

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

September 13, 2013

CHANGE NOTICE NO. 3
 to
CONTRACT NO. 071B0200133
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Intuition Systems, Inc. 9428 Baymeadows Road, Suite 600 Jacksonville, FL 32256	Lara Belfranin	lara.belfranin@intuitioncorp.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(904) 421-7228	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	John Karlik	(517) 335-4062	KarlikJ@michigan.gov
BUYER	DTMB	Mike Breen	(517) 241-7720	BreenM@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Student Financial Services (SFS) System – Department of Treasury			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
2/1/2010	1/31/2013	5, 1 Yr. Options	1/31/2014
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 checked="" type="checkbox"/> Yes <input 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"/>	1 Year	1/31/2015

VALUE/COST OF CHANGE NOTICE:	ESTIMATED REVISED AGGREGATE CONTRACT VALUE:
\$325,000.00	\$2,788,120.00

Effective immediately, this Contract is INCREASED by \$325,000.00 and the second option year of this Contract is exercised and the expiration date is extended to January 31, 2015. All other pricing, terms and conditions remain the same.

Per Administrative Approval on September 13, 2013.

Please Note: the Buyer has been changed to Mike Breen.

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

June 27, 2012

CHANGE NOTICE NO. 2
 to
CONTRACT NO. 071B0200133
 between
 THE  STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Intuition Systems, Inc. 9428 Baymeadows Road, Suite 600 Jacksonville, FL 32256	Lara Belfranin	lara.belfranin@intuitioncorp.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(904) 421-7228	

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

CONTRACT SUMMARY:			
DESCRIPTION: Student Financial Services (SFS) System – Department of Treasury			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS	CURRENT EXPIRATION DATE
February 1, 2010	January 31, 2013	Five, One Year	January 31, 2013
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card	<input type="checkbox"/> Direct Voucher (DV)	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:		
OPTION EXERCISED: <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	IF YES, NEW EXPIRATION DATE: January 31, 2014	EFFECTIVE DATE OF CHANGE: June 26, 2012
Effective immediately, the first option year of this Contract is exercised and the expiration date is extended to January 31, 2014 per the attached.		
No other modifications to terms and conditions, specifications, or pricing.		
Per vendor agreement and DTMB Procurement approval.		
VALUE/COST OF CHANGE NOTICE:	\$ 0.00	
ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:	\$ 2,463,120.00	

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET December 29, 2010
PROCUREMENT & REAL ESTATE SERVICES ADMINISTRATION
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B0200133
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR Intuition Systems, Inc. 9428 Baymeadows Road, Suite 600 Jacksonville, FL 32256 lara.belfranin@intuitioncorp.com		TELEPHONE (904) 421-7228 Lara Belfranin
		BUYER/CA (517) 241-3215 Steve Motz
Contract Compliance Inspector: Mark Lawrence (517) 241-1640 Student Financial Services (SFS) System – Department of Treasury		
CONTRACT PERIOD: 3 yrs. + 5 one-year options From: February 1, 2010 To: January 31, 2013		
TERMS N/A	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE (S):

Effective immediately, the attached document is incorporated into this Contract. The purpose is for out-of-scope items providing for additional functionality in the Phase 4 Development area.

All other terms, conditions, specifications and pricing remain unchanged.

AUTHORITY/REASON:

Per vendor, agency and DTMB/Procurement & Real Estate Services Administration agreement.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$2,463,120.00

**Contract 071B0200133
Change Notice No. 1
Signature Block**

FOR THE CONTRACTOR:

Intuition Systems, Inc.

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Michael Breen, Contract Administrator

Name/Title

Contract Administration Unit

Division

Date

MET Project

DMB-0119 Contract Change Attachment

November 16, 2010

Background:

The MET Project is in the development stage of a project to implement a new system that supports the Michigan Education Trust in servicing the prepaid tuition contracts sold by MET. The development and hosting of the new system has been contracted to Intuition Services. During the project's Requirements Phase and the Design Phase there were several functional additions identified that fall outside the scope of the original contract requirements but are needed for the system to be fully functional.

