable, installed in accordance with the State-approved delivery schedule and any other applicable terms and conditions of this Contract.

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



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

2.082 Contractor System Testing

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

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

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

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

Within five (5) Business Days following the completion of System Testing pursuant to **Section 2.080**, Contractor shall provide to the State a testing matrix establishing that testing for each condition identified in the System Testing plans has been conducted and successfully concluded. To the extent that testing occurs on State premises, the State shall be entitled to observe or otherwise participate in testing under this Section as the State may elect.

2.083 Approval of Deliverables, In General

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

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

Before commencement of its review or testing of a Deliverable, the State may inspect the Deliverable to confirm that all components of the Deliverable (e.g., software, associated documentation, and other materials) have been delivered. If the State determines that the Deliverable is incomplete, the State may refuse delivery of the Deliverable without performing any further inspection or testing of the Deliverable. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable and the applicable certification by Contractor in accordance with **Section 2.080**.



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

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

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

Approval in writing of a Deliverable by the State shall be provisional; that is, such approval shall not preclude the State from later identifying deficiencies in, and declining to accept, a subsequent Deliverable based on or which incorporates or inter-operates with an approved Deliverable, to the extent that the results of subsequent review or testing indicate the existence of deficiencies in the subsequent Deliverable, or if the Application of which the subsequent Deliverable is a component otherwise fails to be accepted pursuant to **Section 2.080**.

2.084 Process for Approval of Written Deliverables

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

2.085 Process for Approval of Custom Software Deliverables

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

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

For the Custom Software Deliverables listed in **Article 1, Attachment D**, the State Review Period for conducting UAT will be as indicated in **Article 1, Attachment D**. For any other Custom Software Deliverables not listed in **Article 1, Attachment D**, the State Review Period shall be the number of days agreed in writing by the parties (failing which it shall be forty-five (45) days by default). The State Review Period for each Custom Software Deliverable will begin when Contractor has delivered the Custom Software Deliverable to the State accompanied by the certification required by **Section 2.080** and the State's inspection of the Deliverable has confirmed that all components of it have been delivered.

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

Within three (3) business days after the end of the State Review Period, the State will give Contractor a written notice indicating the State's approval or rejection of the Custom Software Deliverable according to the criteria and process set out in this **Section 2.080**.

2.086 Final Acceptance

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

2.090 Financial

2.091 Pricing See Cost Tables Appendix D

(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 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 C** 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 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

The State shall have the right to hold back, as a retainage, an amount equal to ten percent (10%) of all amounts invoiced by Contractor for Services/Deliverables. The amounts held back shall be released to Contractor after the State has granted Final Acceptance.

2.095 Electronic Payment Availability

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

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.
See section 1.302 Reports

(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").

(v) 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

2.161a Ownership Reserved

2.161b Cross-License Reserved



2.161c License

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

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

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

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

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

2.162 Source Code Escrow

(a) Definition. "Source Code Escrow Package" shall mean:

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

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

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

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

(e) Escrow Fees. All fees and expenses charged by the Escrow Agent will be paid by the Contractor.

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

- (i) The Contractor becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its



business or assets, becomes subject to any proceeding under bankruptcy or insolvency law, whether domestic or foreign;

- (ii) The Contractor has wound up or liquidated its business voluntarily or otherwise and the State has reason to believe that such events will cause the Contractor to fail to meet its warranties and maintenance obligations in the foreseeable future;
- (iii) The Contractor voluntarily or otherwise discontinues support of the provided products or fails to support the products in accordance with its maintenance obligations and warranties.

(g) Release Event Procedures. If the State desires to obtain the Source Code Escrow Package from the Escrow Agent upon the occurrence of an Event in **Section 2.162(f)**, then:

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

(h) License. Upon release from the Escrow Agent pursuant to an event described in **Section 2.162(f)**, the Contractor automatically grants the State a non-exclusive, irrevocable license to use, reproduce, modify, maintain, support, update, have made, and create Derivative Works. Further, the State shall have the right to use the Source Code Escrow Package in order to maintain and support the Licensed Software so that it can be used by the State as set forth in this Contract.

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

2.163 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 Standard Software

If applicable and necessary, all Standard Software used in performing the Services shall be provided to the State under a separate license agreement between the State and the owner (or authorized licensor) of such software. Standard Software to be licensed to the State is listed in **Exhibit C**.

2.166 Pre-existing Materials for Custom Software Deliverables

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

2.167 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, it 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 Software Warranties)

(a) Performance Warranty

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

(b) No Surreptitious Code Warranty

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

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

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

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

(c) Calendar Warranty

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

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

(d) Third-party Software Warranty

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

2.173 Equipment Warranty] (Reserved)

2.174 Physical Media Warranty

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

2.175a 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

(a) Warranty of Merchantability

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

(b) Warranty of fitness for a particular purpose

When Contractor has reason to know or knows any particular purpose for which the Deliverables are required, and when the State is relying on the Contractor’s skill or judgment to select or furnish suitable Deliverables, the Contractor warrants that the Deliverables are fit for such purpose.

(c) Warranty of title

Contractor shall convey good title in those Deliverables, whose transfer is right and lawful. All Deliverables provided by Contractor shall be delivered free from any security interest, lien, or encumbrance. Deliverables shall be delivered free of any rightful claim of any third person of ownership, interest, lien or encumbrance.

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 INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

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

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

3. Workers' compensation coverage must be provided 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, whichever 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.

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

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

2.210 Termination/Cancellation by the State

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 **ninety (90)** days. 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.

(d) 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.

(e) 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 Environmental Provision

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

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

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

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the affected Work shall be resumed as directed in writing by the State. Any determination by the Michigan Department of Community Health and/or the Michigan Department of Environmental Quality (whichever is applicable) that the Hazardous Material has either been removed or rendered harmless shall be binding upon the State and Contractor for the purposes of resuming the Work. If any such incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time as mutually agreed by the parties.

(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material in accordance with Applicable Laws to the condition approved by applicable regulatory agency(ies). If the Contractor fails to take appropriate action



pursuant to Applicable Laws and consistent with the State requirements, then the State may take appropriate action.

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: Douglas Collier
State of Michigan
Office of Purchasing Operations
Attention:
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

with a copy to:

Mark Lawrence
Department of Information Technology
Constitution Hall, 1st Floor
525 W Allegan
Lansing, MI 48913
Email: Lawrencem1@michigan.gov
Phone: 517 241-1640

Contractor(s):

Name Technology Partnership Group
Address 9860 Westpoint Drive
Suite 700
Indianapolis, Indiana 46256

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

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

2.307 Call Center Disclosure

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

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 MiDEAL

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

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

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

2.322 State Employee Purchases Reserved

2.330 Federal Grant Requirements

2.331 Federal Grant Requirements Reserved



Exhibit A
Approved Subcontractors

TechPG does not intend to use any Subcontractors for the performance of the work identified in this proposal.



