

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

May 30, 2013

CHANGE NOTICE NO. 5
 to
CONTRACT NO. 071B9200083
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Bidcorp.com Inc. P.O. Box 1284 Walled Lake, MI 48390	Chuck Williams	cwilliams@bidcorp.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(248) 346-8000	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Mark Lawrence	517-241-1640	lawrencem@michigan.gov
BUYER	DTMB	Reid Sisson	517-241-1638	sissonr@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Internet Auction Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 15, 2008	November 14, 2011		June 1, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6 months	Dec. 1, 2013
VALUE/COST OF CHANGE NOTICE:			ESTIMATED REVISED AGGREGATE CONTRACT VALUE:	
\$90,000.00			\$535,000.00	
Effective April 24, 2013, this contract is hereby INCREASED by \$90,000.00 and EXTENDED 6 months to December 1, 2013. Article 1, Attachment A is hereby revised as attached. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval.				

Article 1, Attachment A (as revived by Change Notice# 4)

Pricing

The vendor shall be paid a transaction fee, which will be calculated as a percentage, (as bid by the vendor), on the gross sales price of an item and payable as outlined in P.A. 279, after the successful completed sale of the item and receipt of invoice.

THE TRANSACTION FEE BID IS 2.00% OF THE GROSS PROCEEDS OF THE SALE OF AN ITEM. A WINNING BID DOES NOT CONSTITUTE A SALE. AS IS CURRENT PRACTICE, WE WILL ONLY COLLECT THE TRANSACTION FEE IF THE ITEM IS ACTUALLY PURCHASED BY THE WINNING BIDDER.

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

CHANGE NOTICE NO. 4
 to
CONTRACT NO. 071B9200083
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Bidcorp.com Inc. P.O. Box 1284 Walled Lake, MI 48390	Chuck Williams	cwilliams@bidcorp.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(248) 346-8000	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Mark Lawrence	517-241-1640	lawrencem@michigan.gov
BUYER	DTMB	Reid Sisson	517-241-1638	sissonr@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Internet Auction Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 15, 2008	November 14, 2011		December 1, 2012
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6 months	June 1, 2013
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$175,000.00		\$445,000.00		
Effective November 20, 2012, this contract is hereby INCREASED by \$175,000.00 and EXTENDED 6 months to June 1, 2013. Please note that the buyer has been changed to Reid Sisson. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, DTMB Procurement approval and the approval of the State Administrative Board on November 20, 2012.				

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

December 7, 2011

**CHANGE NOTICE NO. 3
 TO
 CONTRACT NO. 071B9200083
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF CONTRACTOR Bidcorp.com Inc. P.O. Box 1284 Walled Lake, MI 48390 Email: cwilliams@bidcorp.com	TELEPHONE Chuck Williams (248) 346-8000
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-3215 Steve Motz
Contract Compliance Inspector: Mark Lawrence Internet Auction Services	
CONTRACT PERIOD: 3 yrs. From: November 15, 2008 To: December 1, 2012	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE(S):

Effective immediately this Contract is INCREASED by \$60,000.00. All other pricing, terms, and conditions remain unchanged.

AUTHORITY/REASON(S):

Per Contractor and Agency agreement.

INCREASE: \$60,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$270,000.00

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

December 9, 2009

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B9200083
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR Bidcorp.com Inc. P.O. Box 1284 Walled Lake, MI 48390 Email: cwilliams@bidcorp.com	TELEPHONE Chuck Williams (248) 346-8000
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-3215 Steve Motz
Contract Compliance Inspector: Mark Lawrence Internet Auction Services	
CONTRACT PERIOD: 3 yrs. From: November 15, 2008 To: December 1, 2012	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE(S):

The Contractor has voluntarily agreed to reduce pricing per Executive Directive 2009-3 by reducing the transaction fee by 10%. Effective immediately Article 1, Attachment A in the Contract is hereby deleted in its entirety and replaced with the pricing attached hereto in this Change Notice No. 2. Mark Lawrence replaces Cindy Turban as the Contract Compliance Inspector for the State of Michigan. His telephone number is 517-241-1640

Additionally a 1-year option is exercised and this contract is extended through December 1, 2012. All other pricing, terms, and conditions remain unchanged.

AUTHORITY/REASON(S):

Per vendor and DMB Purchasing Operations Agreement.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$210,000.00

Article 1, Attachment A
Pricing

The vendor shall be paid a transaction fee, which will be calculated as a percentage, (as bid by the vendor), on the gross sales price of an item and payable as outlined in P.A. 279, after the successful completed sale of the item and receipt of invoice.

THE TRANSACTION FEE BID IS 2.25% OF THE GROSS PROCEEDS OF THE SALE OF AN ITEM. A WINNING BID DOES NOT CONSTITUTE A SALE. AS IS CURRENT PRACTICE, WE WILL ONLY COLLECT THE TRANSACTION FEE IF THE ITEM IS ACTUALLY PURCHASED BY THE WINNING BIDDER.

From: Charles Williams <cwilliams@bidcorp.com>

12/7/2009 12:29 PM

To: Motz, Steve

Subject: contract adjustment

Hi Steve,

Nice talking with you this morning. Per our discussion, we at bidcorp.com are interested in supporting the State in every way we can given our long and mutually beneficial history together. We appreciate the significant budget challenges that this economy has provided and can accommodate your request to reduce our fees to the State by 10% while this financial emergency continues.

Our current commission rate is 2.5% and we are willing to reduce that to 2.25% as a result of your request. We appreciate you extending the term of our existing agreement, contract 071B9200083, by one year.

If you have any questions please feel free to call or email me directly.

Thank you,

Chuck Williams
President
bidcorp.com, Inc.

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

November 20, 2009

CHANGE NOTICE NO.1
 TO
 CONTRACT NO. 071B9200083
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR Bidcorp.com Inc. P.O. Box 1284 Walled Lake, MI 48390 Email: cwilliams@bidcorp.com	TELEPHONE Chuck Williams (248) 346-8000
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 241-3215 Steve Motz
Contract Compliance Inspector: Cindy Turben Internet Auction Services	
CONTRACT PERIOD: 3 yrs. From: November 15, 2008 To: November 14, 2011	
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 corrected to show (248) 346-8000 as the proper phone number for the vendor. The buyer for this contract is now Steve Motz.

AUTHORITY/REASON(S):

Per vendor and DMB Purchasing Operations Agreement.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$210,000.00

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

December 5, 2008

NOTICE
OF
CONTRACT NO. 071B9200083
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR Bidcorp.com Inc. P.O. Box 1284 Walled Lake, MI 48390 Email: cwilliams@bidcorp.com	TELEPHONE Chuck Williams (248) 495-5523
	CONTRACTOR NUMBER/MAIL CODE
	BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Cindy Turben Internet Auction Services	
CONTRACT PERIOD: 3 yrs. From: November 15, 2008 To: November 14, 2011	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION:	

Estimated Contract Value: \$210,000.00

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

**CONTRACT NO. 071B9200083
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF CONTRACTOR Bidcorp.com Inc. P.O. Box 1284 Walled Lake, MI 48390 <p style="text-align: right;">Email: cwilliams@bidcorp.com</p>	TELEPHONE Chuck Williams (248) 495-5523 CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 335-4804 Douglas Collier
Contract Compliance Inspector: Cindy Turben <p style="text-align: center;">Internet Auction Services</p>	
CONTRACT PERIOD: 3 yrs. From: November 15, 2008 To: November 14, 2011	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those of ITB #07118200297, this Contract Agreement and the vendor's quote dated 9/12/2008. 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.</p> <p>Estimated Contract Value: \$210,000.00</p>	

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

FOR THE CONTRACTOR: Bidcorp.com, Inc. Firm Name	FOR THE STATE: Signature Douglas Collier, Buyer
Authorized Agent Signature	Name/Title IT Division
Authorized Agent (Print or Type)	Division
Date	Date

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DEFINITIONS

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



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

Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 Project Request

The State of Michigan (State), through the Michigan Department of Information Technology (MDIT), with assistance of the Michigan Department of Management & Budget (MDMB), has issued this contract for the purpose of obtaining vendor-hosted internet (online) auction services.

This project includes project planning, implementation of the services, training, operational services for the vendor-hosted solution and maintenance and support.

The State seeks to have services begin after the award of the contract with full implementation of the system completed thirty (30) business days after contract execution.

1.002 Background

The Department of Management and Budget is responsible for the disposal of all state surplus property as prescribed in Act 431 of 1984, The Management and Budget Act. The Department also assists other local units of government as well as the federal government in the disposal of their respective surplus property. This activity is managed by the Department through Agency Services, Print, Warehouse, and Surplus Services Division (PWSS).

Since 2001 the Department has utilized an internet auction service to assist in the sale of surplus property for the State, as well as local units of government. Due to the success of the internet auction service and increasing activity this service is now being bid for a multi-year contract. The resulting contract and the management of the services will be the responsibility of the PWSS Division.

The goal of this service is to provide a dynamic, easy-to-use system for potential buyers that is reliable and provides the necessary functionality to easily manage and conduct internet auctions. The contractor will have sole responsibility to maintain the auction site, and be responsible for any and all hardware, software and systems needed to operate the service. Services will be paid solely from the proceeds of the sales generated by the site. The successful bidder must demonstrate experience in this technology and the services being requested.

