STATE OF MICHIGAN
ENTERPRISE PROCUREMENT
Department of Technology, Management, and Budget

525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **8**

to

Contract Number **071B9200084**

CONTRACTOR	
ACRO SERVICE CORP	
39209 West Six Mile Road, Suite 250	
Livonia, MI 48152	
RV. Rao	
734-591-1100 x-4318	
rvrao@acrocorp.com	
*******3629	

STATE		
	Kim Koppsch-Woods	DTMB
	517-241-3314	
	Koppsch-WoodsK@michigan.gov	
	Simon Baldwin	DTMB
	(517) 284-6997	
	baldwins@michigan.gov	

CONTRACT SUMMARY

AGING INFORMATION SYSTEM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGES(S) NOTED BELOW
December 1, 2008	November 30, 2011	4 - 1 Year	November 30, 2016

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ Direct Voucher (DV)	☐ Other	☐ Yes	☒ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐	N/A	☐	N/A	November 30, 2016

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$4,067,085.00	$401,773.00	$4,468,858.00

DESCRIPTION

Effective 11/15/2016, this Contract is increased by $401,773.00 for continued Maintenance, Operations Support, and Hosting to allow time for the rebid process. Please note the Contract Administrator has been changed to Simon Baldwin and the Program Manager has been changed to Kim Koppsch-Woods. All other terms, conditions, specifications, and pricing remain the same. Per Contractor and Agency agreement, DTMB Procurement approval and State Administrative Board approval on 11/15/2016.

MICHIGAN DEPARTMENT OF TECHNOLOGY,

MANAGEMENT AND BUDGET

IT SERVICES

STATEMENT OF WORK

Project Title: **Aging Information System (AIS)**	**Period of Coverage:** **11/30/2016–**
Requesting Department: **Michigan Department of Health and Human Services(MDHHS)**	**Date:** **11/30/2016**
Agency Project Manager: **Scott Wamsley**	**Phone:** **(517) 241-0624**
DTMB Project Manager: **Kim Koppsch-Woods**	**Phone:** **(517) 241-3314**

Brief Description of Services to be provided:

This request is to extend this Contract for one additional year, utilizing Ad Board Resolution 2015-1.

Contract extension (change notice) and PO request for one additional year of ongoing maintenance/support/hosting/enhancements for the Aging Information System (AIS) for the time period of 12/1/15 - 11/30/16.

BACKGROUND:

Contract 071B9200084 between the State of Michigan (SOM), through the Michigan Department of Health and Human Services(MDHHS) and Department of Technology, Management & Budget (DTMB) with Acro Service Corporation provides technical support for all existing Aging Information System (AIS) software applications and websites, including providing hosting for servers, application enhancements, and maintaining security architecture. Additionally, the contract provides for AIS application development and enhancements to meet agency program management and reporting and data collection requirements.

Non-support of web-based software and reporting systems would result in the inability to:

1. Meet Federal Older Americans Act Reporting Requirements
2. Effectively administer and monitor and financial grants awards and grantee expenditures
3. Secure reimbursement for nutrition services
4. Manage and report on contracted programs/services
5. And review/evaluate area plans & community-based services to the states aging population to ensure compliance with Federal Older Americans Act Requirements and support Agency program and services data management.

PROJECT OBJECTIVE:

The AIS provides a centralized source for agency data collection and required reporting. AIS applications are used for program management purposes and to meet a variety of required reporting requirements.

This amendment adds funds for continued use during the transition to a new Contract/Contractor.

SCOPE OF WORK:
Contract provides technical support for all existing AIS software applications and websites, including providing hosting for servers, application enhancements, and maintaining security architecture. Additionally, the contract provides for AIS application development and enhancements to meet agency program management and reporting and data collection requirements. Ongoing maintenance/support/enhancements/hosting is required to fully comply with grant reporting and AIS support for Agency reporting purposes.

TASKS:
Per attached Work Project detail.

DELIVERABLES:
Per attached Work Project detail.

ACCEPTANCE CRITERIA:
Acceptance criteria are described per approved contract, 071B9200084.

PROJECT CONTROL AND REPORTS:
A monthly progress report (per the approved contract) must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each progress report must contain the following:

1. **Hours**: Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.

2. **Accomplishments**: Indicate what was worked on and what was completed during the current reporting period.

3. **Funds**: Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:
NONE

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

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

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

PROJECT CONTACTS:
The designated MDHHS Project Manager is:
Scott Wamsley
Michigan Department of Health and Human Services(MDHHS) / Aging
Chandler Plaza / 3rd Floor
PO Box 30676
Lansing, MI, 48909-8176
(517) 241-0624
wamsleys@michigan.gov

The designated DTMB Project Manager is:
Kim Koppsch-Woods
(517) 241-3314
Koppsch-WoodsK@michigan.gov

AGENCY RESPONSIBILITIES:
Per approved contract, 071B9200084 describes agency responsibilities.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Per approved contract, 071B9200084, consultants will work at ACRO Services Corporation in Livonia, Michigan and at the server hosting site in Grand Rapids, Michigan.

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

No overtime will be permitted.

PROJECT SCHEDULE:
See Work Project Detail Below

OSA Aging Information System - FY 2016/17 (through 7/31/2017 ACRO Extension)*

Work Project Detail	Development Hours Estimate	Contract Work Estimate	Completion Due Date	Development Dates		ACRO Developers	ACRO Testing Dates		AASA Testing Dates-Staging		AIS Production Delivery Dates
Hosting, Maintenance and Identified Enhancements				**Start Date**	**End Date**		**Start Date**	**End Date**	**Start Date**	**End Date**	
1) AIS Existing Security & Hosting											
Hosting	NA	$17,900	*NA - Ongoing*								
2) National Aging Program Information System (NAPIS)											
NAPIS Advaced Reports Data Quality Mgt Module Upgrades	**154**	$10,000	6/30/2017	5/8/2017	5/26/2017	Vishwas, Madhura, Shruti	6/5/2017	6/16/2017	6/19/2017	6/30/2017	6/30/2017
NAPIS Importer Updates & File Deletion Enhancement	**369**	$24,000	7/31/2017	5/1/2017	6/2/2017	Vishwas, Biswajit, Priya	6/5/2017	6/23/2017	6/26/2017	7/21/2017	7/28/2017
Archived Data Reporting Module	**462**	$30,000	3/31/2017	2/6/2017	3/10/2017	Vishwas, Biswajit, Shruti	3/13/2017	3/24/2017	3/27/2017	3/30/2017	3/31/2017
NAPIS Reports performance optimization	**109**	$7,110	12/31/2016	12/1/2016	12/31/2016	Vishwas, Madhura, Shruti	11/21/2017	11/30/2017	12/1/2017	12/23/2016	12/23/2016
3) Annual & Multi-Year Planning System (AMPS)											
AIP Reporting & Quality Assurance Modules	**462**	$30,000	6/30/2017	5/1/2017	5/19/2017	Vishwas, Navin, Priya	5/22/2017	6/2/2017	6/5/2017	6/23/2017	6/30/2017
AMPS tab AIP/MYP Documents enhancement	**54**	$3,500	12/31/2016	11/14/2016	12/30/2016	Vishwas, Madhura, Priya	11/18/2016	11/30/2016	12/1/2016	12/9/2016	12/9/2016
4) ADRC Application											
Options Counseling - AIS Shared Reporting Module	**385**	$25,000	3/31/2017	2/6/2017	3/10/2017	Vishwas, Madhura, Priya	3/13/2017	3/24/2017	3/27/2017	3/30/2017	3/31/2017
Screen and Reports Updates	**37**	$2,420	12/23/2016	12/12/2016	12/16/2016	Vishwas, Madhura, Shruti	12/19/2016	12/20/2016	12/21/2016	12/23/2016	12/23/2016
5) Nutrition Management Application											
SPF Reset Certification	**92**	$6,000	12/31/2016	12/1/2016	12/15/2016	Vishwas, Biswajit, Priya	12/12/2016	12/16/2016	12/19/2016	12/23/2016	12/23/2016
Market Master enhancements	**115**	$7,500	12/31/2016	12/1/2016	12/30/2016	Vishwas, Navin, Shruti	12/1/2016	12/9/2016	12/12/2016	12/19/2016	12/19/2016
6) Volunteer Information System (VIS)											
VIS Advanced Reporting Upgrades	**231**	$15,000	3/31/2017	1/2/2017	1/20/2017	Vishwas, Madhura, Priya	1/23/2017	2/3/2017	2/6/2017	2/17/2017	2/17/2017
VIS Time Entry and Time Report optimization and bug fixes	**170**	$11,080	12/31/2016	12/1/2016	12/30/2016	Vishwas, Navin, Shruti	11/7/2016	11/18/2016	11/21/2016	11/30/2016	11/30/2016
7) FIRST Application											
OSA Special Grants Expenditure Reports	**154**	$10,000	2/28/2017	12/5/2017	1/31/2017	Vishwas, Biswajit, Shruti	1/2/2017	1/13/2017	1/16/2017	1/27/2017	1/27/2017
FSP Report Module & Agency Wide Report Module	**308**	$20,000	5/31/2017	4/3/2017	4/28/2017	Vishwas, Navin, Priya	5/1/2017	5/12/2017	5/15/2017	5/26/2017	5/26/2017
CR and MM PV - Add filter for PV not generated	**92**	$6,000	12/31/2016	12/1/2016	12/30/2016	Vishwas, Madhura, Priya	11/14/2016	11/18/2016	11/21/2016	11/30/2016	11/30/2016
CAS Intra state formulae data entry page	**55**	$3,600	12/31/2016	12/1/2016	12/30/2016	Vishwas, Navin, Shruti	11/18/2016	11/30/2016	12/1/2016	12/9/2016	12/9/2016
8) AIS Infrastructure Supports											
AIS Data Archive Plan and Technology	**231**	$15,000	7/31/2017	6/1/2017	6/23/2017	Vishwas, Navin, Priya	6/26/2017	7/7/2017	7/10/2017	7/21/2017	7/28/2017
Analysis for security vulnerabilities in AIS applications	**193**	$12,520	1/31/2017	12/1/2016	12/30/2016	Vishwas, Biswajit, Madhura					12/9/2016
AIS Equipment Replacement	**NA**	$40,000	*NA - As Needed*								
Tier 2 Monthly Security Analysis	**262**	$16,999	*NA - Ongoing*								
Offsite Database Backup and Storage	**138**	$9,000	*NA - Ongoing*								
Disaster Recovery hot-site backup and maintenance	**262**	$16,999	*NA - Ongoing*								
Warranty Renewal for Juniper Firewall	**NA**	$1,465	*NA - As Needed*								
ADA Compliance Review/Updates	**87**	$5,680	12/31/2016								
General End User Support (all applications)	**846**	$55,000	*NA - As Needed*								
Totals		**$401,773**									

Form No. DTMB-3521 (Rev. 7/2015)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

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

CHANGE NOTICE NO. 7

to

CONTRACT NO. 071B9200084

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
ACRO Service Corp	RV Rao	rvrao@acrocorp.com
39209 West Six Mile Road, Suite 250	**PHONE**	**CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)**
Livonia, MI 48152	(734) 542-4318	3629

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	George Hamel	(517) 335-3806	hamelg@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	David Hatch	(517) 284-7044	hatchd@michigan.gov

CONTRACT SUMMARY

DESCRIPTION: Aging Information Services

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
December 1, 2008	November 30, 2011	(4) 1-Year Options	November 30, 2015

PAYMENT TERMS	DELIVERY TIMEFRAME
N/A	N/A

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
☐ P-card ☐ Direct Voucher (DV) ☐ Other	☐ Yes ☒ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☒	1-Year	November 30, 2016

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$3,621,005.00	$446,080.00	$4,067,085.00

DESCRIPTION: Effective December 1, 2015, this Contract is hereby extended 1-Year; and is increased by $446,080.00, per State Administrative Board Resolution 2015-1. $446,080 will be made readily available for the defined deliverables found in the Statement of Work below. The remaining $95,000.00 will be made available upon DTMB Procurement approval of subsequent SOW documents. The revised Contract expiration date is November 30, 2016. All other terms, conditions, specifications, and pricing remain the same, per Contractor and Agency agreement, and DTMB Procurement approval.
Approved aggregate total value per Ad Board Resolution 2015-1 amount: $4,162,085.00
Additional funds available per Ad Board Resolution 2015-1: $95,000.00

MICHIGAN DEPARTMENT OF TECHNOLOGY,

MANAGEMENT AND BUDGET

IT SERVICES

STATEMENT OF WORK

Project Title: **Aging Information System (AIS)**	**Period of Coverage:** **12/1/15 – 11/30/16**
Requesting Department: **Michigan Department of Health and Human Services(MDHHS)**	**Date:** **06/02/2015**
Agency Project Manager: **Scott Wamsley**	**Phone:** **(517) 241-0624**
DTMB Project Manager: **Russ Tiedt**	**Phone:** **517-335-3288**

Brief Description of Services to be provided:

This request is to extend this Contract for one additional year, utilizing Ad Board Resolution 2015-1.

Contract extension (change notice) and PO request for one additional year of ongoing maintenance/support/hosting/enhancements for the Aging Information System (AIS) for the time period of 12/1/15 - 11/30/16.

BACKGROUND:

Contract 071B9200084 between the State of Michigan (SOM), through the Michigan Department of Health and Human Services(MDHHS) and Department of Technology, Management & Budget (DTMB) with Acro Service Corporation provides technical support for all existing Aging Information System (AIS) software applications and websites, including providing hosting for servers, application enhancements, and maintaining security architecture. Additionally, the contract provides for AIS application development and enhancements to meet agency program management and reporting and data collection requirements.

Non-support of web-based software and reporting systems would result in the inability to:

1. Meet Federal Older Americans Act Reporting Requirements
2. Effectively administer and monitor and financial grants awards and grantee expenditures
3. Secure reimbursement for nutrition services
4. Manage and report on contracted programs/services
5. And review/evaluate area plans & community-based services to the states aging population to ensure compliance with Federal Older Americans Act Requirements and support Agency program and services data management.

PROJECT OBJECTIVE:

The AIS provides a centralized source for agency data collection and required reporting. AIS applications are used for program management purposes and to meet a variety of required reporting

requirements.

SCOPE OF WORK:
Contract provides technical support for all existing AIS software applications and websites, including providing hosting for servers, application enhancements, and maintaining security architecture. Additionally, the contract provides for AIS application development and enhancements to meet agency program management and reporting and data collection requirements. Ongoing maintenance/support/enhancements/hosting is required to fully comply with grant reporting and AIS support for Agency reporting purposes.

TASKS:
Per attached Work Project detail.

DELIVERABLES:
Per attached Work Project detail.

ACCEPTANCE CRITERIA:
Acceptance criteria are described per approved contract, 071B9200084.

