

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
 PROCUREMENT

525 W. ALLEGAN STREET
 LANSING, MI 48933

P.O. BOX 30026
 LANSING, MI 48909

CHANGE NOTICE NO. 2
 to
 CONTRACT NO. 071B9200171
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Emphasys Computer Solutions Inc 3890 Charlevoix Ave Petoskey MI, 49770	Andrea Webb	awebb@emphasys-software.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	800-968-6884 X 3211	*****4382

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Tracie Mansberger	517-373-9684	Mansbergert@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jarrold Barron	(517) 284-7045	BarronJ1@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Michigan State Housing Development Authority Elite System			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
May 1, 2009	April 30, 2014	2 - 2 Year	April 30, 2016
PAYMENT TERMS		DELIVERY TIMEFRAME	
N/A		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	2 Years	<input type="checkbox"/>		04/30/2018
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$4,251,033.59		\$1,248,200.07	\$5,499,233.66	

DESCRIPTION: Effective immediately, MSHDA hereby utilizes the final two option years. New contract end date is April 30, 2018. Contract is increased by \$1,248,200.07. Please note the Program Manager has been updated to Tracie Mansberger. Please see attached SOW's and Updated Quote table, both of which are incorporated into this contract.

All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval.

**AMENDMENT NO. 2
TO
CONTRACT NO. 071B9200171
FOR ELITE SYSTEM SUPPORT
BETWEEN EMPHASYS COMPUTER SOLUTIONS
AND
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY (MSHDA)**

WHEREAS, on May 1, 2009, the Emphasys Software (**Emphasys**), and Michigan State Housing Development Authority (MSHDA) entered into a Contract for the services and hosting support and maintenance of the Elite system.

WHEREAS, MSHDA and Emphasys are in agreement to exercise the second 2-year extension of Contract No. 071B900171 in the amount not to exceed \$1,324,619.08; and

WHEREAS, the Agreement has an original maximum compensation limit of \$2,999,815.31; and

WHEREAS, this amendment will increase the maximum compensation limit to \$5,575,652.67; and

WHEREAS, the parties to the Agreement desire to increase the maximum compensation limit and expand the scope of services as detailed in the Addendum to Attachment A, included herein. All other terms, conditions, specifications and pricing remains the same.

IN WITNESS WHEREOF, Emphasys and MSHDA have entered into this Amendment No. 2 as of the date it is fully executed.

Michigan State Housing
Development Association (MSHDA)



Title: System Manager, RAHS
Date: 4-6-16

Emphasys Software



Mike Byrne
Chief Executive Office
Date: 4-7-16

**ADDENDUM TO
ATTACHMENT A
COST TABLES**

TABLE 1: 2 Year Recurring Cost: Updates, Maintenance and Support

No.	Cost Categories	Cost (\$)	Comments
1.	Maintenance and support cost		Elite Software Renewal Period is May 1 through April 30. Application Software Included:
	1. First Extension Year	\$598,370.84	Section 8, Wait List Resident Processing
	2. Second Extension Year	\$617,448.24	Section 8 Financial Management Family Self-Sufficiency Rent Reasonableness S8 HQS Inspections Host Web-App Executive Portal Satori Address Management Link Applicant Portal
	Total Recurring Cost	\$1,215,819.08	<p>**Includes Elite Application DBA Management Monthly Services **Includes Elite System Engineering Monthly Services **Includes Elite Project Management Monthly Services **Includes CGI Annual Hosting Services 24x7x365 **Includes CGI Hardware Maintenance **Includes CGI provided encryption and media for 7-year backup archival and retention</p> <p>All Emphasys Helpdesk hours are for normal business hours. If additional support outside of business hours is expected, we can work with MSHDA to create a more customized plan.</p> <p>MSHDA will continue to be responsible for maintenance and purchasing of Report writing user licenses such as Crystal Report Writer; Microsoft Excel, etc.</p> <p>MSHDA will continue to be responsible for maintenance and purchasing of licensing for Microsoft SQL Server and SQL Tools that are required to reside on the individual users desktop.</p>

TOTAL TWO (2) YEAR EXTENSION SYSTEM COST

No.	Cost Categories	Cost (\$)	Comments
Table 2	Total Reoccurring Cost	\$1,215,819.08	
Table 8	Total Cost of Optional 'Reserve Bank of Hours'	\$108,800.00	
	Total Two (2) Year Extension System Cost	\$1,324,619.08	

TABLE 8: - Labor Rates for Optional "Reserve Bank of 2000 Hours" for future enhancements & scope change

Resource Type	Estimated hours	Hourly Rate	Extended Price
Project management	0	\$135	
Business analysts	40	\$150	\$6,000
System analysts	40	\$150	\$6,000
Programmer/developers	200	\$175	\$35,000
System administrators	0	\$200	
Database administrators	0	\$200	
Q/A Manager	0	\$175	
Security specialist	0	\$150	
Testers	0	\$150	
Technical writers	0	\$100	
CM specialists	0	\$150	
System Architects	0	\$200	
Network engineer/administrator	160	\$150	\$24,000
Software Architects	0	\$225	
CM specialists	0	\$150	
Project assistants	0	\$125	
Web developers	0	\$170	
Application trainers	120	\$115	\$13,800
Others: (List) below):			
Application Consultants	160	\$150	\$24,000
Total Cost of Optional "Reserve Bank of Hours "	720		\$108,800

**MSHDA Elite Software
Maintenance and Support**

Contract 071B9200171

	Year 8 4/30/17)	4/30/16 to Year 9 4/30/18)	4/3 year 8-9 accumulated amounts
TOTAL - Emphasys Software Maintenance/Support	\$ 197,714.54	\$ 207,600.26	405,314.80

Optimization Services

Remote DBA	54,000.00	54,000.00	
Remote Systems Engineer	19,200.00	19,200.00	
Project Management	16,560.00	16,560.00	
Transition Services Assistance-to CGI Hosting (testing, PM)			
Reserve Bank of 800 Hours (\$108,800 equally split across 2 years)	54,400.00	54,400.00	
Total - Optimization Services	\$144,160.00	\$144,160.00	288,320.00

CGI Hosting -

CGI Hosting	\$310,896.30	\$320,087.98	
CGI Warm Backup/Failover Option 2-added to above			
CGI Software Costs			
CGI Maintenance	Included above	Included above	
CGI Installation/Config/			
CGI Encryption Software and media for 7-year backup archival and retention	Included above	Included above	
Total - CGI	\$310,896.30	\$320,087.98	\$ 630,984.28

Total - Included in separate line items	54,400.00	54,400.00	108,800.00
Total - Maintenance & Support items	\$ 598,370.84	\$ 617,448.24	1,215,819.08
Grand Total Per Annum	\$ 652,770.84	\$ 671,848.24	1,324,619.08

Emphasys Software

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. 1
 to
CONTRACT NO. 071B9200171
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Emphasys Software 3890 Charlevoix Ave, Ste 370 Petoskey, MI 49770	Andrea Webb	a webb@emphasys-software.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(800)968-6884 ext 3211	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR				
BUYER	DTMB	Jarrod Barron	(517)284-7045	Barronj1@michigan.gov

CONTRACT SUMMARY:				
DESCRIPTION Michigan State Housing Development Authority Elite System				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
05/01/2009	04/30/2014		04/30/204	
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM	
N/A	N/A	N/A	N/A	
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS:				
N/A				

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2 years	04/30/2016
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$1,251,218.28		\$4,251,033.59		

Effective immediately, this contract hereby utilize two option years. New contract end date is April 30, 2016. Contract is increased by \$1,251,218.28. Please note the buyer has changed to Jarrod Barron. Please see attached SOW's and Updated Quote table, both of which are incorporated into this contract. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval

**AMENDMENT NO. 1
TO
CONTRACT NO. 071B9200171
FOR ELITE SYSTEM SUPPORT
BETWEEN EMPHASYS COMPUTER SOLUTIONS, INC.
AND
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

WHEREAS, on May 1, 2009, the Emphasys Computer Solutions, Inc. (Emphasys), and Michigan State Housing Development Authority (MSHDA) entered into a Contract for the services and hosting support and maintenance of the Elite system.

WHEREAS, MSHDA and Emphasys are in agreement to exercise the first 2-year extension of Contract No. 071B900171 in the amount not to exceed \$1,251,218.28; and

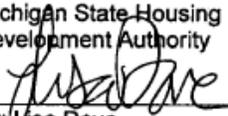
WHEREAS, the Agreement has an original maximum compensation limit of \$2,999,815.31; and

WHEREAS, this amendment will increase the maximum compensation limit to \$4,251,033.59; and

WHEREAS, the parties to the Agreement desire to increase the maximum compensation limit and expand the scope of services as detailed in the Addendum to Attachment A, included herein. All other terms, conditions, specifications and pricing remains the same.

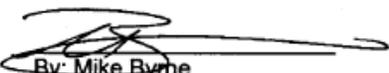
IN WITNESS WHEREOF, Emphasys and MSHDA have entered into this Amendment No. 1 as of the date it is fully executed. Full execution is defined as the date that Change Notice No. 1 to Contract No. 071B9200171 (Form No. DTMB 3521) has been signed by the last required signer of Emphasys and the Michigan Department of Technology, Management and Budget (DTMB) Chief Procurement Officer.

Michigan State Housing
Development Authority


By: Lisa Dove
Title: System Manager, Rental
Assistance And Homeless Solutions
Division

Date: 4/16/2014

Emphasys Computer Solutions, Inc.


By: Mike Byrne
Title: Chief Executive Officer

Date: 4/16/2014

**AMENDMENT NO. 1
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CONTRACT NO. 071B9200171
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WHEREAS, the Agreement has an original maximum compensation limit of \$2,999,815.31; and

WHEREAS, this amendment will increase the maximum compensation limit to \$4,251,033.59; and

WHEREAS, the parties to the Agreement desire to increase the maximum compensation limit and expand the scope of services as detailed in the Addendum to Attachment A, included herein. All other terms, conditions, specifications and pricing remains the same.

IN WITNESS WHEREOF, Emphasys and MSHDA have entered into this Amendment No. 1 as of the date it is fully executed. Full execution is defined as the date that Change Notice No. 1 to Contract No. 071B9200171 (Form No. DTMB 3521) has been signed by the last required signer of Emphasys and the Michigan Department of Technology, Management and Budget (DTMB) Chief Procurement Officer.

Michigan State Housing
Development Authority

Emphasys Computer Solutions, Inc.

By: Lisa Dove
Title: System Manager, Rental
Assistance And Homeless Solutions
Division

By: Mike Byrne
Title: Chief Executive Officer

Date: _____

Date: _____

**ADDENDUM TO
ATTACHMENT A
COST TABLES**

**ADDENDUM TO TABLE 2: Recurring Cost: Updates, Maintenance and Support For
First 2-Year Option**

No.	Cost Categories	Cost (\$)	Comments
1.	Maintenance and support cost		Elite Software Renewal Period is May 1 through April 30. Application Software included: Section 8, Wait List Resident Processing Section 8 Financial Management Family Self-Sufficiency Rent Reasonableness S8 HQS Inspections Host Web-App Executive Portal Satori Address Management + Link Applicant Portal **Includes Elite Application DBA Management Monthly Services **Includes Elite System Engineering Monthly Services **Includes Elite Project Management Monthly Services **Includes CGI Annual Hosting Services 24x7x365 **Includes CGI Hardware Maintenance **Includes CGI provided encryption and media for 7-year backup archival and retention All Emphasys Helpdesk hours are for normal business hours. If additional support outside of business hours is expected, we can work with MSHDA to create a more customized plan. MSHDA will continue to be responsible for maintenance and purchasing of Report writing user licenses such as Crystal Report Writer; Microsoft Excel, etc. MSHDA will continue to be responsible for maintenance and purchasing of licensing for Microsoft SQL Server and SQL Tools that are required to reside on the individual users desktop.
	1. First Option Year (Contract Year 6)	\$562,390.14	
	2. Second Option Year (Contract Year 7)	\$580,028.14	
	Total Recurring Cost For Contract Years 6 and 7	\$1,142,418.28	

**ADDENDUM TO TABLE 3: TOTAL SYSTEM COST FOR FIRST 2-YEAR OPTION
(CONTRACT YEARS 6 AND 7)**

No.	Cost Categories	Cost (\$)	Comments
Table 2	Total Reoccurring Cost For Contract Years 6 and 7	\$1,142,418.28	
Table 8	Total Cost of Optional 'Reserve Bank of Hours'	\$108,800.00	
	Total Two (2) Year Extension System Cost	\$1,251,218.28	

**ADDENDUM TO TABLE 8:
Labor Rates for Optional "Reserve Bank of 720 Hours" for future enhancements & scope change for First 2-Year Option (Contract Years 6 and 7)**

Resource Type	Estimated hours	Hourly Rate	Extended Price
Project management	0	\$135	
Business analysts	40	\$150	\$6,000
System analysts	40	\$150	\$6,000
Programmer/developers	200	\$175	\$35,000
System administrators	0	\$200	
Database administrators	0	\$200	
Q/A Manager	0	\$175	
Security specialist	0	\$150	
Testers	0	\$150	
Technical writers	0	\$100	
CM specialists	0	\$150	
System Architects	0	\$200	
Network engineer/administrator	160	\$150	\$24,000
Software Architects	0	\$225	
CM specialists	0	\$150	
Project assistants	0	\$125	
Web developers	0	\$170	
Application trainers	120	\$115	\$13,800
Others: (List) below:			
Application Consultants	160	\$150	\$24,000
Total Cost of Optional "Reserve Bank of Hours "	720		\$108,800

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

May 15, 2009

**NOTICE
 OF
 CONTRACT NO. 071B9200171
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF CONTRACTOR Emphasys Software 3890 Charlevoix Ave, Ste. 370 Petoskey, MI 49770 Email: awebb@emphasys-software.com	TELEPHONE 800-968-6884, ext. 3211 Andrea Webb CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 241-0239 Jacque Kuch
Contract Compliance Inspector: Sara Williams Michigan State Housing Development Authority Elite System	
CONTRACT PERIOD: From: May 1, 2009 To: April 30, 2014	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION:	

TOTAL ESTIMATED CONTRACT VALUE: \$2,999,815.31

**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. 071B9200171
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF CONTRACTOR Emphasys Software 3890 Charlevoix Ave, Ste. 370 Petoskey, MI 49770 Email: awebb@emphasys-software.com	TELEPHONE 800-968-6884, ext. 3211 Andrea Webb CONTRACTOR NUMBER/MAIL CODE BUYER/CA (517) 241-0239 Jacque Kuch
Contract Compliance Inspector: Sara Williams Michigan State Housing Development Authority Elite System	
CONTRACT PERIOD: From: May 1, 2009 To: April 30, 2014	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of ITB #07119200059, 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: \$2,999,815.31	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 07119200059. Orders for delivery will be issued directly by the Michigan State Housing Development Authority through the issuance of a Purchase Order Form.