Exhibit B
Approved Hardware

The system is a .Net web-based system that operates on standard Windows 2003 servers supporting IIS and .Net 2.0 applications running against an Oracle DBMS. No special hardware is required. If the State has web and database servers available, then no additional hardware will need to be purchased. If no existing servers with the necessary capacity exist, then TechPG recommends a separate Application and DBMS server by purchased.



Exhibit C
Approved Software

The system is a .Net web-based system that operates on standard Windows 2003 servers supporting IIS and .Net 2.0 applications running against an Oracle DBMS. If the State has available web and database servers, then no additional software will need to be purchased. If no existing servers with the necessary capacity exist, then the State would need to purchase the appropriate number of Window 2003 servers with CALS and an Oracle DBMS.

One license of the GeneXus development tool will need to be purchased.

To support the ad-hoc reporting, 50 licenses of GXquery will need to be purchased from GeneXus.



Exhibit D
Binding Commitments

Terri L. Eakins, President and CEO of Technology Partnership Group, Inc., is authorized to make any and all binding commitments on behalf of the company. Her contact information is:

Terri L. Eakins
President and CEO
Technology Partnership Group, Inc.
9860 Westpoint Drive, Suite 700
Indianapolis, Indiana 46256
(317) 610-6100 – work
(317) 610-6111 – fax
teakins@techpg.com

Appendix A
Functional Requirements

The key to the Response column is as follows:

- FS = Fully Supported
- PS = Partially Supported
- NS = Not Supported
- FE = Free Enhancement
- PE = Paid Enhancement
- FC = Free Customization
- PC = Paid Customization
- E = See Vendor explanation column

Appendix A – Functional Requirements		Response	Vendor Explanation
	TABLE of CONTENTS		
	VENDOR INFORMATION		
	SYSTEM CONFIGURATION		
	USER INTERFACE		
	BUSINESS REQUIREMENTS		
	SECURITY		
	SOFTWARE LICENSING		
1	VENDOR INFORMATION		
2			
3	Vendor Contact Data:		
4	Firm Name:	E	Technology Partnership Group, Inc.
5	Street Address:	E	9860 Westpoint Drive, Suite 700
6	City:	E	Indianapolis
7	State:	E	Indiana
8	ZIP:	E	46256
9	Sales Contact:	E	Terri L. Eakins
10	Phone:	E	(317) 601-6100
11	Email:	E	teakins@techpg.com
12	Sales Support Contact:	E	Andrea Connell
13	Phone:	E	(317) 610-6100
14	Email:	E	aconnell@techpg.com
15	Enter a short descriptive NAME for this proposal (max. 20 char).	E	Loans and Bonds Management System
16			



17	Vendor (Respondent) Background:		
18	Has your firm been in business for less than three years?	N	15 Years
19	Has your firm been certified at a specific Capabilities Maturity Model level? If so, what level?	N	Although we are not certified, TechPG is operating at a minimum of Level 3 of the Capability Maturity Model.
20	Can you supply three to five references to demonstrate quality of past performance through service to other organizations? References will be contacted. Enter information in Vendor Explanations	Y	TechPG encourages the Bureau to check our references which are provided in Article 1B, Section 2.2.
21			
22	Proposed Product		
23	Does your company currently have a product that you can configure for the needs of the Bureau?	Y	We have developed a custom system for other state agencies that meets most of the desired functionality.
24	Are you intending to develop the product customized to the Bureau's needs?	Y	We will take the "base" system and configure and customize it to meet the Bureau's needs and requirements.
25	If your company is going to develop this product for the Bureau, do you intend to give up the rights to the source code and all the supporting documentation, and files?	Y	All work will be the property of the Bureau with TechPG retaining an irrevocable, royalty free license to use and create derivative work based upon the system.
26	If your company is going to develop this product, describe the methodology, the platform, and the company's expertise to develop this product (Attach your proposal if necessary)		Please see Article 1, Section 1.1 for a complete description of our methodology and processes and the base functionality that will be used to create the Bureau's Loan and Bond Management System
27	If your company is going to develop this product, what is the approximate time frame that you estimate the project to be completed in?		Based upon a September 1 start date, we will be completed by 12/31/2007.
28	If awarded the project, how soon can your firm provide the personnel to begin the project? Please attach a preliminary project plan.		We can begin as soon as August 15, 2007.



29	Does your firm have business expertise in Bond Finance and Loan Issuance? Describe if necessary in the Vendor Explanations column.	Y	<p>TechPG is currently implementing similar functionality as that desired by the Bureau in the State of Indiana for the Indiana Economic Development Corporation (IEDC) and Indiana Finance Authority (IFA).</p> <p>TechPG is designing and developing three new systems to replace existing applications which no longer meet the agencies' needs for functionality or performance: the first replaces an Access-based system used by IEDC to track all loans issued under the Capital Access Program (CAP); the second replaces an Excel-based spreadsheet system used by the IFA to track bond-based revolving fund loans and grants for the State Environmental program for wastewater, drinking water, and Brownfield sites; the third replaces an Access-based system used by IFA to track loans and grants for the Bonds Program and Volume Capital Access Program.</p> <p>TechPG's responsibilities included interviewing managers and users, evaluating the functionality and technical environment of the current applications, and reviewing existing documentation to identify and document all program and system requirements. Following requirements verification with the client, design sessions were conducted that included interactive system prototyping and creation of a formal design document. This was followed by application coding, testing, data conversion, training, and implementation support.</p>
30	Attach resumes of the Key Personnel you plan to use on this project. State the availability of each of the key personnel.	E	Please see Article 1B, Section 2.2 for resumes of TechPG staff assigned to this project.
31	If selected, will you be able to provide the Key personnel for an interview?	-	Yes.
32	If you currently have a product, how many sites are successfully using the software?	-	
33	Less than 50:	Y	
34	51 to 250	N	
35	More than 250	N	
36	How many major versions (revisions) of the system have been released?	-	Versions of the system functionality are being implemented at three state customer sites.
37	Initial Release - ZERO major revisions:	Y	
38	Ten or less major revisions	-	
39	More than ten major revisions:	-	
40	If you already have a configurable product, what is the current release level of the software?	E	As a custom application, version and release tracking is not applicable.
41	What is the release date of the CURRENT (last) of the proposed software?	E	As a custom application, version and release tracking is not applicable.