1.100 Scope of Work and Deliverables

1.101 In Scope

The contractor will provide the following services for the complete and successful implementation of an Internet Auction Service providing the functionality required for the State’s business operations for the Michigan Department of Management and Budget, Agency Services, PWSS Division. This project consists of the following components:

- Project Planning
- Services to implement the Auction services, as required, including
 - Set up
 - Testing
- Training
 - End user
- Documentation, to include
 - User manuals
- Operations Services for vendor-hosted system
 - Systems Management
 - Disaster recovery
 - Security administration services
 - Storage services



- Maintenance and Support
 - Help Desk
 - Technical

A more complete description of the supplies and/or services sought for this project is provided in Section 1.104, Work and Deliverables

1.102 Out Of Scope

The following are out of the scope of this contract:

- Application development
- Customization of software
- Business process re-engineering services
- Procurement of hardware/software, by the State to implement the services

1.103 Environment

The links below will provide information on the State's Enterprise IT security policy and procedures, IT strategic plan, and the State's project management methodology.

Contractors are advised that the State has methods, policies, standards and guidelines that have been developed over the years. All services and products provided as a result of this contract must comply with all applicable State IT policies and standards in effect at the time the services are provided. It is recognized that technology changes rapidly. The Contractor may request, in writing, a change in the standard environment, providing justification for the requested change and all costs associated with any change. Any changes must be approved, in writing, by the State's Project Manager and MDIT, before work may proceed based on the changed environment.

Enterprise IT Security Policy and Procedures:

<http://www.michigan.gov/dit/0,1607,7-139-34305-108216--,00.html>

The State's security environment includes:

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

MDIT requires that its secured 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.

Contractor must follow the State's Unified Information Technology Environment (SUITE) methodology:

<http://michigan.gov/suite> It Includes standards for project management, systems engineering, and associated forms and templates.

Project Management Methodology Standards

The Project Management Methodology (PMM) to be use on all Information Technology (IT) based projects is described 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.

Adherence to Portal Technology Tools

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. 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

1.104 Work And Deliverable

The Contractor shall provide deliverables, services and staff, and otherwise do all things necessary or incidental to provide the functionality required for business operations, meeting the State's objectives outlined in Section 1.002, Background, and in accordance with the requirements as set forth below.

I. Work and Deliverables

A. Project Planning - Project Planning covers those activities that require ongoing oversight throughout all implementation processes. Planning also includes a number of plans that will guide and govern the project.

1. Project Plan –

- a. Contractor will provide a Preliminary Project Plan, including the necessary time frames and deliverables for the various phases of the project and the responsibilities and obligations of both the Contractor and the State. In particular, the Preliminary Project Plan will include:
 - i. A description of the deliverables to be provided under this contract.
 - ii. Target dates and critical paths for the deliverables.
 - iii. Identification of roles and responsibilities, including the organization responsible.
 - iv. The labor, equipment, materials and supplies required to be provided by the State in meeting the target dates established in the Preliminary Implementation Plan.
 - v. Internal milestones
 - vi. Task durations
- b. The vendor will provide a detailed Project Plan within seven (7) business days of the contract award. See section 1.301 Project Plan Management for requirements for the Project Plan.
- c. Contractor will develop and provide a comprehensive implementation plan and installation for the solution(s) being proposed. The implementation plan is to be inclusive of the following elements and deliverables:
 - i. An overview of the proposed deployment plan
 - ii. A timeline for the deployment, with appropriate milestones
 - iii. Identification of risks and mitigation strategies
 - iv. Operational approach, logistical approach and migration path
 - v. An implementation staffing plan, adequate to meet all deliverables within the stated timeframes

Deliverables:

1. Update project plan.

Acceptance Criteria:

- Both MDIT and MDMB Project Managers will review technical documents within a mutually agreed upon timeframe.
- Unacceptable issues will be documented and submitted to the Contractor.
- After issues are resolved or waived, the Contractor will resubmit documents for approval within three (3) days of receipt.
- After the review is completed, approvals will be written and signed by both the MDMB and MDIT Project Managers.

B. Implementation of services

Contractor will provide all necessary services to fully implement the internet auction services for State use.

Deliverables:

Services to implement the Internet auction services, including:

- a. Set up
- b. Test Plan - Contractor will provide a detailed plan for Interface Testing, User Acceptance Testing, Quality Assurance, Performance, and Operations Testing.

Acceptance Criteria

High level acceptance criteria for Document Deliverables and Service Deliverables are listed in Section 1.501. All deliverables must be completed.

- MDMB and MDIT will review test software, data, and results within a mutually agreed upon timeframe.
- Unacceptable issues will be documented and submitted to the Contractor.
- After issues are resolved or waived, the Contractor will resubmit test software, data and results for approval within 5 days of receipt.
- Final acceptance of the service will depend on the successful completion of UAT.
- Approvals will be written and signed by both the MDMB and MDIT Project Managers.

C. Training

Contractor will provide the following:

- 1. User Training
- 2. User training manuals and materials
- 3. A final meeting with MDMB management staff to ensure comprehensive training completed

Deliverables:

- 1. Delivered training to staff and documentation.
- 2. Final meeting on all training and training materials

Acceptance Criteria:

Review by MDMB Project Manager of all training and training materials.
Acceptance criteria for Document Deliverables are listed in Section 1.501.

State staff are properly trained and supplied with the proper tools and documentation to use, support, upgrade, monitor, operate, and configure the application in accordance with the requirements of this contract and the accepted Contractor’s proposal.

D. Documentation

Contractor shall provide the documents identified in the Requirements section, 1.104 Work and Deliverables, subsection II, together with documents identified as Deliverables in 1.104, subsection I, Services (work) To Be Provided and Deliverables.

Deliverables

- 1. Project Plan documents
- 2. On-going status reports for the duration of the project
- 3. All documents required as part of SUITE methodology
- 4. User manuals
- 5. Technical manuals
 - a. A minimum of two (2) copies of the following documentation in an electronic format or hardcopy format will be provided:
 - i. User Manuals
 - ii. Operations Manual
 - iii. All updates of documentation during the term of the Contract, software license, and maintenance agreement
 - b. 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.
 - c. The Vendor must notify the State of any discrepancies or errors outlined in the system, operations, and user documentation.



Acceptance Criteria

Acceptance criteria for Document Deliverables are listed in Section 1.501.

E. Operations Services for vendor-hosted system

Contractor is fully responsible to manage, administer and support its internet auction services system.

Deliverables

1. Systems Management
2. Disaster recovery
3. Security administration
4. Storage services
5. Support Help Desk

Acceptance Criteria

1. The services will be accepted in accordance with the requirements of the contract.
2. MDMB and MDIT will review a Request for Approval of Services within a mutually agreed upon timeframe from completion or implementation.
3. Approvals will be written and signed by MDMB and MDIT Project Managers.
4. Unacceptable issues will be documented and submitted to the Contractor.
5. After issues are resolved or waived, the Contractor will resubmit a Request for Approval of Services for approval within 7 days of receipt.
6. The Contractor has the tools and connectivity installed, in compliance with MDIT standards, to properly support and monitor the application.

II. Requirements

A. Functional and Technical Requirements – Requirements for the system are listed below.

Functional Requirements

1. Training

- a. System administration training for State personnel who will be responsible for ongoing maintenance and administration of the system, including security.
- b. Training is provided in a variety of formats for use, and administration for a variety of levels (e.g. basic, advanced, refresher, etc.).
- c. All training manuals, training plans and other documentation provided become the property of the State.

2. Bidder Registration & bidder Deactivation

- a. Secured internet site for customer registration.
- b. Registered bidders must provide:
 - I. Valid E-mail address (system to validate prior to completing registration)
 - II. Name
 - III. Address
 - IV. Phone Number
 - V. Alternate phone number
 - VI. User name
 - VII. Password
- c. Local units of government (school districts, cities, townships, counties, etc.) and non-profits must have a unique registration process that is different from the general public to allow tax exempt status. This will include:
 - I. Valid E-mail address (system to validate prior to completing registration)
 - II. Name
 - III. Address
 - IV. Phone number
 - V. Alternate phone number
 - VI. User name

VII. Password

VIII. Completion of a Michigan Department of Treasury Sales and Use Tax Certification of Exemption form 3372 (link to be provided).

- d. Registered bidders cannot bid unless they have viewed/read and accepted (by checking a box) the terms and conditions (to be supplied by Surplus Services).
- e. Surplus Services (SS) must be able to deactivate registered bidders, real time, on line, without vendor intervention.
- f. Vendor must provide a method to prevent a deactivated bidder from re-registering.