PROJECT CONTROL AND REPORTS:
A monthly progress report (per the approved contract) must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each progress report must contain the following:

1. **Hours**: Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.

2. **Accomplishments**: Indicate what was worked on and what was completed during the current reporting period.

3. **Funds**: Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:
NONE

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

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

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

PROJECT CONTACTS:
The designated MDHHS Project Manager is:
Scott Wamsley
Michigan Department of Health and Human Services(MDHHS) / Aging
Chandler Plaza / 3rd Floor
PO Box 30676
Lansing, MI, 48909-8176
(517) 241-0624
wamsleys@michigan.gov

The designated DTMB Project Manager is:
Russ Tiedt
DTMB/Customer Service MDHHS
Chandler Plaza/ 1st Floor
300 East Michigan Ave.
Lansing, MI 48933
(517) 335-3288
TiedtR@michigan.gov

AGENCY RESPONSIBILITIES:
Per approved contract, 071B9200084 describes agency responsibilities.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Per approved contract, 071B9200084, consultants will work at ACRO Services Corporation in Livonia, Michigan and at the server hosting site in Grand Rapids, Michigan.

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

No overtime will be permitted.

PROJECT SCHEDULE:
See Work Project Detail Below

OSA Aging Information System - FY 2015/16

Work Project Detail	Development Hours Estimate	Contract Work Estimate	Completion Due Date	Development Dates		ACRO Developers	ACRO Testing Dates		AASA Testing Dates-Staging		AIS Production Delivery Dates
Hosting, Maintenance and Identified Enhancements				**Start Date**	**End Date**		**Start Date**	**End Date**	**Start Date**	**End Date**	
1) AIS Existing Security & Hosting											
Hosting	NA	$21,480	*NA - Ongoing*								
2) National Aging Program Information System (NAPIS)											
NAPIS Federal SRT Reports Module Upgrade	**431**	$28,000	12/31/2015	10/1/2015	11/20/2015	Biswajit, Krupa, Vishwas	11/23/2015	12/11/2015	12/14/2015	12/18/2015	12/18/2015
NAPIS Advaced Reports Data Quality Mgt Module Upgrades	**77**	$5,000	4/30/2016	4/1/2016	4/15/2016	Biswajit, Krupa, Vishwas	4/18/2016	4/22/2016	4/25/2016	4/29/2015	4/29/2015
NEW NAPIS Form Importer Updates & File Deletion Enhancement	**385**	$25,000	6/30/2016	4/4/2016	5/27/2016	Navin, Shruti, Vishwas	5/30/2016	6/17/2016	6/20/2016	6/30/2016	6/30/2016
Archived Data Reporting Module	**538**	$35,000	3/31/2016	12/14/2015	2/19/2016	Biswajit, Krupa, Vishwas	2/22/2016	3/18/2016	3/21/2016	3/31/2016	3/31/2016
3) Annual & Multi-Year Planning System (AMPS)											
Area Plan Grant Budget Module	**462**	$30,000	12/31/2015	10/1/2015	11/20/2015	Alok, Shruti, Vishwas	11/23/2015	12/11/2015	12/14/2015	12/18/2015	12/18/2015
FY 2017-19 AIP Module	**615**	$40,000	12/31/2015	10/1/2015	11/30/2015	Shamim, Aditi, Vishwas	12/1/2015	12/18/2015	12/21/2015	12/28/2015	12/28/2015
Multi-year Plan & AIP Reporting & Quality Assurance Modules	**462**	$30,000	1/31/2016	11/2/2015	12/31/2015	Navin, Shruti, Vishwas	1/4/2016	1/22/2016	1/25/2016	1/29/2016	1/29/2016
4) ADRC Application											
Options Counseling - AIS Shared Reporting Module	**385**	$25,000	11/30/2015	10/1/2015	10/30/2015	Vijayta, Krupa, Vishwas	11/2/2015	11/17/2015	11/18/2015	11/25/2015	11/25/2015
6) Volunteer Information System (VIS)											
VIS Advanced Reporting Upgrades	**154**	$10,000	2/28/2016	1/18/2016	2/12/2016	Shamim, Shruti, Vishwas	2/15/2016	2/19/2016	2/22/2016	2/26/2016	2/26/2016
8) FIRST Application											
FSR Validation Check and Reports	**385**	$25,000	7/31/2016	5/2/2016	6/24/2016	Navin, Shruti, Vishwas	6/27/2016	7/15/2016	7/18/2016	7/29/2015	7/29/2015
OSA Special Grants Expenditure Reports	**231**	$15,000	3/31/2016	2/15/2016	3/11/2016	Vijayta, Krupa, Vishwas	3/14/2016	3/18/2016	3/21/2016	3/25/2016	3/25/2016
FSP Report Module & Agency Wide Report Module	**308**	$20,000	4/30/2016	2/22/2016	4/1/2016	Alok, Shruti, Vishwas	4/4/2016	4/15/2016	4/18/2016	4/22/2016	4/22/2016
Online SGA Special Grants Report Module	**231**	$15,000	11/30/2015	10/1/2015	10/30/2015	Navin, Shruti, Vishwas	11/2/2015	11/13/2015	11/16/2015	11/20/2015	11/20/2015
11) AIS Infrastructure Supports											
AIS Data Archive Plan and Technology	**231**	$15,000	8/31/2016	7/11/2016	8/5/2016	Vijay, Navin, Shruti, Vishwas	8/8/2016	8/12/2016	8/15/2016	8/19/2016	8/19/2016
AIS Equipment Replacement	**NA**	$35,000	9/30/2016								
Tier 2 Monthly Security Analysis	**314**	$20,400	NA - Ongoing	Maintenance							
Offsite Database Backup and Storage	**166**	$10,800	NA - Ongoing	Maintenance							
Disaster Recovery hot-site backup and maintenance	**314**	$20,400	NA - Ongoing	Maintenance							
Security Audit Report 2015/16 & Related Updates	**308**	$20,000	9/30/2016			Vijay Rao					
Totals	**5,994**	**$446,080**									
Non-Defined Development Requiring DTMB SOW Approval											
AIS Website Support											
OSA Service Search Updrades	**154**	$10,000	NA - As Needed								
AASA "Aging" Website Upgrades	**231**	$15,000	NA - As Needed								
LSI Application											
LSI Reporting Module Updates	**77**	$5,000	NA - As Needed								
AIS User Support/Enhancement											
General Technical Support / Enhancement (all applications)	**846**	$55,000	NA - As Needed								
AIS Infrastructure Supports											
Software Licenses & Certificate Updates	**NA**	$10,000	NA - As Needed								
Totals	**1,308**	**$95,000**									

FOR THE CONTRACTOR:

Acro Service Corp
Company Name

Authorized Agent Signature

R.V. Rao
Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Sharon Walenga-Maynard, Sourcing Director
Name & Title

DTMB Procurement
Agency

Date

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

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

CHANGE NOTICE NO. 6

to

CONTRACT NO. 071B9200084

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
ACRO Service Corp.	RV. Rao, Division President	rvraro@acrocorp.com
39209 West Six Mile Road, Suite 250	TELEPHONE	CONTRACTOR #, MAIL CODE
Livonia, MI 48152	(517) 373-3993	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR				
BUYER	DTMB	David Hatch	517-284-7044	hatchd@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION: **Aging Information Services**

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
December 1, 2008	November 30, 2011	4, one year	November 30, 2014
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
N/A	N/A	N/A	N/A

ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
☐ P-card	☐ Direct Voucher (DV)	☐ Other	☐ Yes ☒ No

MINIMUM DELIVERY REQUIREMENTS:

N/A

DESCRIPTION OF CHANGE NOTICE:

EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
☐ No ☒ Yes	☒	☐	1 year	Nov. 30, 2015

VALUE/COST OF CHANGE NOTICE:	ESTIMATED REVISED AGGREGATE CONTRACT VALUE:
$543,080.00	$3,621,005.00

Effective November 25, 2014, this contract is hereby extended by one year to November 30, 2015 and increased by $543,080.00. 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 25, 2014.

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

Project Title: **Aging Information System (AIS)**	**Period of Coverage:** **12/1/14 – 11/30/15**
Requesting Department: **Department of Community Health(DCH) /Office of Services to Aging (OSA)**	**Date:** **7/21/14**
Agency Project Manager: **Scott Wamsley**	**Phone:** **(517) 241-0624**
DTMB Project Manager: **Geroge Hamel**	**Phone:** **(517) 335-3806**

Brief Description of Services to be provided:

Contract 071B9200084- Contract Change Notice (CCN) to increase contract for the last option year permissive under 2.032 contract terms; procure ongoing maintenance/support and hosting for the Aging Information System (AIS) for the time period of 12/1/14 – 11/30/15.

BACKGROUND:

Contract 071B9200084 between the State of Michigan (SOM), through the Department of Community Health and Department of Technolgy, Management & Budget (DTMB) with Acro Service Corporation provides technical support for all existing Aging Information System (AIS) software applications and websites, including providing hosting for servers, application enhancements, and maintaining security architecture. Additionally, the contract provides for AIS application development and enhancements to meet agency program management and reporting and data collection requirements.

Contract Change Notice will provide ongoing maintenance/support/enhancments/hosting which is required for the ability to fully comply with grant reporting and AIS support for Agency reporting purposes through new contract end date of 11/30/15.

Non-support of web-based software and reporting systems would result in the inabilty to:

6. Meet Federal Older Americans Act Reporting Requirements
7. Efectively administer and monitor and financial grants awards and grantee expenditures
8. Secure reimbursment for nuturition services
9. Manage and report on contracted programs/services
10. And review/evaluate area plans & community-based services to the states aging population to ensure compliance with Federal Older Americans Act Requirements and support Agency program and services data management.

PROJECT OBJECTIVE:

The AIS provides a centralized source for agency data collection and required reporting. AIS applications are used for program management purposes and to meet a variety of required reporting requirements.

SCOPE OF WORK:

Per approved contract, 071B9200084, Acro Service Corporation provides the SOM with technical support for all existing AIS software applications and websites, including providing hosting for servers, application enhancements, and maintaining security architecture. Additionally, the contract provides for AIS application development and enhancements to meet agency program management and reporting and data collection requirements. Work necessary to fully comply with grant reporting and AIS support for Agency reporting purposes through new contract end date of 11/30/15.

TASKS:

Technical support is required to assist with the following tasks:

Maintaining AIS security

Maintaining OSA hardware and software
Software application enhancements and development
OSA-directed end user technical support

DELIVERABLES:
In addition to the ongoing AIS security, hardware/software support, application development, and user support identified above, the contract deliverables include:

OSA-approved application enhancements to the following AIS software applications: NAPIS 2.0 application, FIRST applications, Document Repository application, VIS application, CMIS application, Staging Applications/backups/recovery, UBA/MiCAFE application, LSI application, Resource Maintenance application, USER Administration application, Vendor User application, Secure File Drop and Retrieval Applications, ADRC I&A application, Partner Channel, AMPs application and other OSA AIS software as developed.

ACCEPTANCE CRITERIA:
Acceptance criteria are described per approved contract, 071B9200084.

PROJECT CONTROL AND REPORTS:
A monthly progress report (per the approved contract) must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each progress report must contain the following:

4. **Hours**: Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.

5. **Accomplishments**: Indicate what was worked on and what was completed during the current reporting period.

6. **Funds**: Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:
Agency standards, if any, in addition to DTMB standards.
NONE

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

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

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

PROJECT CONTACTS:
The designated DCH Project Manager is:

Scott Wamsley
Department of Community Health / Aging
Chandler Plaza / 3rd Floor
PO Box 30676
Lansing, MI, 48909-8176
(517) 241-0624
(517 373-4092

wamsleys@michigan.gov

The designated DTMB Project Manager is:
George Hamel
DTMB/Agency Services for DCH
Busininess Analysts
Chandler Plaza/ 1st Floor
300 East Michigan Ave.
Lansing, MI 48933
(517) 335-3806
(517) 282-5016
HamelG@michigan.gov

AGENCY RESPONSIBILITIES:
Per approved contract, 071B9200084 describes agency responsibilities.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Per approved contract, 071B9200084, consultants will work at ACRO Services Corporation in Livonia, Michigan and at the server hosting site in Grand Rapids, Michigan.

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

No overtime will be permitted.

ACRO
SERVICE CORPORATION

July 21, 2014

The State of Michigan
Quality Operations Division
Office of Services to the Aging
300 E. Michigan Avenue, 3rd Floor
Lansing, MI 48933
Attn: Mr. Scott Wamsley and Sheryl Conway

Subject: Proposed Work Projects for the Period 12/1/2014 - 11/30/2015

Dear Mr. Wamsley and Ms. Conway,

Based on the discussions with Office of Services to the Aging (OSA), Acro Service Corporation (Acro) has reviewed the functional requirement outlines for different AIS applications that are proposed to be taken up for development delivery and support through 11/30/2015. As per our current understanding of these systems, a broad estimate has been prepared for this work as shown in the attached table.

If you have any questions or require additional information, please feel free to contact me by telephone at (734) 542-4318 or by email at **rvrao@acrocorp.com**.

We appreciate the business opportunity provided by OSA under the AIS contract and specifically the direction and support provided by you. We hope that OSA is completely satisfied with the deliverables submitted by the Acro team and commit to continue providing our services to OSA with the same or better degree of workmanship and quality.

Sincerely,

ACRO SERVICE CORP.

R.V. Rao,

Division President

Global Headquarters: 39209 West Six Mile Road, Suite 250, Livonia, Michigan 48152, U.S.A.