42	When is the next release of the proposed software planned?	E	As a custom application, version and release tracking is not applicable.
43	Will the next release of the proposed software require any data to be converted to a format different than the format required by the current version of the proposed software?	E	As a custom application, version and release tracking is not applicable.
44	Vendor System Methodologies:		
45	Does your company have prior experience with State of Michigan's PMM (Project Management Methodology)?	Y	TechPG has worked on the State of Michigan's Child Support Enforcement System (MiCSES) during three different phases. We provided staffing resources to the Quality Assurance team led by EMS in 1998, then provided senior testing and implementation staff during the 2000-2001 CSES upgrade initiative under Northrop Grumman, then provided testing, training and county support/implementation resources from 2002 to the systems successful deployment and certification in 2004. All efforts utilized the State of Michigan's Project Management Methodology.
46	Does your company have prior experience with Project Management and PMBOK?	Y	TechPG follows the Project Management Institute's generally accepted and internationally recognized Project Management Body of Knowledge (PMBOK) Guide, Third Edition, for project management methodology, information and practices on all engagements. We are comfortable with all aspects of these project management fundamentals.
47	Does your company maintain written product development and version update procedures?	Y	
48	If YES to the previous question, please submit a copy of these procedures with your proposal.	-	All development, testing and software migration is governed by TechPG system development policies and procedures that have been developed specifically for the GeneXus development environment. Prior to system development activities commencing on this project, TechPG will provide the Bureau with a customized version of these policies and procedures.
49	Describe the software implementation experience and capabilities of your firm.	E	Please see Article 1B, Section 2.1 for a summary of TechPG's qualifications, experience and capabilities.
50	Support & Training		
51	Is a local source of software support available for the vendor's product?	N	As a custom application, there is no product being supplied.
52	Are the local support technicians employee's of the vendor or are they employees of a third party support group?	-	See previous entry
53	Will a Help Desk offering live telephone support be available during normal business hours for this system when live usage starts?	Y	The methods of system support available to users during system implementation will defined as part of the implementation plan.
54	When on-site support is needed, what is the guaranteed response time?	-	
55	Same day as initial call:	-	
56	Next business day:	Y	While on-site support can only be guaranteed for the next business day, most support items can be handled immediately through remote access to the system and technical environment.
57	As soon as possible (not defined):	-	



58	Is a staff member dedicated to software support available during normal business hours?	Y	At most times, a support staff member will be available during normal business hours.
59	Is on-site training available during the installation of the software?	Y	On-site training will occur during the installation of the software.
60	Can the training be customized to meet the needs of this specific client?	Y	
61	Are training manuals, ie, software procedure manuals, provided during the training?	Y	
62	Is on-line HELP available at the screen level?	Y	
63			
64	(Return to TOP)		
65	SYSTEM CONFIGURATION		
66	Operating System Support:		
67	Is the proposed system fully supported for the Michigan Department of Information Technology's Standard Servers?	Y	The system is fully supported.
68	http://www.michigan.gov/dit/0,1607,7-139-34305-108234--,00.html		
69	Is the proposed product fully supported on Michigan Department of Information Technology's Standard Desktop and Laptop hardware and software?	Y	The system is fully supported.
70	http://www.michigan.gov/dit/0,1607,7-139-34305-108231--,00.html		
71	Networks Supported:		
72	Is the proposed product fully supported on Michigan Department of Information Technology's Standard Network Infrastructure?	Y	The system is fully supported.
73	http://www.michigan.gov/dit/0,1607,7-139-34305-108236--,00.html		
74	Is a dedicated server required?	N	The system can be on a shared server as long as it is able to handle all applications being hosted.
75	If a dedicated server is required please describe the server required and it's benefits:	E	N/A
76	Are any modifications to existing hardware required by the proposed system?	N	No
77	If hardware changes are required please describe them here.	E	
78	Standards Supported:		



79	Please list the database servers the proposed software natively supports:	E	The system supports the following DBMS: IBM DB2, Informix, Microsoft SQL Server, MySQL, Oracle, PostgreSQL
80	Is a CLIENT database management system supplied with the proposed software?	N	The system will be implemented on a state provided Oracle DBMS.
81	If YES to the previous question, please name the DB supplied:	E	
82	Scalability Issues:		
83	How scalable is the proposed software regarding the number of users? Please respond with a Min # - Max # range, for example, 3 - 100 users.	E	As a web based system, the number of concurrent users is only restricted by the size and speed of the application (IIS) and DBMS server(s).
84	How many users per application server are supported by the proposed software?	E	As a web based system, the number of concurrent users is only restricted by the size and speed of the application (IIS) and DBMS server(s).
85	What are the workstation requirements to run the proposed software?	E	The system can be accessed by most major web browsers, but is best viewed with Internet Explorer. For ad-hoc reporting Microsoft Excel is required.
86	Is the Source Code available for use by the customer?	Y	All source code will be given to and owned by the Bureau.
87	Please list the programming languages used to develop the proposed software.	E	The system will be implemented with C# .Net code.
88	Please list the programming toolkits used (if any) during the development of the proposed software.	E	The system is developed using the GeneXus development environment. One developer license, to be assigned to the Bureau, is included in the proposal.
89	(Return to Top)		
90			
91	USER INTERFACE		
92	Is the proposed system designed as "open-source"?	Y	
93	Is there a document management component that allows setting up links to various documents from within the software?	Y	Documents can be attached to all data groups (Bonds, Loans, ...) within the system.
94	Is it possible for a user to attach an email to an existing document by setting up a link to the email from the document maintenance screen?	N	The system does not currently support this type of functionality.
95	Can terminology appearing in on-screen Field Labels be customized? For example, can "staff" be changed to "technician" in all appropriate on-screen Field Labels?	Y	The system has functionality that allows authorized workers to maintain the values for all field labels and messages.
96	Can terminology appearing in on-screen Drop-Down Boxes be customized? For example, can "staff" be changed to "technician" in all appropriate Drop-Down Boxes?	Y	This functionality is entirely user-maintained.
97	(Return to Top)		
98	BUSINESS REQUIREMENTS		
99	Critical		



100	The system must allow configuring funding sources to be defined for each financing program. Funding source may be a bond issue, a loan, grant or other source.	FS	
101	The system must allow defining multiple "receipts of funds" for a financing program, a bond issue, or a loan.	FS	
102	The system must allow configurable options for creating bond issues in the system. The configurable options will include standard bond parameters such as coupon rates, call dates, debt service schedules, payment dates, zero and variable rate bonds etc.?	FS	
103	The system must allow configurable loan parameters including variable interest rates, payment schedules, etc.	FS	
104	The system must allow automated interest rate calculations based on formula (for School Bond Loan Program). The formula requires a weighted average calculation of specified bond issues.	FC	The formula will have to be configured into the system interest calculation.
105	The system must incorporate a standard Accounts Receivables capability to allow sending statements, flag late payments, record repayments to loans, or any other user generated items such as fees etc.	FS	
106	The system must incorporate standard accounts payable functionality for payment of bond issues, fees, and other items when they are due.	FS	
107	The system must include capability to recalculate interest rates on loans based on given time periods or "from this day forward".	FS	
108	The system must allow storing history of changes to the loan interest rates and allow users to view loan parameters and status for "as of" dates.	FS	
109	The system must allow estimating future borrowing (used mainly for school district borrowing) and repayments based on user defined parameters (such as the outstanding debt, taxable value growth and required millage rate.). The system can export and store this information.	FC	The system provides this base functionality but will have to be configured to accept the identified parameters.
110	The system must allow for estimating cash flow based on repayments, and allow exporting this information.	FS	
111	The system must allow configurable structuring of bond issue terms (capitalized , serial, term, multimodal and other bonds)	FS	The bond terms are maintained in a user-definable structure.