3. Auction Posting

- a. Provide a standard auction template which at a minimum includes:
 - I. Auction description with a minimum of 5000 characters
 - II. Up to 10 photographs
 - III. Captions on each photograph
 - IV. Standard terms and conditions
 - V. Special announcements
- b. Allow different payment methods (cash, check, money order, Visa, MasterCard, Discover etc.).
- c. Surplus Services defines auction categories, e.g., vehicles, office equipment, and tools. Provide the ability to modify and add auction categories.
- d. All data elements of the auction template are defined by Surplus Services.
- e. All data elements of the auction template must be modifiable in real time by Surplus Services.
- f. Ability to cut and paste information to the template from other software applications.
- g. All data elements must appear on the Web Site as they appeared in the template. (WYSWYG).
- h. Auction submission queue which allows a minimum of 10 auctions to be entered into the queue BEFORE the auction goes live.
- i. Data in the auction queue must be modifiable by Surplus Services prior to auction going live.
- j. Ability to establish minimum bids.
- k. Surplus Services defines start and end times of auctions.
- l. Length of auction defined by Surplus Services in a pull down menu from 1-31 days.
- m. Pull down menu for start and end dates and auction pick up times.
- n. Surplus Services can schedule times for auctions in the queue to automatically go live.
- o. Lot number is assigned and displayed at the time the auction goes live.
- p. Time out for posting must be a minimum of one hour.
- q. Ability to print details of each individual auction.
- r. After the auction goes live Surplus Services cannot modify the auction.

4. Auction Bidding

- a. Bidding starts exactly at auction start time.
- b. Bids will be accepted even if they are below the minimum bid.
- c. Ability to enter a proxy bid.
- d. Automatic Bid Increments will be set by Vendor’s server as set forth below. The amount of the increment is set by the dollar amount of the bids received. The table of our automatic increments will be as follows:

Current High Bid	Increment
\$0.01 - 0.99	\$0.05
\$1.00 - 4.99	\$0.25
\$5.00 - 24.99	\$0.50
\$25.00 - 99.99	\$1.00
\$100.00 - 249.99	\$2.50

\$250.00 - 499.99	\$5.00
\$500.00 - 999.99	\$10.00
\$1000.00 - 2499.99	\$25.00
\$2500.00 - 4999.99	\$50.00
\$5000.00 and up	\$100.00

- e. The system will not allow or accept two bids of the same amount.
- f. The system will only display the user name and the highest bid submitted, and show all the remaining bidder user names without the bid amount.
- g. Bidders must be reminded to “refresh” screen to see real auction time.

5. Auction Close Out

- a. Vendor performs all financial calculations upon close of an auction.
- b. Vendor sends E-mail with itemized billing to the winning bidder, the bill must include:
 - I. Winning bid amount
 - II. Sales Tax
 - III. Fees
 - IV. Total amount owed
- c. Vendor sends confirmation for itemized billing to Surplus Services.
- d. Ability for Surplus Services to offer the lot to the second highest bidder if the winning bidder does not complete the purchase, or the third highest bidder if the highest or second highest bidder does not complete the purchase. Vendor will recalculate the billing based on the new winning bid and send a confirmation bill to Surplus Services and to the new winning bidder.

6. Canceled Auctions

- a. Surplus Services must have the ability to cancel an auction prior to the auction end time.
- b. Vendor sends E-mail notification to bidders notifying them of cancellation.
- c. Cancelled auctions cannot be queried or viewed and must be purged from the system in its entirety.

7. Customer View of Auction Page:

- a. Enlargeable photographs.
- b. State of Michigan logos/identifications clearly displayed on the auction pages.

8. Reports:

- a. Provide the ability to write ad hoc reports using a report writing tool.
- b. Surplus Services requires a “Metrics Page.” This part of the website will display Year to Date, Month to Date, and Daily statistics at a glance. The information must be both printable and downloadable:
 - I. Year to Date: (Displayed by Month)
 - Total Number of Auctions Opened, Closed with a bid, Closed Without a bid and Cancelled.
 - Total of Final Price Bid
 - Total Vendor Fee Charged
 - YTD Average Vendor Fee Charged
 - YTD Average Number of Auctions with a Bid
 - YTD Average of Total Price Bid
 - Grand Total Price Bid Minus Vendor Fee YTD.
 - II. Month to Date: (Displayed by Day)
 - Total Number of Auctions Opened, Closed with a bid, Closed Without a bid and Cancelled
 - Total of Final Price Bid



- Total Vendor Fee Charged
- Running Average Number of Auctions with a Bid
- Running Average of Total Price Bid
- Running Average Vendor Fee Charged
- Grand Total Price Bid Month to Date.

9. Documentation:

- a. A minimum of two (2) copies of the following documentation in an electronic format, online and in hard copy will be provided:
 - I. Operations Manual
 - II. Provide documentation of system updates/enhancements
- b. 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.
- 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.

10. Support Considerations:

- a. The Vendor shall provide telephone technical support on a 24x7 basis. Calls will be answered within 60 seconds, preferably by a live person, however, if not, callback from the vendor will be required within 20 minutes of the initial call. Vendor must provide a detailed plan for this technical support requirement.
- b. Help desk issues will be escalated as necessary to senior technical/engineering staff, and then to higher management and/or senior management.
- c. A Web-enabled help desk interface is provided at no additional cost.
- d. The Contractor help desk will open problem tickets within 15 minutes of when the problem is reported during regular Vendor business hours, and within one hour otherwise.
- e. Vendor must describe the action they will take if / when the system goes down.
- f. If an outage is expected, the MDIT main contact will be notified as far in advance as possible once the Contractor is aware of the scheduled outage.
- g. If an unexpected outage occurs, the MDIT main contact will be notified immediately after the outage is reported to the Network Administrator to resolve.
- h. 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.
- i. Once operational, all problems shall be resolved or a plan of action to resolve within four (4) hours from the time the problem was first reported to Vendor.
- j. Vendor must provide notification via e-mail by 8:00 a.m. if the auction site should go off line or fail during the evening hours (5:00 p.m. – 8:00 a.m.). The e-mail should provide details regarding the problem that occurred and the time frame of the occurrence.
- k. Contractor will communicate to the State within 2 weeks of receipt of this contract a schedule of planned maintenance windows for the individual servers.
- l. All Severity One problems shall be resolved, or a plan of action to resolve, within 4 hours from the time the problem was first reported to Contractor.
- m. Material Defects. The State will be notified of any material errors or defects in the deliverables known, or made known to Contractor 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.
- n. The system shall generally be available 24 hours a day, 365 days a year, except when data on the system is being refreshed, or when the system/servers are not available due to regular maintenance.

Technical Requirements

1. Backup and Recovery

- a. The system has the ability to provide point-in-time recovery of data to the last completed transaction.
- b. The system has the ability to allow for continued use of the system during backup.
- c. The system has the ability to provide a complete backup and recovery process for all database tables and system files.
- d. The system has the ability to create on request backups.
- e. The back up and archival features of the system proposed can be initiated automatically or by manual request.
- 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.

2. Disaster Recovery

- a. The Disaster Recovery Services shall provide a viable operating system available for executing the business applications within forty-eight (48) hours of a declared disaster.
- b. The establishment of a network connection, an alternate server and the State interface is the Contractor's responsibility.
- c. Contractor will develop, publish and maintain, with the approval and participation of the State, a Disaster Recovery Plan (DRP). Contractor agrees to complete the DRP prior to production cut-over.
- d. Contractor agrees it is solely responsible for the effectiveness and execution of the DRP, including the role of any subcontractors utilized by Contractor to execute the DRP.
- e. Contractor guarantees that the DRP will provide for normal production processing of the application within forty-eight (48) hours of a declared disaster. At minimum, Contractor agrees to provide:
 - I. An alternate Server capable of meeting the applications' processing and storage requirements, and all requisite floor space, utilities, and technical staff at the Contractor's disaster recovery site.
 - II. Daily generation and storage of application data backup tapes.
 - III. An annual disaster recovery test to ensure the effectiveness of the DRP.
 - IV. Network services between the alternate server and the State interface.
 - V. Management and coordination services needed to execute the entire DRP.

3. 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 MDIT 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
- b. The system must ensure that the integrity and confidentiality of data is protected by safeguards to prevent release of information without proper consent.
- c. All data must be secured outside the State of Michigan Firewall.
- d. Vendor must comply with the requirements of the Identity Theft Protection Act, Act 452, P.A. 2004, as amended July 2, 2007.
- e. Vendor must provide a security/confidentiality protection plan.
- f. Personally identifiable information, which is any information collected for the purposes of placing successful bids on State of Michigan items to include but not limited to: Name, address, email address, user name, password, credit card number and expiration date, or any combination of data that could be used to identify a registered State of Michigan user such as birth date, zip code, or gender, shall be the sole property of the State of Michigan and that information will be held in compliance with the State of Michigan's privacy policy and practices.
- g. The vendor must warrant that they will comply with the State of Michigan internet privacy policy and practices.
- h. Vendor shall not disclose or make available any personally identifiable information to any affiliate, any third party, or to any person or entity except the State of Michigan for the purpose of purchasing items.
- i. All information collected, formulated, generated (in detail and summary form to include bidding, buying and selling behavior information) or obtained on State of Michigan auction site users shall be the sole



property of the State of Michigan and shall not be used by the vendor or affiliates in any way, unless authorized and approved in writing by the State of Michigan.