Tel: (734) 591-1100 | Fax: (734) 591-1217

www.acrocorp.com

OSA Aging Information System - FY 2015/16
Proposed Work Projects

Work Project Detail	Development Hours Estimate	Contract Work Estimate
1) AIS Existing Security & Hosting		
Hosting	NA	$21,480
2) National Aging Program Information System (NAPIS)		
NAPIS Advanced Reports Module Upgrades	308	$20,000
NEW NAPIS Form Importer and Screen Updates	308	$20,000
Archived Data Reporting Module	538	$35,000
3) Annual & Multi-Year Planning System (AMPS)		
Area Plan Grant Budget Module	385	$25,000
FY 2016 AIP Module Updates	308	$20,000
Multi-year Plan & AIP Reporting & Quality Assurance Modules	615	$40,000
4) ADRC Application		
Options Counseling Application Reporting Module	308	$20,000
5) LSI Application		
LSI Reporting Module Updates	77	$5,000
6) Volunteer Information System (VIS)		
VIS Advanced Reporting Upgrades	154	$10,000
7) United Benefits Application (UBA)		
MiCAFE Wrap Around Services Module	231	$15,000
8) FIRST Application		
FSR Validation Check and Reports	462	$30,000
OSA Grants and Contract Inventory Module	154	$10,000
OSA "New Grants" Expenditure Reports	154	$10,000
FSP Report Module & Agency Wide Report Module	308	$20,000
Online SGA Grantee Access Module Upgrades	154	$10,000
9) AIS Website Support		
OSA Service Search Upgrades	154	$10,000
ADRC Website Upgrades	154	$10,000
10) AIS User Support/Enhancement		
General Technical Support / Enhancement (all applications)	769	$50,000
11) AIS Infrastructure Supports		
AIS Data Archive Plan and Technology	231	$15,000
AIS Equipment Replacement	NA	$25,000
Tier 2 Monthly Security Analysis	314	$20,400
Offsite Database Backup and Storage	166	$10,800
Disaster Recovery hot-site backup and maintenance	314	$20,400
Software License & Certificate Updates	NA	$10,000
Security Audit Report 2014/15 & Updates	385	$25,000
Windows 2008 Upgrade Deployment	538	$35,000
Totals	**7,486**	**$543,080**

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

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

July 24, 2013

CHANGE NOTICE NO. 5
to
CONTRACT NO. 071B9200084
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
ACRO Service Corp.	RV. Rao, Division President	rvraro@acrocorp.com
39209 West Six Mile Road, Suite 250	TELEPHONE	CONTRACTOR #, MAIL CODE
Livonia, MI 48152	(517) 373-3993	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR				
BUYER	DTMB	Joe Kelly	517-373-3993	Kellyj11@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION: **Aging Information Services**

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
December 1, 2008	November 30, 2011	4, one year	November 30, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A

ALTERNATE PAYMENT OPTIONS:	AVAILABLE TO MiDEAL PARTICIPANTS
☐ P-card ☐ Direct Voucher (DV) ☐ Other	☐ Yes ☒ No

MINIMUM DELIVERY REQUIREMENTS:
N/A

DESCRIPTION OF CHANGE NOTICE:

EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
☐ No ☒ Yes	☒	☐	1 year	Nov. 30, 2014

VALUE/COST OF CHANGE NOTICE:	ESTIMATED REVISED AGGREGATE CONTRACT VALUE:
$543,210.00	$3,077,925.00

Effective July 23, 2013, this contract is hereby extended by 1 year to November 30, 2014 and increased by $543,210.00. 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 July 23, 2013.

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

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

CHANGE NOTICE NO. 4
to
CONTRACT NO. 071B9200084
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
ACRO Service Corp.	**RV. Rao, Division President**	rvrao@acrocorp.com
39209 West Six Mile Road, Suite 250	TELEPHONE	CONTRACTOR #, MAIL CODE
Livonia, MI 48152	**(517) 373-3993**	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	**DTMB**	**Whitnie Zuker**	**(517) 335-1277**	zukerw@michigan.gov
BUYER:	**DTMB**	**Joe Kelly**	**(517) 373-3993**	kellyj11@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION: **Aging Information Services**

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS	CURRENT EXPIRATION DATE
December 1, 2008	**November 30, 2011**	**4, 1 Yr. Options**	**November 30, 2012**
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	**N/A**	**N/A**	**N/A**

ALTERNATE PAYMENT OPTIONS:	AVAILABLE TO MiDEAL PARTICIPANTS
☐ P-card ☐ Direct Voucher (DV) ☐ Other	☐ YES ☒ NO

MINIMUM DELIVERY REQUIREMENTS:
N/A

DESCRIPTION OF CHANGE NOTICE:

OPTION EXERCISED:	IF YES, EFFECTIVE DATE OF CHANGE:	NEW EXPIRATION DATE:
☐ NO ☒ YES	**December 1, 2012**	**November 30, 2013**

Effective immediately, this Contract is hereby INCREASED by $544,961.00 and EXTENDED using the second one year option. The new end date is November 30, 2013.

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

Per agency request, DTMB Procurement approval, and the approval of the State Administrative Board dated August 21, 2012.

VALUE/COST OF CHANGE NOTICE:	**$544,961.00**
ESTIMATED REVISED AGGREGATE CONTRACT VALUE:	**$2,534,715.00**

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

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

June 14, 2011

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B9200084
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **ACRO Service Corp.** **39209 West Six Mile Road, Suite 250** **Livonia, MI 48152** **Email: rvrao@acrocorp.com**	TELEPHONE (734) 591-1100 ext 4318 **RV. Rao Division President** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Joe Kelly**
Contract Compliance Inspector: Sara Williams **Aging Information Services**	
CONTRACT PERIOD: **3 yrs.** From: **December 01, 2008**	To: **November 30, 2012**
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE(S):

Effective immediately, this contract is hereby INCREASED by $501,285.00. Please also note that the buyer has been CHANGED to Joe Kelly. All other terms and conditions remain the same. In addition, the buyer has been changed to Pamela Platte.

AUTHORITY/REASON(S):

Per agreement between the vendor, agency and Department of Technology, Management and Budget and the approval of the State Administrative Board on June 30, 2011.

INCREASE: $501,285.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: $1,989,754.00

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

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

April 8, 2010

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B9200084
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **ACRO Service Corp.** **39209 West Six Mile Road, Suite 250** **Livonia, MI 48152** **Email: rvrao@acrocorp.com**	TELEPHONE (734) 591-1100 ext 4318 **RV. Rao Division President** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 335-4804 **Pamela Platte**
Contract Compliance Inspector: Sara Williams **Aging Information Services**	
CONTRACT PERIOD: **3 yrs.** From: **December 01, 2008**	To: **November 30, 2012**
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE(S):

Effective immediately, this contract is hereby INCREASED by $790,860.00. All other terms and conditions remain the same. In addition, the buyer has been changed to Pamela Platte.

AUTHORITY/REASON(S):

Per agreement between the vendor, agency and Department of Technology, Management and Budget.

INCREASE: $790,860.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: $1,488,469.00

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

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

October 14, 2009

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B9200084
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **ACRO Service Corp.** **39209 West Six Mile Road, Suite 250** **Livonia, MI 48152** **Email: rvrao@acrocorp.com**	TELEPHONE (734) 591-1100 ext 4318 **RV. Rao Division President** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 335-4804 **Douglas Collier**
Contract Compliance Inspector: Sara Williams **Aging Information Services**	
CONTRACT PERIOD: **3 yrs.** From: **December 01, 2008** To: **November 30, 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):

Per Executive Directive 2009-3, effective for Fiscal Year 2010, this contract is DECREASED by 5% ($11,531.00). In addition, this contract is EXTENDED for one year. The new contract expiration date is November 30, 2012.

AUTHORITY/REASON(S):

Per agreement between the Vendor (letter dated 10/14/2009) and the State of Michigan.

DECREASE: $11,531.00

NEW ESTIMATED CONTRACT VALUE: $697,609.00

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

STATE OF MICHIGAN
DEPARTMENT OF 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. 071B9200084
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **ACRO Service Corp.** **39209 West Six Mile Road, Suite 250** **Livonia, MI 48152** **Email: rvrao@acrocorp.com**	TELEPHONE (734) 591-1100 ext 4318 **RV. Rao Division President** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 335-4804 **Douglas Collier**
Contract Compliance Inspector: Sara Williams **Aging Information Services**	
CONTRACT PERIOD: **3 yrs.** From: **December 01, 2008**	To: **November 30, 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: $709,140.00

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

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

CONTRACT NO. 071B9200084
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR **ACRO Service Corp.** **39209 West Six Mile Road, Suite 250** **Livonia, MI 48152** **Email: rvrao@acrocorp.com**	TELEPHONE (734) 591-1100 ext 4318 **RV. Rao Division President** CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 335-4804 **Douglas Collier**
Contract Compliance Inspector: Sara Williams **Aging Information Services**	
CONTRACT PERIOD: **3 yrs.** From: **December 01, 2008** To: **November 30, 2011**	
TERMS **N/A**	SHIPMENT **N/A**
F.O.B. **N/A**	SHIPPED FROM **N/A**
MINIMUM DELIVERY REQUIREMENTS **N/A**	
MISCELLANEOUS INFORMATION: **The terms and conditions of this Contract are those of ITB #071I8200192, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.** **Estimated Contract Value: $709,140.00**	

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

FOR THE CONTRACTOR:	**FOR THE STATE:**
Acro Service Corp Firm Name	Signature
Authorized Agent Signature	Douglas Collier, Buyer Name/Title
Authorized Agent (Print or Type)	IT Division Division
Date	Date

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Article 1 – Statement of Work (SOW)

1.0 Project Identification

1.001 PROJECT REQUEST

The State of Michigan (State), through the Department of Management & Budget (DMB)/ Department of Information Technology (DIT), have issued this contract for technical support of the Aging Information System (AIS), including:

- technical consulting;
- server/application security, maintenance, and hosting;
- software and website development and deployment;
- end user support.

Operation includes hosting of the hardware, software, and applications; all of which is owned by the State. The contractor shall maintain uninterrupted AIS operations and functionality with the initiation of this contract agreement.

In additional to ongoing technical support, web hosting, and security patching, the contractor will develop new software as well as enhance and upgrade existing applications and website functionality.

The AIS is administered by the Michigan Office of Services to the Aging (OSA), under the Michigan Department of Community Health (MDCH).

1.002 BACKGROUND

OSA began development of web-based data collection and reporting applications, an upgraded public website, and a secure extranet site in 2001. The AIS consists of Internet-based data collection and reporting software applications and administrative software applications, a public website, and a secure extranet site.

Several AIS software applications collect and maintain program, service and client data. The AIS allows OSA to meet federal and state program reporting requirements and program management and data analysis needs.

There are two AIS websites that support OSA reporting requirements. The secure extranet site is the access point for OSA business partners to access the data reporting applications described above.

The AIS has approximately 736 active user accounts (there are an additional 581 de-activated/terminated accounts that are also maintained) with authorized access to one or more of the software applications listed above applications. Approximately 95% of active AIS users are non-state employees and access the site from non-State of Michigan agencies located around the state.

A list of Aging Information System Application System Software Applications & Websites is located below

Aging Information System Application System Software Applications & Websites

Program Data Collection & Reporting Applications

National Aging Program Information System (NAPIS)
Volunteer Information System (VIS)
Legal Services Information System (LSIS)
Unified Benefits Application (UBA)
Care Management Information System (CMIS)
Michigan's Coordination Access to Food for the Elderly Application (MiCAFE)
OSA Secure File Drop-off Application and OSA Grantee Secure File Retrieval Application

Resource Management Applications

Resource Maintenance at the Source Application (RM)
OSA support for the FIA RM was phased out in 2007 and is not included in this contract.

AIS Administration Applications
AIS User Administration Application
AIS Vendor User Administration Application

OSA Websites
www.miseniors.net
Partner Channel Extranet Site

Partner Channel Staging Site

1.1 Scope of Work and Deliverables

1.101 IN SCOPE

The contractor will provide technical support for all existing AIS software applications and websites. All ongoing technical support and scope of work deliverables listed below will be provided:

1) Provide hosting for OSA servers and maintain the AIS security architecture
2) Provide OSA-directed end user support
3) Partner Channel website and software application development and enhancement

All contractor staff that work on or have access to OSA applications, data, databases, and/or hardware (e.g., servers), software, and/or equipment will complete and submit to OSA a completed AIS User Profile form and a DIT Security form. The contractor will comply with all AIS user profile form requirements and OSA and DIT policies and procedures.

Deliverables:
In addition to the ongoing support activities listed above under scope of services, the contractor will deliver the following application development and enhancement deliverables during the contract, based on a development schedule, work plan, specifications documents, and the AIS budget agreed to by OSA. References to "OSA-approved" enhancements include application enhancements to functionality and/or interfaces based on user suggestions and approved by OSA. As these are not known until requested, they are included but will be developed based on available budget.

NAPIS 2.0 Application

- OSA-approved application enhancements.

VIS Application

- OSA-approved application enhancements.

CMIS Application

- OSA-approved application enhancements.

FSP Application

- Develop an FSP application will include an online version of OSA's Federal State Expenditure Profile (FSEP) to allow area agencies on aging to submit this information electronically. The enhanced application will also allow user to complete OSA financial summary profile online.

UBA Application

- OSA-approved application enhancements.

Legal Services Reporting System

- OSA-approved application enhancements.
- Complete Advanced Reporting Module.

Resource Maintenance Application

- Assist OSA to identify and correct inaccurate resource entries in RM database.
- OSA-approved application enhancements.

AIS User Administration Application

- OSA-approved application security enhancements.

AIS Vendor User Administration Application

- OSA-approved application security enhancements.

Secure File Drop and Retrieval Applications

- OSA-approved application enhancements.
- Add additional report formats to file retrieval data tables

Nursing Home Diversion (NHD) Grant Application

- Develop/complete work on NHD grant software application

1.102 OUT OF SCOPE

The purpose of this contract is for technical support, security, hosting services, software development/enhancements, and operations of the AIS. Proposals for replacement systems are out of scope.

1.103 ENVIRONMENT

The AIS includes both a production site and a staging site. The production site is a live site for all AIS applications. The staging site is a point-in-time version of the live AIS and is used by the Contractor and OSA to test new applications and/or application enhancements prior to release to the live production version of the AIS. The Contractor will maintain a secure, separate, in house development environment to develop applications, enhancements, and/or technologies for release to the staging and production site. The contractor's development site and development and enhancement solutions must be integrated into OSA technical environment.
The current technical environment for the AIS is described below.