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

FOR THE CONTRACTOR: _____ Emphasys Software Firm Name _____ Authorized Agent Signature _____ Authorized Agent (Print or Type) _____ Date	FOR THE STATE: _____ Signature Greg Faremouth _____ Name/Title IT Division _____ Division _____ Date
--	---



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

Michigan Department of Labor and Economic Growth
Michigan State Housing Development Authority MSHDA
Elite System Support

Buyer Name: Jacque L. Kuch
Telephone Number: (517) 241-0239
E-Mail Address: kuchj@michigan.gov



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Article 1 – Statement of Work (SOW)

1.00 Project Identification

1.001 Project Request

The purpose of the contract is to maintain and update proprietary Elite systems referred to as Michigan State Housing Development Authority (MSHDA) Housing Voucher Programs (HVP) system, as well as hosting this system. The hosting vendor will partner with the software vendor under this single contract.

1.002 Background

The Michigan State Housing Development Authority (MSHDA) is the 41-year-old state authority that has as its mission to provide financial and technical assistance through public and private partnerships to create and preserve decent, affordable housing for low and moderate-income Michigan residents.

MSHDA acquires its funds through Federal government programs (e.g., HUD), state government programs, and private investors (e.g., through the sale of bonds), and then provides benefits through multifamily loans, tax credits, single family loans, home improvement loans, Section 8 rental assistance, and community development grants and technical assistance programs. These benefits are generally provided through other entities, such as developers, banks, landlords, and local communities and development agencies.

MSHDA is currently using the Emphasys product Elite. The term of the contract with our current Contractor is nearly completed.

The system will be used by MSHDA Housing Voucher Program staff at two locations: 735 E. Michigan Avenue, Lansing, Michigan 48912 with approximately 30 employees; and 3028 W. Grand Boulevard, Suite 4-600, Detroit, Michigan 48202 with approximately 20 employees. Additional users of the Elite system include:

- Michigan Department of Information Technology (MDIT)
- Contracted Agents (approximately 125 agents) located throughout the state

The United States Department of Housing and Urban Development (HUD) provides MSHDA with funding for the administration of the Housing Voucher Program. This federal program provides rental subsidies for very low income people who find their own housing in private homes and apartment buildings. MSHDA administers approximately 24,000 Housing Choice Vouchers.

MSHDA covers the entire state by contracting with agencies that work directly with the tenants and landlords and report back to MSDHA staff. These agencies access the Elite system through the web. Data is entered by the agencies and reviewed by MSHDA staff. Reports are printed from the database using Crystal Reports and/or MILO, which are entered into the database.

The Elite system will track information on residents, landlords, and applicants. The Elite system will integrate payment standards, income limits, utility allowances, affordability calculations, etc. to ensure that rent amounts are calculated correctly. The Elite system will track annual reexaminations to ensure that each resident has a reexamination every 12 months to comply with HUD guidelines.

1.100 Scope of Work and Deliverables

1.101 In Scope

The Contractor will provide the services for the complete and successful support and maintenance of the Elite system providing the functionality required for the State's business operations for MSHDA-HVP.

- A Contractor hosted solution that includes the procurement, installation, and maintenance of the Emphasys Elite live, pre-live, development, and test environments. The pre-live, development and test hardware/operating system environment must resemble the live environment as closely as possible.



- Operational services for equipment at the Contractor's site
 - Systems management
 - Disaster recovery
 - Security administration services
 - Storage services
 - Backup and off-site retention
- Minimum: Daily incremental back-ups retained one month, weekend full back-ups retained three months, month-end full back-up retained seven years, year-end full back-up retained seven years.
- Annual Software Maintenance Agreement which includes the application of routine service packs and maintenance releases.
- Support
 - Product
 - Technical
- Satori Software
 - Software subscription support
- Web-App
 - Initialization and maintenance
- Transition Services nearing the end of the contract
 - Knowledge transfer to State staff and the Contractor awarded the new contract
 - Smooth transition of the data transfer
- Custom Programming as defined and requested by MSHDA-HVP
 - General Ledger Module Implementation - Track payments and budget information
 - Family Self-Sufficiency Module - Necessary modifications to the module
 - Homeownership Module - Necessary modifications to the module.

The State must have application services begin by May 15, 2009. Hosting equipment installed and operational by July 1, 2009.

The Contract will have a term of five (5) years, with a two (2) two-year extensions possible.

1.102 Out Of Scope

Business process re-engineering services, licenses for any product other than those required for the existing Elite Systems, maintenance or enhancements other than what is required for the Elite Systems are out of the scope of this Contract.

1.103 Environment

The Contractor will conform to State IT policies and standards. The Contractor must formally request exceptions to State IT policies and standards in accordance with MDIT processes if they believe advantages can be gained by slight variations. Formal approval by the State is required before these deviations can occur.

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

- Strategic Plan: <http://www.michigan.gov/dit/0,1607,7-139-30637-135173--,00.html>
- Enterprise Policies, Procedures and Standards: http://www.michigan.gov/dmb/0,1607,7-150-9131_9347---,00.html
- The State's State Unified Information Technology Environment (SUITE) methodology must be followed: <http://michigan.gov/suite>
- 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 can be found at: http://www.michigan.gov/dmb/0,1607,7-150-9131_9347---,00.html.

The Contractor and its subcontractors shall comply with all MDIT security standards and the security access requirements for individual State facilities.



1.104 Work And Deliverable

Services to be Provided – The Contractor will have the required software and hardware installed and in full operation by May 1, 2009 according to the timeline mutually agreed upon within the Project Plan (Attachment C). The Contractor will provide the tasks defined in this section. Unless otherwise specified, the professional fees for Contractor services will be paid on a time and materials basis , These services will be billed by the Contractor on a monthly schedule using the hourly rates shown in (Attachment A – Cost Table). The invoice will detail the specific Contractor, the specific deliverable, the specific dates and times, and the fee associated with the invoice line item. These fees have an overall cost limitation as shown in (Attachment A – Cost Table).

Project Planning

The Contractor will provide a Final Project Plan within 30 business days of contract signing, including the necessary time frames and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State. This Project Plan will be the guiding document for completion of the implementation project. The project plan will be created by the Contractor Project Manager, with assistance from the Agency Project Manager, based on input from the Contractor Team and Agency staff.

Deliverables from the Project Plan will include:

- Quality Management Plan – The Contractor's approach for assuring the quality of work and deliverables during the project.
 - Quality Assurance Process and Procedures
 - Problem Reporting and Resolution
 - Problem Escalation
 - Defined scope of work
- Software Development Approach – The Contractor's administrative and technical procedures to be used throughout the software development life cycle to control modifications and releases of the software.
 - Software development policies and procedures that will be executed.
 - Process for recording and reporting the status of items and modification requests.
 - Plan to ensure the completeness, consistency, and correctness of releases.
 - Controls for storage, handling, and delivery of the software releases
 - Initial design, development, and implementation as well as ongoing maintenance, enhancement, reuse, reengineering, and all other activities resulting in software products.
 - Acquired insight into, and any tool(s) for monitoring, the processes to be followed for change and version control, the methods to be used, and the approach to be followed for each software development activity.
 - Refined project plan with implementation timeline and key milestones

Acceptance Criteria

Documents include, but are not limited to plans, design documents, project schedules, etc.

1. Documents are dated and in electronic format, compatible with State of Michigan software in accordance with Article 1.302.
2. Documents are reviewed and updated throughout the development process to assure requirements are delivered in the final product.
3. Draft documents are not accepted as final deliverables.
4. The documents will be reviewed and accepted in accordance with the requirements of the Contract and Appendices.
5. MDIT and MSHDA will review documents within a mutually agreed upon timeframe.
 - a. Approvals will be written and signed by MDIT and MSHDA Project Managers.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit documents for approval within 30 days of receipt.



Software Maintenance and Support

The Contractor is fully responsible to manage and administer the Elite system. The Contractor shall supply monthly software maintenance and support services that provide systems management (e.g. develop and provide corrections, changes, or workarounds for any defects, errors, or malfunctions in the Contractor software and that also provide new versions, updates and/or enhancements to the Elite software). The Contractor must fully understand all the functionality provided by the Elite Systems software programs. The Contractor must be able to explain how each aspect of the software works and be able to document needed corrections for submission to Elite Systems for resolution.

Software maintenance and support will include, but will not be limited to:

- Elite System Maintenance
- Emphasys Help Desk support exclusively utilizing GoToMeeting or equivalent tool allowed through State firewall
- Adaptive and Preventive Maintenance
- Performance Maintenance
- Documentation Update

Deliverables from the Software Maintenance and Support will include:

- During the life of the contract, the Contractor will provide on-site staff for enhancements or trouble-shooting on the system, as needed.
 - Provide support to keep the Elite System running.
 - Response Time for Support
 - Critical (System Outage) – Contractor response within 30 minutes during regular business hours, plan of action within 2 hours, resolved within 4 hours, if possible
 - High (Major modules down, some services available) – Contractor response within 2 hours, resolved within one day, if possible.
 - Moderate (Majority of application is up, some services down) – Contractor response within 4 hours, resolved within 24 hours, if possible.
 - Low (Limited problem with no major disruptive ramifications) – Contractor response by next day, resolved within 48 hours, if possible.
- **Maintenance for the term of this contract**
 - All maintenance will be performed by qualified personnel who are familiar with the Elite system.
 - The Contractor will provide on-site staff for enhancements or trouble shooting on the Elite system as needed.
 - The Contractor will provide back-up maintenance resources.
 - The Contractor will provide for escalation of maintenance issues to ensure critical issues are resolved.
 - The Contractor will provide remote diagnostic capabilities.
 - The Contractor will provide one point of contact to report system malfunction whether malfunction is due to software or is of unknown origin. The Contractor will then be responsible for providing the appropriate remedy.
 - The Contractor will make maintenance of the system available from the Contractor on an annually renewable Contract basis.
 - The Contractor will provide the following services for the Elite system
 - Error Correction – Upon notice by State of a problem with the Elite system, the Contractor shall use reasonable efforts to correct or provide a working solution for the problem.
 - The Contractor shall notify the State of any material errors or defects in the deliverables known, or make know to the Contractor from any source during the Contract term that could cause the production of inaccurate or otherwise materially incorrect results.
 - The Contractor shall initiate actions, as may be commercially necessary or proper to effect corrections of any such errors or defects.
 - The Contractor will work with MSHDA to ensure data quality in the Elite system.



- The Contractor will provide database refreshes on the training and/or test databases at least once per month and at the request of MSHDA-HVP staff.
- The Contractor will work with other State and Federal agencies and State vendors to implement the Elite system requirements.
- The Contractor will produce all State and Federal mandated reports and data transfers that are presently in the Elite system and reports required to meet future requirements.
- The services being provided by the Contractor must conform to the State's Project Management Methodology as found at <http://www.michigan.gov/dit/o,1607,7-139-30637> 31101---,00.html

- **System Maintenance Activities**

System Maintenance refers to regular and routine work performed by the Contractor on the Elite System, and any ancillary systems or interfaces run by the Contractor under this contract.

- The Contractor will perform any work required to correct defects in the system operation as required to meet the contract requirements. This includes, but is not limited to:
 - Any routine file maintenance to update any information required for operation of the system such as data changes, constructing new edits, investigating batch job failures, investigating and correcting application defaults, repairing jobs run incorrectly, repairing problems due to system software failures, repairing problems due to operator or schedule error, rectifying problems due to web page, program, object, class, scripts, control language, or database errors, repairing security problems, repairing and restoring corrupted files, table structures, and databases, rectifying incorrect documentation, and repairing problems due to jobs run with incorrect data.
- The Contractor will perform system maintenance with approval from the State, and as defined in the Scope of Work, for the component parts of the system after its implementation.

- **Adaptive and Preventive Maintenance Activities**

- Adaptive and preventive maintenance addresses upgrades to the system due to technical changes to system components to keep the system maintainable, including the following services:
 - Upgrades or patches of the application server, Windows components, operating system, or other system and application software.
 - Software modifications and upgrades necessary because of expiring vendor support.
 - Hardware, database, or application conversions that do not modify user functionality.
 - One-time loads or reformats of user data.
 - Report distribution changes.
 - Disaster recovery plan activities.
- The changes should be transparent to the user.
- Adaptive release changes will be performed in a not more than monthly patch release or as scheduled by Emphasys.
- For major upgrades requiring a more significant amount of time to develop, test, and implement, the changes should be completed as part of a development release or a quarterly release.

- **Performance Maintenance Activities**

Performance maintenance addresses activities to improve the performance of the application.

- Performance maintenance includes the following services:
 - Improve the performance, maintainability, or other attributes of an application system.
 - Data table restructuring.
 - Data purges and or archiving to reduce/improve data storage.
 - Run time improvements.
 - Replace utilities to reduce run time.
 - Potential problem correction.
 - Data set expansions to avoid space problems.
- Performance maintenance changes will be performed in a not more than monthly patch release or as scheduled by Emphasys, for major changes requiring significantly more time to develop, test,



and implement, the changes should be completed as part of a development release or quarterly release.

- Activities that typically can be completed independent of a production release may be completed on a more frequent basis (e.g. daily or weekly).

- **Additional License Purchase as Needed**

Additional licenses must be available for purchase as product adoption increase.

- **Application Repair**

The Contractor must offer patches and fixes to acknowledged issues of the Elite System within an acceptable timeframe.

Acceptance Criteria

1. The services will be accepted in accordance with the requirements of the contract.
2. MDIT and MSHDA will review maintenance requests within a mutually agreed upon timeframe.
 - a. Approval will be written and signed by MSHDA Application Managers.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit a revised Maintenance Request for Approval of Services within 10 days.
3. The Contractor will maintain the tools of connectivity installed, in compliance with MDIT standards, to properly support and monitor the application.

Hosting Requirements

The Contractor must provide all required hardware/software to support a hosting solution. There must not be a disruption in the operation of the Elite System.

Services will include:

- Prevent disruption of the Elite System.
- Elite Software License Maintenance.
- Hosting and Site Security
- Equipment Maintenance and Support
- Disaster Recovery Site

The Contractor will:

- Provide all supplies and consumables necessary for the hosting of the Elite system 24/7/365.
- Provide hosting and verify interfaces are operational for the DHS Datashare.
- Provide sufficient support staff to ensure the delivery of agreed upon responsibilities to ensure timely production of deliverables and service levels identified as 99.9% uptime.
- Provide the MSHDA Project Manager with advance notice of any scheduled downtime.
- Provide a Hosting Project Manager.
 - Serve as the point person for all project issues
 - Communicate environment status and escalate, as needed, problems or issues
 - Coordinate and oversee the day-to-day project activities of the hosting team
 - Assess and report project feedback and status
 - Review all project deliverables and provide feedback
 - Proactively propose/suggest options and alternatives for consideration
 - Utilize change control procedures

The State will:

- Meet agreed upon responsibilities in order for the Contractor to produce the identified deliverables and service levels.
- Maintain financial liability resulting from the inappropriate use of communication products by State staff, unless such violation occurred as a result of action or negligence by Contractor staff.
- Provide purchase orders to the Contractor for releases from this contract.