Purpose:

This attachment to a Contract Change Request (DMB-0119) documents the estimated additional costs of developing the out-of-scope items and a revised estimate of an offsetting reduction in the cost of system maintenance. The offset allows the increase in the current development cost purchase order without increasing the total cost of the contract with Intuition Systems.

Increased Development Costs

The following chart lists the several additional functional enhancements that will be added to the new MET system with the increased funding to the development P.O. that is approximately \$88,000.

MET PRIMA Development Additional Costs		Estimated Cost
	Requested Additions To MET PRIMA Functionality	
1	Produce print-ready letters	\$ 29,000
2	Handle recurring monthly payments to CEPAS	\$ 33,000
3	Create an inquiry database and reports to support MET Marketing	\$ 20,000
4	Convert existing monthly payment plan banking information to CEPAS	\$ 6,000
Total Development Revisions		\$ 88,000

All of the costs listed above for additional functionality will be incurred as part of Phase IV (Development of the new system). In the contract (pg.114, Exhibit H – Cost Tables) with Intuition Systems the Payment Milestone amount for Phase IV should be increased by \$88,000 to be \$372,400. The contract's Table 1 – Summary of the Project Costs (pg. 115) should be modified to increase the amount of Cost Category B – Configuration to \$797,000 to show the additional \$88,000 of development work,

Reduced Maintenance Costs

During the early stages of the project there has been efforts to prepare for the converting the existing MET contract information over to the new system's environment. A more accurate count of the active and inactive MET contracts has been computed as part of the conversion work. The monthly maintenance fees that MET will pay to Intuition are contracted at a rate of \$0.42 per active contract and \$0.12 per inactive (or depleted)

MET Project

DMB-0119 Contract Change Attachment

contract. The original contract used a higher estimated number of active contracts than the recent conversion preparation has found to exist. The following chart shows the estimate of the reduced cost of maintaining the new MET system. The total difference for the 3 years of contracted maintenance is approximately \$92,000.

Contract Support Year #	----- Active Contracts -----			----- Inactive Contracts -----			All Contracts Monthly Amount	All Contracts Annual Amount
	Nbr of Contracts	Monthly Rate per Contract	Monthly Amount	Nbr of Contracts	Monthly Rate per Contract	Monthly Amount		
	Estimates from Original Contract							
1	55,000	\$ 0.42	\$ 23,100	45,000	\$ 0.12	\$ 5,400	\$ 28,500	\$ 342,000
2	55,000	\$ 0.42	\$ 23,100	48,500	\$ 0.12	\$ 5,820	\$ 28,920	\$ 347,040
3	55,000	\$ 0.42	\$ 23,100	52,000	\$ 0.12	\$ 6,240	\$ 29,340	\$ 352,080
Total 3 years of Maintenance							\$ 1,041,120	
Revised Estimates								
1	47,000	\$ 0.42	\$ 19,740	51,500	\$ 0.12	\$ 6,180	\$ 25,920	\$ 311,040
2	47,000	\$ 0.42	\$ 19,740	55,000	\$ 0.12	\$ 6,600	\$ 26,340	\$ 316,080
3	47,000	\$ 0.42	\$ 19,740	58,500	\$ 0.12	\$ 7,020	\$ 26,760	\$ 321,120
Total 3 years of Maintenance							\$ 948,240	
Difference of Original and Revised							\$ 92,880	

Offsetting Cost Changes

The contract change request is to increase the current development P.O. from \$1,422,000 to \$1,510,000. The \$88,000 increase is more than offset by the ~\$92,000 reduction in maintenance fees over the 3 year life of the contracted maintenance period.