112	The system must allow configuring payment allocation to bonds based on standard algorithms, and perform "Sufficiency calculations" given a specific financing program, or funding sources and required payments.	FC	While the system supports payment processing, a review of the current processes will be accomplished to determine what, if any, changes are required.
113	The system must allow a separate tracking of the "cost of issuance" for bonds.	FS	
114	The system must allow for "refunding" of bond issues, and tracking them historically.	FS	
115	The system must allow a snapshot view of debt service schedule for any loan and bond issue for a given "As Of" Date.	FS	
116	The system must provide the capability of an online tickler for reminding for call dates, payment dates, past due accounts receivables, and other user defined criteria.	FC	The system supports this type of notifications and will be enhanced to meet the users needs.
117	The system must allow storing multiple contacts for the same organization unit, and multiple addresses for the same organizational unit.	FS	
118	The system must maintain standard contact information such as name, address, phone number, email, etc. and allow user defined fields (example, region).	FS	
119	The system must allow importing data from standard formats such as MS Excel, Access, and CSV by allowing mapping of the individual fields to user defined database fields.	FS	The system supports the importing of data through standard XML files which can be generated from the identified file formats. User mapping is supported.
120	The system must allow exporting reports to standard MS Excel, Access CSV and PDF formats.	PS	The system currently can generate reports as Excel spreadsheets, HTML, XML and PDF files. Access is not supported directly.
121	The system must provide capability to select data fields to export to MS Excel and CSV formats.	FS	The system currently can export data as Excel spreadsheets, CSV, XML and ODF files. Access is not supported directly.
122	The system must be capable of being deployed through the ADO.Net framework.	Y	The system is built using ADO.Net.
123	The software must fully support the integration and use of applications built within the .Net environment.	Y	Other .Net applications can be easily integrated within the system.
124	The system must allow, in addition to ad-hoc reporting, the ability to produce the following reports:	Y	The system generates a series of existing reports. During the design phase, the existing reports will be reviewed and analyzed and either customized or new standard reports created.
125	1. Reports for itemizing all activity of selected loans or bonds	Y	
126	2. Debt issued to finance a loan or bond, a group of loans, or a group of bonds.	Y	
127	3. Report on Cost of Issuance fees	Y	

128	4. Summary reports allowing the user to select from various criteria such as Borrower, Date range, Type of Loan or Bond, Source of Loan, Pledged status, Contact name and email, total outstanding, principal balance, interest balance, etc.	Y	
129	5. History of Loans by Fiscal Year	Y	
130	6. Fund balance vs. outstanding debt	Y	
131	7. School District Millage Levied per district	Y	
132	Useful		
133	The system provides a way to integrate web enabled forms that collect loan and bond issue application data.	PC	The system has provided this type of functionality for other installations and could easily be enhanced to provide the desired functionality.
134	The system allows integration for access of selected data by customers via a web self-service portal.	PC	The system has provided this type of functionality for other installations and could easily be enhanced to provide the desired functionality.
135	The system allows a path to publish reports to the web self-service portal.	PC	The system has provided this type of functionality for other installations and could easily be enhanced to provide the desired functionality.
136	The system allows tracking of reserve funds for bonds.	FS	
137	The system allows for a "Checkbook style" reconciliation for Cost of Issuance and other fees and invoices charged.	FS	
138	The system allows for mass update of contacts based on selection such as zip code, phone area code or the area code and the first three digits of the phone.	FC	The system could be easily enhanced to support this type of functionality.
139	The system allows configuring roles for a contact, and allow mail merges based on contact role, address, a group of zip codes, or a region.	PC	The system supports the creation of mail-merged documents and could easily be modified for group email processing.
140	The system integrates with email client to allow sending group emails based on contact selection criteria.	PC	The system supports the creation of email to individuals and could easily be modified for group email processing.
141	The system is capable of interfacing with Adobe Forms, or other sources such as HTML, XML, etc. to allow capture of data.	Y	The system has the ability to capture data using the industry standard XML formatted files.
142	Please list the document file types that may be imported directly into the proposed system.	-	The systems supports all file types that can be viewed in a web browser or through a web browser add-in.
143	The reports can export information.	Y	The system currently can generate reports as Excel spreadsheets, HTML, XML and PDF files. Access is not supported directly.
144	The system allows user-definable report formats.	Y	Through the ad-hoc reporting functions, user-defined reports can be defined and saved for future execution.
145	Does the proposed software rely on the network for archiving functions or does the software include it's own?	N	The system has its own archiving functionality.
146	Nice To Have		



147	The system's user interface (UI) is completely web-based.	Y	The system is a .Net-based web application.
148	The system's user interface (UI) is a combination of server-based or Web-based applications depending on the function being used. Please describe.	Y	The system is totally web-based with the exception of the Excel-based ad-hoc reporting tool.
149	The system can provide functionality that can be easily embedded in a Web or intranet portal. Please describe.	-	The system can easily be embedded into a portal since it is simply a .Net web site.
150	The system will fully support Oracle database.	Y	
151	Version Restrictions:	-	
152	The system will fully support the SQL Server database.	Y	
153	Version Restrictions:	-	
154	Please list any other databases that are fully supported by the proposed system.	-	The system supports the following DBMS: IBM DB2, Informix, Microsoft SQL Server, MySQL, Oracle, PostgreSQL
155	The software will interface with and utilize Crystal Reports.	N	The system does not currently use Crystal Reports but has integrated with Crystal on other projects.
156	List those Web browsers, and any applicable version requirements, supported by the proposed system.	-	The system can be accessed by most major web browsers, but is best viewed with Internet Explorer.
157	The system will allow purging data by date range or specific ID.	Y	The system can select data to be purged or archived by individual records or by date range.
158		-	
159	(Return to Top)	-	
160	SECURITY	-	
161	A userid / password based security scheme is provided by the proposed system.	Y	
162	Passwords for each employee are possible.	Y	
163	Passwords for each department are possible?	Y	
164	Does the proposed system rely solely on the host network's security system? Please detail.	N	The system provides it's own role-based, user-defined security system for all access and activities.
165	The system automatically keeps a system access log.	Y	
166	A log of FAILED password and other access attempts is kept by the system.	Y	
167	Please indicate the levels at which access privileges are established by the proposed software:	-	Every action in the system is governed by a security privilege. These privileges can either be assigned directly to a user or grouped together into roles. One-to-many roles can then be assigned to each user.
168	Individual level:	Y	
169	Role (position):	Y	