**Deliverables from the Hosting Requirements:**

- Provide Elite Software License Maintenance - Ensure licensing fee is paid for each license held to software vendor Emphasys.
- Provide Equipment Maintenance and Support
 - Software – Apply hot-fixes and service packs as needed to address anomalies and security concerns. Software support includes operating system, back-ups, antivirus software, and any application software.
 - Hardware – Apply Firmware and Bios updates as needed to address anomalies and security concerns. Updates are provided by the hardware vendor and must be tested internally prior to installation.
 - Server – Standard hardware and software maintenance as listed above to ensure reliability and optimal performance. Maintenance must occur weekly, monthly, and quarterly depending on tasks.
 - Firewall – Must be deployed using current industry best practice model. Logs are to be monitored and maintained to ensure reliability and security.
 - Anti-Viral – Must provide a reliable industry-standard anti-virus system. Virus definition file maintenance and updates must be done daily to ensure complete virus protection. System must have weekly proactive scans during off peak periods.
 - Power Systems and Infrastructure – The vendor must meet or exceed the Uptime Institute Tier 3 Data Facility standards (<http://www.uptimeinstitute.org/>). Primary infrastructure systems must be monitored and redundant, with battery and generator backup power. Circuit load must be checked regularly to ensure reliable power to systems.
 - Internet Connectivity – Must be redundant connections with burstable bandwidth support. The connectivity must automatically adjust to handle increased load during an alert.
 - Telephone Lines – Service must be maintained and operational tested at regular intervals.
 - Encryption & Server Certificates - Must be registered and installed on all web servers. All web traffic transferred from the Elite system to the public internet must be encrypted.
 - Domain Names – Must be registered for both the primary and alternate sites. Domain Name Services for all public facing web servers and all internal systems must be maintained and redundant.
 - System Synchronization - Data must be transferred between primary and secondary sites at regular intervals. The data must include, but is not limited to, all user related data, system logs and user documentation.
 - Systems & Data Backup - Must occur nightly in addition to site replication. Data must be transferred to tape or other portable media, removed from the data center, and stored at a secure site.
 - Systems Failover – Failover to an alternate site is to be available at all times with little or no notice. In order to maintain uptime, critical services must be transferred in the event of a prolonged outage at the primary site. The alternate site must be located geographically separated from the primary site.
 - Expansion of Bandwidth as Needed - To deal with increased traffic caused by large system alerts, the data center must have the capacity to increase the minimum bandwidth in the event system monitoring shows a bottleneck.
 - Expansion of Phone Lines as Needed - To deal with increased demand for alerting, the site infrastructure hosting the systems must have the capacity to add additional phone lines with proper lead time.
 - Server Computers – Increased hardware capacity may be needed to deal with system expansion and performance needs. The site infrastructure hosting the systems must have the capacity to add additional servers and meet power needs.
 - Network Systems as Needed - To deal with increased traffic caused by large system alerts, the data center must have the capacity to increase the minimum bandwidth in the event system monitoring shows a bottleneck.
 - Infrastructure Hardware - Should be added as needed to deal with system expansion and performance needs. The site infrastructure hosting the systems must have the capacity to add additional equipment and meet power needs.



- Power Systems as Needed - The site infrastructure hosting the systems must have the capacity to add additional power to meet growing needs.
- The Elite system must be fully functional 24 hours a day, 7 days a week, 365 days a year. In the event the functionality of the primary site is degraded the following fail-over procedures must be followed: When a situation occurs with MSHDA causing any limitation in performance or functionality, which cannot be resolved in the allotted time specified below, the following actions must be taken. Applicable definitions precede the required actions.

Definitions

- Regular business hours are defined as Monday through Friday, 7:00am to 6:00pm Eastern Standard Time
- Non-business hours are defined as Monday Through Friday, 6:00pm to 7:00am Eastern Standard Time, plus all weekends and State holidays

Response Time for Support

- Critical (System Outage) – Contractor response within 30 minutes, 24 hours per day 7 days a week, plan of action within 2 hours, resolved within 4 hours, if possible
- High (Major modules down, some services available) – Contractor response within 2 hours, resolved within one day, if possible.
- Moderate (Majority of application is up, some services down) – Contractor response within 4 hours, resolved within 24 hours, if possible.
- Low (Limited problem with no major disruptive ramifications) – Contractor response by next day, resolved within 48 hours, if possible.
- Communications Server Fails – Redirect service to the alternate site, phone the Elite System Network Coordinator and e-mail notification of the redirection to the Elite support staff group address. Keep the Elite Coordinator informed via phone of the status of efforts to resolve the problems with the primary site.
- Network fails – Phone the Elite System Network Coordinator. Keep the Elite Coordinator informed via phone of the status of efforts to resolve the problem.
- Portal Server Fails – Primary site is offline. Redirect service to the alternate site, phone the Elite System Network Coordinator and e-mail notification of the redirection to the Elite support staff group address. Keep the Elite Coordinator informed via phone of the status of efforts to resolve the problems with the primary site.
- Performance and Capacity Management
 - Monitor, collect, and analyze Server utilization data for CPU, memory, and disk space;
 - Compile configuration data and usage patterns;
 - Monitor Server performance;
 - Establish thresholds and exception reporting procedures;
 - Perform tuning based on available performance data;
 - Review Server capacity trends;
 - With the State's assistance, establish a schedule for vendor's performance of Server maintenance (for example, virus and malicious software detection, backup, disk space cleanup) and for implementing modifications and enhancements to the Web Hosting Environment so as to minimally impact availability of the Web Hosting Environment;
 - 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)
- Security Management
 - Define access controls for the Web Hosting Environment;
 - Attempt to monitor the Web Hosting Environment for unauthorized access;



- Notify the State in accordance with the security procedures specified in the vendor's Security Guidelines if the vendor detects a security violation;
- Follow the procedures specified in the vendor Security Guidelines for logging, alarming and reporting of security violations;
- Provide and maintain virus and malicious software avoidance, detection, and elimination software for Servers;
- Conduct periodic security reviews;
- Validate the correct use of logical control features such as time-out password screens and password and logon administration;
- Verify proper assignment as per the State's instructions of access rights to source code and licensed software products; 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
- Report access rights for State approval
- Storage Management Services
 - The backups will be maintained by the Contractor, but MSHDA-HVP owns the raw data contained therein.
 - Backup confidential and sensitive information in encrypted format (minimum 128-bit encryption) and store at appropriately secured facilities, on-site and off-site and ensure prompt restoration.
 - Daily incremental backups – retained for three weeks
 - Weekend full backups- retained for three months
 - Month end full backups – retained for seven years
 - Annual backup – retained for seven years
 - Maintain and implement database backup and restore processes and procedures to attempt to restore Servers following outages or corruption;
 - Conduct routine backup and restore procedures so as not to adversely impact scheduled operations, including regular backups from disk to tape for the Servers during nightly backup windows;
 - Assist the State in the restoration of files deleted or corrupted because of the State's actions.
 - The Web Hosting Environment will provide daily incremental backup of all Servers with the ability to restore to the most recent backup;
 - Backup and restore Content;
 - **Reports**
 - Server Availability Reports
 - Outage Summary Report
 - Outage by Server Report
 - i. The start and end time of each outage;
 - ii. The duration of the outage;
 - iii. The IP address experiencing the outage;
 - iv. Reason for the outage, if known;
 - v. Description of the actions required to resolve the outage problem;
 - vi. Total time the Server was unavailable; and
 - vii. Name of the vendors technical team member responsible for resolving the problem.
 - Performance and Capacity Reports - Graphical summary report contains a line graph and a bar chart showing the percentage of Servers in which utilization of a particular resource (i.e., CPU, memory, disk space) was either red, yellow, or green.
 - Capacity Summary Report - Contains a bar chart and a table showing the percentage of Servers in which utilization of a particular resource (i.e., CPU, memory, and disk space) was either red, yellow, or green as defined above. There is also a bar chart and table that show overall resource utilization. The report shows approximately 24 months of data.



- **Hardware**

A diagram of the Contractor's Hardware and Network infrastructure is included in (Attachment D).

The Production infrastructure shall be designed to be a High Availability environment.

The Contractor system and all subcontractor systems associated with this solution will meet the following uptime associated Standards:

- Connection: Minimum uptime: 99.9%.
- System availability: 24x7x365.
- An Uninterruptible Power Supply must protect all servers.
- All servers should have dual network cards for fail-over.
- All servers must be located in a security locked room accessible only by authorized personnel.
- All outside connections must pass through an approved State of Michigan Firewall.
- All servers are protected by State of Michigan approved Anti-Virus software.
- All servers must pass a State of Michigan approved vulnerability scan, with remediation in 48 hours.
- All servers have their OS upgraded upon release with ample time allowed for bug fixes.
- The Contractor will provide the following work environments:
 - Development
 - Testing
 - Pre-live
 - Live

Redundancy shall be designed into the system to handle failure situations and make system maintenance possible without experiencing downtime.

Hosting and Site Security

The Contractor must meet State of Michigan standards for housing and processing data. The policies that must be adhered to can be found:

http://www.michigan.gov/dmb/1607,7-150-9131_9347---.00.html

The Contractor must provide a network drive for the Housing Agents to access Personal Identifying Information (PII) and prevent Housing Agents from downloading any PII to their local hard drive.

The Identify Theft Protection Act, Public Act 566 of 2006, amending Act 452 of 2004 defines Personal Identifying Information as:

“Personal identifying information” means a name, number, or other information that is used for the purpose of identifying a specific person or providing access to a person’s financial accounts, including, but not limited to, a person’s name, address, telephone number, driver license or state personal identification card number, social security number, place of employment, employee identification number, employer or taxpayer identification number, government passport number, health insurance identification number, mother’s maiden name, demand deposit account number, savings account number, financial transaction device account number or the person’s account password, stock or other savings account number, financial transaction device account number or the person’s account password, stock or other security certificate or account number, credit card number, vital record, or medical records or information.

Equipment will be installed and made operable according to the timeline in the Final Project Plan. The Contractor is responsible to test the equipment and software to ensure that the following requirements are satisfied:



Response time: The system must comply with reasonable response time parameters. Online response time must be three seconds or less, 95% of the time as measured from the time the request arrives at the web server to the time the final response leaves the web server.

Contractor must describe the security for the IT environment. These documents (individual or combined) must be delivered to the MSHDA Project Manager within 60 Business Days of Contract signing. Providing that the security provisions are acceptable to the State of Michigan, the Contractor must ensure that the IT environment adheres to acceptable security standards for the duration of the engagement.

The contractor shall comply with State and Federal statutory and regulatory requirements, and rules; National Institute of Standards & Technology (NIST) publications; Control Objectives for Information & Related Technology (COBIT); State of Michigan policy and procedures; all other industry specific standards; national security best practices.

The contractor must perform annual testing of all security control requirements to determine they are working as intended. Annual certification must be provided in writing to the MSHDA Project Manager or designee in the form of a SAS70 report.

The contractor shall provide documented policies, procedures and guidelines governing each security control requirement.

The contractor will ensure that all State of Michigan confidential or sensitive data transmitted internally or externally will be encrypted using a minimum of 128-bit encryption. A minimum of 128-bit encryption will be used for data at rest and storage of State of Michigan confidential or sensitive information.

The contractor is responsible for notifying the MSHDA Project Manager or designee immediately regarding a security incident, weakness, or breach of State of Michigan personal or confidential information.

Disaster Recovery

The 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 will be dedicated to providing Services/Deliverables under this Contract and will provide the State with priority service for repair and work around in the event of a natural or manmade disaster.

The Contractor must prepare and maintain a disaster recovery strategy document, approved by the State, within 60 Business Days of Contract signing and must include:

- The strategy to recover to a known good state and resume after a site-loss disaster.
- The ability to recover online transactions since the last backup in a non-site-loss disaster
- An annual demonstration of the ability to recover full functionality to another hosting site
- Off-site transport of system and database backups

The Contractor must provide a document indicating the strategy to maintain system availability in the event of the loss of one or more system components. This strategy will be tested annually with the results provided to the MSHDA Project Manager or designee. If changes are made to vendor environment/infrastructure/organization, revision and testing of these changes will be required. The Contractor must allow a MSHDA representative site inspection if requested.

System restoration processes are automated, and any service unavailability would be minimal. If a failover of the primary site to the warm site occurs, CGI would provide the ability to bring systems online immediately at the secondary site so users would experience minimal server and network performance degradation. Mechanisms in the form of software agents will be in place to handle the replication and



workflow processes to handle any reconfiguration that would be subject to manual configuration in Option 1. No data loss will occur as continuous replication of live data from primary site is in place.

Acceptance Criteria

1. The services will be accepted in accordance with the requirements of the contract.
2. MDIT and MSHDA will review maintenance requests within a mutually agreed upon timeframe from.
 - a. Approvals will be written and signed by MSHDA Application Managers.
 - b. Unacceptable issues will be documented and submitted to the Contractor.
 - c. After issues are resolved or waived, the Contractor will resubmit a revised Maintenance Request for Approval of Services within 10 days.
3. The Contractor will maintain the tools and connectivity installed, in compliance with MDIT standards, to properly support and monitor the application.

Implementation to Vendor Hosted Environment

The Contractor will provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the implementation of the Elite System, including system migration, configuration, customization, and interfaces/integration.

System Migration Plan– Vendor will be responsible for moving the application and data from the current State hosted environment. Install the same into the vendor hosted environment and test the system for accuracy.

- a. The migration plan shall include:
 - i. Description of migration process
 - b. Indication of any State resources needed.
2. Test Plan and Results - The Vendor shall provide comprehensive testing to validate functionality and performance.
- o Testing will include:
 - o Hardware Performance testing:
 - a. CPU utilization
 - b. Disk space capacity
 - c. Speed
 - d. Citrix Access
 - o Data verification in the databases
 - a. Online database
 - b. Reporting database
 - o Application testing
 - a. Agent testing
 - b. MSHDA staff
 - c. Printing
 - o Systems testing:
 - a. Sequence for a complete system test
 - b. Method for selecting cases
 - c. Test cases
 - d. Results and implications for overall system operation
 - e. Corrective action and ongoing maintenance requirements
 - o Interfaces



- a. Data to DHS: MSHDA will provide DHS data about the Active client information in Elite System.
- b. Data from DHS: MSHDA will download and maintain a database of DHS clients (updated monthly) with their income and other support data. This data is used to verify the income of the Elite clients.
- c. Payment file (*.ds file produced by Elite after running a payment process) is FTP'd to MAIN monthly/weekly, depending on which payment process was run.
- d. Upload the 50058 report to HUD site. This also is done weekly/monthly as scheduled by MSHDA.
- e. MAIN Landlord file (to update the landlord information in Elite) from MAIN.
- o User acceptance testing
- o Quality assurance testing
- o Performance testing (including load testing)
- The Contractor shall perform integration testing ensuring defects are not introduced when the unit is combined with the other software artifacts for the given iteration or release.
- The Contractor shall conduct User Acceptance, Quality Assurance and Performance Testing in accordance with the Test Plan in the Quality Assurance (QA) Testing environment.
 - a. Testing must be done over a WAN speed link, 512K for State of Michigan WAN attached users and 56K for dial-in clients.
 - b. The Contractor shall resolve all defects and perform all other technical support required to successfully complete this testing.
 - c. The Contractor shall conduct a walk-through of the testing process and the test results to enhance State understanding and to facilitate the State approval process, including a review of performance metrics and general "lessons learned" from all testing participants.
- User Acceptance Test (UAT) Cases
 - a. The Contractor will develop the test plans for User Acceptance Testing to include expected results.
 - b. The user acceptance test cases should include data edits and data validation criteria.
- User Acceptance
 - a. The Contractor shall schedule, coordinate, monitor, and manage all User Acceptance Testing (UAT) activities.
 - b. The State is responsible for providing end users (from State and agents) and subject matter experts to perform the user acceptance testing.
 - c. Users participating in UAT are expected to sign off on the test results at the completion of UAT, providing their recommendation to the State Project Managers for formal approval and readiness for production.
 - d. State testers will update the test cases with the test results during UAT testing. If results are successful, they will provide their signoff by marking the test case as 'Passed'.
 - e. The Contractor shall provide support for the duration of UAT.
 - f. This support must include both business and technical assistance.
 - g. The Contractor shall support the UAT by:
 - i. Monitoring system performance
 - ii. Investigating why data was not processed
 - iii. Monitoring computer resource usage
 - iv. Participating in problem review meetings
 - v. Investigating problems and identifying potential problems
 - vi. Investigating and ensuring user access to the system in the UAT environment



Future enhancements will be required based on federal and state requirements. A separate Statement of Work will be written for any required enhancements.