Hardware Support:

Server 1

OS:	MS Windows 2000 Advanced Server
Patch:	Service Pack 4 Build 2195 + Post SP4 patches released 4/12/2004
Server Functions:	Testing and staging server for applications. Training and feedback server. Testing server for OS patches and fixes. Backup Server for applications
Applications:	IIS 5 Custom Web Applications serving above functions
Server Hardware:	Dell Poweredge 2650 CPU's Dual Xeon 3000 Mhx RAM 2048 MB ram
Drives:	18 gig Raid 1 2 18gig drives internal SCSI Backplane 1x5 70 gig on SANS Array on a QLogic QLA2312 PCI FCA

Server 2

OS:	MS Windows 2000 Advanced Server
Patch:	Service Pack 4 Build 2195 + Post SP4 patches released 4/12/2004
Server Functions:	Web Trends server

Temp log repository for analysis
Administrative tools for network and Sans Array
Administrative applications for network management
Applications testing
Testing and staging server for applications.
Training and feedback server.
Testing server for OS patches and fixes.
Backup Server for applications

Applications: IIS 5
Various applications serving above functions
Network Management utilities

Server Hardware: Dell Poweredge 2650
CPU's Dual Xeon 3000 Mhx
RAM 2048 MB ram

Drives: 18 gig Raid 1 2 18gig drives internal SCSI Backplane 1x5
70 gig on SANS Array on a QLogic QLA2312 PCI FCA

Server 3

OS: MS Windows 2000 Advanced Server

Patch: Service Pack 4 Build 2195 + Post SP4 patches released 4/12/2004 **Server Functions**: Content management server for public website

Applications: IIS 5
Microsoft Content Management server

Server Hardware: Dell Poweredge 2650
CPU's Dual Xeon 3000 Mhx
RAM 2048 MB ram

Drives: 18 gig Raid 1 2 18gig drives internal SCSI Backplane 1x5
50 gig on SANS Array on a QLogic QLA2312 PCI FCA

Server 4

OS: MS Windows 2000 Advanced Server

Patch: Service Pack 4 Build 2195 + Post SP4 patches released 4/12/2004

Server Functions: Microsoft SQL Server

Applications: IIS 5
Microsoft SQL Server 2000

Server Hardware: Dell Poweredge 2650
CPU's Dual Xeon 3000 Mhx
RAM 2048 MB ram

Drives: 18 gig Raid 1 2 18gig drives internal SCSI Backplane 1x5
55 gig Raid 10 &
106 gig raid 5 on SANS sArray on a QLogic QLA2312 PCI FCA

Server 5

OS: MS Windows 2000 Advanced Server

Patch: Service Pack 4 Build 2195 + Post SP4 patches released 4/12/2004

Server Functions: Microsoft SQL Server
Domain Controller

Applications: IIS 5
Microsoft SQL Server 2000

Server Hardware: Dell Poweredge 2650
CPU's Dual Xeon 900 Mhz
RAM 2048 MB ram

Drives: Internal SCSI backplane
17 gig raid 1 & 70 gig raid 5

SANS Array: 55 gig raid 10

106 gig raid 5

Server 6

OS: MS Windows 2000 Advanced Server
Patch: Service Pack 4 Build 2195 + Post SP4 patches released 4/12/2004
Server Functions: Authenticated Web Application
Domain Controller
Applications: IIS 5
Server Hardware: Dell Poweredge 2450
CPU's Dual 733 Mhz
RAM 523816 KB ram
Drives: Internal SCSI backplane:
4 gig system volume
50 Gig Raid 5
SANS Array: 70 Gig Raid 5

Server 7

OS: MS Windows 2000 Advanced Server
Patch: Service Pack 4 Build 2195 + Post SP4 patches released 4/12/2004
Server Functions: Public Web Server
Applications: IIS 5
Server Hardware: Dell Poweredge 2450
CPU's Dual 733 Mhz
RAM 2,096,680 KB ram
Drives: Internal SCSI backplane:
9 gig raid 1 system volume
SANS Array: 47 Gig Raid 5

Software:

The contractor is aware that updates to the state-owned software list will also be supported as new software is added to support the program.

Software Description
Intrusion.com/checkpoint firewall
3 photos from fpg.com (download only
MiSeniors.net Domain Name reg. (10 yrs)
SSL Certificate for www.miseniors.net
ACD.net 1-year internet access micaregivers.net & milongtermcare.net
Domain name reg (10 years
SSL Certificate for partner channel
Browser Hawk Component (download only)
ltcinfo.net domain names (12 variations)
michltc.net domain names (18 variations) Adobe Fonts for 1866 michltc.net logo (Download)
Images for LTC site (download only
Adobe Acrobat 5 upgrade
Partner Channel Images (download only)
Windows 2000 Internet Connector Licensing
SSL Certificate for www.miseniors.net
SQL Server 2000 (2 processor licenses)
Microsoft Content Management Server 2002
Microsoft Site Server

Web Trends
Checkpoint Firewall

Information regarding the State's information technology architecture and standards for hardware, database applications, network hardware and monitoring tools, identity management/authentication and development tools may be found at:

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

1.104 WORK AND DELIVERABLE

Contractor shall provide services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

The contractor will provide technical support for all existing AIS software applications and websites, including enhancements done to existing applications and support all new applications and/or functionality developed on the AIS. The contractor will maintain the secure collection, transmission, maintenance, and reporting of sensitive information using Internet-based AIS technologies and software. All ongoing technical support and scope of work deliverables listed below will be provided up to the contract amount and according to the OSA-approved contract budget. Ongoing technical support includes:

1) Transition Plan

Contractor will acquire knowledge of the current hosting environment, applications and support requirements from the current contractor team. The main objectives of this plan are:

• Transfer application knowledge and support processes with minimal or no impact to OSA
• Provide uninterrupted application maintenance, end user support and enhancement request support

The contractor will submit a transition plan for approval by OSA within 5 days of the start of this contract.

2) Provide Hosting for OSA Servers and Maintain AIS Security Architecture

Timeline: Duration of the contract

SOW Tasks, Elements, & Objectives for Hosting:

The contactor will provide for secure, reliable server hosting services. Minimum requirements include:

- Physical security of the hosting location 24/7 and 365 day (monitored)
- Controlled access to facilities during business, including logged access by time and date
- Redundant, high capacity power sources
- Fire detection and suppression a system for early detection of fires and suppression in a manner that does not damage state equipment
- Air conditioning monitored facilities to control for temperature and humidity
- Facility monitoring for electrical and mechanical failures, fire detection, and leak detection
- Support services including system and network monitoring of backbone routers, WAN interfaces, routers, switches, and servers
- Network problem detection, tracking, and resolution process
- Installation of new and/or replacement hardware (procured by the State)

The contractor will provide a locked separated cabinet space to accommodate OSA servers, switches, fiber switch, firewall, drive array, tape backup, and back up tapes.

SOW Tasks, Elements, & Objectives for Maintenance of AIS Security Architecture:

Contractor security service includes ongoing review of current security monitoring practices and technologies, identification of potential internal and external security risks to the AIS, and suggestions and/or recommendations for potential system policy, use, or technical changes intended to enhance security and reduce the potential for security breaches. Michigan State Government Network Security Policy URL reference is:

http://www.michigan.gov/documents/141017_36297_7.pdf.

Security status report to cover the following activities must be submitted to OSA and DIT project managers on a monthly basis.

AIS Infrastructure Security

Operating System:
All operating systems tightened to the standards set by SANS and Microsoft's best practices.

Physical and Application level:
Maintain a layered system of security.

All servers behind a multi port state-full inspection firewall all ports effectively have a separate firewall with strong packet routing and filtering.

Three main server zones with each zone serving a different application layer. All servers isolated and controlled through subnets, v-lans and firewall rules and ports. All zones logs are monitored and unusual activity is flagged and monitored.

Public Web Site Server
Public Address
Behind a firewall
Logs kept and monitored: IIS logs, System, event and firewall logs kept and monitored. All unusual events investigated.

Authenticated Server
Private Subnet A
Only https (SSL) connection allowed
Windows 2000 Domain with Active Directory users
Managing application user logons
Auth and SQL in same domain
IIS that run application
https or SSL connection only
All logins successful and unsuccessful logged
IIS and System Logs kept and monitored. All unsuccessful attempts investigated.

AIS Server Security, Maintenance, and Management
AIS Server management, security and uptime are crucial to the success of the AIS. Types of hardware deployed in the AIS include a firewall, switch, servers, back-up drive and a storage area network (SAN) solution.

The contractor will maintain Microsoft Certified Partner status throughout the contract and will provide Microsoft-based software maintenance and support. The contractor will monitor websites (non-Microsoft) for vulnerabilities found in Microsoft products. Upon release of a Microsoft patch or service pack, the contractor thoroughly tests them to ensure they work as intended. Testing is imperative prior to rollout to ensure the AIS remain secure and operational. Once a patch is implemented, any workarounds are reverted back to normal settings (firewall and services).

All AIS Server Maintenance requiring down time will occur after 9:00 p.m. and before 5:00 a.m. Eastern Time unless an alternate time is agreed to by the State. Any system reboot or service restart is considered down time. AIS maintenance activities include:

Daily

- Check VERITAS backups on servers to ensure backup successful
- Quick system log check; investigate and correct any issues
- Quick drive space scan; reclaim drive space if needed
- Investigate any anomalous behavior on servers and firewalls

Check for new Microsoft Patches. If new patches released, determine criticality of patch, test and apply any workarounds (firewall and service adjustments generally) until patch is tested. Apply new patches to a test environment. Apply approved and tested patches; undo any workarounds as needed

- Check for firewall patches (work with Intelligent Connections). If new patches released, determine criticality of patch, test and apply any workarounds (firewall and service adjustments generally) until patch is tested. Apply new patches to a test environment. Apply approved and tested patches; undo any workarounds as needed
- Check firewall logs for security violations
- Check system logs for security violations
- Check database backup operations, server activity; error logs; correct issues.
- Make a 2nd backup of SQL date compress, encrypt and keep a copy at the contractor for disaster recovery.
- Check peer group for current activities and exploits happening on the Internet.

Weekly

- Correlate all logs and look for suspicious activity.

Monthly (at a minimum)

- Compile and archive IIS and SQL logs.
- Reclaim file space in SQL data bases and log files
- Shrink logs files on all devices (IIS server, domain controllers, firewall, system)
- Check suspicious reoccurring connections and or failures on system.
- Check server loads and logs for resources and utilization
- Rescan logons and errors in log files investigate any failures or errors
- The contractor provides technical support for the firewall and security for the AIS, server hosting, and limited general PC support.

Yearly (at a minimum)

- Comprehensive testing and report on security and system vulnerabilities

AIS Disaster Recovery Plan & Support

The Aging Information System supports several agency business processes that depend upon uninterrupted continuity of service. In addition, the general public has come to rely upon the uninterrupted availability of the Resource Directory on the agency's web site. As such, the Contractor will provide to the State a Disaster Recovery Plan to be updated annually. The initial Disaster Recovery Plan must be provided within 180 days of the contract start date. In addition the Contractor must support the AIS disaster recovery plan, process, and activities that address the following:

Environmental Controls: Locate AIS servers in a secure, environmental controlled room in case natural or man-made disasters at or near the hosting facility.

Fire: The Contractor maintains a fire containment system that protects electrical and computer equipment while suppressing the source and energy of the fire. Unless the fire was to start with the AIS servers, the impact of a fire in the building should be mitigated by this fire containment system. AIS operations could go offline while order is restored to the building, but the delay should be minimal.

Power Outage: The Contractor will maintain backup generators that would provide power to their business operations in the event of a power outage.

Hacker Attack: The Contractor will monitor system operations security flaws, review of system logs and, conduct timely update of security patches to system software.

Flood, Earthquake, Tornado, Terrorist Attack: In the event of a natural or manmade disaster that would destroy or seriously damage the facility or the Internet, AIS operations through the Contractor could be disrupted.

Disruption in Facility Service: The Contractor must support a plan in the event that onsite operations of the Aging Information system with minimal disruption (minimal is considered disruption of service less than or equal to 48 hours). The plan should address redirection of the AIS domain name, and the time period that is required for the redirection and the availability of an interim solution, availability and use of AIS data backed ups stored offsite to re-establish service to AIS users. The plan must also identify other options for offsite operations options if the nature of the disaster that takes the Contractor offline is of such a magnitude to destroy other facilities in the area.

AIS User Access, security and confidentiality

OSA shall retain administration of data access security, including application security (granting of access, resetting of passwords, definition of password syntax rules, monitoring of access violation reports and provided by the contractor, etc.)

OSA shall administer all user security profiles.

The contractor shall be responsible for the function of security software implementation and maintenance if the changes implemented under this Contract warrant a change from the current system.

Confidentiality of Data and Information

All financial, statistical, personal, technical and other data and information relating to the State's AIS operations and made available to the Contractor in order to carry out this Contract, or which become available to the contractor in carrying out this Contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State.

Remedies for Breach of Confidentiality

The Contractor acknowledges that a breach of its confidentiality obligations as set forth in this Contract shall be considered a material breach of the Contract. Furthermore the contractor acknowledges that in the event of such a breach the State shall be irreparably harmed. Accordingly, if a court should find that the Contractor has breached or attempted to breach any such obligations, the contractor will not oppose the entry of an appropriate order restraining it from any further breaches or attempted or threatened breaches.

3) Provide OSA-Directed End User Support

Timeline: Duration of the contract

SOW Tasks, Elements, & Objectives:
OSA handles all initial end user support requests. This includes system process questions and application usage. If the issue is determined by OSA not to involve application usage, but is technical in nature, it is forwarded to the Contractor. In terms of technical support at the Contractor, each application is supported by the developer(s) involved in the original development effort and any enhancements (where possible). Both the technical and business process knowledge of the developer(s) is an integral part of the support process and its success.

The Contractor will be accessible by telephone and e-mail between the hours of 8:00 a.m. and 5:00 p.m. Eastern Time and provide OSA with a 2-hour response time for all technical issues and handles the process as follows:

1. Upon receipt, the Contractor records the issue in its issue tracking system. Issue Tracking reports must be available to OSA and MDIT. The format of this report will be agreed upon within 30 days of contract start date. The Contractor determines if the issue is a result of user error or system error.

2. If user error, the Contractor prepares a response back to OSA. The response includes the steps the user used in making the error along with new steps the user should use in the future to prevent the error.

3. If system error, the Contractor investigates the cause of the issue, implements a fix to the system; tests the entire system to ensure the fix did not cause any issues with other system areas; and reports back to OSA the nature of the issue and how it was resolved.

4) Partner Channel Website Development and Application Enhancements

Timeline: Duration of the contract

SOW Tasks, Elements, & Objectives:

Partner Channel Website Development and Enhancements
The Contractor will provide OSA with support on all content management tools behind: www.miseniors.net

Application Development and Enhancements
Application development includes planning for project goals and concept, user business needs and application business rules for development project, project/application design to generate a functional specification document that outlines proposed system interface, operations, underlying system architecture and costs for the project.

Once approved by OSA, a functional specification document will be used to develop all applications and to prepare for alpha and beta testing by OSA and, if deemed necessary by OSA, and OSA-selected group of application users. Following testing, the contractor will address all issues to the satisfaction of OSA per functional specification requirements.

Once all issues have been resolved to the satisfaction of OSA, the project or application will undergo final acceptance testing and sign-off. The product will then be released to the user community. The contractor is responsible for the smooth transition of any technologies, projects, enhancements or applications from the development environment to the live (production server) environment.