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

February 5, 2010

**NOTICE
 TO
 CONTRACT NO. 071B0200133
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF CONTRACTOR Intuition Systems, Inc. 9428 Baymeadows Road, Suite 600 Jacksonville, FL 32256 lara.belfranin@intuitioncorp.com		TELEPHONE (904) 421-7228 Lara Belfranin
		BUYER/CA (517) 241-3215 Steve Motz
Contract Compliance Inspector: Mark Lawrence (517) 241-1640 Student Financial Services (SFS) System – Department of Treasury		
CONTRACT PERIOD: 3 yrs. + 5 one-year options From: February 1, 2010 To: January 31, 2013		
TERMS N/A	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

Current Authorized Spend Limit: \$2,463,120.00

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

CONTRACT NO. 071B0200133
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR Intuition Systems, Inc. 9428 Baymeadows Road, Suite 600 Jacksonville, FL 32256 lara.belfranin@intuitioncorp.com	TELEPHONE (904) 421-7228 Lara Belfranin BUYER/CA (517) 241-3215 Steve Motz
Contract Compliance Inspector: Mark Lawrence (517) 241-1640 Student Financial Services (SFS) System – Department of Treasury	
CONTRACT PERIOD: 3 yrs. + 5 one-year options From: February 1, 2010 To: January 31, 2013	
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: Current Authorized Spend Limit: \$2,463,120.00	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the RFP #071I9200234. Orders for delivery may be issued directly by the Department of Information Technology through the issuance of a Purchase Order Form.

<p>FOR THE CONTRACTOR:</p> <p style="text-align: center;">Intuition Systems, Inc.</p> <hr/> <p style="text-align: center;">Firm Name</p> <hr/> <p style="text-align: center;">Authorized Agent Signature</p> <hr/> <p style="text-align: center;">Authorized Agent (Print or Type)</p> <hr/> <p style="text-align: center;">Date</p>	<p>FOR THE STATE:</p> <hr/> <p style="text-align: center;">Signature</p> <p style="text-align: center;">Greg Faremouth, Director</p> <hr/> <p style="text-align: center;">Name/Title</p> <p style="text-align: center;">IT Division, Purchasing Operations</p> <hr/> <p style="text-align: center;">Division</p> <hr/> <p style="text-align: center;">Date</p>
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**STATE OF MICHIGAN
Department of Management and Budget
Purchasing Operations**

**Contract No. 071B0200133
Student Financial Services System**

**Buyer Name: Steve Motz
Telephone Number: (517)241-3215
E-Mail Address: motzS@michigan.gov**



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DEFINITIONS

24x7x365	Means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).
Additional Service	Means any Services/Deliverables within the scope of the Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.
Appointee	A person assigned by the purchaser to act on their behalf to manage the MET contract purchased or to receive contract information.
Beneficiary	A person who is named in the MET contract to use MET contract benefits. There are requirements to be eligible to be named as a MET beneficiary.
Bureau	Student Financial Services Bureau
Business Day	Whether capitalized or not, shall mean any day other than a Saturday, Sunday Office of State Employer mandated furlough day, or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00am EST through 5:00pm EST unless otherwise stated.
Blanket Purchase Order	An alternate term for Contract as used in the States computer system.
Business Critical	Any function identified in any Statement of Work as Business Critical.
CEPAS	Centralized Electronic Payment and Authorization System is the State of Michigan's internet based system that provide secures storage of all financial data. It is used to process credit card payments.
Charitable MET Contracts	MET Contract purchased by a charitable organization to be given away to a beneficiary, who may not be named at the time of purchase. Charitable contracts are priced differently, and do not require a beneficiary to be named, but require the selection criteria that will be used to name the beneficiary in the future.
Contract Types	Currently MET offers the following types of contracts for purchase: <ol style="list-style-type: none"> 1. Full Benefits Contract 2. Limited Benefits Contract 3. Community College Contract Each of these contracts can be purchased in one semester increments.
Contract Fulfillment	Also called contract matriculation. The time when the beneficiary is eligible to use a MET contract for college tuition.
Contractor	The vendor who bids for this project. After RFP stage, one of the vendors will be selected to implement this project according to the Contract that will be established between the State and the vendor. The term vendor and Contractor are sometimes used interchangeably in the RFP.
Customer	When the word "customer" is used for MET, it refers to one of the following persons or entities: <ol style="list-style-type: none"> 1) A purchaser of MET contract 2) A Beneficiary of MET contract 3) An Appointee of the MET contract 4) Higher Education Institutions where MET contract is being used to