170	Group level:	-	
171		-	
172	(Return to TOP)	-	
173	SOFTWARE LICENSING	-	
174		-	
175	The State of Michigan would like to have a Enterprise Licensing Agreement for the use of software, and would like to ensure that web users were not chargeable as a separate license fee. Can the vendor agree to a Enterprise License Agreement?	Y	
176	How many users will the proposed system support concurrently?	-	As a web-based system, the number of concurrent users is only restricted by the size and speed of the application (IIS) and DBMS server(s).
177	Is the proposed software licensed by:	E	
178	- Enterprise License?	Y	
179	- Concurrent user?	N	
180	- User seat?	N	
181	Will web users be counted as separate users?	N	
182	- Other criteria? Please detail.		
183	What is the next incremental increase in the number of users in the proposed software license agreement? Please enter in the "Vendor Explanations" column.	-	N/A
184		-	
185	(Return to TOP)	-	
186		-	
187	TRAINING	-	
188	Describe the user training that the vendor proposes after implementation.	-	Please see Article 1, Section 1.1.4.8 for a description of TechPG's user training program.
189	Is this individual "one on one" training?	Y	Initial training will be provided for small groups of users. One-on-one training will be provided after initial training as part of our implementation support services.
190	Is this training done on a group basis?	Y	Initial training will be provided for small groups of users. One-on-one training will be provided after initial training as part of our implementation support services.
191	Will any printed documentation specific to this installation be distributed during training?	Y	TechPG will create training materials specific to the system developed for the Bureau of Bond Finance as part of this engagement.
192	Please explain why the training being proposed is more effective than other methods.	-	TechPG's approach provides comprehensive training on the use, configuration and customization of the application for users, supervisors, managers, and developers. Our method employs adult learning principles that take into account the differences and needs of visual learners and auditory learners and provides hands-on opportunities with the application to develop proficiency.
193	(Return to TOP)	-	

Appendix B
Technical Requirements

The product/system application must provide the standard requirements listed as Mandatory (M). Requirements listed as (D) are desirable. Check the box adjacent to each requirement, indicating whether:
 Yes - the system meets the requirement
 No - the system does not meet the requirement
 Use the comments section to explain If necessary

Technical Requirements	Yes	No	Comments
1. System Architecture			
a. The system is fully self-contained and capable of being operated by State staff with no dependency on Vendor services for its routine operation. (M)			Once configured and implemented, the system will not require any Vendor servicing for routine operations.
b. The system server is compatible with the State's technical architecture and is sized suitable for the system specified. (M)			The server is a standard Windows server supporting web-based IIS and .Net applications running against an Oracle DBMS.
c. The system is an open system, with no dependency on the use of specific models or models of equipment operating systems. (D)			No specific model of equipment or operating system is required to operate the system. See prior item.
d. The system keeps a log of each transaction which alters the database. Logs are date and time stamped to allow the system to reconstruct activity for any period. (D)			Logging in the system is provided by both the DBMS and within the application. During the system configuration activities, those items that need to be logged will be identified and implemented.
2. Software Licensing			
a. The software license is for perpetual use for a fixed fee without additional royalties or service fees, except for ongoing software maintenance. (D)			The software is being offered to the state for a fixed fee without any ongoing royalties or annual service or maintenance fees other than those related to enhancements or modifications request by the State.
3. Programming Language			
a. The system offers Application Programming Interfaces (APIs) that enable the State to develop custom interfaces to all modules. (D)			Using the system and configuration tools provided by TechPG, the state is able to develop and extend all modules.
4. Hardware			
a. All equipment supplied and/or supported under this contract must be configured in the most optimal manner and in conformance with MDIT standards. (M)			Since no special hardware or software is required to run this .Net web-based system, the State is best served by either finding an existing server(s) or adding a new server(s) to the existing data center to support the system's operation. TechPG will identify all of the sizing requirements for the production environment, but since the State can procure hardware at a better cost than TechPG and is familiar with all standards, this is the best technical solution.
5. RDBMS / Applications / Database Management			



Technical Requirements	Yes	No	Comments
a. The system is available with State's standard relational database management system. (M)			The system supports all major relational RDBMS with Oracle being preferred.
b. Full-text indexing and a full-text database search feature are available to provide easy retrieval of records. (M)			Full-text searching is available through the systems ad-hoc reporting tool or through the RDBMS depending on how the State wishes to implement this functionality.
6. Security			
a. All computer information systems and applications operate in a secure manner and comply with State and federal security standards and regulations including the DIT 1350 Enterprise Security Policy and the 1410.7 Michigan State Government Network Security Policy as found on the website: http://www.michigan.gov/dit/0,1607,7-139-30639_30655---,00.html . (M)			Based upon our review of the standards, TechPG's solution meets this requirement.
b. The system must ensure that the integrity and confidentiality of data is protected by safeguards. (M)			As discussed in the Security section of this document, access to data within the system is only granted to users who have appropriate roles and security privileges assigned to their logon id.
7. Security / Access Control			
a. The system provides security at database, workstation, and individual operator levels. (M)			Within the system, database security is provided through the DBMS with the system using a database userid to perform all activities. As a web-based application, there is no workstation security required since no code resides on any workstation. Within the application, user-defined roles are used to identify modules and activities within those modules that the logged-in user can perform.
b. The system provides secure access control based upon unique user login for types of record (e.g., fund, order) as well as by function performed upon the record (e.g., Display, Add, Edit, Delete). (M)			Once users have been authenticated to use the system, their authority or security profile is monitored to determine which actions the user can perform within the system. This includes the functions identified in the requirement.
c. The system checks each user's access privileges at login and automatically disables or enables client functions (in real time) based upon the user's profile (M)			The system supports this functionality and if a user does not an appropriate privilege for a function, the function is not displayed on the system.
d. The system provides varying levels of access within the application, such as administrators, view only, or scheduling only. (M)			The system allows authorized security workers to create and maintain an unlimited number of security roles that contain security privileges and then assign one to many roles to each user.
8. Security/Password Controls			
a. The system provides an enforced minimum length for passwords. (D)			Within the security module of the system, authorized users can define the length and formats of passwords.
b. The system provides an enforced			Within the security module of the system,



Technical Requirements	Yes	No	Comments
requirement for user passwords to be automatically prompted for change after a defined period has passed, such as 30, 60 or 90 days. (D)			authorized users can define how often passwords must be changed and how often they can be repeated.
c. The system provides users with the capability to change their own passwords. (M)			Users can change their passwords as needed, and the system will begin reminding the user of when it is time to change the password beginning at a user configurable number of days prior to the password expiring.
d. The system disables user ID's after a specified number (3 to 5) of consecutive invalid login attempts. (D)			Within the security module of the system, authorized users can define the number of invalid attempts that are allowed before the login is suspended.
e. The system enters passwords in a non-display field. (M)			Passwords characters are shown as "*" instead of text being displayed.
f. The system encrypts passwords when they are routed over the network. (D)			This functionality is not currently implemented in the system, but could be easily supported.
g. The system encrypts passwords in system storage. (M)			All passwords are stored encrypted and as a security measure no functionality is provided in the system to view them in an un-encrypted manner.
9. Security/Activity Logging			
a. The system logs unauthorized access attempts by date, time, user ID, device and location. (D)			The system captures this information and provides the ability to review it online with different search options.
b. The system maintains an audit trail of all security maintenance performed by date, time, user ID, device and location, with easy access to information. (D)			The system has the ability to record this information and can be modified if desired by the Bureau
c. Provides security reports of users and access levels. (D)			The system supports this functionality.
d. Provides detailed reports of backups completed and backups failed. (D)			This is a function of the Oracle DBMS and is not within the abilities of the system.
10. Software Package Specifications			
a. The software uses an industry standard relational database management system. (M)			The system supports all major relational DBMS with Oracle being suggested for this system.
b. The software will operate effectively on State hardware as defined by Vendor with Vendor-supplied upgrade recommendations. (M)			The system operates on a standard Windows server supporting web-based IIS and .Net applications running against an Oracle DBMS. TechPG will work with the State IT staff to identify the required hardware.
c. The software operates in a recognized industry standard operating environment. (M)			See prior item.
d. The software allows the State, from PC workstations, to access and update all necessary information to complete a transaction. (M)			The system is web-based so the only requirement to access it for full functionality is the presence of a web browser.