For all enhancements a separate statement of work will be written for any required enhancements. The Vendor must be able to respond to requests to modify the AIS to meet future needed functionality.

a. The Vendor must provide to the State within 2 weeks of receiving a request a response based on the following deliverables. The OSA Project Manager must approve each work deliverable before it is considered complete.
b. Develop Requirements Documentation. The requirement document must be delivered to State PM's within one week of the last requirements meeting.
c. Develop Project plan to include the following:
    i. A work breakdown structure of the major phases of the project, accounting for all tasks, deliverables, resources and milestones for the design, development, testing and implementation of the enhancement including all interfaces and other agency resources.
    ii. Estimated hours and timetable for each task, deliverable, and milestone.
    iii. Vendor resource loading by task and role.

iv. State resource loading by task and role. Note that any use of State personnel must be consistent with the description of the available state project team described in Section 1.202. If there are needs for State staff in addition to those referenced in Section 1.202, the Vendor should note this need.
v. Critical path with parallel and dependent project tasks.
vi. Any assumptions of constraints identified by the Vendor must be listed in the Project Plan.
vii. List of any hardware that may need to be purchased.

The project plan must be delivered to the State PM's within one week of the approval of the requirements document.

d. Develop design documentation
e. Program the application enhancement.
f. Develop test cases and conduct unit testing.
g. Develop installation plan.
h. State staff utilizing the vendor's installation plan will install the enhancement in the State's staging environment.
i. Conduct user acceptance testing on Staging Environment to ensure that the requirements are satisfied and to validate the results.
   i. Vendor will demonstrate to the State that all of the system requirements and functions have been satisfied.
   ii. The State will determine if the Contractor has fulfilled all of the requirements.
   iii. The Contractor will be responsible to modify any functionality or requirement that is viewed by the State as not acceptable.
   iv. The Contractor will be responsible to add a function or requirement as defined in the requirements document that the Contractor failed to include.
   v. All modifications and/or additions to a function in the system as defined in the requirements document will be performed without any additional cost.
   vi. This entire process will take place prior to installation and live implementation.
j. Documentation
k. Provide complete, up-to-date, electronic manuals for the system, its components, operations, maintenance, administration and use that are easily referenced, easily used and searchable.
l. Develop User Training for OSA staff (approximately twenty people) on Staging Environment for each system release. The training can be by Web conferencing or at State of Michigan's facilities.
m. Provide technical support during installation to State's production environment. This includes a 90-day warranty period for the enhancement.
n. Post Implementation Support
o. The Vendor must respond to support calls within 2 hours during regular business hours 8 am – 5 pm eastern standard time.

The Vendor will not begin work on any development or enhancement until written approval is received from the State along with the approved change notice to the contract.

1.2 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

1. Location of Work
   a. All work perfomed uder this contract is to be performed, completed, and managed at the following locations:
      i. Acro Service Corporation Global Headquarters
         39209 W Six Mile Rd., Suite 250, Livonia, MI 48152
      ii. The Iserv Company
         5222 Street SE, Grand Rapids, MI 49512

Contractor's staff must be able to pass a security clearance check conducted by the Contractor. Contractors must present certifications evidencing satisfactory background checks and drug tests for all staff identified for

assignment to this project. Contractor is responsible for any costs associated with ensuring their staff meets all requirements.

The Contractor will provide, and update when changed, an organizational chart indicating lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work. See Article 1, Attachment B

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

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

The Contractor will provide a System Analyst / Technical lead to work closely with the designated personnel from the State to insure a smooth transition to the new system. The System Analyst / Technical lead will coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by State. The System Analyst/Technical Lead shall be identified as a Key Personnel subject to the State's interview and approval.

Mr. Sanjeev Majalikar will be Acro's System Analyst / Technical lead whose responsibilities include, at a minimum:

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

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

All staff should to be actively employed by the Contractor. If there are subcontractors those personnel must also meet the qualifications set below and those set by the Contractor. All subcontracting must be acknowledged and conveyed to OSA and MDIT with documentation that states the subcontracted personnel are qualified, trained and experienced for all work that they will be doing in association with Michigan Office of Services to the Aging (OSA). The subcontracting needs to be approved by the OSA due to the sensitive nature of data, and the potential negative affects on the program participants' and other key stakeholders. The vendors subcontracted personnel that meet all requirements set forth by OSA will be considered as the "Contractor's personnel" and therefore referred to as contractors throughout the rest of this document in order to simplify the document. All contracted staff must act professionally, respect client confidentiality and follow all HIPPA regulations.

The Roles of the Contractor:

1. Project Leader
2. Technical Lead
3. Programmer /analyst
4. Helpdesk Representative
5. Documentation Specialist/Technical Writer

- Provide personnel with the ability to work professionally with the users, administrators and MDIT personnel associated with OSA.
- Provide personnel with abilities to work with OSA personnel that have wide ranges of application and computer related knowledge.
- Provide personnel with the ability to train and/or educate while assisting OSA personnel.
- Provide personnel with the ability to document and act on customer suggestions and complaints.
- Provide personnel with the ability to document problems, fixes, resolutions and preventative measures for the future.
- Provide personnel with the ability to trouble shoot problems and provide timely resolutions in order not to cause downtime

Responsibilities of the Contractor:

- The Contractor must provide support to keep the AIS application running
- The Contractor must respond to support calls within 2 hours during regular business hours and provide an emergency number for immediate support and after hours support
- The Contractor must provide support for all upgrades and releases
- The Contractor must continue to enhance and modify the system in order for the system to remain viable and meet future requirements of the regulating agencies and institutions.
- The Contractor must be able to respond to requests to modify the AIS to meet future needed functionality. A change order will need to be created and sent to OSA within 2 weeks of the initial request from OSA for the new functionality.
- The Contractor must supply complete up to date manuals for the AIS, its components, operations, maintenance, administration and use that are easily referenced, easily used and searchable.
- The Contractor must provide initial user and administrative training for the AIS, its components, operation, and maintenance.
- The Contractor is expected to reproduce all reports and data transfers that are presently being produced in the current AIS. The reports include, but are not limited to management and financial (billing).
- It is the overall responsibility of the Contractor and its staff to plan and perform the installation and setup and testing of the AIS. The OSA administrator(s) will need to assist and/or observe in the installation, set up and testing in order to gain knowledge of the system. The vendor will then need to perform and/or assist OSA administrator(s) in the customization of the AIS in order for it to fit into the operations, workflows, reporting, etc.
- The contractor will allow and provide needed functionality for the AIS. The associated change order will be prepared and sent to OSA within 30 days of request.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

State Project Team

OSA Quality Operations (QO) Division Director: The director of QO is responsible for overall AIS operations and most staff working on AIS applications and support. The director of QO approves contractor invoices and payments. The QO director is a member of the OSA management team.

OSA AIS Project Manager (AIS PM): The AIS PM position administers OSA's statewide AIS that provides information management applications and program data for OSA program and service reporting and management. The AIS PM manages the agency's AIS contract, budget, and the coordination of application development efforts and general AIS operations with the OSA contractor and Michigan Department of Information Technology (DIT) staff. The AIS PM provides policy development and interpretation for OSA management and staff, local area agencies on aging, and AIS system users. The AIS PM is responsible for extensive federally mandated reporting on state-level aging programs and data and reports utilizing OSA's software applications. The AIS PM provides extensive reporting and data analysis on a wide variety of OSA program and services to agency management and staff, state Commission on Services to the Aging, area agencies on aging, service providers, and the general public. The AIS PM provides program reporting policy interpretation to local area agency policy boards, and executive directors, and agency staff.

OSA Budget: The OSA Budget is responsible for overall budget issues at the agency. This individual monitors overall AIS funding and approves, along with the MDIT project manager, payments for the contractor, within the approved AIS funding amount. The Budget director is a member of the OSA management team.

AIS Program Support (AIS Support): This position provides support to the AIS PM for Aging Information System (AIS) operations and OSA website. This individual is responsible for design/redesign and updating OSA website pages and content. AIS support also provides initial end-user and program manager support for all AIS applications, including assisting in the development of training materials, application manuals, provide end user help desk support and problem resolution, and updating/verify AIS data accuracy. This individual assists in management of AIS end user access rights database, OSA Resource Maintenance application, OSA website content management application, and tracking of technical support requests.

AIS Application Managers: Each data reporting application (NAPIS, CMIS, VIS, FSP, MiCafe) has a program manager that is responsible for the using the application, participating in development and/or enhancement work and planning, and communicating with the applications user community. The program manager is the primary user of the application the state-level.

MDIT Project Manager: This position is responsible for monitoring and coordinating support for information technology issues. The MDIT project manager along with the OSA Budget approves invoices.

The State will work to assist the Contractor in delivering the system. The State will provide a Project Manager from OSA.

The State Project Manager will be responsible for ensuring that the project is in compliance with the contract and satisfies the requirements stated in this contract. This will ensure that the system is properly implemented, supports the requesting agency's defined functional and technical requirements, and is properly documented.

The Project Manager from the State will provide expertise, assistance, and technical leadership in all matters such as policy, organization and staff, environment, data, information processing, current systems, acceptance testing, and so forth. The State's Project Manager will work closely with the Contractor's System Analyst / Technical lead in day-to-day project activity.

The Contractor will have full responsibility for providing adequate staff to complete the project in the required time frame. The State will assign staff, as described below, to participate with the Contractor's staff in all project management processes and product development phases as outlined in the State's IT Methodology. This integration of staff will expedite the ultimate transition of project responsibility to State staff.

The State staff roles listed above make up the proposed State project team that will work with the Contractor. At the state's discretion, state personnel may be substituted or added as needed. The state reserves the right to add or remove members of the state's project staff with or without replacement.

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

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

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

Level 1 – OSA AIS Project Manager
Level 2 – OSA AIS Project Manager
Level 3 – OSA AIS Project Manager & QO Division Director
Level 4 – OSA AIS Project Manager & MDIT Project Manager

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

- Systems Analyst
- Application Administrator
- User Implementation Coordinator
- Network Administrator
- Database administrator
- Remote access to test database environment

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

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

1.203 OTHER ROLES AND RESPONSIBILITIES

Non-OSA AIS Application Managers: One AIS software application (UBA) has program managers and administrative users that are responsible for the using the application, participating in development and/or enhancement work and planning, and communicating with the applications user community. UBA has state and non-state agency staff that are considered AIS application Managers. These individuals are considered primary users of the application, along with OSA staff.

1.3 Project Plan

1.301 PROJECT PLAN MANAGEMENT

Project Control & Plan:
Contractor must support the Project Plan as part of the contract . The AIS project plan shall include the following requirements:

A. Project team and Organization
The Contractor needs to provide a description of how they will organize, deploy, and administer the project team.

B. Project work plan, which includes the following:

1. A work breakdown structure of the major phases of the project, accounting for all tasks, deliverables and milestones.
2. A timetable for each task, deliverable, and milestone.
3. Tasks, resources and timetables for the design, development, testing and implementation of the AIS, including all interfaces and other agency resources.
4. Contractor resource loading by task and role.
5. A description, by phase, of the number of contractor personnel (including subcontractor personnel, if applicable) to be based at the Contractor's project site.
6. State resource loading by task and role. Note that any use of State personnel must be consistent with the description of the available state project team described in Section 1.202.
7. Critical path with parallel and dependent project tasks.
8. A summary of total Contractor and State hours by phase. The Work Plan, as described above, must cover the entire project and each phase, and must reflect state staff, tasks, and schedules.

C. A proposed project schedule will meet the State's technical and business requirements as specified in Section 1.103 Technical Environment and Section 1.104 Work and Deliverables, within five (5) working days of the award of the contract.

D. An explanation of how the schedule provides for the handling of potential and actual problems, this must also include general plans for dealing with the slippage of critical dates.

E. The Project Plan will be reviewed and updated by both the State team and the Contractor as part of the Project Oversight Milestone. Once updated and approved by the state, the resultant Project Plan will be turned over to the Contractor who must maintain it throughout the remainder of the project.

Project Plan Implementation Requirements
The Contractor will carry out this project under the direction and control of the *OSA and MDIT project managers*

A. Although there will be continuous liaison with the Contractor team, the Contractor's System Analyst / Technical lead will meet *weekly* as a minimum (by phone, e-mail, or in person, as directed by OSA), with the OSA AIS project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

B. Within five (5) working days of the signing of the Contract, the Contractor will submit to the OSA AIS Project Manager for final approval a work plan. This final implementation plan must include the following:
   1. A work breakdown structure of the major phases of the project, accounting for all tasks, deliverables and milestones.
   2. A timetable for each task, deliverable, and milestone.
   3. Tasks, resources and timetables for the design, development, testing and implementation of the AIS, including all interfaces and other agency resources.
   4. Contractor resource loading by task and role.
   5. A description, by phase, of the number of contractor personnel (including subcontractor personnel, if applicable) to be based at the Contractor's project site.
   6. State resource loading by task and role. Note that any use of State personnel must be consistent with the description of the available state project team described in Section 1.202.
   7. Critical path with parallel and dependent project tasks.
   8. A summary of total Contractor and State hours by phase. The Work Plan, as described above, must cover the entire project and each phase, and must reflect state staff, tasks, and schedules.

1.302 REPORTS

Within five (5) working days of the award of the Contract, the Contractor will schedule a meeting with the OSA AIS Program Manager to discuss and develop the specific formats of the reports below. The OSA AIS Project Manager will provide final approval to the report formats. Contractor reports will be as follows (i.e., format and timing):

The Contractor must submit written monthly summaries or progress reports that outline work accomplished during the reporting period, work to be accomplished during the subsequent reporting period, if known; problems, real or anticipated, which should be brought to the attention of OSA and notification of any significant deviation from the previously agreed upon work plans. All areas of decision making that pertain to this contract must be reviewed in detail with the OSA prior to any final decision. Each monthly progress report will contain the following:

1. Project schedule status. Identify if the project is on schedule or if there is any deviation from the previously agreed upon schedule. If the project has deviated from the previously agreed upon schedule, identify the reason for deviation and areas effected by the deviation. Identify in detail the steps that will be taken to resolve the deviation. Also specify any schedule adjustments that have resulted from the deviation.
2. Activities of the past month. Summarize the actions taken and progress made on the project during the past month.
3. Activities of the following month. Summarize the actions planned for the following month in order to meet the project delivery and performance schedule requirements.
4. Deliverables. Identify deliverables delivered to OSA in the past month and deliverables planned for delivery to OSA in the following month.

5. Issues. Identify problems, difficulties, either anticipated or encountered, and suggested solutions.
6. Resolution of prior issues. Identify resolutions to issues identified in previous progress reports.
7. Percentage completed. Indicate the percentage completed for each task defined in the work plan during the past month, the total percentage completed for each task, total percentage completed for the development phase, and the total percentage completed for the project phase.

The monthly progress reports should be submitted along with monthly invoices.

The report will break down the charges for work done for the entire report period (e.g., month), by AIS project or application (CMIS), subproject/application area, activities, or tasks. The break out will include contractor staff working on each project application, activity or task; hours of work by staff member; and percentage of work of total completed for each subproject/application area, activities, or tasks up to the end of the report submission period.