	pay for tuition.
Days	Means calendar days unless otherwise specified.
Deliverable	Physical goods and/or commodities as required or identified by a Statement of Work
Deleted – Not Applicable	This section is not applicable or included in this Contract. This is used as a placeholder to maintain consistent numbering.
ETL	Extract, Transform and Load tool
Incident	Any interruption in Services.
IRMA	Image Repository for Michigan Agencies. This is the standard document system used by the State of Michigan.
Key Personnel	Any Personnel designated in Article 1 as Key Personnel.
MET	Michigan Education Trust. The Section 529 prepaid tuition savings plan for Michigan.
MESP	Michigan Educations Savings Program. A Section 529 investment savings plan administered by TIAA-CREF for Michigan.
MDIT	Michigan Department of Information Technology
DMB	Michigan Department of Management and Budget
Treasury	Michigan Department of Treasury
New Work	Any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.
OES	The Office of Enterprise Security that resides within MDIT
PCI	Payment Card Industry – establishes strict standards for ensuring that cardholder information is protected and secured. PCI Data Security Standard (PCI DSS) includes requirements for security management, policies and procedures, network architecture, and software design.
Payment modes	MET contracts can be purchased by: <ol style="list-style-type: none"> 1. A lump sum payment 2. Monthly purchase of 4,7, 10 or 15 year payment plan 3. Partially lump sum and partial monthly payment plan. 4. Rollover from another 529 plan, Coverdell Education Savings Account or U.S. Savings Bonds.
Price Tables	MET contract prices for the various contract types published every enrollment period.
Project One	Project One is the intermediate system written in Delphi that allows the MET staff to view, update, approve, and move to the legacy system, contracts received via the web.
Purchaser	The person, company, or a charitable institution purchasing a MET contract.



RFP	Request for Proposal designed to solicit proposals for services
Services	Any function performed for the benefit of the State.
Schema	Files that serve as the framework for defining the data elements and rules in an XML document. Schema express shared vocabularies and allow computers to carry out rules made by people.
State	State of Michigan, also sometimes referenced as "the State."
State Location	Any physical location where the State performs work. State Location may include state-owned, leased, or rented space.
Subcontractor	A company Contractor delegates performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.
Unauthorized Removal	Contractor's removal of Key Personnel without the prior written consent of the State.
Vendor	Vendor and Contractor are used interchangeably in the RFP
Work in Progress	A Deliverable that has been partially prepared, but has not been presented to the State for Approval.
Work Product	Refers to any data compilations, reports, and other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of and in furtherance of performing the services required by this Contract.
XML	eXtensible Markup Language. An open standard language used to create files for exchanging and displaying data. XML is an outgrowth of Standard Generalized Markup Language and provides a standard method for describing data based upon a syntax developed by the World Wide Web Consortium (W3C).



Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 Project Request

The State of Michigan (State), through the Michigan Department of Management & Budget (DMB), with assistance of the Michigan Department of Information Technology (MDIT) and The Student Financial Services Bureau (Bureau) of the Michigan Department of Treasury, has entered into this contract to obtain software as a service and additional services from Intuition Systems to provide implementation of a Student Financial Services System.

This new system will include Michigan Education Trust (MET) System and may include other systems within the Bureau such as the systems that support the Office of Scholarships and Grants. The State reserves the right to request services from the Contractor to perform the future enhancements related to OSG programs. Any enhancement not related to the MET program will be charged at our quoted hourly rates and not be covered in the 1400 annual programming hours provided in this agreement.

1.002 Background

The mission of the Student Financial Services Bureau is to excel in assisting citizens to pursue postsecondary education by providing equality of access to student financial resources and information.

The Student Financial Services Bureau fulfills this mission through numerous programs. The list below provides some of the highlights of the programs:

- Administers approximately \$234 million for state-funded grant, scholarship, and work-study programs annually (Office of Scholarships and Grants (OSG)).
- Provides students with funds from federal scholarship programs (OSG).
- Works with college/university financial aid administrators and high school counselors to provide technical assistance and information.
- Provides the Michigan Education Trust (MET) prepaid tuition savings program and is the state administrator for the Michigan Education Savings Program (MESP) managed by TIAA-CREF, Tuition Financing Inc. (TFI).