Technical Requirements	Yes	No	Comments
e. The software allows for the accurate and timely input and extraction of State data. (M)			The system supports the extraction of data through online requests that can be entered and run on-demand.
f. The software allows for processing of all identified State business. (M)			Appendix A identifies the capabilities of the system related to the identified requirements.
g. The software provides identified data reporting capabilities. (M)			The system supports both the identified pre-defined reports and ad-hoc reporting.
h. The software provides a Graphical User Interface (GUI) that is user-friendly and provides data, calculation, reporting, and communication capabilities to State users. (M)			Users access all of the system functionality through a highly-intuitive web-based user interface.
i. The system is modular in design to accommodate phased implementation and future expansion. (M)			The system is highly modular to support user customizations and future expansion.
j. The modularity allows the capabilities of the core systems to function without the entire system complement. (M)			With the exception of the security functions which are required by all modules, each module can operate independently.
k. Additional modules may be integrated into the system without major impact to the installed components. (M)			The system is highly modular to support user customizations and future expansion.
l. All modules of the system are integrated and designed to work together using a single input and a common database with no redundant data entry or data storage. (M)			The database design is highly normalized to eliminate data redundancy.
m. The system supports paperless processing through the use of electronic documents that are routed for electronic signatures through user-defined approval paths. (D)			The system provides basic workflow processing and if desired a highly complex workflow engine is available.
n. The system has the ability to accept and output transactions in standard electronic data interchange (EDI) formats. (D)			The system supports exchanging data as XML, CSV and Excel data files.
o. The system has the ability to accept batch entry from external sources while ensuring the same edits and validations as the online system. (D)			All data input and updates go through common routines to ensure that all rules and edits are consistently applied.
p. Response times, at local and remote sites, for the major on-line processes stated above will meet requirements. (M)			TechPG staff will work with the State IT staff to ensure that the production hardware is adequate to meet the response time requirements.
q. The software provides the capability of transferring data to and from the host/server to the client for processing on other software packages. (D)			The system supports exchanging data as XML, CSV and Excel data files.
r. The system provides the capability to access scanned images that are attached to various elements of the database. (D)			The system has the ability to attach scanned images to various elements of the system. An example is that it currently allows for attaching scanned documents to loan and bank records.
s. The system provides the capability for			The system is highly modular to support user



Technical Requirements	Yes	No	Comments
expansion in order to take advantage of technology such as optical scanning and imaging in order to reduce data entry workload. (D)			customizations and future expansion.
11. Reporting			
a. The software delivers standard reports. (M)			The system has standard case and management reports. During the design phase of the project, all required standard reports will be identified and implemented.
b. The system includes ad-hoc query and reporting tools. (M)			The system implements an Excel based ad-hoc reporting tool that can either create new queries or store and re-run exiting queries.
c. The online query capability enables non-technical end-users to extract information. (M)			The system supports this requirement.
d. The standard (e.g., regularly scheduled, recurring) reporting environment allows: i. Standard reports to be scheduled, executed, viewed on-line, printed (centrally or remotely) and dispersed (including the use of report distribution management software). (D)			The system supports these requirements, but does not include a report distribution management system.
ii. Offices and work locations to control which standard reports they do and do not receive. (D)			This functionality can be implemented in the system if desired.
iii. The State to control the information that appears on standard reports so that data security is maintained. (D)			All data on the standard reports will be defined during the design phase and access to these reports will be through state-defined security privileges and rolls.
e. The system provides: i. Methods for retaining and modifying previously built queries. (M)			The system implements an Excel based ad-hoc reporting tool that can either create new queries or store and re-run exiting queries.
ii. Security and control mechanisms that limit the abuse of ad hoc queries (e.g., attempted access to restricted data, attempted execution of a query that would run for several hours, etc.) (D)			The fields available to the ad-hoc reporting are definable by the Bureau, who can limit the data that is available for queries. Additionally, the structuring and normalization of the data with the ad-hoc tool producing the query ensures that performance will not be an issue.
iii. The use of transaction databases, external files, or a "data warehouse" for ad-hoc reporting. (D)			The system can support this type of functionality if desired.
12. Audit Trail			
a. The system's internal control functionality ensures that the data entry and processing associated with a business event has been completed before updating the database. (M)			All inserting and updating of data is always performed under one logical unit of work to ensure that all data is processed together and no partial processing can occur.
13. Edit and Validation Control			



Technical Requirements	Yes	No	Comments
a. The system includes comprehensive field edits to prevent incomplete or incorrect data from entering the system. (M)			The system has extensive data integrity, consistency validation and edits to ensure that only complete and accurate data is inserted or updated into the system.
b. The system ensures data integrity and controls processing without hard-coded logic. (D)			The system was designed so that all supporting look-up values, run-time parameters and processing variables can be maintained through on-line user interfaces by authorized users.
14. Environment			
a. For any activities not performed on State sites or facilities, the Vendor will provide effective physical security measures for all proposed equipment sites, all processing and operations areas (including the mailroom), and secured storage areas through a card key or other comparable system. At a minimum, the Vendor will:			Other than certain development and testing activities, no ongoing or production activities will be performed at non-State sites.
i. Restrict perimeter access to equipment sites, State-specified processing and storage areas, and storage areas through a card key or other comparable system. (M)			N/A
ii. Provide accountability control to record access attempts, including attempts of unauthorized access. (M)			N/A

Appendix C General System Requirements

The product/system application must provide the standard requirements listed as Mandatory (M). Requirements listed as (D) are desirable. Check the box adjacent to each requirement, indicating whether:

- Yes - the system meets the requirement
- No - the system does not meet the requirement
- Use the comments section to explain If necessary