Deliverables from the Application Development for Future Enhancements will include:

- Application Adjustments and New Development – The Contractor must provide the ability to request changes or new development work of the Elite Systems. Such work must be provided under a maintenance agreement or at prevailing market rates.
- Interoperability Development with Other Applications – The Contractor must provide the ability to request integrations or interoperability with other products or services of the Elite System such as enhanced financial functionality. Such work must be provided under a maintenance agreement, or at prevailing market rates.
- Systems Interface Adjustments and New Interfaces – The Contractor must provide the ability to request changes or customizations to the application user interface of the Elite System. Such work must be provided under a maintenance agreement.
 - The Contractor will be requested to develop a new Waiting List Interface.

These tasks will be paid per the fixed hourly rates bid. See Attachment A – Cost Table.

The contractor will bid each enhancement request as a fixed price proposal. The contractor will not begin work until authorized by the MSHDA Project Manager. The order of completion will be determined by the MSHDA Project Manager. All approvals will be in writing and signed by MSHDA and MDIT Project Managers.

The Contractor will provide the following for any enhancements requested during the contract period:

- Develop Requirements Documentation. The requirement document must be delivered to the MSHDA and MDIT Project Managers within one week of the last requirements meeting.
- Develop a Project Plan to include the following:
 - 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.
 - Estimated hours and timetable for each task, deliverable, and milestone.
 - Contractor resource loading by task and role.
 - 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 Contractor should note this need.
 - Critical path with parallel and dependent project tasks.
 - Any assumptions of constraints identified by the Contractor must be listed in the Project Plan.
 - List of any hardware that may need to be purchased, and get State approval before making the purchase.
 - The project plan must be delivered to the MSHDA's and MDIT's Project Managers within one week of the approval of the requirements document.
- Develop design documentation.
- Program the application enhancement.
- Develop test cases and conduct unit testing.
- Develop installation plan.
- Conduct user acceptance testing to ensure that the requirements are satisfied and to validate the results.
 1. The Contractor will demonstrate to the State that all of the system requirements and functions have been satisfied.
 2. The State will determine if the Contractor has fulfilled all of the requirements.
 3. The Contractor will be responsible to modify any functionality or requirement that is viewed by the State as not acceptable.
 4. The Contractor will be responsible to add a function or requirement as defined in the requirements document that the Contractor failed to include.
 5. All modifications and/or additions to a function in the system as defined in the requirements document will be performed without any additional cost.
 6. This entire process will take place prior to installation and live implementation.



- Documentation
 - The Contractor will provide written documentation for custom programming. Contractor will provide documentation through the Emphasys website or by other acceptable means.
- Develop User Training for MSHDA staff. The training can be by Web conferencing or at State of Michigan's facilities.
- Provide technical support during installation to State's production environment. This includes a 90-day warranty period for the enhancement.
- Systems information and site data reports must be available on request.
- Warranty Requirements
 - After installation and configuration in the production environment, all issues discovered during the following 90-day period are resolved and accepted or waived by MSHDA and MDIT.

Acceptance Criteria

Software enhancements may include, but not limited to, software product, development tools, support tools, data migration software, integration software and installation software. The following criteria apply to software enhancement deliverables:

- Beta software is not accepted as final deliverable.
- MSHDA and MDIT will review the software enhancements for acceptance of functionality, usability, installation, performance, security, standards compliance, backup/recovery and operation. Approvals will be written and signed by MSHDA and MDIT Project Managers. Unacceptable issues will be documented and submitted to the Contractor. After issues are resolved or waived, the Contractor will resubmit software for approval.
- Software enhancements are installed and configured in appropriate environment (e.g. development, test, pre-live, live). Contingency plans and de-installation procedures and software are provided by Contractor and approved by the MSHDA and MDIT Project Managers.
- The Contractor will successfully test software enhancements in the development environment before moving the enhancement to the test and pre-live environments for final software testing by MSHDA and MDIT. Approvals will be written and signed by MSHDA and MDIT Project Managers.
- 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. Only after successful MSHDA testing in the test and pre-live environments will the enhancement be implemented in the production environment by Contractor staff. This implementation should occur at an agreed upon time during non business hours such as late evenings or weekends.

1.200 Roles and Responsibilities

1.201 Contractor Staff, Roles, And Responsibilities

Personnel and Organization

The Contractor will provide 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, (Attachment B, Organizational Chart), must show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work. The chart must be updated and communicated to the State when changes occur.

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

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



- Manage all defined Contractor responsibilities in this Scope of Services.
- Manage Contractor's subcontractors, if any
- Develop the project plan and schedule, and update as needed
- Communicates project status according to the Communications Plan
- 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 must designate a systems engineer and a database administrator who has at least one year of experience managing the Elite system. An on-call schedule of systems engineers that guarantees that an experienced person is immediately available to address any Elite system issues must be established. The system engineer and/or database administrator must be available for a weekly status update meeting.

The Project Manager, System Engineer, and Database Administrator shall be identified as Key Personnel subject to the State's interview and approval.

On Site Work Requirements

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

Background Checks

The 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. The Contractor is responsible for any costs associated with ensuring their staff meets all requirements. Please see **Section 2.130** for Security requirements.

1.202 State Staff, Roles, And Responsibilities

The State project team will consist of an Executive Subject Matter Experts (SME's), project support, MDIT technical support, and a MDIT and Agency project manager. MDIT will provide a MDIT Project Manager. MDIT will be responsible for the State's infrastructure and work together with the Contractor in determining the system configuration.

The SME representing the MSHDA's Office of Housing Voucher Programs (OHVP) has oversight responsibilities for all aspects of the Elite system as the project manager. The Operations Manager serves as a lead worker for other staff assigned by the Director of OHVP as support person for the Elite system. They shall be available on an as needed basis. The Executive SME's will be empowered to:

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



- Make key implementation decisions, as identified by the MDIT project manager, within 48-hours of their expected decision date

Name	Agency/Division	Title
Lisa Dove	MSHDA	Elite Systems Manager

MSHDA/MDIT's Project Manager will provide the following services:

- Provide State facilities, as needed
- Coordinate MSHDA's resources necessary for the project
- Facilitate coordination between various external Contractors
- Facilitate communications between different State departments/divisions
- Milestone/deliverable acceptance sign-off
- Timesheet and invoice acceptance sign-off
- Resolution of project issues
- Escalation of outstanding/high priority issues
- Utilize change control procedures
- Conduct regular and ongoing review of the project to confirm that it meets original objectives and requirements
- Documentation and archiving of all important project decisions
- Arrange, schedule and facilitate State staff attendance at all project meetings

Name	Agency/Division	Title
Lisa Dove	MSHDA	Elite Systems Manager
Uma Gupta	MDIT/DLEG Agency Services	Project Manager

The MDIT is responsible for the administration of the services within the contract. The MDIT Contract Administrator is the contact for all issues pertaining to the execution of services under the contract. The MDIT Contract Administrator shall be:

Sara Williams
 Michigan Dept. of Information Technology
 Agency Services, MSHDA Support
 7285 Parsons Dr, 1SC
 Lansing, MI 48913
 Phone: (517) 636-0499
 E-mail: williamss11@michigan.gov

The State will provide the following resources for onsite Contractor's use on this project:

- Work space
- Minimal clerical support
- Desk
- Telephone
- PC workstation
- Printer
- Access to copiers and fax machine
- Parking

1.203 Other Roles And Responsibilities

None.



1.3 Project Plan

1.301 Project Plan Management

The Contractor shall provide an initial project plan including necessary timeframes and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State. The Contractor will be required to submit a final project plan after execution of the contract.

A. Orientation Meeting

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

B. Performance Review Meetings

1. The Contractor will meet with the MSHDA Project Manager on a weekly basis through transition of the system to the hosting facility.
2. The State will require the Contractor to attend meetings yearly to review the Contractor's performance under the Contract.
3. The meetings will be held in Lansing, Michigan, or by teleconference, as mutually agreed by the State and The Contractor.
4. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

C. Project Control

1. The Contractor will carry out this project under the direction and control of the MSHDA Office of Housing Voucher Programs in coordination with the Department of Information Technology.
2. Within thirty (30) working days of the award of the Contract, the Contractor will submit a work plan to the State project manager for final approval. This work plan must be in agreement with **Section 1.104 Work and Deliverables**, and must include the following:
 - a. The Contractor's project organizational structure.
 - b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - c. The project breakdown (work plan) showing sub-projects, activities and tasks, and resources required and allocated to each.
 - d. The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the work plan.
3. The Contractor will manage the project in accordance with the PMBOK® (Project Management Body of Knowledge from the Project Management Institute) and the state's Project Management Methodology (PMM). Methodology is available at www.michigan.gov/projectmanagement.
 - a. The Contractor will use MS Project or another mutually agreed upon automated tool for planning, monitoring, and tracking the contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract.
 - b. The Contractor shall supply the following reports during the course 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) calendar days, updated semi-monthly).
 - iii. Actual time spent on each task and revised estimate to complete where applicable.
 - iv. Graphs showing milestones, critical events, dependencies, and decision points.
 - v. Progress, issues, issue resolutions.

1.302 Reports

Reporting formats must be submitted to MSHDA's Project Manager for approval. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract.



The Contractor will provide a weekly report to the MSHDA staff for review and discussion outlining the currently defined issues and tickets. The MSHDA report must be updated by the Contractor to describe the actions taken to resolve each issue and then returned to the MSHDA staff. This report must be returned to the MSHDA Project Manager prior to a mandatory weekly quality control conference call.

1.4 Project Management

The Project Management Methodology will assist the Contractor's Project Manager in meeting project-related challenges by providing guidance on the application of project management techniques within a framework that recognizes the interactions between a project and the related organizational environment.

The Project Management Methodology will minimize risks and uncertainties by:

- Defining standard processes and techniques that can be applied to all types of projects
- Following a consistent, structured approach
- Facilitating continuous stakeholder involvement and reviews
- Establishing effective management controls and procedures
- Assuring knowledge transfer takes place
- Following a pre-established forum and process for acceptance

1.401 Issue Management

An issue is an identified event that if not addressed may affect schedule, scope, quality, or budget. The Contractor shall maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to MSHDA-HVP's Project Manager on an agreed upon schedule, with email notifications and updates. The issue log must be updated and must contain the following minimum elements:

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

In the event of a resolution conflict, the MSHDA-HVP's Executive Director, or his delegate and the Contractor's President or his delegate will have the authority for the final decision to resolve the conflict.

1.402 Risk Management

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

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

1.403 Change Management

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



If a proposed contract change is approved by the Agency, the Contract Administrator will submit a request for change to the Department of Management and Budget, Purchasing 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.

The Contractor must employ change management procedures to handle such things as “out-of-scope” requests or changing business needs of the State.

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

1.5 Acceptance

1.501 Criteria

The Contractor and MSHDA-HVP will enter into a SLA agreement that will define all of the milestones and deliverables within thirty days of the contract.

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

Document Deliverables – Documents includes, but are not limited to plans, design documents, project schedules, user guides, and procedure manuals.

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

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

- The services will be accepted in accordance with the requirements of this contract.
- MSHDA and MDIT staffs are properly trained and supplied documentation to support and use the software in accordance with the requirements of this contract and the accepted Contractor’s proposal.
- The Contractor has the tools and connectivity installed, in compliance with MDIT standards, to properly support and monitor the system.

For ongoing activities, such as project status reports and work plan updates, acceptance of the initial report or plan will constitute acceptance of the deliverable for purposes of service payment.

1.502 Final Acceptance

Final acceptance is expressly conditioned upon completion of each task provided under the SOW.

- All documents, software and services of an enhancement request are delivered and accepted by MSHDA and MDIT in accordance with the requirements of this contract.
- After installation and configuration in the Live environment, all issues discovered during the following 30-day period are resolved and accepted or waived by MSHDA and MDIT. Approval will be written and signed by MSHDA and MDIT Project Managers.
- All bills related to this contract shall be submitted by the Contractor and approved by MSHDA for payment as tasks are completed.

1.6 Compensation and Payment

1.601 Compensation And Payment



The Contractor shall provide a breakdown of all proposal costs along with a brief narrative explaining each cost. These costs are found in Attachment A – Cost Table

Travel

Travel expenses will be reimbursed as an out of pocket expenses. This includes travel costs related to training provided to the State by the Contractor. Travel time will not be reimbursed.

1.602 Payment

The Contractor will submit properly itemized invoices to the “Bill To” address on the Purchase Order. Invoices shall provide information, and itemize, as applicable:

- Contract number;
- Purchase Order number;
- Contractor name, address, phone number, and Federal Tax Identification Number;
- Description of any commodities/equipment, including quantity ordered;
- Date(s) of delivery and/or date(s) of installation and set up;
- Price for each item, or Contractor’s list Price for each item and applicable discounts;
- Application maintenance charges;
- Hosting services charges;
- Net invoice Price for each item;
- Shipping costs;
- Other applicable charges;
- Total invoice Price;
- Payment terms including any available prompt payment discount.
- If fixed price, attach fixed price quote for that job.
- If time and materials, attach Contractor’s time sheet to reflect days and times worked.

The Contractor will invoice MSHDA-HVP at least once per month for services provided. Hosting services and annual maintenance and support services will be invoiced on an annual basis in advance. The State will pay the Contractor within 45 days from date of invoice. Payment of maintenance service/support of less than one (1) month’s duration shall be prorated at 1/30th of the basic monthly maintenance charges for each calendar day. The State will not pay for maintenance on modules the State is not using. The State will only pay maintenance on modules that are running in production assuming there is no delay to getting modules into production due to the State’s responsibilities.