- j. Vendor must have and provide a documented disaster recovery plan.
- k. Supply the same or an equivalent level of security as described below:
 - I. The network must be protected by anti-virus enterprise software automatically updated with the latest virus definitions as they are released by the software publisher.
 - II. All workstations connected to the network will be protected with the software to prevent viruses from being introduced from within the network.

4. Security/Access Control

- a. The system provides security at individual and administrative operator levels.
- 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.)
- c. The system checks each user's access privileges at login, and automatically disable or enables client functions (in real time) based upon the user's profile
- d. The system provides varying levels of access within the application, such as administrators, view only, or scheduling only.

5. Security/Password Controls

- a. The system provides an enforced minimum length for passwords.
- b. The system provides an enforced requirement for user passwords to be automatically prompted for change after a defined period has passed, such as 30, 60 or 90 days.
- c. The system provides users with the capability to change their own passwords.
- d. The system disables user IDs after a specified number (3) of consecutive invalid login attempts.
- e. The system enters passwords in a non-display field.
- f. The system encrypts passwords when they are routed over the network.
- g. The system encrypts passwords in system storage.

6. Security/Activity Logging

- a. The system logs unauthorized access attempts by date, time, user ID, device and location.
- 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.
- c. The system provides security reports of users and access levels.
- d. The system provides detailed reports of backups completed and backups failed.

7. Software Package Specifications

- a. The software allows the State, from PC workstations, to access and update all necessary information to complete a transaction.
- b. The software allows for the accurate and timely input and extraction of State data.
- c. The software allows for processing of all identified State business.
- d. The software provides identified data reporting capabilities.
- e. The software provides a Graphical User Interface (GUI) that is user-friendly and provides data, calculation, reporting, and communication capabilities to State users.
- f. The system provides the capability to access scanned images that are attached to various elements of the database.

8. Reporting

- a. The software delivers standard reports.
- b. The system includes ad-hoc query and reporting tools.
- c. The online query capability enables non-technical end-users to extract information.
- 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)
 - II. Offices and work locations to control which standard reports they do and do not receive.
 - III. The State to control the information that appears on standard reports so that data security is maintained.



- e. The system provides:
 - I. Methods for retaining and modifying previously built 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.)

9. System Auditing

- a. The system has the ability to maintain a historical record of all changes made to any item within the system (e.g., data element, business rule, process control, software program), 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.
- b. The system offers the ability to query, view, filter, and sort the system audit trail. The system is able to store the queries.
- c. 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 has the ability to audit all override of edits and audits and identify the login ID, date, and time.
- e. The system enables the user to modify data entry transactions that have already been posted to the database while maintaining an audit trail of the change.
- f. 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.
- g. 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.

10. Edit and Validation Control

- a. The system includes comprehensive field edits to prevent incomplete or incorrect data from entering the system

11. Environment

- a. Contractor maintains a current annual security rating as audited by an independent third party auditing firm that certifies that they meet federal and State guidelines for the handling of confidential data.

1.200 Roles and Responsibilities

Contractor Staff, Roles and Responsibilities

A. Contractor Staff

The Contractor will provide a project manager/SPOC to work closely with the designated personnel from the State to insure a smooth transition to the new system. The project manager/SPOC 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/SPOC responsibilities include, at a minimum:

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

1. Project Manager/Single Point of Contact

The duties of the Project Manager/**SPOC** shall include, but not be limited to:

- supporting the management of the Contract,
- facilitating dispute resolution, and
- advising the State of performance under the terms and conditions of the Contract.

B. Work Requirements

1. **Hours of Operation:**

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

2. **Travel:**

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

3. **Additional Security and Background Check Requirements:**

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

Contractor will be required and is responsible for any costs associated with ensuring their staff meets all requirements.

Subcontractors

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

1.202 State Staff, Roles, And Responsibilities

The State project team will consist of Executive Subject Matter Experts (SME's), project support, and a MDIT and Agency project manager.

Executive Subject Matter Experts

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

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

Name	Agency/Division	Title
Vern Thelen	MDMB/Print, Warehouse, and Surplus Services Division	Director



State Project Manager- (MDIT and Agency)

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

The State’s Project Managers 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
- Provide acceptance and sign-off of deliverable/milestone
- Review and sign-off of timesheets and invoices
- Resolve project issues
- Escalate outstanding/high priority issues
- Utilize change control procedures
- Conduct regular and ongoing review of the project to confirm that it meets original objectives and requirements
- Document and archive all important project decisions
- Arrange, schedule and facilitate State staff attendance at all project meetings.

Name	Agency/Division	Title
Kevin Lancto	MDMB	Project Manager
Steve Hackney	MDIT	Project Manager

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

Name	Agency/Division	Title
Cindy Turben	MDIT/Bureau of Strategic Policy	Contract Administrator

1.203 Other Roles And Responsibilities (Reserved)

1.300 Project Plan

1.301 Project Plan Management

- A. Preliminary Project Plan** - Contractor will provide a Preliminary Project Plan including necessary time frames and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State.
1. In particular, the Preliminary Project Plan will include a MS Project plan or equivalent, approved by MDIT/MDMB, which shall include:
 - a. A description of the deliverables to be provided under this contract.
 - b. Target dates and critical paths for the deliverables.
 - c. Identification of roles and responsibilities, including the organization responsible. Contractor is to provide a roles and responsibility matrix
 - d. The labor, equipment, materials and supplies required to be provided by the State in meeting the target dates established in the Preliminary Project Plan.
 - e. Internal milestones
 - f. Task durations
 2. The Preliminary Project Plan shall include the following deliverable/milestones for which payment shall be made.
 - a. Payment to the Contractor will be made upon the completion and acceptance of the deliverable or milestone, not to exceed contractual costs of the phase. A milestone is defined as complete when all of the deliverables within the milestone have been completed.
 - b. Failure to provide deliverable/milestone by the identified date shall be subject to liquidated damages as identified in Article 2, Section 2.073.



Note: A Final Project Plan will be required as stated in Article 1, Section 1.401, Work and Deliverables.

B. Orientation Meeting

1. Upon seven (7) business 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.

C. 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 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.

D. Project Control

3. The Contractor will carry out this project under the direction and control of MDIT and MDMB/PWSS.
4. Within five (5) *business* days of the award of the Contract, the Contractor will submit to the State project manager(s) for final approval of the project plan.
 - a. This project plan must be in agreement with Article 1, Section 1.104 Work and Deliverables, and must include the following:
 - i. The Contractor's project organizational structure.
 - ii. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - iii. The project breakdown (work plan) showing sub-projects, activities and tasks, and resources required and allocated to each.
 - iv. The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the work plan.
 - v. Upon approval of the Project Plan by the State, it will be marked as an Appendix and will be accepted by both parties as a part of the Contract and will be incorporated by reference. The State shall use the Project Plan in its determination of the performance of the Contractor.
 - b. The Contractor will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology which includes standards for project management, systems engineering, and associated forms and templates which is available at <http://www.michigan.gov/suite>
 - c. Contractor will use an automated tool for planning, monitoring, and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract. The tool shall have the capability to produce:
 - 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 seven (7) 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.
 - d. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State standards.

1.302 Reports

Within seven (7) business days after the Effective Date, the parties shall determine an appropriate set of periodic reports to be issued by Contractor to the State. Reporting formats must be submitted to the State's

Project Manager for approval. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract.

Reports to be furnished by the Contractor:

- 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
- Repair status

1.303 Meetings

Within seven (7) business 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.

1.400 Project Management

1.401 Issue Management

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

The Contractor shall maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State's 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 Vendor)
- Resources assigned responsibility for resolution
- Resolution date
- Resolution description

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

- Level 1 – Kevin Lancto & Steve Hackney
- Level 2 – Division Manager (DMB & DIT)
- Level 3 – Director (DMB), Information Officer (DIT)

1.402 Risk Management

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



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

A risk management plan format shall be submitted to the State for approval within seven (7) business days after the effective date of the contract. The risk management plan will be developed during the initial planning phase of the project, and be in accordance with the State's PMM methodology. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract. The plan must be updated bi-weekly, or as agreed upon.

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

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

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

1.403 Change Management

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

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

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

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

1.500 Acceptance

1.501 Criteria

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

A. Document Deliverables

1. Documents are dated and in electronic format, compatible with State of Michigan software in accordance with Article 1.302.
2. Requirements documents are reviewed and updated throughout the development process to assure requirements are delivered in the final product.
3. Draft documents are not accepted as final deliverables.
4. The documents will be reviewed and accepted in accordance with the requirements of the Contract.
5. MDIT will review documents within a mutually agreed upon timeframe.
 - a. Approvals will be written and signed by MDIT Project Manager.



- b. Unacceptable issues will be documented and submitted to the Contractor.
- c. After issues are resolved or waived, the Contractor will resubmit documents for approval within seven (7) business days of receipt.