General System Requirements	Yes	No	Comments
1. Capacity			
a. The system should be able to support 1.5x the peak number of concurrent users in the current system in order to provide sufficient capacity for growth. Current requirement lists 50 total users; the standard concurrent users would be 15. (D)			The proposed system is a web-based application that is easily scalable. TechPG will work with the State IT staff to ensure that the production equipment can support this requirement.
2. System Auditing			
a. The system has the ability to maintain a historical record of all changes made to key items within the system, the ID of the person or process that made the change, the before images of the affected data records, and the date and time the change was made. (M)			The system supports a logging module that can be configured to record the before images of the identified records. During the design phase of the project, the items to be logged will be identified.
b. The system must ensure that all system events for software, hardware, interfaces, operating system, network, etc. are written to a system event log in a manner that facilitates debugging of all system problems. (D)			The system contains the ability to track the items that occur within the system but does not currently support capturing events related to the DBMS, operating system or network issues.
c. The system offers the ability to query, view, filter, and sort the system audit trail. The system is able to store the queries. (D)			The functionality supports the events currently captured by the system.
d. The system has the ability to identify and track data back to its input source (e.g., imaged document, keyed from form, interface file, etc.). (D)			The system contains values assigned to each data group identifying the source of the data.
e. The system has the ability to audit all override of edits and identify the login ID, date, and time. (M)			The system does not currently provide for overriding any edits, therefore this requirement is met. However, if this functionality is desired, it can be added to the system.
3. Error Handling			
a. The system must ensure that all errors are written to an error log. (D)			The system contains a common error log where all processing and database errors are recorded. This log can be viewed, searched, sorted and the entries archived by an authorized user.
b. The system must allow for an administrator to view, filter, sort, and search the error log. (D)			The system supports this requirement.
c. The system must allow for an administrator to archive error log entries based upon user-defined criteria. (D)			The system supports this requirement.
d. The system must allow for a user to define an			The system supports this requirement.



General System Requirements	Yes	No	Comments
alert message to be executed upon the occurrence of an error. (D)			
4. Training			
a. Training is provided as part of the cost of the system, to include: i. User training (M)			User training will be provided at the time of acceptance testing and system rollout.
ii. Technical training for State individuals who will be working with the services vendor to configure the applications including establishing databases and interfaces, data conversion, customization, and upgrading the customized software. (M)			TechPG will work with the State staff to provide appropriate training to support the system implementation.
iii. System administration training for State personnel who will be responsible for ongoing maintenance and administration of the system, including security. (M)			TechPG will work with the State staff to provide appropriate training to support the system operations.
b. Upgrades and new versions to the system that affect end-user functionality include training at no additional cost (e.g. classroom or online training, training flier, release features, etc.). (M)			Applicable user training will be included with all Bureau-requested system enhancements.
c. Training is provided in a variety of formats for product installation, use, and administration for a variety of levels (e.g. basic, advanced, refresher, etc.). (M)			Training will be provided in the formats and levels identified in the training plan, which will be developed in conjunction with the Bureau's staff.
d. All training manuals, training plans and other documentation provided become the property of the State. (M)			
5. Knowledge Transfer			
a. Mentoring and training of State staff is provided in preparation for transitioning the operation and support to the State of Michigan staff. (M)			TechPG will work with the State staff to provide appropriate training to support the system implementation.
6. Documentation			
a. A minimum of two (2) copies of the following documentation in an electronic format, online and in hard copy will be provided: iv. User and Technical Manuals - On-line and Hard Copy (M)			TechPG agrees to provide the requested number of copies in the formats identified.
v. Data Element Dictionary			
vi. Operations Manual (M)			
vii. All updates of documentation during the term of the Contract, software license, and maintenance agreement (M)			
b. The following documentation is provided for all modules and program development: i. System-wide documentation and specifications (M)			TechPG agrees to provide the requested number of copies in the formats identified.



General System Requirements	Yes	No	Comments
ii. RESERVED			
iii. Installation procedure (M)			
iv. Module configuration documents sufficient for configuration maintenance purposes (M)			
v. Testing scripts (D)			
vi. Specification documentation (M)			
vii. Production migration (M)			
c. The documentation of components, features, and use of the hardware/software shall be detailed such that resolution of most problems can be determined from the documentation, and most questions can be answered. (M)			
d. All system, operational, user, change, and issue documentation must be available in electronic format, published to an intranet website, accessible to State users, updated regularly, with unique numerical identifiers for each section and be consistent with the most current version of the application(s) and three (3) previous versions. (D)			TechPG has a product for tracking all requirements and system documentation that can be modified to support this requirement if desired by the Bureau.
e. All system, operations, user, change and issue documentation is to be organized in a format, which is approved by the State and facilitates updating and allows for revisions to the documentation to be clearly identified including the three (3) previous versions. (D)			See above.
f. The Vendor must develop and submit for State approval complete, accurate, and timely system, operations, and user documentation. (M)			
g. The Vendor must notify the State of any discrepancies or errors outlined in the system, operations, and user documentation. (M)			
7. Warranties			
a. All configurations are covered by the manufacturer's standard warranty. (M)			
b. Warranty commences on the date products are accepted by the State. (M)			
c. All applicable third party warranties for deliverables are assigned to the State. (M)			
d. Any upgrades of the software made during the warranty period are supplied at no additional cost. (M)			Upgrades and enhancements to the system made at the request of the Bureau will be handled under change control procedures.
8. Maintenance and Support			
a. Maintenance programs commence at the end of the warranty period. (D)			As a custom application there is no annual maintenance agreement envisioned.
b. All maintenance is performed by qualified personnel familiar with the equipment. (M)			



General System Requirements	Yes	No	Comments
c. Remote diagnostic capabilities are provided. (D)			As a custom application, this item is not applicable.
d. Maintenance is available on an annually renewable contract. (D)			As a custom application, this item is not applicable.
e. The software maintenance program includes all future software updates and system enhancements applicable to system modules licensed without further charge to all licensed users maintaining an annually renewable software support contract. (D)			As a custom application, this item is not applicable.
f. RESERVED			
g. RESERVED			
h. RESERVED			
i. A Web-enabled help desk interface is provided at no additional cost. (D)			This functionality can be developed as a system enhancement.
j. The State will be provided with information on software problems encountered at other locations, along with the solution to those problems, when such information is relevant to State software. (M)			As a custom application, this item is not applicable.
k. Support is provided for superseded releases and back releases still in use by the State. (D)			As a custom application, this item is not applicable.
l. For the first year and all subsequent Contract years, the following services are provided for the current version and one previous version of any Software provided with the deliverables, commencing upon installation of the deliverables or delivery of the Software:			As a custom application, this item is not applicable.
i. Error Correction. Upon notice by State of a problem with the Software (which problem can be verified), reasonable efforts to correct or provide a working solution for the problem. (M)			As a custom application, this item is not applicable.
ii. Material Defects. The State will be notified of any material errors or defects in the deliverables known, or made known to Vendor from any source during the Contract term that could cause the production of inaccurate, or otherwise materially incorrect, results and shall initiate actions as may be commercially necessary or proper to effect corrections of any such errors or defects. (M)			As a custom application, this item is not applicable.
iii. Updates. All new releases and bug fixes (collectively referred to as "Changes") for any software deliverable developed or published by Vendor and made generally available to its other customers at no additional charge will be provided to the State at no additional charge. (M)			As a custom application, this item is not applicable.
9. Migration			