The Bureau is organized into the following divisions, Michigan Guaranty Agency (MGA), Michigan Higher Education Student Loan Authority/Fiscal Affairs (MHESLA/FA), Office of Scholarships and Grants (OSG), Michigan Education Trust (MET) and Michigan Education Savings Program (MESP).

The Bureau intends to implement a new system to replace the current MET system and has plans to implement those supporting OSG functions in the future.

The current MET and OSG programs are supported by technologies that are functionally outdated. The Bureau is currently using technology ranging from legacy mainframe applications to Microsoft Access and Excel spreadsheets. Some of the programs, such as Michigan Competitive Scholarship and Michigan Tuition Grant, are hosted on client server platforms.

MET and OSG have a variety of systems that perform similar processes that create duplication of data. This makes data difficult to share, or be useful for statistical purposes. The State's current environment does not allow for a unified view of student or higher education institution data. Many of the processes are manual and duplicated across the various business areas.

The purpose of this Contract is to replace the MET system, and may, upon the successful completion of MET, be expanded to include OSG programs.



The Current MET System

Michigan Education Trust (MET) was established pursuant to Public Act 316 of 1986 as Michigan's prepaid tuition program. The program is a prepaid college tuition program designed to help students and their families save for a future higher education. MET allows parents, grandparents, businesses and others to pre-purchase undergraduate tuition for a child residing in Michigan at any Michigan public higher education institution.

Under the contract, MET will provide payment of tuition and mandatory fees without further charge. MET also provides benefits if a student chooses to attend a Michigan independent (private) or out-of-state college or university, although it may not cover full tuition at these schools. The MET Director is also the Contract Compliance Inspector for the administration of the Michigan Education Savings Program (MESP).

The MET system is hosted on a legacy Unisys A-Series platform and uses DMSII as the database. There is a web interface with an Oracle database that allows customers to apply for contracts and for students and higher education institutions to view limited information online. The web interface uses HTML and Microsoft Active Server Pages to implement the functionality. Project One is the intermediate system written in Delphi that allows the MET staff to view, update, approve, and move to the legacy system, contracts received via the web.

The goal of the new system is to replace the legacy system and the web interface with an integrated database, and a secure web enabled platform. The new system will have an upgraded look and feel from the existing system with efficient data entry, record searching, and reporting functions. The new system shall provide common functionality and a common interface for higher education institutions and students to access their information related to the Student Financial Services programs.

1.100 Scope of Work and Deliverables

1.101 In Scope

The project consists but is not limited to the following components:

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

The Contractor's solution shall provide for the following key items:

- 1) Configurability. Legislative changes introduce new programs and therefore capability in the new system to easily configure new programs is highly desirable.
- 2) Importing External Data. The system requires data to be imported from various sources. The new system will have a robust data import capability.



- 3) The customers (higher education institutions and students) are common customers across the Bureau. The process to pay higher education institutions is also common across the Bureau. Though the current requirements are for MET, the vendor shall keep in mind the common functions, and allow for re-using common processes in future enhancements wherever possible. For example, the requirements listed are specific to MET customers and the functions performed by MET customers on the web portal, but many of the customers may use the same portal in the future to access their information on other student financial programs managed by the Bureau.

Section 1.104 details all tasks and deliverables that are in scope. The following list highlights the key elements. The list is indicative but not all inclusive.

- Validate the requirements detailed in the Exhibits B and C.
- Plan, design, test and implement the new system. The Contractor will provide a vendor hosted solution and will configure, test and implement the new system to meet all State requirements provided in this Contract.
- Convert and import data from the MET legacy system to the new system.
- Provide complete technical documentation, database layouts, and user manuals.
- Provide training for all internal users for the system.
- Provide ongoing Hosting, Maintenance, and Support of the new system.

1.102 Out of Scope

Policy decisions will be made by the State of Michigan. The procurement of hardware is out of scope.

1.103 Environment

The links below provide information on the State's Enterprise IT policies, standards and procedures which includes security policy and procedures, IT strategic plan, eMichigan web development and the State Unified Information Technology Environment (SUITE). Contractor shall become familiar with this methodology, including all posted templates.

All services and products provided must comply with all applicable State IT policies and standards. The Contractor must request any exception to State IT policies and standards. The State may deny the exception request or seek a policy or standards exception.