B. Service Deliverables - Services include, but are not limited to training and support.

1. The services will be accepted in accordance with the requirements of the contract.
2. Both the DMB and MDIT will review a Request for Approval of Services within a mutually agreed upon timeframe from completion or implementation.
 - a. Approvals will be written and signed by both the MDMB and MDIT Project Managers.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit a Request for Approval of Services for approval within seven (7) days of receipt.
3. MDMB and MDIT will review installed and configured data within a mutually agreed upon timeframe from completion.
 - a. Approvals will be written and signed by both the MDMB and MDIT Project Managers.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit a request for approval within seven (7) days of receipt.
4. Both the MDMB and MDIT staff are properly trained and supplied with the proper tools and documentation to support, upgrade, monitor, operate, and configure the application in accordance with the requirements of this contract and the accepted Contractor's proposal.
5. The Contractor has the tools and connectivity installed, in compliance with MDIT standards, to properly support and monitor the application.

1.502 Final Acceptance

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

1.600 Proposal Pricing

1.601 Price Term

The contractor shall be paid a transaction fee, which will be calculated as a percentage, on the gross sales price of an item and payable as outlined in P.A. 279, after the successful completed sale of the item and receipt of invoice (**See pricing Article 1, Attachment A**).

Invoicing and Payment

Contractor will submit properly itemized invoices to "Bill To" Address on Purchase Order.

Invoices must provide and itemize, as applicable:

- Contract number;
- Purchase Order number
- Contractor name, address, phone number, and Federal Tax Identification Number;
- Price for each item sold, date of transaction, fee, and description of item.
- Total invoice price; and
- Payment terms, including any available prompt payment discounts.

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



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

This Contract is for a period of three years beginning November 15, 2008 through November 14, 2011. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.130**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 Renewal(s)

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

2.003 Legal Effect

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

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

2.004 Attachments & Exhibits

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

2.005 Ordering

The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under this Contract. All orders are subject to the terms and conditions of this Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order or Blanket Purchase Order's accompanying Statement of Work.

2.006 Order of Precedence

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

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

2.007 Headings

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



2.008 Form, Function & Utility

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

2.009 Reformation and Severability

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

2.010 Consents and Approvals

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

2.011 No Waiver of Default

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

2.012 Survival

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

2.020 Contract Administration

2.021 Issuing Office

This Contract is issued by the Department of Management and Budget, 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. The Purchasing Operations Contract Administrator for this Contract is:

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

2.022 Contract Compliance Inspector

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

Cindy Turben, CPPB
Michigan Department of Information Technology
Constitution Hall, 1st Floor North
525 W. Allegan Street
Lansing, MI 48913

2.023 Project Manager

The following individual(s) will oversee the project:

Name	Agency/Division	Title
Kevin Lancto	MDMB	Project Manager
Steve Hackney	MDIT	Project Manager

2.024 Change Requests

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

If the State requests or directs the Contractor to perform any Services/Deliverables that are outside the scope of the Contractor’s responsibilities under the Contract (“New Work”), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to notify the State before commencing performance of the requested activities, any such activities performed before the Contractor gives notice shall 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.

(1) Change Request at State Request

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

(2) Contractor Recommendation for Change Requests:

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

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

(4) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued

under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").

- (5) No proposed Change must be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Management and Budget, Purchasing Operations.
- (6) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.025 Notices

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

State:

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

Contractor:

Name:	Charles Williams		
Address:	PO Box 1284	City:	Walled Lake
Phone:	248-495-5523	Fax:	(360) 483-1050

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

2.026 Binding Commitments

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

2.027 Relationship of the Parties

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

2.028 Covenant of Good Faith

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

2.029 Assignments

Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department,



division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

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

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

2.030 General Provisions

2.031 Media Releases

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

2.032 Contract Distribution

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

2.033 Permits

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

2.034 Website Incorporation

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

2.035 Future Bidding Preclusion

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

2.036 Freedom of Information

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

2.037 Disaster Recovery

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

2.040 Financial Provisions

2.041 Fixed Prices for Services/Deliverables

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

2.042 Adjustments for Reductions in Scope of Services/Deliverables

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

2.043 Services/Deliverables Covered

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

2.044 Invoicing and Payment – In General

- (a) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.
- (b) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.
- (c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.
- (d) Contract Payment Schedule
 - 1. Contractor request for performance-based payment.
The Contractor may submit requests for payment of performance-based payments not more frequently than monthly, in a form and manner acceptable to the Contract Administrator. Unless otherwise authorized by the Contract Administrator, all performance-based payments in any period for which payment is being requested shall be included in a single request, appropriately itemized and totaled.
 - 2. Approval and payment of requests.
The Contractor shall not be entitled to payment of a request for performance-based payment prior to successful accomplishment of the event or performance criterion for which payment is requested. The Contract Administrator shall determine whether the event or performance criterion for which payment is requested has been successfully accomplished in accordance with the terms of the contract. The Contract Administrator may, at any time, require the Contractor to substantiate the successful performance of any event or performance criterion, which has been or is represented as being payable.

A payment under this performance-based payment clause is a contract financing payment under the Quick Payment Terms in **Section 1.061** of this Contract.



The approval by the Contract Administrator of a request for performance-based payment does not constitute an acceptance by the Government and does not excuse the Contractor from performance of obligations under this Contract.

2.045 Pro-ration

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

2.046 Antitrust Assignment

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

2.047 Final Payment

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

2.048 Electronic Payment Requirement

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

2.050 Taxes

2.051 Employment Taxes

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes.

2.052 Sales and Use Taxes

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

2.060 Contract Management

2.061 Contractor Personnel Qualifications

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



2.062 Contractor Key Personnel

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.
- (e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

2.063 Re-assignment of Personnel at the State's Request

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

2.064 Contractor Personnel Location

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

2.065 Contractor Identification

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



2.066 Cooperation with Third Parties

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

2.067 Contract Management Responsibilities

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services. Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor'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.

The Contractor will provide the Services/Deliverables 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.

2.068 Contractor Return of State Equipment/Resources

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

2.070 Subcontracting by Contractor

2.071 Contractor full Responsibility

Contractor shall have full responsibility for the successful performance and completion of all of the Services 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.

2.072 State Consent to delegation

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



2.073 Subcontractor bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, 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.

2.074 Flow Down

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

2.075 Competitive Selection

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

2.080 State Responsibilities

2.081 Equipment

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

2.082 Facilities

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

2.090 Security

2.091 Background Checks

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



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

2.092 Security Breach Notification

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

2.093 PCI DATA Security Requirements

Contractors with access to credit/debit card cardholder data must adhere to the Payment Card Industry (PCI) Data Security requirements. Contractor agrees that they are responsible for security of cardholder data in their possession. Contractor agrees that data can ONLY be used for assisting the State in completing a transaction, supporting a loyalty program, supporting the State, providing fraud control services, or for other uses specifically required by law.

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

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

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

2.100 Confidentiality

2.101 Confidentiality

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



2.102 Protection and Destruction of Confidential Information

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

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

2.103 Exclusions

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

2.104 No Implied Rights

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

2.105 Respective Obligations

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

2.110 Records and Inspections

2.111 Inspection of Work Performed

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



2.112 Examination of Records

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

2.113 Retention of Records

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

2.114 Audit Resolution

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

2.115 Errors

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

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

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.
- (b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
- (c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State, 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



the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.

- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.
- (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.
- (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Management and Budget, Purchasing Operations.

2.122 Warranty of Merchantability

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

2.123 Warranty of Fitness for a Particular Purpose

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



2.124 Warranty of Title

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

2.125 Equipment Warranty

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

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

Within 10 business days of notification from the State, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

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

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

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

2.126 Equipment to be New

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

2.127 Prohibited Products

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

2.128 Consequences for Breach

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

2.130 Insurance

2.131 Liability Insurance

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

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

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

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

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

See www.michigan.gov/dleg.

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

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

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

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

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

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

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

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



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

- 4. Employers liability insurance with the following minimum limits:
 \$100,000 each accident
 \$100,000 each employee by disease
 \$500,000 aggregate disease
- 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).
- 6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
- 7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.
- 8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132 Subcontractor Insurance Coverage

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

2.133 Certificates of Insurance and Other Requirements

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



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

2.140 Indemnification

2.141 General Indemnification

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

2.142 Code Indemnification

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

2.143 Employee Indemnification

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

2.144 Patent/Copyright Infringement Indemnification

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

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



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

2.145 Continuation of Indemnification Obligations

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

2.146 Indemnification Procedures

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

- (a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.



2.150 Termination/Cancellation

2.151 Notice and Right to Cure

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

2.152 Termination for Cause

- (a) The State may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State
- (b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.
- (c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.
- (d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

2.153 Termination for Convenience

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

2.154 Termination for Non-Appropriation

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



- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.
- (c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.155 Termination for Criminal Conviction

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

2.156 Termination for Approvals Rescinded

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

2.157 Rights and Obligations upon Termination

- (a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.



2.158 Reservation of Rights

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

2.160 Termination by Contractor

2.161 Termination by Contractor

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

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

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 90 days. These efforts must include, but are not limited to, those listed in this **Section**

2.172 Contractor Personnel Transition

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

2.173 Contractor Information Transition

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

2.174 Contractor Software Transition

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



2.175 Transition Payments

If the transition results from a termination for any reason, the termination provisions of this Contract must govern reimbursement. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 State Transition Responsibilities

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

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

2.180 Stop Work

2.181 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.150**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.130**.