General System Requirements	Yes	No	Comments
a. Data, and related information, has a migration path to future revisions of the hardware and software and there is a guaranteed and reasonably straightforward "exit path" to systems of other vendors. (M)			As a custom application, version control and data migration will not be an issue. However the data structures are highly documented, structured and normalized which would support a straightforward path to migrate the data to another system.
b. Data will migrate smoothly to any future revision of the software and hardware ("smoothly" would be defined as having the system administrator follow Vendor-supplied written instructions to run a Vendor-supplied program or programs in batch mode to convert data, or any process that is simpler or more automatic than this). (M)			As a custom application, this item is not applicable.
c. Data will export to software and hardware of other vendors. (D)			See 9.a above.
10. Delivery Requirements			
a. RESERVED			
b. RESERVED			
c. RESERVED			
11. Backup and Recovery			
a. The system has the ability to provide point-in-time recovery of data to the last completed transaction. (D)			All inserting and updating of data is always performed under one logical unit of work to ensure that all data is processed together and no partial processing can occur. If an error does occur, the system will automatically rollback all changes to the prior state.
b. The system has the ability to allow for continued use of the system during backup. (D)			This requirement is based on the abilities of the Oracle DBMS and will be up to the State operations staff as to how they perform their production backups.
c. The system has the ability to provide a complete backup and recovery process for all database tables and system files. (M)			See 11.b above.
d. The system has the ability to create on request backups. (D)			See 11.b above.
e. The back up and archival features of the system proposed can be initiated automatically or by manual request. (D)			See 11.b above.
f. The system software and data must be able to be restored to its previous operational status within four (4) hours after initiation of recovery process. (D)			See 11.b above.

Appendix D
reserved



PROPOSAL | To Provide Software and Implementation Services for a Loan and Bond Management System for the Michigan Department of Treasury, Bureau of Bond Finance

DATE | July 30, 2007

ID	TaskName	Duration	Start	Finish	Month																																			
					September			October			November			December			January			February			March			April														
					M	E	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S
47	Phase 3 - Development	44 days	Wed 9/19/07	Mon 11/19/07	[Gantt bars for Phase 3 tasks]																																			
48	Interface Design/Development	5 days	Tue 10/23/07	Mon 10/29/07	[Gantt bar]																																			
49	Develop identified interfaces	4 days	Tue 10/23/07	Fri 10/26/07	[Gantt bar]																																			
50	Deliver interfaces	1 day	Mon 10/29/07	Mon 10/29/07	[Gantt bar]																																			
51	Conversion Design/Development	22 days	Wed 9/19/07	Thu 10/18/07	[Gantt bar]																																			
52	Plan and design the conversion processes	21 days	Wed 9/19/07	Wed 10/17/07	[Gantt bar]																																			
53	Deliver conversion plan	1 day	Thu 10/18/07	Thu 10/18/07	[Gantt bar]																																			
54	Queries and Reports Design/Development	11 days	Tue 10/30/07	Tue 11/13/07	[Gantt bar]																																			
55	Assist State skills development	2 days	Tue 10/30/07	Wed 10/31/07	[Gantt bar]																																			
56	Develop and test reports	7 days	Thu 11/1/07	Fri 11/9/07	[Gantt bar]																																			
57	Deliver Reports	2 days	Mon 11/12/07	Tue 11/13/07	[Gantt bar]																																			
58	Security Definition and Setup	3 days	Tue 10/23/07	Thu 10/25/07	[Gantt bar]																																			
59	Setup security	1 day	Tue 10/23/07	Tue 10/23/07	[Gantt bar]																																			
60	Implement and test	1 day	Wed 10/24/07	Wed 10/24/07	[Gantt bar]																																			
61	Deliver Security template	1 day	Thu 10/25/07	Thu 10/25/07	[Gantt bar]																																			
62	Modification Development	15 days	Tue 10/23/07	Mon 11/12/07	[Gantt bar]																																			
63	Design/develop modifications	15 days	Tue 10/23/07	Mon 11/12/07	[Gantt bar]																																			
64	End User Training Development	27 days	Fri 10/12/07	Mon 11/19/07	[Gantt bar]																																			
65	Develop training manuals	20 days	Fri 10/12/07	Thu 11/8/07	[Gantt bar]																																			
66	Update the training manuals	5 days	Fri 11/9/07	Thu 11/15/07	[Gantt bar]																																			
67	Deliver training plan	5 days	Mon 10/15/07	Fri 10/19/07	[Gantt bar]																																			
68	Deliver training materials	2 days	Fri 11/16/07	Mon 11/19/07	[Gantt bar]																																			
69	Phase 4 - Implementation	44 days	Wed 10/31/07	Mon 12/31/07	[Gantt bars for Phase 4 tasks]																																			
70	Build Stage/Production Environments	40 days	Mon 11/5/07	Fri 12/28/07	[Gantt bar]																																			
71	Create stage/production environments	5 days	Mon 11/5/07	Fri 11/9/07	[Gantt bar]																																			
72	Define and establish security	2 days	Mon 11/12/07	Tue 11/13/07	[Gantt bar]																																			
73	Convert data	35 days	Mon 11/12/07	Fri 12/28/07	[Gantt bar]																																			
74	Stage Preparation and Testing	30 days	Wed 10/31/07	Tue 12/11/07	[Gantt bar]																																			
75	Perform production dress rehearsal	2 days	Wed 11/14/07	Thu 11/15/07	[Gantt bar]																																			
76	Conduct system/acceptance testing	7 days	Mon 12/3/07	Tue 12/11/07	[Gantt bar]																																			
77	Deliver system test scripts	10 days	Wed 10/31/07	Tue 11/13/07	[Gantt bar]																																			
78	Deliver acceptance test scripts	5 days	Wed 11/14/07	Tue 11/20/07	[Gantt bar]																																			
79	Conduct User Training	25 days	Wed 11/14/07	Tue 12/18/07	[Gantt bar]																																			
80	Provide train the trainer training	1 day	Wed 11/14/07	Wed 11/14/07	[Gantt bar]																																			
81	Provide end user training	3 days	Mon 11/19/07	Wed 11/21/07	[Gantt bar]																																			
82	Provide training to technical staff	5 days	Wed 12/12/07	Tue 12/18/07	[Gantt bar]																																			
83	Migration	14 days	Wed 12/12/07	Mon 12/31/07	[Gantt bar]																																			
84	Deliver setup plan	5 days	Wed 12/12/07	Tue 12/18/07	[Gantt bar]																																			
85	Deliver migration task plan	2 days	Wed 12/19/07	Thu 12/20/07	[Gantt bar]																																			
86	Coordinate tasks for cutover	14 days	Wed 12/12/07	Mon 12/31/07	[Gantt bar]																																			
87	Phase 5 - Post Implementation	66 days	Tue 1/1/08	Tue 4/1/08	[Gantt bars for Phase 5 tasks]																																			
88	Post Production Support	66 days	Tue 1/1/08	Tue 4/1/08	[Gantt bar]																																			
89	Provide maintenance and support	66 days	Tue 1/1/08	Tue 4/1/08	[Gantt bar]																																			
90	Resolve issues and problems as detected	66 days	Tue 1/1/08	Tue 4/1/08	[Gantt bar]																																			
91	Revise/Communicate procedures as needed	22 days	Tue 1/1/08	Wed 1/30/08	[Gantt bar]																																			
92	Provide help desk support	15 days	Tue 1/1/08	Mon 1/21/08	[Gantt bar]																																			