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

1.7 Additional Terms, Conditions and Qualifications Specific to this SOW

1.701 Additional Terms and Conditions Specific to this SOW

Directives – The Contractor must be in compliance with the Federal Department of Housing and Urban Development whose regulations can be found at <http://www.hud.gov>

Other Vendors – The State has and/or may contract with other entities to perform technical services or provide other equipment.



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

This Contract is for a period of five (5) years beginning May 1, 2009 through April 30, 2014. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150** the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 Options to Renew

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

2.003 Legal Effect

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

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

2.004 Attachments & Exhibits

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

2.005 Ordering

The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under this Contract. All orders are subject to the terms and conditions of this Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown, however, the Contractor will be required to furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

2.006 Order of Precedence

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

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



2.007 Headings

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

2.008 Form, Function & Utility

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

2.009 Reformation and Severability

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

2.010 Consents and Approvals

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

2.011 No Waiver of Default

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

2.012 Survival

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

2.020 Contract Administration

2.021 Issuing Office

This Contract is issued by the Department of Management and Budget, Purchasing Operations and MHSDA (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. The Purchasing Operations Contract Administrator for this Contract is:

Jacque Kuch, Buyer
Purchasing Operations
Department of Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
kuchj@mihcigan.gov
517-241-0239

2.022 Contract Compliance Inspector

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



modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract. The Contract Compliance Inspector for this Contract is:

Sara Williams
Department of Information Technology
Chandler Building
300 E Michigan 2nd floor
Lansing, Mi 48913
Williamss11@michigan.gov
517-335-1277

2.023 Project Manager

The following individual will oversee the project:

MSHDA Project Manager
Lisa Dove
Michigan Department of Labor and Economic Growth
Michigan State Housing Development Authority
735 E. Michigan Ave.
Lansing, MI
517-241-2561

MDIT Project Manager
Uma Gupta
Michigan Department of Information Technology
DLEG Agency Services
735 E. Michigan Ave.
Lansing, MI
517-373-6408

2. 024 Change Requests

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

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

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



that service or providing that deliverable. If the Contractor does so notify the State, then such a service or deliverable shall be governed by the Change Request procedure in this Section.

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

(1) Change Request at State Request

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

(2) Contractor Recommendation for Change Requests:

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

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

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

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

(6) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.025 Notices

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

State:

State of Michigan
Purchasing Operations
Attention: Jacque Kuch, Buyer
PO Box 30026
530 West Allegan
Lansing, Michigan 48909



Contractor:
Andrea Webb
Emphasys Software
3890 Charlevoix Ave., Suite 370
Petoskey, MI 49770

cc: John Wilkens
Emphasys Software
8550 NW 33rd Street, Suite 200
Doral, FL 33122

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

2.026 Binding Commitments

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

2.027 Relationship of the Parties

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

2.028 Covenant of Good Faith

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

2.029 Assignments

Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

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

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



2.030 General Provisions

2.031 Media Releases

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

2.032 Contract Distribution

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

2.033 Permits

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

2.034 Website Incorporation

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

2.035 Future Bidding Preclusion

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

2.036 Freedom of Information

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

2.037 Disaster Recovery

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

2.040 Financial Provisions

2.041 Fixed Prices for Services/Deliverables

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



2.042 Adjustments for Reductions in Scope of Services/Deliverables

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

2.043 Services/Deliverables Covered

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

2.044 Invoicing and Payment – In General

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

(b) Each Contractor invoice will show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis will show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.602**.

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

(d1) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Purchasing Operations, Department of Management & Budget. This activity will occur only upon the specific written direction from Purchasing Operations.

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) will mutually agree upon. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month.

The Government may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.045 Pro-ration

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

2.046 Antitrust Assignment

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

2.047 Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with this Contract, including claims for Services and Deliverables not reasonably known until after acceptance



to be defective or substandard. Contractor's acceptance of final payment by the State under this Contract shall constitute a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

2.048 Electronic Payment Requirement

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

Out-of-Pocket Expenses

The Contractor acknowledges that the out-of-pocket expenses that the 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 the Contractor's fixed price for each Statement of Work. Accordingly, the 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 the 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.

2.050 Taxes

2.051 Employment Taxes

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

2.052 Sales and Use Taxes

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

2.060 Contract Management

2.061 Contractor Personnel Qualifications

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

2.062 Contractor Key Personnel

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.



The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.

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

(e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

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

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

2.064 Contractor Personnel Location

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

2.065 Contractor Identification

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

2.066 Cooperation with Third Parties

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor will provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of



the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

2.067 Contract Management Responsibilities

Contractor shall be responsible for all acts and omissions of its employees, as well as the acts and omissions of any other personnel furnished by Contractor to perform the Services. Contractor shall have overall responsibility for managing and successfully performing and completing the Services/Deliverables, subject to the overall direction and supervision of the State and with the participation and support of the State as specified in this Contract. Contractor's duties will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with the Project Plan is likely to delay the timely achievement of any Contract tasks.

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

2.068 Contractor Return of State Equipment/Resources

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

2.070 Subcontracting by Contractor

2.071 Contractor full Responsibility

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

2.072 State Consent to delegation

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

2.073 Subcontractor bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor shall require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing,



contained in such contracts before providing them to the State. The management of any Subcontractor will be the responsibility of Contractor, and Contractor shall remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor shall make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under this Contract shall not relieve Contractor of any obligations or performance required under this Contract. A list of the Subcontractors, if any, approved by the State as of the execution of this Contract, together with a copy of the applicable subcontract is attached.

2.074 Flow Down

Except where specifically approved in writing by the State on a case-by-case basis, Contractor shall flow down the obligations in **Sections 2.030, 2.060, 2.100, 2.110, 2.120, 2.130, and 2.200** in all of its agreements with any Subcontractors.

2.075 Competitive Selection

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

2.080 State Responsibilities

2.081 Equipment

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

2.082 Facilities

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

2.090 Security

2.091 Background Checks

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

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/dit>. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these



documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to comply with all Physical Security procedures in place within the facilities where they are working.

2.092 Security Breach Notification

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

2.093 PCI DATA Security Requirements

RESERVED

2.100 Confidentiality

2.101 Confidentiality

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

2.102 Protection and Destruction of Confidential Information

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

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

2.103 Exclusions



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

2.104 No Implied Rights

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

2.105 Respective Obligations

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

2.110 Records and Inspections

2.111 Inspection of Work Performed

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

2.112 Examination of Records

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

2.113 Retention of Records

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

2.114 Audit Resolution



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

2.115 Errors

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

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

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

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

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

It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

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

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

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

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

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

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



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

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

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

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

(n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Management and Budget, Purchasing Operations.

2.122 Warranty of Merchantability

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

2.123 Warranty of Fitness for a Particular Purpose

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

2.124 Warranty of Title

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

2.125 Equipment Warranty

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

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



Per service levels defined in **Article 1 Section 1.104b**, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

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

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

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

2.126 Equipment to be New

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

2.127 Prohibited Products

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

2.128 Consequences for Breach

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

2.130 Insurance

2.131 Liability Insurance

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

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

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

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

The insurers selected by Contractor must have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized



insurance rating agency. All policies of insurance required in this Contract must be issued by companies that have been approved to do business in the State.

See www.michigan.gov/dleg.

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

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

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

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

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

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

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

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

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

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

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



- 6. Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars (\$10,000,000.00), which must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.
- 7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars (\$3,000,000.00) each occurrence and three million dollars (\$3,000,000.00) annual aggregate.
- 8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132 Subcontractor Insurance Coverage

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

2.133 Certificates of Insurance and Other Requirements

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

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



2.140 Indemnification

2.141 General Indemnification

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

2.142 Code Indemnification

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

2.143 Employee Indemnification

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

2.144 Patent/Copyright Infringement Indemnification

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

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

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



2.145 Continuation of Indemnification Obligations

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

2.146 Indemnification Procedures

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

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

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

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

2.150 Termination/Cancellation

2.151 Notice and Right to Cure

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

2.152 Termination for Cause

(a) The State may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any



particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State

(b) If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.

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

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

2.153 Termination for Convenience

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

The State agrees to pay the following Early Termination Charges. These charges shall not apply if the State cancels the Contract for the Contractor's material breach or the State's non-appropriation pursuant to this Contract.

Year	Termination Charge
Year 1	\$ 270,000.00
Year 2	\$ 180,000.00
Year 3	\$ 90,000.00

2.154 Termination for Non-Appropriation

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



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

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

2.155 Termination for Criminal Conviction

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

2.156 Termination for Approvals Rescinded

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

2.157 Rights and Obligations upon Termination

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

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

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

2.158 Reservation of Rights



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

2.160 Termination by Contractor

2.161 Termination by Contractor

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

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

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 60 days. These efforts must include, but are not limited to, those listed in **Sections 2.141, 2.142, 2.143, 2.144, and 2.145**.

2.172 Contractor Personnel Transition

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

2.173 Contractor Information Transition

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

2.174 Contractor Software Transition

The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at



their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

2.175 Transition Payments

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

2.176 State Transition Responsibilities

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

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

2.180 Stop Work

2.181 Stop Work Orders

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

2.182 Cancellation or Expiration of Stop Work Order

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

2.183 Allowance of Contractor Costs

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

2.190 Dispute Resolution

2.191 In General

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must



submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192 Informal Dispute Resolution

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

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

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

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

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

(b) This Section will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.193**.

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

2.193 Injunctive Relief

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

2.194 Continued Performance

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

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, and marital status, physical or mental disability. Contractor further agrees that every



subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

2.202 Unfair Labor Practices

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

2.203 Workplace Safety and Discriminatory Harassment

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

2.210 Governing Law

2.211 Governing Law

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

2.212 Compliance with Laws

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

2.213 Jurisdiction

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

2.220 Limitation of Liability

2.221 Limitation of Liability

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

The Contractor's liability for damages to the State is \$500,000. The foregoing limitation of liability does not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor;



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

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

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

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

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

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

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

Contractor must make the following notifications in writing:

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

2.232 Call Center Disclosure

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

2.233 Bankruptcy

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

- (a) the Contractor files for protection under the bankruptcy laws;



- (b) an involuntary petition is filed against the Contractor and not removed within 30 days;
- (c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
- (d) the Contractor makes a general assignment for the benefit of creditors; or
- (e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

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

2.240 Performance

2.241 Time of Performance

- (a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.
- (b) Without limiting the generality of **Section 2.241**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.

If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

2.242 Service Level Agreement (SLA)

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

- (1) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.
- (2) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.
- (3) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.
- (4) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:
 - (i) Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
 - (ii) Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

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

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



(d) All decimals must be rounded to two decimal places with five and greater rounding up and four and less rounding down unless otherwise specified.

2.243 Liquidated Damages

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.244** the State is entitled to collect liquidated damages in the amount of \$ \$100.00 per day, up to \$50,000.00. If the Contractor fails to provide the deliverables, as such deliverables are scheduled to be delivered in the final agreed Project Plan defined in section 1.104, then the State shall be entitled to collect liquidated damages at the rate of \$100.00 per day for each day such failure continues, up to a maximum of \$50,000.00. Prior to collecting any liquidated damages under this contract, the State shall first provide the Contractor with written notice of its intent to do so and shall allow the Contractor a period of no less than 30 days to remedy the perceived failure, and if such failure is cured no liquidated damages shall be due or be collected. The Contractor shall not be required to pay any liquidated damages under this Contract in the event that its failure to meet any delivery dates in the Project Plan is caused by the acts or omissions of the State, its contractors, or other causes beyond the reasonable control of the Contractor.

Unauthorized Removal of any Key Personnel

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 2.141**, 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 is \$25,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 days, in addition to the \$25,000.00 liquidated damages for an Unauthorized Removal, Contractor must pay the amount of \$833.33 per day for each day of the 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 30 days of shadowing must not exceed \$50,000.00 per individual.

2.244 Excusable Failure

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

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances



prevail. But the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

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

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

2.250 Approval of Deliverables

2.251 Delivery of Deliverables

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

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

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

2.252 Contractor System Testing

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

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



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

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

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

2.253 Approval of Deliverables, In General

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

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

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

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

If, after three (3) opportunities (the original and two repeat efforts), Contractor is unable to correct all deficiencies preventing State approval of a Deliverable, the State may: (i) demand that Contractor cure the failure and give Contractor additional time to cure the failure at the sole expense of Contractor; or (ii) keep this Contract in force and do, either itself or through other parties, whatever Contractor has failed to do, in which event Contractor shall bear any excess expenditure incurred by the State in so doing beyond the contract price



for such Deliverable and will pay the State an additional sum equal to ten percent (10%) of such excess expenditure to cover the State's general expenses without the need to furnish proof in substantiation of such general expenses; or (iii) terminate this Contract for default, either in whole or in part by notice to Contractor (and without the need to afford Contractor any further opportunity to cure). Notwithstanding the foregoing, the State shall not use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

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

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

2.254 Process for Approval of Written Deliverables

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

2.255 Process for Approval of Custom Software Deliverables

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

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

For the Custom Software Deliverables listed in an attachment, the State Review Period for conducting UAT will be as indicated in the attachment. For any other Custom Software Deliverables not listed in an attachment, the State Review Period shall be the number of days agreed in writing by the parties (failing which it shall be forty-five (45) days by default). The State Review Period for each Custom Software Deliverable will begin when Contractor has delivered the Custom Software Deliverable to the State accompanied by the certification



required by this Section and the State's inspection of the Deliverable has confirmed that all components of it have been delivered.

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

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

2.256 Final Acceptance

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

2.260 Ownership

2.261 Ownership of Work Product by State

The State owns all Deliverables, as they are work made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

2.262 Vesting of Rights

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State's request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

2.263 Rights in Data

The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor will not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor will not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict



need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

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

2.264 Ownership of Materials

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

2.270 State Standards

2.271 Existing Technology Standards

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

2.272 Acceptable Use Policy

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

2.273 Systems Changes

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

2.280 Extended Purchasing

2.281 MiDEAL (Michigan Delivery Extended Agreements Locally

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

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

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



2.290 Environmental Provision

Environmental Provision

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

2.292 Environmental Purchasing Policy: The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution. Environmental components that are to be considered include: recycled content and recyclables; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bioaccumulative. The Contractor should be able to supply products containing recycled and environmentally preferable materials that meet performance requirements and is encouraged to offer such products throughout the duration of this Contract. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.

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

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

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

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

(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport



and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

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

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

Environmental Performance: Waste Reduction Program – Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this contract. The Contractor's programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

2.300 Deliverables

2.301 Software

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

2.302 Hardware

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

2.303 Equipment to be New

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

2.304 Equipment to be New and Prohibited Products

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

2.310 Software Warranties

2.311 Performance Warranty



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

2.312 No Surreptitious Code Warranty

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

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

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

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

2.313 Calendar Warranty

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

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

2.314 Third-party Software Warranty

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

2.315 Physical Media Warranty



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

2.320 Software Licensing

2.321 Cross-License, Deliverables Only, License to Contractor

The State grants to the Contractor, the royalty-free, world-wide, non-exclusive right and license under any Deliverable now or in the future owned by the State, or with respect to which the State has a right to grant such rights or licenses, to the extent required by the Contractor to market the Deliverables and exercise its full rights in the Deliverables, including, without limitation, the right to make, use and sell products and services based on or incorporating such Deliverables.