2.182 Cancellation or Expiration of Stop Work Order

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

2.183 Allowance of Contractor Costs

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

2.190 Dispute Resolution

2.191 In General

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



Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192 Informal Dispute Resolution

- (a) All disputes between the parties must be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:
- (1) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
 - (2) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other's position.
 - (3) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
 - (4) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.
- (b) This Section will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.193**.
- (c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

2.193 Injunctive Relief

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

2.194 Continued Performance

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

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

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



2.202 Unfair Labor Practices

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

2.203 Workplace Safety and Discriminatory Harassment

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

2.210 Governing Law

2.211 Governing Law

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

2.212 Compliance with Laws

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

2.213 Jurisdiction

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

2.220 Limitation of Liability

2.221 Limitation of Liability

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does 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.

The Contractor's liability for damages to the State is limited to two times the value of the Contract or \$500,000 which ever is higher. The foregoing limitation of liability does 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 is limited to the value of the Contract.



2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

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

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

- (a) the ability of Contractor (or a Subcontractor) to continue to perform this Contract according to its terms and conditions, or
- (b) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:
 - (1) Contractor and its Subcontractors will be able to continue to perform this Contract and any Statements of Work according to its terms and conditions, and
 - (2) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.
- (c) Contractor must make the following notifications in writing:
 - (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DMB Purchasing Operations.
 - (2) Contractor must also notify DMB Purchasing Operations within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
 - (3) Contractor must also notify DMB Purchase Operations within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure

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

2.233 Bankruptcy

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

- (a) the Contractor files for protection under the bankruptcy laws;
- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or



(e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

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

2.240 Performance

2.241 Time of Performance

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

2.242 Service Level Agreement (SLA)

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



2.243 Liquidated Damages (Reserved)

2.244 Excusable Failure

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

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

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

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

2.250 Approval of Deliverables

2.251 Delivery of Deliverables

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.

2.252 Contractor System Testing

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

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

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

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

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

2.253 Approval of Deliverables, In General

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

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

Before commencement of its review or testing of a Deliverable, the State may inspect the Deliverable to confirm that all components of the Deliverable (e.g., software, associated documentation, and other materials) have been delivered. If the State determines that the Deliverable is incomplete, the State may refuse delivery



of the Deliverable without performing any further inspection or testing of the Deliverable. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable and the applicable certification by Contractor in accordance with this Section.

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

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

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

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

2.254 Process for Approval of Written Deliverables

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



2.255 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 the State Review Period shall be the number of days agreed in writing by the parties (failing which it shall be forty-five (45) days by default). The State Review Period for each Custom Software Deliverable will begin when Contractor has delivered the Custom Software Deliverable to the State accompanied by the certification required by this **Section** and the State's inspection of the Deliverable has confirmed that all components of it have been delivered.

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

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

2.256 Final Acceptance

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

2.260 Ownership

2.261 Ownership of Work Product by State (Not applicable)

2.262 Vesting of Rights (Not applicable)

2.263 Rights in Data

The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to



the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

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

2.264 Ownership of Materials

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

2.270 State Standards

2.271 Existing Technology Standards

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

2.272 Acceptable Use Policy

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

2.273 Systems Changes

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

2.280 Extended Purchasing (Reserved)

2.282 State Employee Purchases (Reserved)

2.290 Environmental Provision

2.291 Environmental Provision

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

Environmental Purchasing Policy: The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution.



Environmental components that are to be considered include: recycled content and recyclables; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bioaccumulative. The Contractor should be able to supply products containing recycled and environmentally preferable materials that meet performance requirements and is encouraged to offer such products throughout the duration of this Contract. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.

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

- (a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State must provide a safe and suitable environment for performance of Contractor’s Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.
- (b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State must order a suspension of Work in writing. The State must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State must terminate the affected Work for the State’s convenience.
- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

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

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

Environmental Performance: Waste Reduction Program - Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this contract. The Contractor's



programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

2.300 Deliverables

2.301 Software

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 (if required) any 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.

2.302 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 (if 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.

2.303 Equipment to be New

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

2.304 Equipment to be New and Prohibited Products

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

2.310 Software Warranties

2.311 Performance Warranty

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

2.312 No Surreptitious Code Warranty

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

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



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

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

2.313 Calendar Warranty

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

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

2.314 Third-party Software Warranty

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

2.315 Physical Media Warranty

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

2.320 Software Licensing

2.321 Cross-License, Deliverables Only, License to Contractor (Not applicable)



2.322 Cross-License, Deliverables and Derivative Work, License to Contractor (Not applicable)

2.323 License Back to the State (Not applicable)

2.324 License Retained by Contractor (Not applicable)

2.235 Pre-existing Materials for Custom Software Deliverables

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

2.330 Source Code Escrow (Not applicable)



Article 1, Attachment A
Pricing

The vendor shall be paid a transaction fee, which will be calculated as a percentage, (as bid by the vendor), on the gross sales price of an item and payable as outlined in P.A. 279, after the successful completed sale of the item and receipt of invoice.

THE TRANSACTION FEE BID IS 2.5% OF THE GROSS PROCEEDS OF THE SALE OF AN ITEM. A WINNING BID DOES NOT CONSTITUTE A SALE. AS IS CURRENT PRACTICE, WE WILL ONLY COLLECT THE TRANSACTION FEE IF THE ITEM IS ACTUALLY PURCHASED BY THE WINNING BIDDER.

Article 1, Attachment D
Functional and Technical Requirements

FUNCTIONAL SYSTEM REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	COMMENTS
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FUNCTIONAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
1. Training						
a. System administration training for State personnel who will be responsible for ongoing maintenance and administration of the system, including security.	M	X			A	The state will receive training on the features and functionality for which it is responsible.
b. Training is provided in a variety of formats for use, and administration for a variety of levels (e.g. basic, advanced, refresher, etc.).	O	X			B	We will perform training using your preference but prefer online 'webex' training
c. All training manuals, training plans and other documentation provided become the property of the State.	M	X			A	
2. Bidder Registration & Bidder Deactivation:						
a. Secured internet site for customer registration.	M	X			A	Using SSL
b. Registered bidders must provide:	M				A	See existing website for example. This sets foundation of new functionality.
I. Valid E-mail address (system to validate prior to completing registration)	M	X			A	
II. Name	M	X			A	
III. Address	M	X			A	
IV. Phone number	M	X			A	
V. Alternate phone number	M	X			A	
VI. User name	M	X			A	
VII. Password.	M	X			A	
c. Local units of government		X			A	

FUNCTIONAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
(school districts, cities, townships, counties, etc.) and non-profits must have a unique registration process that is different from the general public to allow tax exempt status. This will include:	M					
I. Valid E-mail address (system to validate prior to completing registration)	M	X			A	We will validate email address by sending an email to it and requiring confirmation before activating account.
II. Name	M	X			A	
III. Address	M	X			A	
IV. Phone number	M	X			A	
V. Alternate phone number	M	X			A	
VI. User name	M	X			A	
VII. Password	M	X			A	
VIII. Completion of a Michigan Department of Treasury Sales and Use Tax Certification of Exemption, form 3372 (link to be provided).	M	X			B	We envision you being emailed these completed forms and you confirming access when received. Will need to work out details.
d. Registered bidders cannot bid unless they have viewed/read and accepted (by checking a box) the terms and conditions (to be supplied by Surplus Services).	M	X			A	Will require prior to allowing a bid (this is an optional feature you can turn on and off)
e. Surplus Services (SS) must be able to deactivate registered bidders, real time, on line, without vendor intervention.	M	X			A	
f. Vendor must provide a method to prevent a deactivated bidder from re-registering.	M		X		A	We will not allow duplicates as much as possible given



FUNCTIONAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
						the constraints of working in an internet environment
3. Auction Posting:						
a. Provide a standard auction template which at a minimum includes:	M	X				
I. Auction description with a minimum of 5000 characters	M	X			A	
II. Up to 10 photographs	M	X			A	
III. Captions on each photograph	M	X			A	
IV. Standard terms and conditions	M	X			A	
V. Special announcements.	M	X			A	This is a global notice you can turn on and off at will and customize the message see everytime a bidder views one of your auctions.
b. Allow different payment methods (cash, check, money order, Visa, MasterCard, Discover etc.).	M	X			A	
c. Surplus Services defines auction categories, e.g., vehicles, office equipment, and tools. Provide the ability to modify and add auction categories.	M	X			A	We will modify auction categories at your request.
d. All data elements of the auction template are defined by Surplus Services.	M		X		B	We have an existing highly functional template, but it can be reasonably modified.
e. All data elements of the auction template must be modifiable in real time by Surplus Services.	M	X				
f. Ability to cut and paste information to the template	M	X			A	



FUNCTIONAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
from other software applications.						
g. All data elements must appear on the Web Site as they appeared in the template. (WYSWYG).	M	X			A	We use an HTML enabled form for data entry
h. Auction submission queue which allows a minimum of 10 auctions to be entered into the queue BEFORE the auction goes live.	M	X			A	Unlimited number of queued auctions is possible.
i. Data in the auction queue must be modifiable by Surplus Services prior to auction going live.	M	X			A	
j. Ability to establish minimum bids.	M	X			A	A minimum bid can be entered during auction creation
k. Surplus Services defines start and end times of auctions.	M	X			A	You can identify start time and duration, which will define the end time.
l. Length of auction defined by Surplus Services in a pull down menu from 1-31 days.	M	X			A	Yes
m. Pull down menu for start and end dates and auction pick up times.	M	X			A	
n. Surplus Services can schedule times for auctions in the queue to automatically go live.	M	X			A	
o. Lot number is assigned and displayed at the time the auction goes live.	M	X			A	
p. Time out for posting must be a minimum of one hour.	M		X		B	We are not clear what this requirement means but will work with you to provide what you need.
q. Ability to print details of each individual auction.	M	X			A	
r. After the auction goes live Surplus Services cannot modify the auction.	M	X			A	

FUNCTIONAL REQUIREMENTS	MANDAT ORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICAT IONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments																						
4. Auction bidding:																												
a. Bidding starts exactly at auction start time.	M	X			A																							
b. Bids will be accepted even if they are below the minimum bid.	M	X			A																							
c. Ability to enter a proxy bid.	M	X			A																							
d. Automatic Bid Increments will be set by Vendor's server as set forth below. The amount of the increment is set by the dollar amount of the bids received. The table of our automatic increments will be as follows:	M	X			A																							
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Current High Bid</th> <th style="width: 50%;">Increment</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">\$0.01 - 0.99</td><td style="text-align: center;">\$0.05</td></tr> <tr><td style="text-align: center;">\$1.00 - 4.99</td><td style="text-align: center;">\$0.25</td></tr> <tr><td style="text-align: center;">\$5.00 - 24.99</td><td style="text-align: center;">\$0.50</td></tr> <tr><td style="text-align: center;">\$25.00 - 99.99</td><td style="text-align: center;">\$1.00</td></tr> <tr><td style="text-align: center;">\$100.00 - 249.99</td><td style="text-align: center;">\$2.50</td></tr> <tr><td style="text-align: center;">\$250.00 - 499.99</td><td style="text-align: center;">\$5.00</td></tr> <tr><td style="text-align: center;">\$500.00 - 999.99</td><td style="text-align: center;">\$10.00</td></tr> <tr><td style="text-align: center;">\$1000.00 - 2499.99</td><td style="text-align: center;">\$25.00</td></tr> <tr><td style="text-align: center;">\$2500.00 - 4999.99</td><td style="text-align: center;">\$50.00</td></tr> <tr><td style="text-align: center;">\$5000.00 and up</td><td style="text-align: center;">\$100.00</td></tr> </tbody> </table>							Current High Bid	Increment	\$0.01 - 0.99	\$0.05	\$1.00 - 4.99	\$0.25	\$5.00 - 24.99	\$0.50	\$25.00 - 99.99	\$1.00	\$100.00 - 249.99	\$2.50	\$250.00 - 499.99	\$5.00	\$500.00 - 999.99	\$10.00	\$1000.00 - 2499.99	\$25.00	\$2500.00 - 4999.99	\$50.00	\$5000.00 and up	\$100.00
Current High Bid	Increment																											
\$0.01 - 0.99	\$0.05																											
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\$500.00 - 999.99	\$10.00																											
\$1000.00 - 2499.99	\$25.00																											
\$2500.00 - 4999.99	\$50.00																											
\$5000.00 and up	\$100.00																											
d. The system will not allow or accept two bids of the same amount.	M	X			A																							
e. The system will only display the user name and the highest bid submitted, and show all the remaining bidder user names without the bid amount.	M	X			A																							
f. Bidders must be reminded to "refresh" screen to see real auction time.	M	X			A																							
5. Auction close out:																												
a. Vendor performs all financial		X			A	Calculations are																						



FUNCTIONAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
calculations upon close of an auction.	M					final price + bidder premiums defined during auction creation + sales tax.
b. Vendor sends E-mail with itemized billing to the winning bidder, the bill must include:	M	X			A	
I. Winning bid amount	M	X			A	
II. Sales Tax	M	X			A	
III. Fees	M	X			A	
IV. Total amount owed	M	X			A	
c. Vendor sends confirmation for itemized billing to Surplus Services.	M	X			A	
d. Ability for Surplus Services to offer the lot to the second highest bidder if the winning bidder does not complete the purchase, or the third highest bidder if the highest or second highest bidder does not complete the purchase. Vendor will recalculate the billing based on the new winning bid and send a confirmation bill to Surplus Services and to the new winning bidder.	M	X			B	We will work with you to better understand requirements. Shouldn't be a problem.
6. Canceled Auctions:						
a. Surplus Services must have the ability to cancel an auction prior to the auction end time.	M	X			A	
b. Vendor sends E-mail notification to bidders notifying them of cancellation.	M	X			A	
c. Cancelled auctions cannot be queried or viewed and must be purged from the system in its entirety.	M	X			A	
7. Customer view of auction page:						
a. Enlargeable photographs.	M	X			A	
b. State of Michigan logos/identifications clearly displayed on the auction pages.	M		X		A	We can accommodate as we do now in your 'asp site'

FUNCTIONAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
						linked from mibid
8. Reports:						
a. Provide the ability to write ad hoc reports using a report writing tool.	M		X		B	Not sure of your requirements. Need to understand your impression of what ad-hoc means. You can restrict by date, etc.
b. Surplus Services requires a "Metrics Page." This part of the website will display Year to Date, Month to Date, and Daily statistics at a glance. The information must be both printable and downloadable:	M		X		B	Downloadable in what format?
I. <u>Year to Date:</u> (Displayed by Month)	M	X			A	
• Total Number of Auctions Opened, Closed with a bid, Closed Without a bid and Cancelled	M	X			A	
• Total of Final Price Bid	M	X			A	
• Total Vendor Fee Charged	M	X			A	
• YTD Average Vendor Fee Charged	M	X			B	
• YTD Average Number of Auctions with a Bid	M	X			B	
• YTD Average of Total Price Bid	M	X			B	
• Grand Total Price Bid Minus Vendor Fee Year to Date.	M	X			B	
II. <u>Month to Date:</u> (Displayed by Day)	M	X				
• Total Number of Auctions Opened, Closed with a bid, Closed Without a bid and Cancelled	M	X			A	
• Total of Final Price Bid	M	X			A	

FUNCTIONAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
<ul style="list-style-type: none"> Total Vendor Fee Charged 	M	X			A	
<ul style="list-style-type: none"> Running Average Number of Auctions with a Bid 		X			A	
<ul style="list-style-type: none"> Running Average of Total Price Bid 		X			B	
<ul style="list-style-type: none"> Running Average Vendor Fee Charged 		X			B	
<ul style="list-style-type: none"> Grand Total Price Bid Month to Date. 	M	X			B	
III.						
<ul style="list-style-type: none"> 						Section iii no longer needed
<ul style="list-style-type: none"> 						
<ul style="list-style-type: none"> 						
<ul style="list-style-type: none"> 						
<ul style="list-style-type: none"> 						
9. Documentation:						
a. A minimum of two (2) copies of the following documentation in an electronic format, online and in hard copy will be provided:	M		X			
I. Operations manual	M		x		B	As applicable to the State's usage and system support requirements.
II. Provide documentation of system updates/enhancements	M		x		B	As applicable to the State's usage and system support requirements.
b. 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.	M		X		B	As applicable to the State's usage and system support requirements.
c. The documentation of components, features, and use of the hardware/software shall be detailed such that resolution of most problems can be	M		X		B	As applicable to the State's usage and system support requirements.



FUNCTIONAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
determined from the documentation, and most questions can be answered.						
10. Support Considerations:						
a. The Vendor shall provide telephone technical support on a 24x7 basis. Calls will be answered within 60 seconds, preferably by a live person, however, if not, callback from the vendor will be required within 20 minutes of the initial call. Vendor must provide a detailed plan for this technical support requirement.	M	X			A	The State currently has several phone numbers via which we can be contacted. We will provide you a dedicated phone number to use.
b. Help desk issues will be escalated as necessary to senior technical/engineering staff, and then to higher management and/or senior management.	M	X			A	
c. A Web-enabled help desk interface is provided at no additional cost.	O			X		
d. The Contractor help desk will open problem tickets within 15 minutes of when the problem is reported during regular Vendor business hours, and within one hour otherwise.	O	X			A	
e. Vendor must describe the action they will take if / when the system goes down.	M	X			A	
f. If an outage is expected, the MDIT main contact will be notified as far in advance as possible once the Contractor is aware of the scheduled outage.	M	X			A	
g. If an unexpected outage occurs, the MDIT main contact will be notified immediately after the outage is reported to the Network Administrator to resolve.	M	X			A	
h. Error Correction. Upon notice by State of a problem with the Software (which problem can be verified),	M	X			A	

FUNCTIONAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
reasonable efforts to correct or provide a working solution for the problem.						
i. Once operational, all problems shall be resolved or a plan of action to resolve within four (4) hours from the time the problem was first reported to Vendor.	M	X			A	
j. Vendor must provide notification via e-mail by 8:00 a.m. if the auction site should go off line or fail during the evening hours (5:00 p.m. – 8:00 a.m.). The e-mail should provide details regarding the problem that occurred and the time frame of the occurrence.	M	X			A	
k. Contractor will communicate to the State within 2 weeks of receipt of this contract a schedule of planned maintenance windows for the individual servers.	M	X			A	
l. All Severity One problems shall be resolved, or a plan of action to resolve, within 4 hours from the time the problem was first reported to Contractor.	M	X			A	
m. Material Defects. The State will be notified of any material errors or defects in the deliverables known, or made known to Contractor 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	X			A	
n. The system shall generally be available 24 hours a day, 365 days a year, except when data on the system is being	M	X			A	

FUNCTIONAL REQUIREMENTS	MANDAT ORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICAT IONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
refreshed, or when the system/servers are not available due to regular maintenance.						
o.						
p.						