The OSA AIS Project Manager will review the reports. The Contractor will respond within 48 hours (unless extenuating circumstances are approved by OSA), in writing if requested by OSA, to all questions and or follow-up issues identified by the OSA Project Manager or the OSA QO division director.

a. The Contractor will maintain progress and resource schedules for all tasks under this contract. This documentation will include, as appropriate, progress Gantt charts, resource schedule reports, and progress reports. The Contractor is responsible for tracking hours expended on each task.

b. A detailed report of invoices must be received by the OSA AIS Project Manager by the 15th of each month). This report shall describe the work performed and time spent during the invoice period for each task identified in the Work Statement.

c. All documentation prepared by the Contractor must be submitted to OSA in a Microsoft Word and/or Excel electronic format. Printed hard copies will be available to the state upon request. OSA and the Contractor must mutually agree upon alternative electronic formats.

d. All documentation submitted to OSA by the Contractor must contain a title page with the following information:

Contract Number
Contract Expiration Date
Task Name (if applicable)
Name Of Contractor
Contractor Project Director
Date Of Deliverable Or Report
Time Period Of Deliverable Or Report

e. All reports and deliverables to be furnished by the Contractor will be delivered to the OSA AIS Project Manager. The Contractor will inspect all reports and deliverables for accuracy and adequacy prior to delivery.

1.4 Project Management

1.401 ISSUE MANAGEMENT

Contractor will manage issues associated with the successful completion of the project tasks. The Contractor will capture, report, escalate and resolve for any issues. The issue escalation process will be defined to include whether escalation will be based on age, severity, budget impact, etc. and where the escalation levels would be. Any issues under this contract regarding AIS operations as identified by the Contractor would be directed to MDCH or MDIT Project Managers.

1.402 RISK MANAGEMENT

A risk is an unknown circumstance or event that, if it occurs, may havbe a negative impact on the contract in terms of scope, AIS security, schedule, or cost. The Contractor must create a risk management plan for state approval within 20 business days of the execution of the contract. The plan will: (1) identify risk associated with the tasks, operations, projects, or issues of the AIS, (2) assign a level of priority based on the probability of occurrence and impact on the project, (3) define of mitigation strategies, and (4) monitor risk and mitigation strategies. The Contractor will conduct a risk assessment review monthly. The findings of the monthly assessment shall be reported to OSA in the agreed upon format discussed in 1.302.

1.403 CHANGE MANAGEMENT

Controlling scope and providing for system changes that result from legislative mandates, agency request, or Contractor suggestion is extremely important to the State in maintaining project accountability. For enhancements and change orders requested by the State, the Contractor will provide to the State its cost estimate, including review time and/or any incremental changes for the State's review prior to implementing any requested changes. The cost estimate will be provided by hour, utilizing the hourly rate for the labor grades provided in the Contractor's pricing proposal. The Contractor will provide its cost estimate for enhancements and change orders requested by the State within two weeks of receiving the request. If the Contractor is unable to provide an accurate estimate within two weeks, the Contractor will provide, within a two week timeframe, a date when a complete estimate will be delivered to the State. Work will not begin on the enhancement and/or change order by the Contractor until written approval is received from the State in the form of a Contract Change Notice issued by the Department of Management & Budget, Purchasing Operations. Change control is ongoing throughout the duration of the contract.

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

1.5 Acceptance

1.501 CRITERIA

Document Deliverables

Documents include, but not limited to, plans, design documents, project schedules, user guides, and procedure manuals.

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 final product.
3. Draft documents are not accepted as final deliverable.
4. The documents will be reviewed and accepted in accordance with the requirements of this contract and the accepted Vendor's proposal.

5. OSA will review business documents within 30 days of receipt. Approvals will be written and signed by OSA. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit documents for approval within 30 days of receipt.

6. OSA and MDIT will review technical documents within 30 days of receipt. Approvals will be written and signed by OSA AIS and MDIT. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit documents for approval within 30 days of receipt.

7. OSA will review project documents within 30 days of receipt. Approvals will be written and signed by OSA. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit documents for approval within 30 days of receipt.

Software Deliverables

Software includes, but not limited to, software product, development tools, support tools, data migration software, integration software and installation software.

1. Beta software is not accepted as final deliverable.

2. The software will be reviewed and accepted in accordance with the requirements of this contract and the accepted Vendor's proposal.

3. OSA will review software within 30 days of receipt for acceptance of functionality, usability, installation, performance, security, standards compliance, backup/recovery and operation. Approvals will be written and signed by OSA. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit software for approval within 30 days of receipt.

4. If needed, software is installed and configured in appropriate environment (e.g. development, quality assurance, production). Contingency plans and de-installation procedures and software are provided by Contractor and approved by the OSA AIS and MDIT Project Managers.

5. Final software testing is performed by OSA and OSA-designated users. Software is accessible by users identified in the business requirements document.

6. OSA will review test software, data and results within 30 days of receipt. Approvals will be written and signed by the OSA AIS Project Manager. 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 30 days of receipt.

7. OSA and MDIT will review software license agreements within 30 days of receipt. Approvals will be written and signed by OSA AIS and MDIT Project Managers. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit license agreement for approval within 30 days of receipt.

8. Software source code, where applicable, is reviewed by OSA and MDIT project managers within 30 days of receipt for readability, structure, and configuration management. Approvals will be written and signed by OSA and MDIT Project Managers. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit source code for approval

Service Deliverables

Services include, but not limited to, training, data migration, help desk and support.

1. The services will be accepted in accordance with the requirements of this contract and the accepted Vendor's proposal.

2. OSA will review a 'Request for Approval of Services' within 30 days of completion or implementation. Approvals will be written and signed by the OSA AIS Project Manager. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit a 'Request for Approval of Services' for approval within 30 days of receipt.

3. OSA will review migrated and configured data with 30 days of completion. Approvals will be written and signed by the OSA AIS Project Manager. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit a request for approval within 30 days of receipt.

4. OSA 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 Vendor'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

The following criteria will be used by the State to determine Final Acceptance of each Phase provided under the SOW.

1. All documents, software and services of the Phase are delivered and accepted by OSA in accordance with the requirements of this contract and the accepted Vendor's proposal.

2. For thirty (30) days after installation and configuration in the staging environment, the software and any related infrastructure must meet or exceed the performance and reliability requirements in accordance with the requirements of this contract. Unacceptable issues will be documented and submitted to the Contractor.

3. After installation and configuration in the production environment, all issues discovered during the 90-day warranty period are resolved and accepted or waived by OSA. Approvals will be written and signed by the OSA AIS Project Manager.

4. All bills related to this contract have been submitted and approved for payment.

1.6 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

OSA will reimburse the Contractor in accordance with the agreed upon deliverable price. All invoices should reflect actual work done. Specific details of invoices and payment will be agreed upon between OSA and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Purchasing, Department of Management and Budget. This activity will occur only upon the specific written direction from the Purchasing Operations.

The contract will cover multiple years. However, for accounting purposes, OSA must encumber funds for each State fiscal year, which run from 10/1 through 9/30.

OSA Statement of Work will detail the activities within the scope of the contract that OSA expects to receive during that State fiscal year. The pricing as established by the contract will apply to these expected activities.

Payment

Electronic Payment Availability

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

Article 1, Attachment A
Pricing

TABLE 1

1) Provide Hosting for OSA Servers and Maintain the Existing AIS Security

Timeframe	Year 1	Year 2	Year 3
Monthly Total	$1,790	$1,790	$1,790
TOTAL (by year) 12 months	**$21,480**	**$21,480**	**$21,480**

Notes:

1. Prices quoted are all inclusive - vendor staff, materials, travel, management overhead, etc. – for providing hosting for OSA Servers and maintaining the existing AIS Security Architecture described in Article 1 section 1.104.

2. Prices quoted are fixed price.

2) Knowledge Transfer – Estimate for Transition

Timeframe	Est. Hours	Price
One time cost	150	0
	150	**0**

Note: In order to provide the State with highly competitive price, Acro will not charge any fees for any time its resources spend on the knowledge transfer activities.

TABLE 2

2) Provide OSA-directed end User Support

Timeframe	***Est. Hrs (per yr)***	**Hourly Rate**	***Extended Price***
Year 1	760	$40	$30,400
Year 2	760	$40	$30,400
Year 3	760	$40	$30,400
Total	**2,280**	**$40**	**$91,200**

Notes:

1. Prices quoted are all inclusive - vendor staff, materials, travel, management overhead, etc. – for providing OSA-directed end user support as described in Article 1 section 1.104.

2. The State intends to establish funding for 760 hours per year for Partner Channel OSA-directed end user support. Actual funding will occur on a yearly basis, and there is no guarantee as to the level of funding, if any, available to the project.

3. Prices quoted are hourly rate.

TABLE 3

3a) Application & Partner Channel Website Development & Enhancements

FIRM, FIXED HOURLY RATES FOR STAFFING CATEGORIES
To be applied to base years (1, 2, 3)

Key Staff	Staffing Category	*Est. Hrs (per yr)*	Hourly Rate	*Extended Price*
X	System analyst / technical lead	**420**	**$70**	**$29,400**
X	Programmer / developer	**1130**	**$60**	**$67,800**
	Database admin	**130**	**$60**	**$7,800**
X	Security specialist	**80**	**$115**	**$9,200**
	Network engineer / admin	**40**	**$60**	**$2,400**
	Web developer	**250**	**$60**	**$15,000**
	Project leader	**--**	**$85**	**--**
	Helpdesk Rep	**--**	**$40**	**--**
	Doc Specialist/tech writer	**140**	**$55**	**$7,700**
	Application Tester	**600**	**$55**	**$33,000**
	TOTALS		**--------**	**$172,300**

Notes:

1. Hourly rates quoted are firm, fixed rates for the duration of the contract base years, inclusive of vendor staff and management overhead, and travel. "Estimated Hours" and "Extended Price" are non-binding and will be used at the State's discretion to determine best value to the State. The State will utilize the fully loaded hourly detailed above for each staff that will be used as fixed rates for responses to statements of work.

2. The State intends to establish funding for 2790 hours per year for Partner Channel Website Development & Enhancement and Application Development and Enhancement. Actual funding for enhancements will occur on a yearly basis, and there is no guarantee as to the level of funding, if any, available to the project.

3. Invoiced and paid upon successful implementation of given application development and enhancements.

TABLE 4

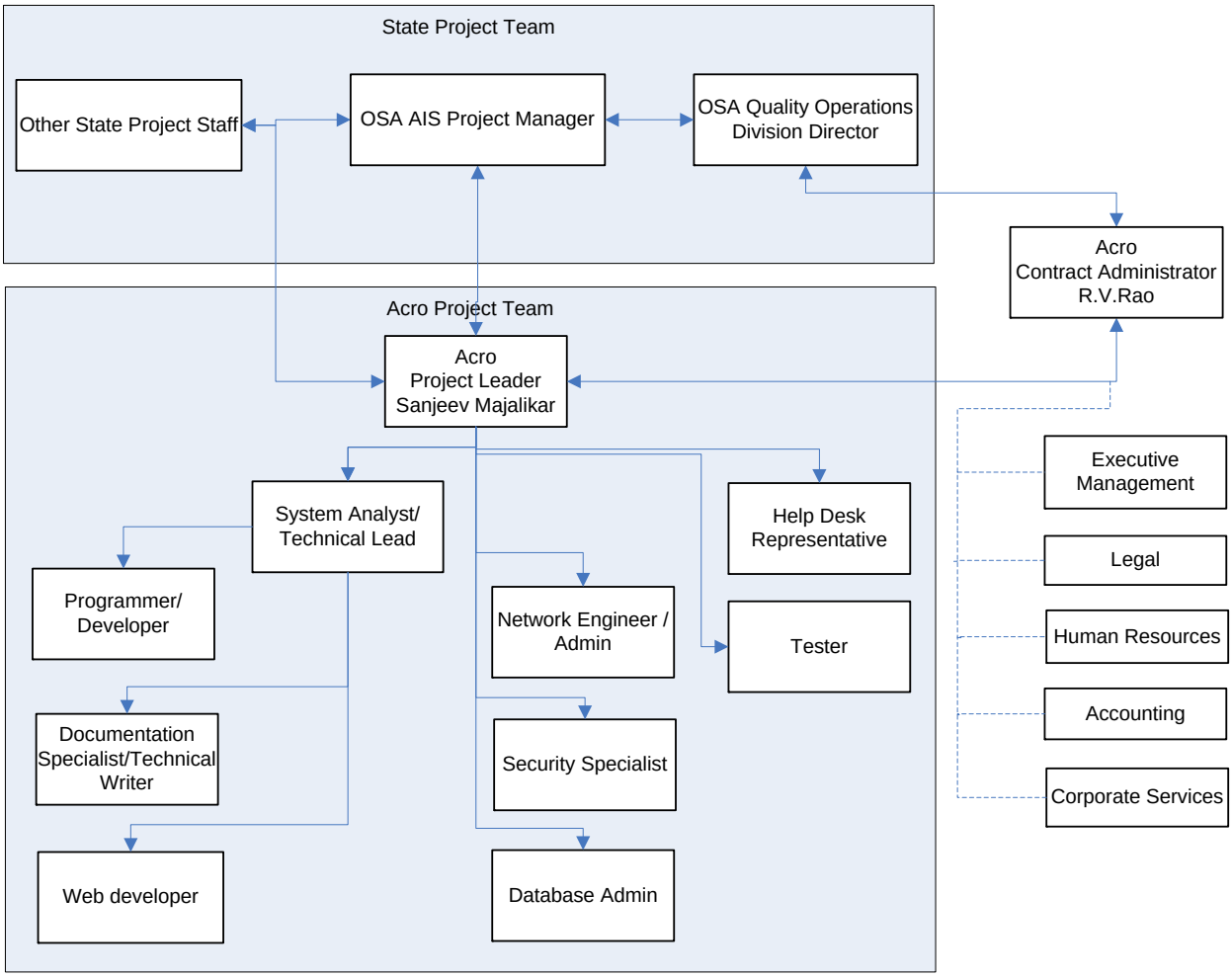
AIS Pricing Summary Information

CALCULATE/ TOTAL PRICE FOR EACH ITEM FROM APPLICABLE TABLE.

Table	**Total Base Years (1,2,3)**	**Total Optional Years**
Table 1 Provide Hosting for OSA Servers and Maintain Existing AIS Security Architecture	**$64,440**	
Knowledge Transfer – Estimate for Transition	**$0**	**----------**
Table 2 Provide OSA-directed end user support	**$91,200**	
Table 3 Application & Partner Channel Website Development & Enhancements	**$516,900**	
TOTAL	**$672,540**	

Article 1, Attachment B

Organizational Chart, including Key Personnel



The key personnel on this project are:

1. Mr. R.V. Rao – Contract Administrator
2. Mr. Sanjeev Majalikar – System Analyst/Technical Lead
3. Mr. Shrinivasrao Bolineni - Programmer
4. Mr. Mike Dodge – Security Specialist

Article 1, Attachment C

Labor Rates

The hourly rates detailed in Article 1, Attachment A, Tables 3A and 3B will be considered fully loaded hourly rates for that will be used as fixed rates for responses to statements of work. Hourly rates are fixed for the duration of the contract.