2.322 Cross-License, Deliverables and Derivative Work, License to Contractor

The State grants to the Contractor, the royalty-free, world-wide, non-exclusive right and license under any Deliverable and/or Derivative Work now or in the future owned by the State, or with respect to which the State has a right to grant such rights or licenses, to the extent required by the Contractor to market the Deliverables and/or Derivative Work and exercise its full rights in the Deliverables and/or Derivative Work, including, without limitation, the right to make, use and sell products and services based on or incorporating such Deliverables and/or Derivative Work.

2.323 License Back to the State

Upon release from the Escrow Agent pursuant 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.

2.324 License Retained by Contractor

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

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

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

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



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

2.325 Pre-existing Materials for Custom Software Deliverables

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

2.330 Source Code Escrow

2.331 Definition

“Source Code Escrow Package” shall mean:

- (a) A complete copy in machine-readable form of the source code and executable code of the Licensed Software, including any updates or new releases of the product;
- (b) A complete copy of any existing design documentation and user documentation, including any updates or revisions; and/or

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.

2.332 Delivery of Source Code into Escrow

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

2.333 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 six (6) months 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.

2.334 Verification

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

2.335 Escrow Fees

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

2.336 Release Events

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

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



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

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.

2.337 Release Event Procedures

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

- (a) The State shall comply with all procedures in the Escrow Contract;
- (b) The State shall maintain all materials and information comprising the Source Code Escrow Package in confidence in accordance with this Contract;

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.

2.338 License

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

2.339 Derivative Works

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



Attachment A - Cost Table

Contractor must complete the Project Cost summary and all associated tables identified. Identify all information related, directly or indirectly, to the Contractor’s proposed charges for services and deliverables including, but not limited to, costs, fees, prices, rates, bonuses, discounts, rebates, or the identification of free services, labor or materials. Bidders must identify any assumptions they have made developing the Cost Proposal.

Table 1: Summary of the Project Cost

No.	Cost Categories	Cost (\$)	% of the Total Cost	Comments
B.	Software Tools Licenses Give breakdown in Table 4.	\$22,848	5%	
C.	Servers Hardware Give breakdown in Table 5.	\$3,750	1%	Servers hosted per annum, included in Table 2 Maintenance and Support. No initial hardware cost. Annual maintenance only.
D.	Servers Software Licenses Give breakdown in Table 6.	\$38,640	9%	Citrix licenses for 140 concurrent users
E.	Implementation to Vendor Hosting Site Give breakdown in Table 7.	\$59,400	13%	
F.	Connectivity (network solution) (between identified sites and State network)	\$0	0%	Bandwidth and network latency included in hosting
G.	Labor Rates for Reserve Bank of Hours (for future enhancements and scope change) Give breakdown in Table 8	\$322,600	72%	Includes \$35,600 in travel expenses.
	Total Project Cost	\$447,238	100%	Excluding Maintenance and Support, which includes hosting, DBA services, etc.



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

No.	Cost Categories	Cost (\$)	Comments
H.	COTS/Application software update cost (Includes licensing and updates each year)		
	1. First Year (after one year warranty)	\$0	
	1. Second Year	\$0	
	2. Third Year	\$0	
	3. Fourth Year	\$0	
	4. Fifth Year	\$0	
I.	Maintenance and support cost (must include helpdesk) (24/7 option)	N/A	Helpdesk refers to Emphasys Software Support <not MSHDA's internally staffed helpdesk. >. All Helpdesk hours are for normal business hours. If additional support outside of business hours is expected, we can work with MSHDA to create a more customized plan.
	1. First Year		
	2. Second Year		
	3. Third Year		
	4. Fourth Year		
	5. Fifth Year		
J.	Maintenance and support cost (must include helpdesk) (business & non-business hours option)		Elite Software Renewal Period is May 1 through April 30. Application Software included: Section 8, Wait List Resident Processing Section 8 Financial Management Family Self-Sufficiency Rent Reasonableness S8 HQS Inspections Host Web-App Executive Portal Satori Address Management + Link
	1. First Year	\$482,272.06	
	2. Second Year	\$494,337.66	
	3. Third Year	\$509,425.75	
	4. Fourth Year	\$525,114.01	
	5. Fifth Year	\$541,427.84	
	Total Recurring Cost	\$2,552,577.31	<p>**Includes Elite Application DBA/System Engineering Services **Includes CGI Annual Hosting Services 24x7x365</p> <p>***All Emphasys Helpdesk hours are for normal business hours. If additional support outside of business hours is expected, we can work with MSHDA to create a more customized plan.</p> <p>**Revised 3-4-09 to include additional pricing for years 1-5 for Option 2 (Not included in current pricing. Additional costs would be \$24,000 per year): System restoration processes are automated, and any service unavailability would be minimal. If a failover of the primary site to the warm site occurs, CGI would provide the ability to bring systems online immediately at the secondary site so users would experience minimal server and network performance degradation. Mechanisms in the form of software agents will be in place to handle the replication and workflow processes to handle any reconfiguration that would be subject to manual configuration in Option 1. No data loss will occur as continuous replication of live data from primary site is in place.</p> <p>**Revised 3/24/09 to include additional pricing due to change in hosting configuration. Initially, during original RFP response, Emphasys anticipated being able to leverage a significant portion of the Achieve project hosting configuration due to anticipated excess capacity. After further review with CGI, the anticipated excess capacity is much lower than anticipated, which has modified the planned configuration for this project.</p> <p>**Revised 4/13/09 to accommodate configuration and implementation changes necessitated by additional security language and exclusion of local c:drive mappings.</p>



Table 3: Total Five (5) Years System Cost

No.	Cost Categories	Cost (\$)	Comments
Table 1	Total project (One Time) Cost	\$447,238.00	
Table 2	Total Reoccurring Cost	\$2,552,577.31	
	Total Five (5) Years System Cost	\$2,999,815.31	



Cost Breakdown Tables

Table 4: Breakdown of Software Tools Cost

No.	Software Tools licenses cost	Cost (\$)	Comments
A.	1) Report writers	0.00	**MSHDA will continue to be responsible for maintenance and purchasing of Report writing user licenses such as Crystal Report Writer; Microsoft Excel, etc.
	2) Requirement analysis tools	0.00	
	3) Design tools	0.00	**MSHDA will continue to be responsible for maintenance and purchasing of licensing for Microsoft SQL Server and SQL Tools that are required to reside on the individual users desktop.
	4) Drawing tools	0.00	
	5) Development environment tools	0.00	
	6) Testing tools: (such as issues tracking, defect testing, load/stress testing, configuration management (List and provide cost separately for each item) (a)..... (b)..... (c).....	0.00	**2-6-09 Revised to include encryption software and media for 7-year backup archival and retention. **Revised 3-4-09 to include ApexSQL Log software plus 5 years maintenance.
	7) Other system utilities (such as backup and disaster recovery, etc.)Encryption software and media for 7-year backup archival and retention.....	20,000.00	
	Any other software (List): 8)...ApexSQL Log + 5 years maintenance..... 9).....	2,848.00	
Total Cost of Software Tools		\$22,848.00	



Table 5: Breakdown of Servers Hardware Cost

No.	Server hardware cost	Cost (\$)	Comments
B.	1) Servers Hardware - Operating System	\$0	Outright purchase of server hardware is not included in this bid. All pricing is for hosting per annum.
	2) Servers Hardware - DBMS	\$0	
	3) Servers Hardware - Print	\$0	
	4) Server Hardware - Security	\$0	
	5) Servers Hardware - Others	\$0	
	6) Server Hardware - Backup	\$0	
	7) Servers - Fire walls	\$0	
	8) Servers Hardware installation, configuration, and testing.	\$3,750.00	
	Other Hardware (List separately):	\$0	
9)	\$0		
10)	\$0		
Total Cost of Server Hardware		\$3,750.00	



Table 6: Breakdown of Servers Software Licenses Cost

No.	Server software cost	Cost (\$)	Comments
C.	1) Servers Software - Operating System		All licenses included in hosting price, except for Citrix.
	2) Servers Software - DBMS		
	3) Servers Software - Print		
	4) Server Software - Security		
	5) Servers Software - Others		
	6) Server Software - Backup		
	7) Servers - Fire walls		
	8) Servers Software installation, configuration, and testing.		
	9) Load balancing software		
	Other Software (List separately):		
	10) Citrix: one-time	\$38,640	
11)			
Total Cost of Server Software Licenses		\$38,640.00	



Table 7: Project Implementation to Vendor Hosting Site Cost

No.	Resources Required	Total # of resources	Total # of hours	Unit cost (\$)	Total cost (\$)
D.	1. Project Management	1	48	\$145	\$6,960
	2. Integration: (Integration of your COTS/Application software product with customized code and external interfaces)	1	24	185	\$4,440
	3. Testing: (a) Unit, (b) System, (c) Integration, (d) Performance (load and stress), (e) Parallel Testing VERIS-VVRS), (f) UAT, (g) Other (List):	2	160	\$200	\$32,000
	4. Deployment / Cutover	2	80	\$200	\$16,000
	Other (List):				
	5.				
	6.				
Total cost Project Implementation				\$	\$59,400



Table 8: Labor Rates for Optional “Reserve Bank of 2000 Hours” for future enhancements & scope change

Resource Type	Estimated hours	Hourly Rate	Extended Price
Project management	0	\$135	\$0
Business analysts	0	\$150	\$0
System analysts	160	\$150	\$24,000
Programmer/developers	420	\$175	\$73,500
System administrators	0	\$200	\$0
Database administrators	0	\$200	\$0
Q/A Manager	0	\$175	\$0
Security specialist	0	\$150	\$0
Testers	0	\$150	\$0
Technical writers	0	\$100	\$0
CM specialists	0	\$150	\$0
System Architects	0	\$200	\$0
Network engineer/administrator	160	\$150	\$24,000
Software Architects	0	\$225	\$0
CM specialists	0	\$150	\$0
Project assistants	120	\$125	\$15,000
Web developers	0	\$170	\$0
Application trainers	300	\$115	\$34,500
Others: (List) below):		\$	
Application Consultants	440	\$150	\$66,000
Application Report Writers	400	\$125	\$50,000
Total Cost of Optional “Reserve Bank of Hours “	2000		\$287,000
Total Travel Expenses associated with above hours			\$ 35,600
Total Cost of Hours+Travel			\$322,600

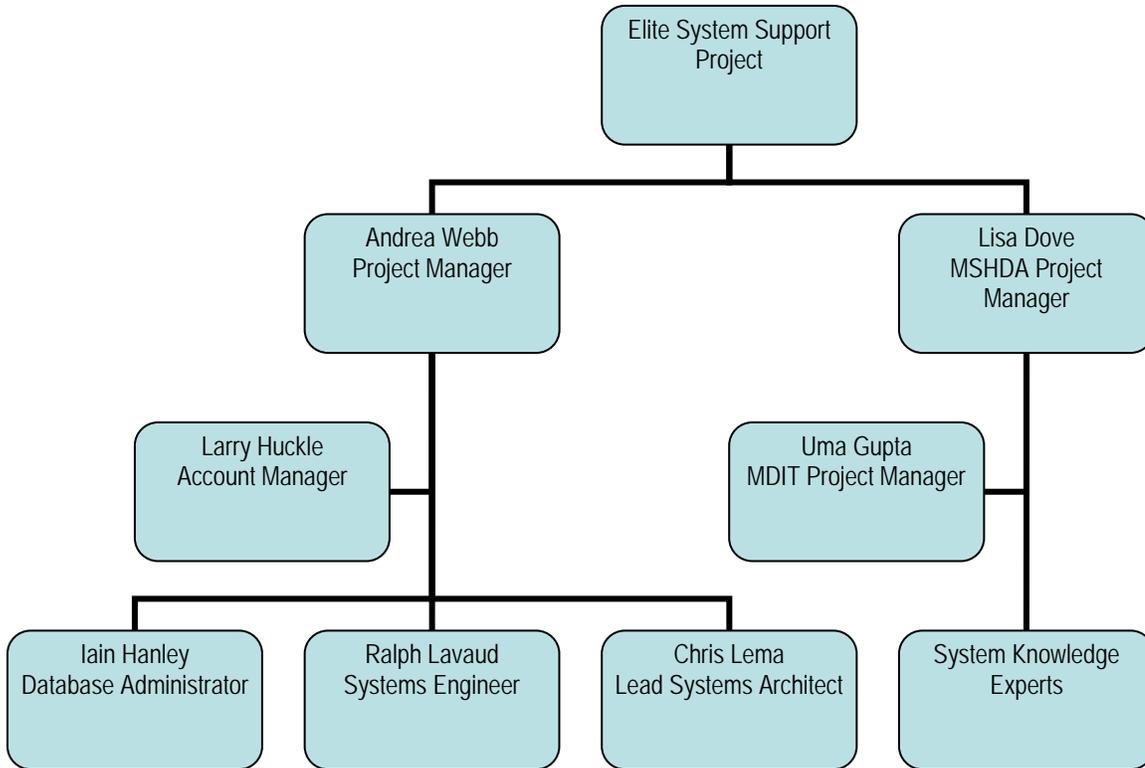
Notes:

1. The State intends to establish funding for reserved bank of hours for the contract, 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.
2. Hourly rates quoted are firm, fixed rates for the duration of the contract. **Travel and other expenses will be reimbursed.** “Estimated Hours” and “Extended Price” are non-binding and will be used at the State’s discretion to determine best value to the State. Vendors shall complete the Estimated Hours column based on prior experience performing product enhancements. The State will utilize the fully loaded hourly rates detailed above for each staff that will be used as fixed rates for responses to separate statements of work.