TECHNICAL REQUIREMENTS	MANDAT ORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICAT IONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
3. Backup and Recovery						
a. The system has the ability to provide point-in-time recovery of data to the last completed transaction.	O			X	A	
b. The system has the ability to allow for continued use of the system during backup.	O	X			A	
c. The system has the ability to provide a complete backup and recovery process for all database tables and system files.	M	X			A	
d. The system has the ability to create on request backups.	O	X			A	
e. The back up and archival features of the system proposed can be initiated automatically or by manual request.	O	X			A	
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.	M	X			A	
4. Disaster Recovery						
a. The Disaster Recovery Services shall provide a viable operating system available for	M	X			A	

TECHNICAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
executing the business applications within forty-eight (48) hours of a declared disaster.						
b. The establishment of a network connection, an alternate server and the State interface is the Contractor's responsibility.	M	X			A	
c. Contractor will develop, publish and maintain, with the approval and participation of the State, a Disaster Recovery Plan (DRP). Contractor agrees to complete the DRP prior to production cut-over.	O	X			A	
d. Contractor agrees it is solely responsible for the effectiveness and execution of the DRP, including the role of any subcontractors utilized by Contractor to execute the DRP.		X			A	
e. Contractor guarantees that the DRP will provide for normal production processing of the application within forty-eight (48) hours of a declared disaster. At minimum, Contractor agrees to provide:		X			A	
I. An alternate Server capable of meeting the applications' processing and storage requirements, and all requisite floor space, utilities, and technical staff at the Contractor's disaster recovery site.	M	X			A	
II. Daily generation and storage of application data backup tapes.	M	X			A	
III. An annual disaster recovery test to ensure the effectiveness of the DRP.	M	X			A	
IV. Network services between the alternate server and the State interface.	M	X			A	
V. Management and coordination services	M	X			A	

TECHNICAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
needed to execute the entire DRP.						
5. Security						
<p>a. All computer information systems and applications operate in a secure manner and comply with State and federal security standards and regulations including the MDIT 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</p>	M		X		A	We will comply with the applicable contents of these guidelines.
<p>b. The system must ensure that the integrity and confidentiality of data is protected by safeguards to prevent release of information without proper consent.</p>	M	X			A	
<p>c. All data must be secured outside the State of Michigan Firewall.</p>	M	X			A	
<p>d. Vendor must comply with the requirements of the Identity Theft Protection Act, Act 452, P.A. 2004, as amended July 2, 2007.</p>	M	X			A	
<p>e. Vendor must provide a security/confidentiality protection plan.</p>	M	X			A	
<p>f. Personally identifiable information, which is any information collected for the purposes of placing successful bids on State of Michigan items to include but not limited to: Name, address, email address, user name, password, credit card number and expiration date, or any combination of data that could be used to identify a registered State of Michigan user such as birth date, zip code, or gender,</p>	M	X			A	

TECHNICAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
shall be the sole property of the State of Michigan and that information will be held in compliance with the State of Michigan's privacy policy and practices.						
g. The vendor must warrant that they will comply with the State of Michigan internet privacy policy and practices.	M	X			A	
h. Vendor shall not disclose or make available any personally identifiable information to any affiliate, any third party, or to any person or entity except the State of Michigan for the purpose of purchasing items.	M	X			A	
i. All information collected, formulated, generated (in detail and summary form to include bidding, buying and selling behavior information) or obtained on State of Michigan auction site users shall be the sole property of the State of Michigan and shall not be used by the vendor or affiliates in any way, unless authorized and approved in writing by the State of Michigan.	M	X			A	
j. Vendor must have and provide a documented disaster recovery plan.	M	X			A	
k. Supply the same or an equivalent level of security as described below:						
I. The network must be protected by anti-virus enterprise software automatically updated with the latest virus definitions as they are released by the software publisher.	M	X			A	
II. All workstations connected to the network will be	M	X			A	



TECHNICAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
protected with the software to prevent viruses from being introduced from within the network.						
7. Security / Access Control						
a. The system provides security at individual and administrative operator levels.	M	X			A	
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	X			A	
c. The system checks each user's access privileges at login, and automatically disable or enables client functions (in real time) based upon the user's profile	M	X			A	
d. The system provides varying levels of access within the application, such as administrators, view only, or scheduling only.	M	X			A	
8. Security / Password Controls						
a. The system provides an enforced minimum length for passwords.	M	X			A	
b. The system provides an enforced requirement for user passwords to be automatically prompted for change after a defined period has passed, such as 30, 60 or 90 days.	M	X			B	You will need to define the duration for us to use when setting this requirement. Bidcorp.com highly recommends against implementing this – it will reduce your revenues.
c. The system provides users with the capability to change	M	X			A	

TECHNICAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
their own passwords.						
d. The system disables user IDs after a specified number (3) of consecutive invalid login attempts.	M	X			A	
e. The system enters passwords in a non-display field.	M	X			A	
f. The system encrypts passwords when they are routed over the network.	M	X			A	
g. The system encrypts passwords in system storage.	M	X			A	
9. Security / Activity Logging						
a. The system logs unauthorized access attempts by date, time, user ID, device and location.	M	X			A	
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.	M	X			A	
c. The system provides security reports of users and access levels.	M		X		A	
d. The system provides detailed reports of backups completed and backups failed.		X			A	
10. Software Package Specifications						
a. The software allows the State, from PC workstations, to access and update all necessary information to complete a transaction.	O	X			A	
b. The software allows for the accurate and timely input and extraction of State data.	O	X			A	
c. The software allows for processing of all identified State business.	O	X			A	
d. The software provides identified data reporting capabilities.	O	X			B	Some the YTD features need clarification which means

TECHNICAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
						reports will need to be adjusted.
e. The software provides a Graphical User Interface (GUI) that is user-friendly and provides data, calculation, reporting, and communication capabilities to State users.	O	X			A	
f. The system provides the capability to access scanned images that are attached to various elements of the database.	O	X			A	We presume this means the images you have uploaded.
11. Reporting						
a. The software delivers standard reports.	M	X				
b. The system includes ad-hoc query and reporting tools.	O		X		A	Reports can be created and customized in real-time. Do not understand your definition of 'ad-hoc' so do not want to misstate functionality. We will work with the State to provide access to the data it needs.
c. The online query capability enables non-technical end-users to extract information.	M	X			A	
d. The standard (e.g., regularly scheduled, recurring) reporting environment allows:	O				A	
i. Standard reports to be scheduled, executed, viewed online, printed (centrally or remotely) and dispersed (including the use of report distribution management	O		X		A	A real time reporting capability exists.

TECHNICAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
software)						
ii. Offices and work locations to control which standard reports they do and do not receive.	O		X		A	Reports are on-demand, regardless of location
iii. The State to control the information that appears on standard reports so that data security is maintained.	O		X		B	We will make reasonable customizations for the State
e. The system provides i. Methods for retaining and modifying previously built queries	O			X	B	This requirement does not seem applicable. Need to discuss with you.
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.)	O			X	B	See comment above
12. System Auditing						
a. The system has the ability to maintain a historical record of all changes made to any item within the system (e.g., data element, business rule, process control, software program), 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.	O			X	C	Some yes, some no. Need to understand what components you are specifically referring to.
b. The system offers the ability to query, view, filter, and sort the system audit trail. The system is able to store the queries.	O		X		A	Limited
c. The system has the ability to identify and track data back to its input source (e.g.,	O	X			A	

TECHNICAL REQUIREMENTS	MANDATORY (M) OR OPTIONAL (O)	YES	YES WITH MODIFICATIONS	NO	REQ RESPONSE (A, B, C, D, E)	Comments
imaged document, keyed from form, interface file, etc.).						
d. The system has the ability to audit all override of edits and audits and identify the login ID, date, and time.	O	X			A	
e. The system enables the user to modify data entry transactions that have already been posted to the database while maintaining an audit trail of the change.	O		X		A	Auction and bid modifications are tracked.
f. 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.	O	X			A	
g. 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.	O	X			A	Limited history available for reconstruction.
13. Edit and Validation Control						
a. The system includes comprehensive field edits to prevent incomplete or incorrect data from entering the system	M	X			A	
14. Environment						
a. Contractor maintains a current annual security rating as audited by an independent third party auditing firm that certifies that they meet federal and State guidelines for the handling of confidential data.	M		X		A	This activity is in process.