Article 2 – General Terms and Conditions

2.010 Contract Structure and Administration

2.011 Definitions

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

(a) "Days" means calendar days unless otherwise specified.

(b) "24x7x365" means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).

(c) "Additional Service" means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. "Additional Service" does not include New Work.

(d) "Amendment Labor Rates" means the schedule of fully-loaded hourly labor rates attached as **Article 1, Attachment C**.

(e) "Audit Period" has the meaning given in **Section 2.111**.

(f) "Business Day," whether capitalized or not, shall mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.

(g) "Incident" means any interruption in Services.

(h) "Business Critical" means any function identified in any Statement of Work as Business Critical.

(i) "Deliverable" means physical goods and/or commodities as required or identified by a Statement of Work

(j) "Key Personnel" means any Personnel designated in **Article 1, Section 1.201 and/or Attachment B,** as Key Personnel.

(k) "New Work" means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.

(l) "Services" means any function performed for the benefit of the State.

(m) "State Location" means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.

(n) "Subcontractor" means a company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

(o) "Work in Process" means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

2.012 Attachments and Exhibits

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

2.013 Statements of Work

(a) The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract, or an amendment to this Contract (see 2.106). Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.

(b) Unless otherwise agreed by the parties, each Statement of Work (as defined in Article 1) will include, or incorporate by reference to the appropriate Contract Article 1 Attachment containing, the following information:

- a description of the Services to be performed by Contractor under the Statement of Work;
- a project schedule (including the commencement and completion dates for all tasks, subtasks (for all projects of sufficient duration and complexity to warrant sub task breakdown), and Deliverables;

- a list of the Deliverables to be provided, if any, including any particular specifications and acceptance criteria for such Deliverables, and the dates on which the Deliverables are scheduled to be completed and delivered to the State;
- all Deliverable price schedules and other charges associated with the Statement of Work, the overall fixed price for such Statement of Work and any other appropriate pricing and payment terms;
- a specification of Contractor's and the State's respective performance responsibilities with respect to the performance or completion of all tasks, subtasks and Deliverables;
- a listing of any Key Personnel of Contractor and/or its Subcontractors for that Statement of Work and any future Statements of Work;
- any other information or provisions the parties agree to include.

(c) Reserved.

(d) The initial Statements of Work, as of the Effective Date, are attached to this Contract.

2.014 Issuing Office

This Contract is issued by the Department of Management and Budget, Office of Purchasing Operations and Department of Information Technology for the Michigan Office of Services to the Aging (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. **Purchasing Operations is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within the Office of Purchasing Operations for this Contract is:

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

2.015 Contract Compliance Inspector

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

Sara E. Williams
Contract Administrator
Department of Information Technology
Constitution Hall, 1st Floor
525 W Allegan

2.016 Project Manager

The following individual will oversee the project:

Name: Scott Wamsley
Michigan Office of Services to the Aging
PO Box 30676
Lansing, MI 48909
Email:wamsleys@michigan.gov
Phone: 517 241-0624

2.020 Contract Objectives/Scope/Background

2.021 Background

See Article 1.

2.022 Purpose

See Article 1.

2.023 Objectives and Scope

See Article 1

2.024 Interpretation

Sections 2.021 through 2.023 are intended to provide background and context for this Contract and are not intended to expand the scope of the obligations under this Contract or to alter the plain meaning of the terms and conditions of this Contract. However, to the extent the terms and conditions of this Contract are unclear or otherwise ambiguous, such terms and conditions are to be interpreted and construed in light of the provisions of this Section.

2.025 Form, Function and Utility

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

2.030 Legal Effect and Term

2.031 Legal Effect

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

2.032 Contract Term

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

2.033 Renewal(s)

This Contract may be renewed in writing by mutual agreement of the parties not less than thirty (30) days before its expiration. The Contract may be renewed for up to four (4) additional one (1) year periods. Successful completion of negotiations surrounding the terms of the extension, will be a pre-requisite for the exercise of any option year.

2.040 Contractor Personnel

2.041 Contractor Personnel

(a) Personnel Qualifications. All persons assigned by Contractor to the performance of Services under this Contract shall be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and shall be fully qualified to perform the work assigned to them. Contractor shall include a similar provision in any subcontract entered into with a Subcontractor. For

the purposes of this Contract, independent contractors engaged by Contractor solely in a staff augmentation role shall be treated by the State as if they were employees of Contractor for this Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

(b) Key Personnel

(i) In discharging its obligations under this Contract, Contractor shall provide the named Key Personnel on the terms indicated. **Article 1, Attachment B** provides an organization chart showing the roles of certain Key Personnel, if any.

(ii) Key Personnel shall be dedicated as defined in **Article 1, Attachment B** to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.

(iii) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. Additionally, the State's request shall be based on legitimate, good-faith reasons. Proposed alternative for the individual denied, shall be fully qualified for the position.

(iv) Contractor shall not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. If the Contractor does remove Key Personnel without the prior written consent of the State, it shall be considered an unauthorized removal ("Unauthorized Removal"). It shall not be considered an Unauthorized Removal if Key Personnel must be replaced for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. It shall not be considered an Unauthorized Removal if Key Personnel must be replaced because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides thirty (30) days of shadowing unless parties agree to a different time period. The Contractor with the State shall review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its rights under **Section 2.210**.

(v) It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.210**, the State may assess liquidated damages against Contractor as specified below.

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

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

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

(d) Re-assignment of Personnel at the State's Request. The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement personnel for the removed person shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with removed personnel results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted in **Section 2.076** for a time as agreed to by the parties.

(e) Staffing Levels.

(i) All staff requirements not specified in the applicable Statement of Work or State-approved project plan as State personnel will be supplied by Contractor. This includes secretarial, clerical and Contract administration support staff necessary for Contractor to perform its obligations hereunder.

(ii) Contractor shall provide sufficient personnel resources for the completion of Contract tasks indicated in Contractor's project plan approved by the State. If the level of personnel resources is insufficient to complete any Contractor Contract tasks in accordance with the Contract time schedule as demonstrated by Contractor's failure to meet mutually agreed to time schedules, Contractor shall promptly add additional qualified personnel resources to the performance of the affected tasks, at no additional charge to the State, in an amount sufficient to complete performance of Contractor's tasks in accordance with the Contract time schedule.

(f) Personnel Turnover. The Parties agree that it is in their best interests to keep the turnover rate of employees of Contractor and its Subcontractors who are performing the Services to a reasonable minimum. Accordingly, if the State determines that the turnover rate of such employees is excessive and so notifies Contractor, Contractor will meet with the State to discuss the reasons for the turnover rate and otherwise use commercially reasonable efforts to minimize such turnover rate. If requested to do so by the State, Contractor will submit to the State its proposals for reducing the turnover rate to an acceptable level. In any event, notwithstanding the turnover of personnel, Contractor remains obligated to perform the Services without degradation and in accordance with the State-approved Contract schedule.

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

2.042 Contractor Identification

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

2.043 Cooperation with Third Parties

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

2.044 Subcontracting by Contractor

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

(b) Contractor shall not delegate any duties under this Contract to a Subcontractor unless the Department of Management and Budget, Office of Purchasing Operations has given written consent to such delegation. The State shall have the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request shall be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request shall be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor shall be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.076** for a time agreed upon by the parties.

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

(d) Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.040, 2.110, 2.150, 2.160, 2.171(c), 2.172(b), 2.180, 2.260, 2.276, 2.297** in all of its agreements with any Subcontractors.

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

2.045 Contractor Responsibility for Personnel

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services.

2.050 State Standards

2.051 Existing Technology Standards

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

2.052 PM Methodology Standards

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

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

2.053 Adherence to Portal Technology Tools

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

a. Web Editors
Jdeveloper
Visual Studio.NET
Websphere SAD
MS Front Page
Macromedia Studio MX
UltraEdit32
XMLSpy

b. Graphics Design Tools
Adobe Suite
Macromedia Studio MX
Corel Draw

c. Client / Server Development Tools
.NET (Visual Studio, Visual Basic, Visual C++/C#, Visual FoxPro)
Oracle Developer
PowerBuilder
Java/J2 EE

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. MDIT standards can be found at

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

2.054 Acceptable Use Policy

To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see http://www.michigan.gov/cybersecurity/0,1607,7-217-34395_34476---,00.html. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.060 Deliverables

2.061 Ordering

(a) Any Services/Deliverables to be furnished under this Contract shall be ordered by issuance of written Purchase Orders/Blanket Purchase Order by the State after approval by the Contract Administrator or his/her designee. All orders are subject to the terms and conditions of this Contract. In the event of conflict between an order and this Contract, the Contract shall take precedence as stated in **Section 2.293**. In no event shall any additional terms and conditions contained on a Purchase Order/Blanket Purchase Order be applicable, unless specifically contained in that Purchase Order/Blanket Purchase Order's accompanying Statement of Work.

(b) DIT will continue to oversee the use of this Contract by End Users. DIT may, in writing, delegate to agencies the authority to submit requests for certain services directly to the Contractor. DIT may also designate, in writing, some services as non-delegated and require DIT review and approval before agency acquisition. DIT will use Contractor provided management reports and periodic random agency audits to monitor and administer contract usage for delegated services.

2.062 Software (Reserved)

2.063 Hardware (Reserved)

2.064 Equipment to be New and Prohibited Products

(a) Equipment to be New

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

(b) Prohibited Products

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

2.070 Performance

2.071 Performance, In General

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

2.072 Time of Performance

(a) Contractor shall use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables in accordance with the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.

(b) Without limiting the generality of **Section 2.072(a)**, Contractor shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and, in such event, shall inform the State of the projected actual delivery date.

(c) If Contractor believes that a delay in performance by the State has caused or will cause Contractor to be unable to perform its obligations in accordance with specified Contract time periods, Contractor shall notify the State in a timely manner and shall use commercially reasonable efforts to perform its

obligations in accordance with such Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent such delay is caused by the State.

2.073 Liquidated Damages

The parties acknowledge that Unauthorized Removal of Key Staff as defined in **Section 2.041 (b)** will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any such delay. Therefore, Contractor and the State agree that in the case of any such Unauthorized Removal of Key Staff in respect of which the State does not elect to exercise its rights under **Section 2.191**, the State may assess liquidated damages against Contractor as specified in this **Section 2.041 (b).**

2.074 Bankruptcy

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

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

2.075 Time is of the Essence

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

2.076 Service Level Agreements (SLAs)

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

(i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has occurred as defined in **Section 2.202**,

(ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification and/or coordination.

(iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. In order to invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.

(iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following ("Stop-Clock Conditions"):

1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.

2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

(b) Chronic Failure for any Service(s) will be defined as three (3) unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling thirty (30) day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three (3) additional months. The termination of the Service will not affect any tiered pricing levels.

(c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two (2) weeks of outage(s) and provide a recommendation for resolution.

(d) All decimals shall be rounded to two decimal places with 5 and greater rounding up and 4 and less rounding down unless otherwise specified.

2.080 Delivery and Acceptance of Deliverables

2.081 Delivery of Deliverables

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

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

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

2.082 Contractor System Testing

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

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

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

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

Testing pursuant to this Section, Contractor shall provide the State for State review and written approval Contractor's test plan for Business Function Testing.

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

2.083 Approval of Deliverables, In General

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

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

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

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

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

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

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

2.084 Process for Approval of Written Deliverables

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

2.085 Process for Approval of Custom Software Deliverables

The State will conduct UAT of each Custom Software Deliverable in accordance with the following procedures to determine whether it meets the criteria for State approval – i.e., whether it conforms to and performs in accordance with its specifications without material deficiencies.
Within thirty (30) days (or such other number of days as the parties may agree to in writing) prior to Contractor's delivery of any Custom Software Deliverable to the State for approval, Contractor shall provide to the State a set of proposed test plans, including test cases, scripts, data and expected outcomes, for the State's use (which the State may supplement in its own discretion) in conducting UAT of the Custom Software Deliverable. Contractor, upon request by the State, shall provide the State with reasonable assistance and support during the UAT process.

For the Custom Software Deliverables the State Review Period shall be the number of days agreed in writing by the parties (failing which it shall be forty-five (45) days by default). The State Review Period for each Custom Software Deliverable will begin when Contractor has delivered the Custom Software Deliverable to the State accompanied by the certification required by **Section 2.080** and the State's inspection of the Deliverable has confirmed that all components of it have been delivered.

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

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

2.086 Final Acceptance

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

2.090 Financial

2.091 Pricing

(a) Fixed Prices for Services/Deliverables

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

(b) Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under this Contract is subsequently reduced by the State, the parties shall negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope, using the rates in **Article 1, Attachment A** unless specifically identified in an applicable Statement of Work.

(c) Services/Deliverables Covered

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

(d) Labor Rates

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

2.092 Invoicing and Payment Procedures and Terms

(a) Invoicing and Payment – In General

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

(ii) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. The charges for Services billed on a time and materials basis shall be determined based on the actual number of hours of Services performed, at the applicable Labor Rates specified in **Article 1, Attachment C**. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 2.094**.

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

(b) Taxes (See Section 2.305 and Article 3, Section 3.022-3.024 for additional)

The State is exempt from Federal Excise Tax, State and Local Sales Taxes, and Use Tax with respect to the sale to and use by it of tangible personal property. Such taxes shall not be included in Contract prices as long as the State maintains such exemptions. Copies of all tax exemption certificates shall be supplied to Contractor, if requested.

(c) Out-of-Pocket Expenses

Contractor acknowledges that the out-of-pocket expenses that Contractor expects to incur in performing the Services/ providing the Deliverables (such as, but not limited to, travel and lodging, document reproduction and shipping, and long distance telephone) are included in Contractor's fixed price for each Statement of Work. Accordingly, Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates. See http://www.mi.gov/dmb/0,1607,7-150-9141_13132---,00.html for current rates.

(d) Pro-ration

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

(e) Antitrust Assignment

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

(f) Final Payment

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

2.093 State Funding Obligation

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

2.094 Holdback

The State shall have the right to hold back, as a retainage, an amount equal to **twenty percent (20%)** of all amounts invoiced by Contractor for Services/Deliverables. The amounts held back shall be released to Contractor after the State has granted Final Acceptance.

2.095 Electronic Payment Availability

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

2.100 Contract Management

2.101 Contract Management Responsibility

(a) Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with **Article 1, Attachment E** (Project Plan) is likely to delay the timely achievement of any Contract tasks.