(a) Enterprise IT Policies, Standards and Procedures:

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

All software and hardware items provided by the Contractor must be compatible with the MDIT Standard Information Technology Environment.

It is recognized that technology changes rapidly. The Contractor must notify the State in writing, any changes in the standard environment, providing justification for the change and all costs associated with any change if applicable.

(b) State of Michigan IT Security Policy and Procedures:

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

Where data is being converted, migrated, or transported, the security mechanism must be approved in writing by the State.

Treasury Specific IT Security Policy and Procedures:

The contractor shall collect, process, store, and transfer Department of Treasury personal, confidential or sensitive data in accordance with the contractual agreement, State of Michigan policies and the laws of the State of Michigan and the United States, including but is not limited to the following:



- The Michigan Identity Theft Protection Act, MCL 445.61 et seq;
- The Michigan Social Security Number Privacy Act, MCL 445.82 et seq.
- Family Educational Rights and Privacy Act

Data Security

The contractor has the responsibility to protect the confidentiality, integrity, and availability of State of Michigan data that is generated, accessed, modified, transmitted, stored, disposed, or used by the system, irrespective of the medium on which the data resides and regardless of format (such as in electronic, paper or other physical form).

The contractor shall:

1. process the personal data in accordance with the personal data protection laws of the State of Michigan and the United States.
2. have in place appropriate technical and organizational internal and security controls to protect the personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, and which provide a level of security appropriate to the risk represented by the processing and the nature of the data to be protected. Technical and organizational security controls must be implemented that are appropriate to the risks, such as against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, presented by the processing.
3. provide secure and acceptable methods of transmitting personal, confidential or sensitive information over telecommunication devices such as data encryption (128 bit minimum), Secure Socket Layer (SSL), dedicated leased line or Virtual Private Network (VPN).
4. have in place procedures so that any third party it authorizes to have access to the personal data, including processors, will respect and maintain the confidentiality, integrity, and availability of the data.
5. process the personal, confidential and sensitive data only for purposes described in the contract.
6. identify to the Department of Treasury a contact point within its organization authorized to respond to enquiries concerning processing of the personal, confidential or sensitive data, and will cooperate in good faith with the Department.
7. not disclose or transfer the personal, confidential or sensitive data to a third party unless it is approved under this contract.
8. not use data transferred by the Department of Treasury as a result of this contract for marketing purposes.

Media Protection

- The contractor shall implement measures to provide physical and environmental protection and accountability for tapes, diskettes, printouts, and other media containing Department of Treasury's personal, confidential and sensitive information to prevent the loss of confidentiality, integrity, or availability of information including data or software, when stored outside the system. This can include storage of information before it is input to the system and after it is output.
- The contractor shall ensure that only authorized users have access to information in printed form or on digital media removed from the information system, physically control and securely store information media, both paper and digital, restrict the pickup, receipt, transfer, and delivery of such media to authorized personnel.



Media Destruction and Disposal

The contractor shall sanitize or destroy information system digital media containing personal, confidential or sensitive information before its disposal or release for reuse to prevent unauthorized individuals from gaining access to and using information contained on the media.

- Personal, confidential or sensitive information must be destroyed by burning, mulching, pulverizing or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to affect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.
- Disk or tape media must be destroyed by overwriting all data tracks a minimum of three times or running a magnetic strip over and under entire area of disk at least three (3) times. If the CD, DVD or tape cannot be overwritten it must be destroyed in an obvious manner to prevent use in any disk drive unit and discarded. Hand tearing, recycling, or burying information in a landfill are unacceptable methods of disposal. Electronic data residing on any computer systems must be purged based on retention periods required by the Department of Treasury.