Attachment B, Organizational Chart

MSHDA/Emphasys Project Team Structure



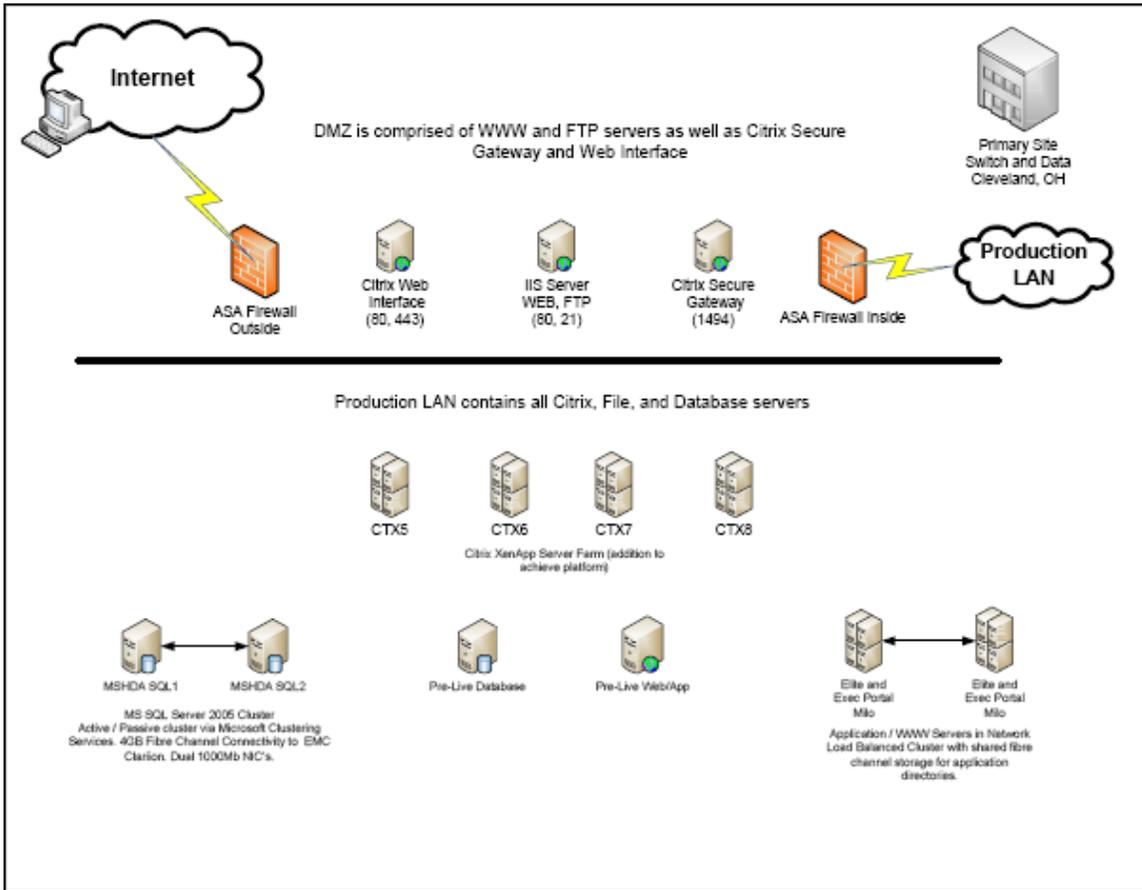


Attachment C –Project Plan

Task Name	Duration	Start	Finish	Apr '09				May '09							
				15	22	29	5	12	19	26	3	10	17	24	
MSHDA-Elite System Support	4 mons	Fri 4/17/09	Thu 8/6/09	[Gantt bar from 4/17/09 to 8/6/09]											
+ Remote Project Management	64 days	Fri 5/1/09	Wed 7/29/09	[Gantt bar from 5/1/09 to 7/29/09]											
- Project Setup and Initiation	15 days	Fri 4/17/09	Thu 5/7/09	[Gantt bar from 4/17/09 to 5/7/09]											
Contract Award and Execution	0 days	Fri 4/17/09	Fri 4/17/09	[Gantt bar from 4/17/09 to 4/17/09]											
Project Management Set-Up and Planning	10 days	Fri 4/17/09	Thu 4/30/09	[Gantt bar from 4/17/09 to 4/30/09]											
Project Kick-Off	1 wk	Fri 5/1/09	Thu 5/7/09	[Gantt bar from 5/1/09 to 5/7/09]											
- Emphasys Elite MSHDA Hosting for HCVP	73 days?	Fri 4/17/09	Tue 7/28/09	[Gantt bar from 4/17/09 to 7/28/09]											
Design network configuration for MSHDA Systems	14 days	Fri 4/17/09	Wed 5/6/09	[Gantt bar from 4/17/09 to 5/6/09]											
Implement network configuration for MSHDA Systems	1 day?	Thu 5/7/09	Thu 5/7/09	[Gantt bar from 5/7/09 to 5/7/09]											
Establish additional power as needed at CGI hosting facilities	3 days?	Fri 5/8/09	Tue 5/12/09	[Gantt bar from 5/8/09 to 5/12/09]											
Procure additional servers as needed at CGI hosting Facilities	2 days?	Wed 5/13/09	Thu 5/14/09	[Gantt bar from 5/13/09 to 5/14/09]											
Procure additional storage as needed at CGI hosting Facilities	1 day?	Fri 5/15/09	Fri 5/15/09	[Gantt bar from 5/15/09 to 5/15/09]											
Verify and rack mount servers at CGI hosting facility	4 days?	Mon 5/18/09	Thu 5/21/09	[Gantt bar from 5/18/09 to 5/21/09]											
Install operating systems on additional servers with all security updates	4 days?	Fri 5/22/09	Wed 5/27/09	[Gantt bar from 5/22/09 to 5/27/09]											
Connect MSHDA servers to CGI SAN (Fabric Zoning, LUN assignment)	1 day?	Thu 5/28/09	Thu 5/28/09	[Gantt bar from 5/28/09 to 5/28/09]											
Configure and allocate specified storage to MSHDA servers	2 days?	Fri 5/29/09	Mon 6/1/09	[Gantt bar from 5/29/09 to 6/1/09]											
Begin data transfer of existing databases from DIT to CGI	3 days?	Tue 6/2/09	Thu 6/4/09	[Gantt bar from 6/2/09 to 6/4/09]											
Begin software installation for TEST environment with vendor	5 days?	Fri 6/5/09	Thu 6/11/09	[Gantt bar from 6/5/09 to 6/11/09]											
Restore production databases to SQL Test environments	0 days?	Thu 6/11/09	Thu 6/11/09	[Gantt bar from 6/11/09 to 6/11/09]											
Design server hardening policies	2 days?	Fri 6/12/09	Mon 6/15/09	[Gantt bar from 6/12/09 to 6/15/09]											
Implement server hardening policies	0 days?	Mon 6/15/09	Mon 6/15/09	[Gantt bar from 6/15/09 to 6/15/09]											
Verify test environment functionality UAT after server hardening	1 day?	Tue 6/16/09	Tue 6/16/09	[Gantt bar from 6/16/09 to 6/16/09]											
Install applications into training, pre-live, and live environments	3 days?	Wed 6/17/09	Fri 6/19/09	[Gantt bar from 6/17/09 to 6/19/09]											
Establish performance baseline in LIVE environment	10 days?	Mon 6/22/09	Fri 7/3/09	[Gantt bar from 6/22/09 to 7/3/09]											
Configure Performance monitoring and alerting in LIVE environment	2 days?	Mon 7/6/09	Tue 7/7/09	[Gantt bar from 7/6/09 to 7/7/09]											
Configure fail over site, replication, and high availability	1 day?	Wed 7/8/09	Wed 7/8/09	[Gantt bar from 7/8/09 to 7/8/09]											
Verify system failover and recovery	1 day?	Thu 7/9/09	Thu 7/9/09	[Gantt bar from 7/9/09 to 7/9/09]											
Hosting Environment(s) Roll Out	2 wks?	Wed 7/15/09	Tue 7/28/09	[Gantt bar from 7/15/09 to 7/28/09]											

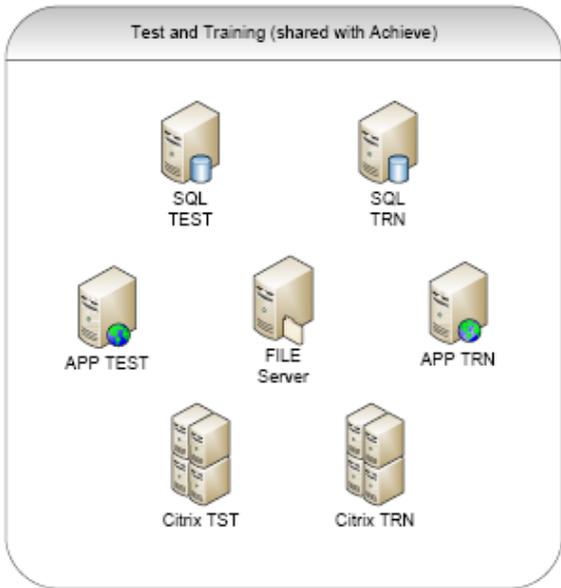


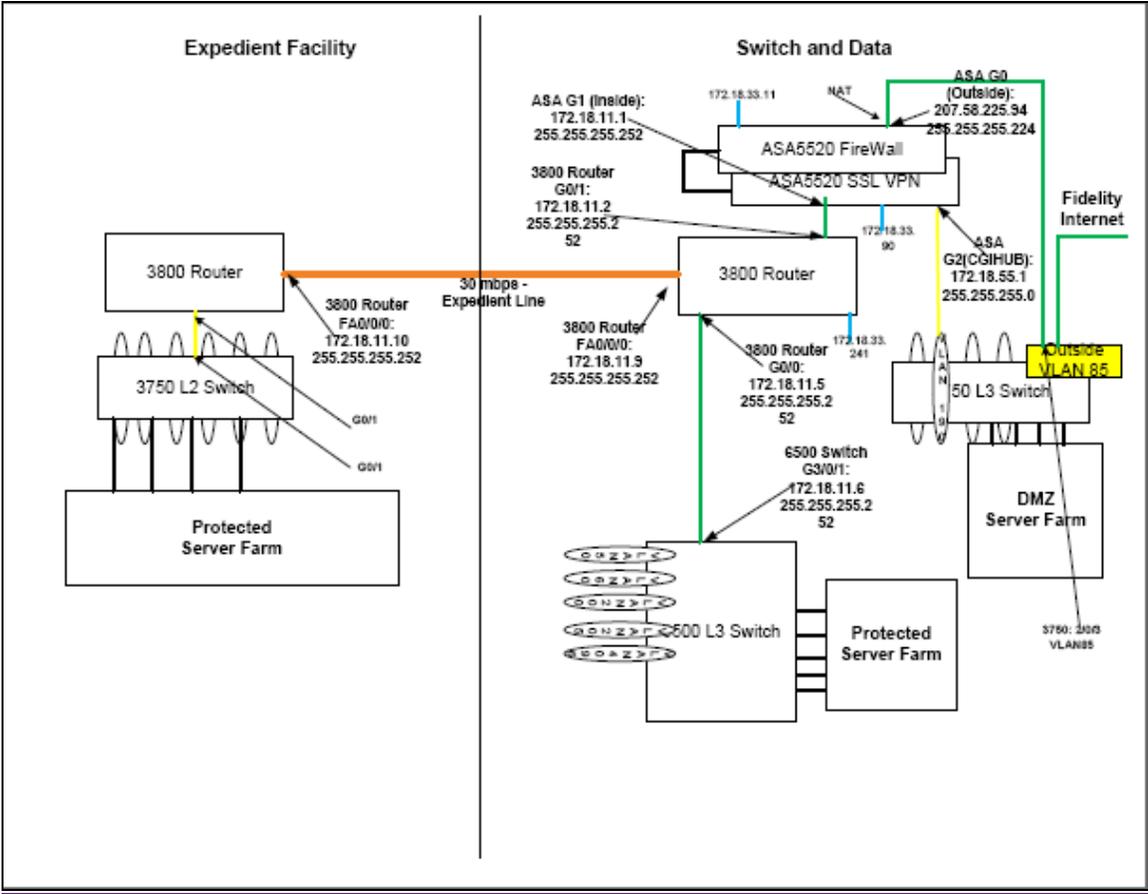
Attachment D - Proposed New Server Hosting Diagram

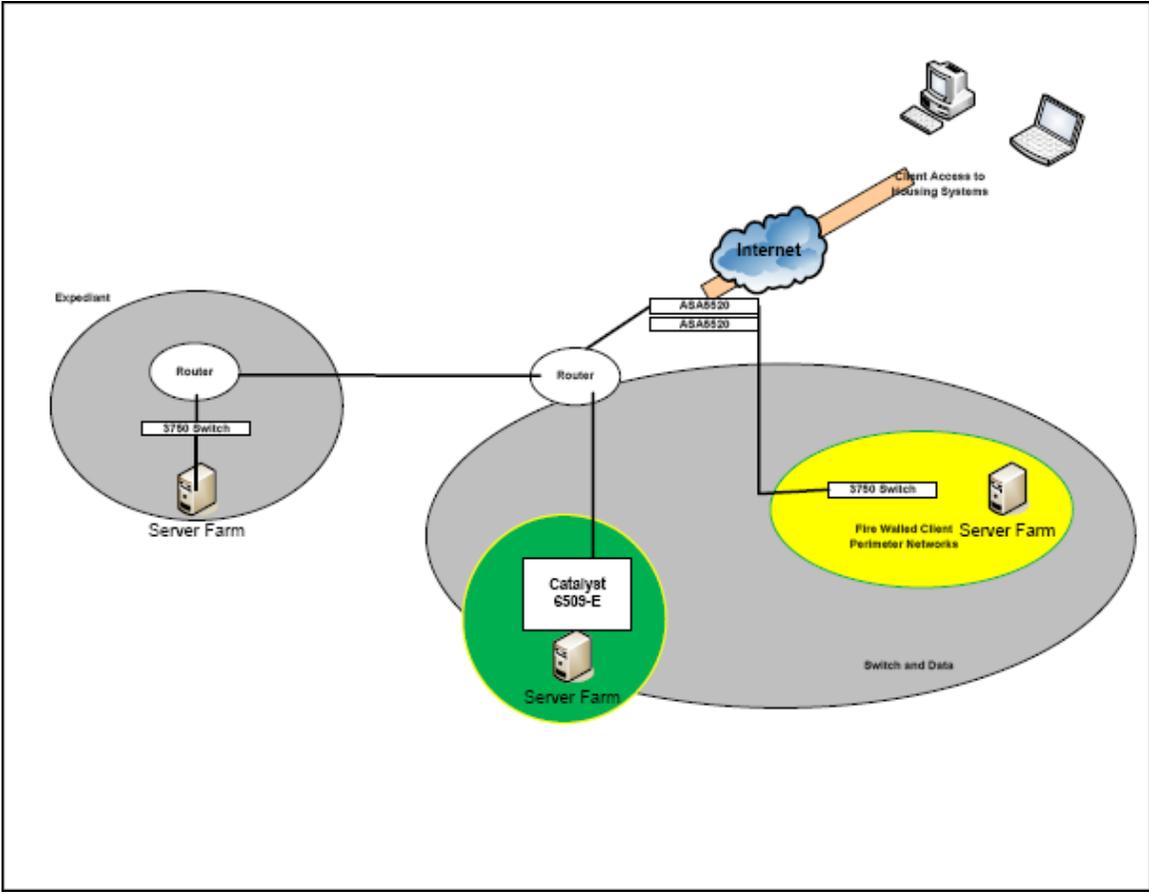




Secondary Site Expedient









Attachment E- Enterprise Architecture Solution Assessment

Enterprise Architecture Solution Assessment

Version 2.02

Enterprise Architecture Solution Assessment

Contact Info Tab (vendor version)

As early as possible, but not later than the end of the design phase of any solution development effort, an Assessment must be completed, documenting the architectural details of the proposed solution. Any MDIT activity that requires the purchase of new licenses, components or development services will require an Assessment. Any MDIT activity that requires the development of new software components, the installation of new software components or the use of MDIT staff resources on any solution development project beyond the design phase will require an Assessment. All vendor proposals and new contracts must be accompanied by an Assessment, documenting the architectural details of the proposed solution. The timely completion and submission of the Assessment is the responsibility of the MDIT project manager, designated MDIT solution manager or MDIT vendor proposal or contract evaluation committee representative.