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

2.102 Problem and Contract Management Procedures

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

2.103 Reports and Meetings

(a) Reports.

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

(i) separately address Contractor's performance in each area of the Services;

(ii) for each area of the Services, assess the degree to which Contractor has attained or failed to attain the pertinent objectives in that area, including on-time completion and delivery of Deliverables;

(iii) explain the reasons for any failure to achieve on-time completion and delivery of Deliverables and include a plan for corrective action where appropriate;

(iv) describe any circumstances that Contractor anticipates will impair or prevent on-time completion and delivery of Deliverables in upcoming reporting periods;

(v) include plans for corrective action or risk mitigation where appropriate and describe the status of ongoing problem resolution efforts;

(vi) provide reports setting forth a comparison of actual hours spent by Contractor (including its augmented personnel and Subcontractors) in performing the Project versus hours budgeted by Contractor.

(vii) set forth a record of the material personnel changes that pertain to the Services and describe planned changes during the upcoming month that may affect the Services.

(viii) include such documentation and other information may be mutually agreed to verify compliance with, and meeting the objectives of, this Contract.

(ix) set forth an updated schedule that provides information on the status of upcoming Deliverables, expected dates of delivery (or redelivery) of such Deliverables and estimates on timing for completion of the Project.

(b) Meetings.

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

2.104 System Changes

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

2.105 Reserved

2.106 Change Requests

The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of

ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

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

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

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

(a) Change Requests

(i) State Requests

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

(ii) Contractor Recommendations

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

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

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

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

(vi) If the State requests or directs Contractor to perform any activities that Contractor believes constitute a Change, Contractor must notify the State that it believes the requested activities are a Change prior to commencing the performance of the requested activities. If Contractor fails to so

notify the State prior to commencing performance of the requested activities, such activities shall be considered to be performed gratuitously by Contractor, and Contractor shall not have any right thereafter to assert any claim for additional compensation or time for the performance of such activities. If Contractor commences performance of gratuitous services outside the scope of this Contract and subsequently elects to stop performing such out-of-scope services, Contractor must, at the request of the State, back out or reverse any changes resulting from such performance that would adversely affect the Contract.

2.107 Management Tools

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

2.110 Records and Inspections

2.111 Records and Inspections

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

(b) Examination of Records. Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the "Audit Period"), shall, upon twenty (20) days prior written notice, have access to and the right to examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

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

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

and the State shall develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in such audit report.

2.112 Errors

(a) If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.

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

2.120 State Responsibilities

2.121 State Performance Obligations

(a) Equipment and Other Resources. To facilitate Contractor's performance of the Services/Deliverables, the State shall provide to Contractor such equipment and resources as identified in the Statements of Work or other Contract Exhibits as items to be provided by the State.

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

(c) Return. Contractor shall be responsible for returning to the State any State-furnished equipment, facilities and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

(d) Except as otherwise provided in **Section 2.220**, the State's failure to perform its responsibilities as set forth in this Contract shall not be deemed to be grounds for termination by Contractor. However, Contractor will not be liable for any default or delay in the performance of its obligations under this Contract to the extent such default or delay is caused by nonperformance of the State's obligations under this Contract, provided Contractor provides the State with reasonable written notice of such nonperformance and Contractor uses commercially reasonable efforts to perform notwithstanding the State's failure to perform. In addition, if the State's nonperformance of its responsibilities under this Contract materially increases the time required for Contractor's performance or Contractor's cost of performance, Contractor shall be entitled to seek an equitable extension via the Change Request process described in **Section 2.106**.

2.130 Security

2.131 Background Checks

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

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See http://www.michigan.gov/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.

2.140 Reserved

2.150 Confidentiality

2.151 Freedom of Information

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

2.152 Confidentiality

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

2.153 Protection of Confidential Information

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

2.154 Exclusions

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

2.155 No Implied Rights

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

2.156 Remedies

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

2.157 Security Breach Notification

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

2.158 Survival

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

2.159 Destruction of Confidential Information

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

2.160 Proprietary Rights

2.161 Ownership

Ownership of Work Product by State. All Deliverables shall be owned by the State and shall be considered works made for hire by the Contractor for the State. The State shall own all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

Vesting of Rights. With the sole exception of any preexisting licensed works identified in **Exhibit C**, the Contractor shall assign, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any such Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon State's

request, the Contractor and/or its personnel shall confirm such assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State shall have the right to obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

2.162 Source Code Escrow

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

(i) A complete copy in machine-readable form of the source code and executable code of the Licensed Software, including any updates or new releases of the product;

(ii) A complete copy of any existing design documentation and user documentation, including any updates or revisions; and/or

(iii) Complete instructions for compiling and linking every part of the source code into executable code for purposes of enabling verification of the completeness of the source code as provided below. Such instructions shall include precise identification of all compilers, library packages, and linkers used to generate executable code.

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

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

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

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

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

(i) The Contractor becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under bankruptcy or insolvency law, whether domestic or foreign;

(ii) The Contractor has wound up or liquidated its business voluntarily or otherwise and the State has reason to believe that such events will cause the Contractor to fail to meet its warranties and maintenance obligations in the foreseeable future;

(iii) The Contractor voluntarily or otherwise discontinues support of the provided products or fails to support the products in accordance with its maintenance obligations and warranties.

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

(i) The State shall comply with all procedures in the Escrow Contract;

(ii) The State shall maintain all materials and information comprising the Source Code Escrow Package in confidence in accordance with this Contract;

(iii) If the release is a temporary one, then the State shall promptly return all released materials to Contractor when the circumstances leading to the release are no longer in effect.

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

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

2.163 Rights in Data

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

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

2.164 Ownership of Materials

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

2.165 Standard Software

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

2.166 Pre-existing Materials for Custom Software Deliverables

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

2.167 General Skills

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

2.170 Warranties And Representations

2.171 Warranties and Representations

The Contractor represents and warrants:

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

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

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under this Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

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

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

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

(g) Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.

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

(i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or such Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.

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

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

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

(n) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or such department within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of such contract.

2.172 Software Warranties

(a) Performance Warranty

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

(b) No Surreptitious Code Warranty

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

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

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

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

(c) Calendar Warranty

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

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

(d) Third-party Software Warranty

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

2.173 Equipment Warranty

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

The Contractor represents and warrants that the equipment/system(s) purchased by the State through this contract shall be in good operating condition and shall 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 one (1) year commencing upon the first day following Final Acceptance.

Within **3** business days of notification from the State, the Contractor shall adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor shall assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

The Contractor shall 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 shall be performed by original equipment manufacturer (OEM) trained, certified and authorized technicians.

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

2.174 Physical Media Warranty

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

2.175 DISCLAIMER

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

2.176 Consequences For Breach

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

2.180 Insurance

2.181 Liability Insurance

(a) Liability Insurance

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

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

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

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

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

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

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

Before the Contract is signed by both parties or before the purchase order is issued by the State, the Contractor must furnish to the Director of Purchasing Operations, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Purchasing Operations, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Purchasing Operations, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

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

☑ 1. Commercial General Liability with the following minimum coverage:
$2,000,000 General Aggregate Limit other than Products/Completed Operations
$2,000,000 Products/Completed Operations Aggregate Limit
$1,000,000 Personal & Advertising Injury Limit
$1,000,000 Each Occurrence Limit
$500,000 Fire Damage Limit (any one fire)

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

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

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

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

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

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

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

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

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

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

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

(b) Subcontractors

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

(c) Certificates of Insurance and Other Requirements

Contractor shall furnish to the Office of Purchasing Operations certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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

2.190 Indemnification

2.191 Indemnification

(a) General Indemnification

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

(b) Code Indemnification

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

(c) Employee Indemnification

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

(d) Patent/Copyright Infringement Indemnification

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

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

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

2.192 Continuation of Indemnification Obligations

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

2.193 Indemnification Procedures

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

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

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

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

2.200 Limits of Liability and Excusable Failure

2.201 Limits of Liability

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

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

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

2.202 Excusable Failure

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

precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

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

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

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

2.203 Disaster Recovery

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

2.210 Termination/Cancellation by the State

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

2.211 Termination for Cause

(a) In the event that Contractor breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA as defined in **Section 2.076**), which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State (such time period not to be less than thirty (30) days), or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of termination to Contractor, terminate this Contract in whole or in part, for cause, as of the date specified in the notice of termination.

(b) In the event that this Contract is terminated for cause, in addition to any legal remedies otherwise available to the State by law or equity, Contractor shall be responsible for all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs shall not be considered by the parties to be consequential, indirect or incidental damages, and shall not be excluded by any

other terms otherwise included in this Contract, provided such costs are not in excess of fifty percent (50%) more than the prices for such Service/Deliverables provided under this Contract.

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

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

2.212 Termination for Convenience

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

2.213 Non-Appropriation

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

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

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

2.214 Criminal Conviction

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

subcontract; convicted of a criminal offense, including any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State reflects upon Contractor's business integrity.

2.215 Approvals Rescinded

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

2.216 Rights and Obligations Upon Termination

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

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

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

2.217 Reservation of Rights

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

2.218 Contractor Transition Responsibilities

In the event this contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of this Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed **ninety (90)** days. These efforts shall include, but are not limited to, the following:

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

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

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

(e) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of this Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates specified by **Article 1, Attachment C**. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.219 State Transition Responsibilities

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

(a) Reconciling all accounts between the State and the Contractor;

(b) Completing any pending post-project reviews.

2.220 Termination by Contractor

2.221 Termination by Contractor

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

2.230 Stop Work

2.231 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to ninety (90) calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this **Section 2.230**. Upon

receipt of the stop work order, Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.210**.

2.232 Cancellation or Expiration of Stop Work Order

If a stop work order issued under this **Section 2.230** is canceled or the period of the stop work order or any extension thereof expires, Contractor shall resume work. The parties shall agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within thirty (30) calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.106.**

2.233 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, such termination shall be deemed to be a termination for convenience under **Section 2.212**, and the State shall allow reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State shall not be liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.230**.

2.240 Reserved

2.250 Dispute Resolution

2.251 In General

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

2.252 Informal Dispute Resolution

(a) All operational disputes between the parties shall be resolved under the Contract Management procedures developed pursuant to **Section 2.100**. If the parties are unable to resolve any disputes after compliance with such processes, the parties shall meet with the Director of Purchasing Operations, DMB, or designee, for the purpose of attempting to resolve such dispute without the need for formal legal proceedings, as follows:

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

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

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

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

(b) This **Section 2.250** will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or pursuant to **Section 2.253**.

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

2.253 Injunctive Relief

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

2.254 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment shall not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.210** and **2.220**, as the case may be.

2.260 Federal and State Contract Requirements

2.261 Nondiscrimination

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

2.262 Unfair Labor Practices

Pursuant to 1980 PA 278, MCL 423.231, *et seq*., the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, shall not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

2.263 Workplace Safety and Discriminatory Harassment

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

2.270 Litigation

2.271 Disclosure of Litigation

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

(b) Assurances. In the event that any such Proceeding disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:

(i) the ability of Contractor (or a Subcontractor hereunder) to continue to perform this Contract in accordance with its terms and conditions, or

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

(A) Contractor and/or its Subcontractors hereunder will be able to continue to perform this Contract and any Statements of Work in accordance with its terms and conditions, and

(B) Contractor and/or its Subcontractors hereunder have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in such Proceeding.

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

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

(2) Contractor shall also notify the Office of Purchasing Operations within thirty (30) days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

(3) Contractor shall also notify Purchasing Operations within thirty (30) days whenever changes to company affiliations occur.

2.272 Governing Law

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

2.273 Compliance with Laws

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

2.274 Jurisdiction

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

2.280 Environmental Provision

2.281 Environmental Provision

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

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

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

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

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

2.290 General

2.291 Amendments

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

2.292 Assignment

(a) Neither party shall have the right to assign the Contract, or to assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as such affiliate is adequately capitalized and can provide adequate assurances that such affiliate can perform the Contract. Any purported assignment in violation of this Section shall be null and void. It is the policy of the State of Michigan to withhold consent from proposed assignments, subcontracts, or novations when such transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. In the event of any such permitted assignment, Contractor shall not be relieved of its responsibility to perform any duty imposed upon it herein, and the requirement under the Contract that all payments shall be made to one entity shall continue.

2.293 Entire Contract; Order of Precedence

(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to such subject matter and as additional terms and conditions on the purchase order shall apply as limited by **Section 2.061**.

(b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of **Sections 2.110 through 2.220** of the Contract, which may be modified or amended only by a formal Contract amendment.

2.294 Headings

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

2.295 Relationship of the Parties (Independent Contractor Relationship)

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

2.296 Notices

(a) Any notice given to a party under the Contract shall be deemed effective, if addressed to such party as addressed below, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

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

With a copy to:

Sara Williams
Department of Information Technology
Constitution Hall, 1st Floor
525 W Allegan
Lansing, MI 48913

Contractor(s):

RV Rao
Division President
Acro Service Corporation
E-mail: rvrao@acrocorp.com | Phone: (734) 591-1100 Ext 4318 | Fax: (734) 591-1217
Global Headquarters: 39209 W. Six Mile Road, Suite 250, Livonia, Michigan 48152,

With a copy to

Ron Shahani
Acro Service Corporation
39209 W. Six Mile Rd., Ste 250
Livonia, MI 48152

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

(b) Binding Commitments

Representatives of Contractor identified in **2.296** shall have the authority to make binding commitments on Contractor's behalf within the bounds set forth in such table. Contractor may change such representatives from time to time upon written notice.

2.297 Media Releases and Contract Distribution

(a) Media Releases

Neither Contractor nor the State will make any news releases, public announcements or public disclosures, nor will they have any conversations with representatives of the news media, pertaining to the Contract, the Services or the Contract without the prior written approval of the other party, and then only in accordance with explicit written instructions provided by that party. In addition, neither Contractor nor the State will use the name, trademarks or other proprietary identifying symbol of the other party or its affiliates without such party's prior written consent. Prior written consent of the Contractor must be obtained from authorized representatives.

(b) Contract Distribution

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

2.298 Reformation and Severability

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

2.299 Consents and Approvals

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

2.300 No Waiver of Default

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

2.301 Survival

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

2.302 Covenant of Good Faith

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

2.303 Permits

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

2.304 Website Incorporation

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

2.305 Taxes

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

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

2.306 Prevailing Wage

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

Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

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

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

2.307 Call Center Disclosure

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

2.308 Future Bidding Preclusion

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

2.330 Federal Grant Requirements

2.331 Federal Grant Requirements

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

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

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

Exhibit A Approved Subcontractors

Name of the subcontractor	The Iserv Company
Address	5222 33rd Street SE, Grand Rapids MI 49512
Contact Person	Tim Holverda
Work to be contracted	Acro will host State's servers at its subcontractor's location.