Vendor Version 2.02

Table with fields: Solution/Application Name, Project Name, Date Submitted, Targeted Review Completed Date, Solution Advocate, Advocate Work City and State, Advocate Phone No., Advocate eMail, Sponsor Information, Sponsor Work City and State, Sponsor Phone No., Sponsor eMail, A Brief description of the solution and business purpose/process, Additional description of the solution and business purpose.



Enterprise Architecture Solution Review

Assessment Tab (vendor version)

Create a tab for each subsystem.
 Create additional rows for each category as needed to select all that apply.
 Please add additional comments to the right of the field.
 Create a copy of the Exception tab for each 'Other' component on the Assessment tab.

Project Name (subfill)	Elite	
Date Submitted (subfill)	3/9/28	
Solution Advocate (subfill)		
Sponsor Information (subfill)		
Describe the solution and business purpose. (subfill)	Hosting, maintenance and updates of proprietary Elite systems referred to as Michigan State Housing Development Authority (MSHDA) Housing Voucher Programs (HVP) system.	
		Comments Here
User Interface Type	Terminal	
System Interface Type	XML	
Type of System Integration	Both Internal & External	
Hosting	Externally Hosted	
Client's Method of Access	Other	Terminal Services or Citrix XenApp
Remote Access for System and Maintenance	Yes	
Security Equipment	No	
What COTS Software Components (if any) do you use?	Delphi and Telerik User Controls for GUI	
How will your system integrate with external systems or trading partners?		
What is the maximum amount of work (data) that the business could afford to lose due to		
What is the maximum amount of down time the business area can handle?		
Data Audit Trail Implementation	Other	Triggers, Audit tables, and 3rd party tools can all accommodate different degrees of auditing.
System or Sub-System Name		
Solution Pattern (if any)		
Reference Model used (if any)		

Category	***Respond to ALL***	Comments Here
Database	Microsoft SQL Server 2005 (Standard)	
Other		

Database Modeling Tools	N/A (Not Applicable)	
Other		

Development Language	Other	
	.NET Framework 2.x (Core)	
	ASP .NET 2005 (Standard)	
	.Net (Standard)	
Other		



Enterprise Architecture Solution Review

Assessment Tab (vendor version)

Create a tab for each subsystem.
 Create additional rows for each category as needed to select all that apply.
 Please add additional comments to the right of the field.
 Create a copy of the Exception tab for each 'Other' component on the Assessment tab.

Project Name (autofill)	Elite	
Date Submitted (autofill)	3/9/28	
Development Platform	N/A (Not Applicable)	
Other		

Presentation (Web) Server	Other	
	Microsoft IIS 2003 (Standard)	
Other		

Application Server	Microsoft IIS 6.0 (Core)	
Other		

HW Platform	PowerEdge T905/R905 (Standard)	
Other		

Server OS	Windows 2003 (Standard)	
Other		

CRM	N/A (Not Applicable)	
Other		

Document Management	N/A (Not Applicable)	
Other		

Fax Server	N/A (Not Applicable)	
Other		

Testing Tools	N/A (Not Applicable)	
Other		

Identity Management	Active Directory 2003 (Standard)	
Other		

Project Management	N/A (Not Applicable)	
Other		

Requirements Gathering	N/A (Not Applicable)	
Other		

Design Tools	N/A (Not Applicable)	
Other		

Source Code Version Control	N/A (Not Applicable)	
Other		



Enterprise Architecture Solution Review

Assessment Tab (vendor version)

Create a tab for each subsystem.

Create additional rows for each category as needed to select all that apply.

Please add additional comments to the right of the field.

Create a copy of the Exception tab for each 'Other' component on the Assessment tab.

Project Name (auto fill)	Elite	
Date Submitted (auto fill)	3/9/28	
Message Queuing	N/A (Not Applicable)	
Other		
Business Integration	N/A (Not Applicable)	
Other		
Database Tools	N/A (Not Applicable)	
Other		
Reporting Tools	Crystal Reports 11 (Standard)	
Other		
End-User Tools	N/A (Not Applicable)	
Other		
Deployment Tools	N/A (Not Applicable)	
Other		
Build Tools	N/A (Not Applicable)	
Other		
Job Schedulers	N/A (Not Applicable)	
Other		
GIS Technologies	N/A (Not Applicable)	
Other		



Enterprise Architecture Solution Review

Other Products tab (vendor version)		
<i>Project Name</i> (auto fill)	Elite System Support-MSHDA HVP	
<i>Please add any additional HARDWARE & SOFTWARE that is not on the Assessment Tab.</i>		
Name	Type	Purpose
N/A	N/A	N/A

Enterprise Architecture Solution Review

Exception Tab (vendor version)	
Please add additional exception tabs as needed	
<i>Project</i> (auto fill)	Elite System Support-MSHDA HVP
<i>Date Submitted</i> (auto fill)	39828
<i>Solution Advocate</i> (auto fill)	
<i>Sponsor Information</i> (auto fill)	
<i>Describe the solution and business purpose.</i> (auto fill)	Hosting, maintenance and updates of proprietary Elite systems referred to as Michigan State Housing Development Authority (MSHDA) Housing Voucher Programs (HVP) system.
Brief Description of Product	
Area of Impact	
Principle Drivers for Exception (Business and Technical)	
Assumptions	
Risk and Impact	
Alternatives	
Additional Comments	
<i>Decision</i>	
<i>Expiration Date of Exception</i>	



Enterprise Architecture Solution Review

Cost Analysis Tab (vendor version)						
Project Name (300000)	Elite System Support-MSHDA HVP					
	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
CGI Hosted						\$0.00
Software Purchase						\$0.00
Software Maintenance (Annual)						\$0.00
Hardware Purchase						\$0.00
Additional Hardware DB server (Telecom/sec hardware not purchased)						\$0.00
Hardware Maintenance (Annual) 20%		\$5,040.00	\$5,140.80	\$5,294.02	\$5,452.82	\$20,927.83
Other Licenses Purchase	\$38,640.00					\$38,640.00
Other Licenses Maintenance (Annual) 20%						\$0.00
Annual Hosting Charges	\$252,000.00	\$252,000.00	\$259,660.00	\$267,346.80	\$275,367.20	\$1,306,274.00
Implementation Services						\$0.00
Config	\$1,125.00					\$1,125.00
Interfaces						\$0.00
Training & Doc						\$0.00
Data conversion, migration	\$2,625.00					\$2,625.00
Project implementation						\$0.00
Totals by Year	\$294,390.00	\$257,040.00	\$264,700.80	\$272,640.82	\$280,820.02	\$1,369,591.64



Enterprise Architecture Solution Review

Disaster Planing tab (vendor version)

Business Continuity / Disaster Recovery Requirements

Provisions for recovering the hardware and software in case of an outage or disaster will determine how extensive redundant resources are provided. Business continuity is determined by the business requirements and the operational availability of the application. The time required to recover from an outage will determine the type and level of disaster recovery required to keep the application operational. These requirements normally take into account the application and infrastructure's need for short planned maintenance recovery time and availability.

Items below are copied automatically from the Contact Info tab

Project Name (autofill) Elite System Support-MSHDA HVP

Date Submitted (autofill) 39828

Targeted Review Completed Date (autofill)

Solution Advocate (autofill)

Sponsor Information (autofill)

Describe the solution and business purpose. (autofill) Hosting, maintenance and updates of proprietary Elite systems referred to as Michigan State Housing Development Authority (MSHDA) Housing Voucher Programs (HVP) system.

Business Continuity requirements for this application.

Describe below

The business requirement(s) that determine the amount of time and the operational availability of the application to the end-user. Business requirements or federal / state mandate(s) may require an application be available within a pre-determine timeframe. Application availability requirements may vary depending on the time of day or week or other time frames. Also, availability of portions of the functionality of an application is acceptable for a period of time.

- The strategy to recover to a known good state & resume after a site-loss disaster
- The ability to recover on-line transactions since the last backup in a non-site-loss disaster
- An annual demonstration of the ability to recover full functionality to another site
- Off-site transport of system and database backups

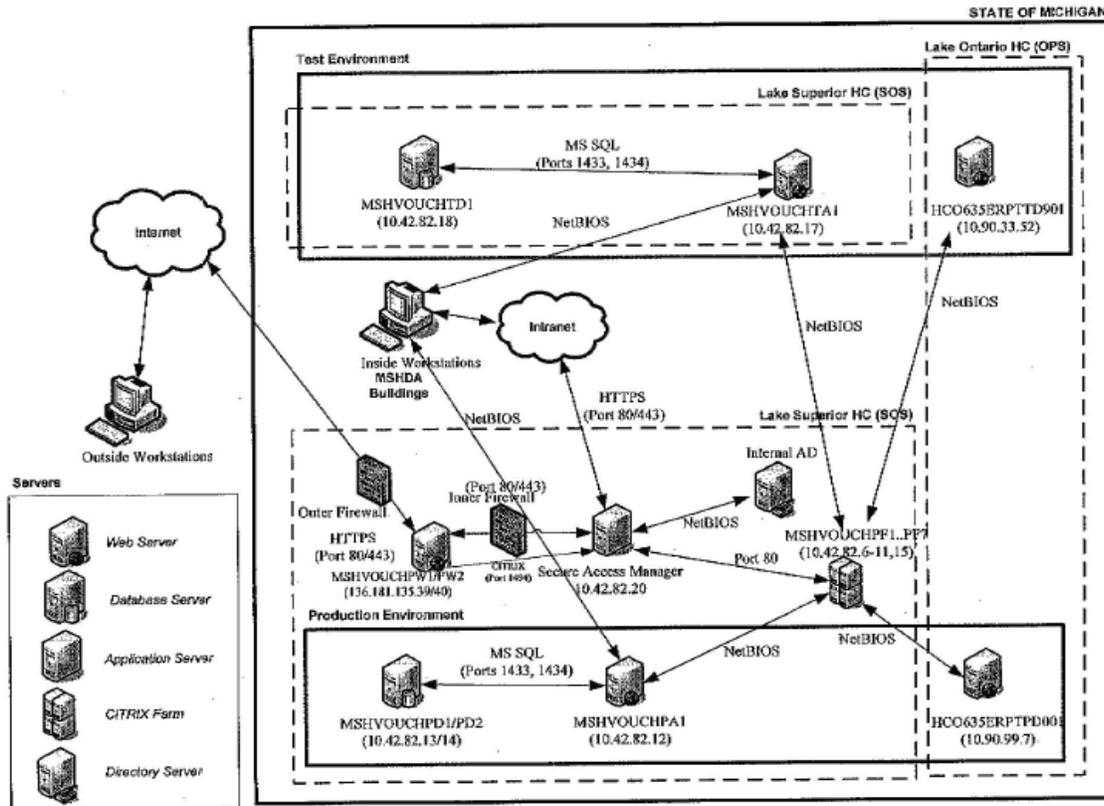
Disaster Recovery Requirements include the time required to recover the application and data from an outage which will determine the type and level of business continuity required to keep the application operational. These requirements normally take into account the application's need for short maintenance recovery time and availability requirements. The requirements will also note whether the business has a requirement or a federal/state mandate that the application is available within a pre-determined timeframe.

Number of Individuals	Number	Comments
Describe the number of individuals who use the Business function / Application on a daily basis.	120-150	
Hours of operations	Hours	Other

Current Server Environment Diagram



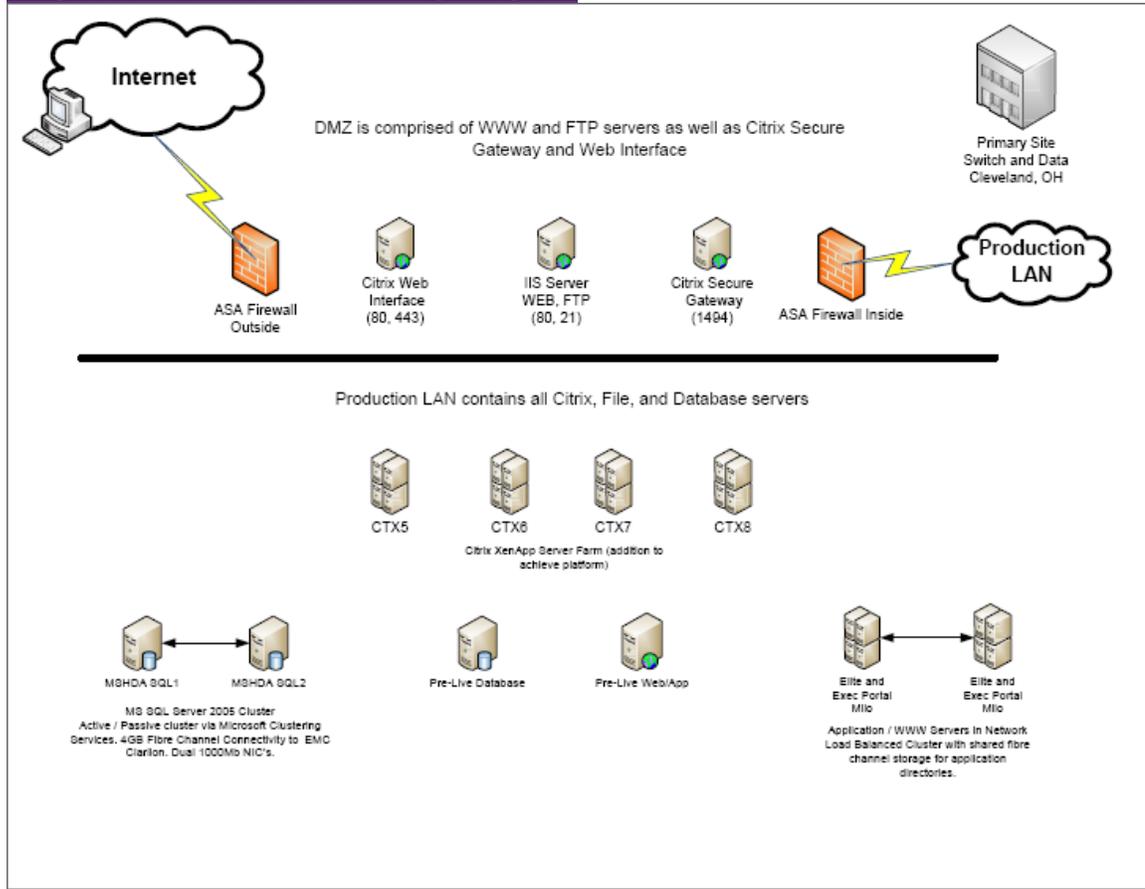
State of Michigan Department of Information Technology Current ELITE SYSTEM Deployment Diagram



Server Team2: Main support team.
Server team6 supports only MSHVOUCHTA1,TD1, PA1, PD1 and PD2 servers.



Proposed New Server Hosting Diagram





Secondary Site
Expedient