Contractor shall adhere to the following:

- Acceptable Use Policy – All Contractor employees must sign Contractor's Acceptable Use Policy prior to having access to computer systems. This policy will be aggressively enforced by Contractor and will be validated by annual audits. The policy will be provided to the State upon request.
- Transmission of Data – Data will be transferred via secured FTP.
- Connectivity – Only secure VPN connectivity will be utilized to access PRIMA.
- Password Protection – An individual password is required for each Contractor employee having access to the system; this applies to production, test, and development environments. Password sharing is not allowed under Contractor's security policy.
- Storage of Data – MET data will only reside in secure network-based storage. Confidential information will not be stored on individual personal computers or portable media of any kind.
- Pseudo (Dummy) Information – For training and testing purposes, Contractor will not use valid social security numbers and other demographic information, unless previously agreed to by the State.
- Segregation of Production, Development, and Testing – The Production environment will be separate from the Development environment. Development or testing will not occur in the production environment.
- Distinct and Separate Database – The State of Michigan data will reside in distinct and physically separated databases. Only authorized employees will have access to these databases.

The Contractor will host the State of Michigan application on a unique and separate application environment and will be completely separated from other States' 529 plans. The State will control changes to the system without consideration to other Contractor client needs.

- Limited Access to Hardware and Computer Equipment – Equipment will be located in a secure environmentally controlled computer room with card key access. The card key access system will maintain a record of all entries and unauthorized attempts. The room, as well as operational facilities, will be monitored by 24 hour security cameras.



- Paper Disposal – Contractor shall discard paper containing sensitive information by either immediately shredding or depositing into a locked bin to be shredded at a scheduled basis by a contracted shred vendor.

(c) IT Strategic Plan:

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

(d) IT eMichigan Web Development Standard Tools:

http://www.michigan.gov/documents/Look_and_Feel_Standards_2006_v3_166408_7.pdf

(e) The State Unified Information Technology Environment (SUITE):

Includes standards for project management, systems engineering, and associated forms and templates: <http://www.michigan.gov/suite>. The Contractor must become familiar with SUITE. The Contractor will be required to complete or assist the State of Michigan Project Manager (State Project Manager) to complete additional SUITE related documentation (except for systems and software engineering) which will be required deliverables. These may not be specifically identified in the Work and Deliverables section 1.104.

(f) Project Management Methodology Standards

The Project Management Methodology (PMM) to be used on all Information Technology (IT) based projects is described at <http://www.michigan.gov/projectmanagement>. The Contractor shall use the State's PMM to manage this Contract, or a State approved alternative. If the Contractor requires training on the PMM, those costs shall be the responsibility of the Contractor, unless otherwise stated.

(g) Bureau Technical Environment

Student Financial Services Bureau/Michigan Education Trust makes use of a variety of hardware and software to support their business processes.

The current IT infrastructure is comprised of:

- (a) MET application on Unisys A-Series mainframe written in XGEN/COBOL using a DMSII database.
- (b) Application to accept contracts online written in Hyper Text Mark-up Language (HTML) and Active Server Pages, and uses an Oracle database.
- (c) A secure application to allow students and higher education institutions to view MET contract information written in HTML and Active Server Page hosted on the State's web server, and uses middleware to access the DMSII mainframe database.
- (d) Application in Delphi client server to allow MET staff to view, update and upload to the DMSII database, contracts that were purchased online.
- (e) File Transfer Protocol (FTP) script that allows MET staff to receive and send files to interface with the MESP program through the Data Exchange Gateway.
- (f) Interface to Image Repository for Michigan Agencies (IRMA), the State's imaging resource management. All the contracts are imaged and indexed in the IRMA system.
- (g) Local Area Networks (LAN), Wide Area Networks (WAN), Intranet and Internet connections are utilized to facilitate communication, information sharing and system access. GroupWise e-mail is used to disseminate information, share data, schedule meetings, submit and answer questions.
- (h) The Bureau accesses the Michigan Administrative Information Network (MAIN) accounting system and generates various reports for account reconciliation.

Current Operating Environment

The following software is common across the Bureau:

- ❖ Windows XP Professional Operating System
- ❖ Microsoft Office 2002



- ❖ Novell NetWare NOTE: The State is planning on moving to a Microsoft platform in the near future
- ❖ GroupWise 7.0/Will be moving to MS Outlook in the future
- ❖ Internet Explorer 6.0
- ❖ Other user developed applications
- ❖ Symantec Norton's Antivirus
- ❖ Adobe Reader
- ❖ Oracle RDBMS
- ❖ TIDAL Autoscheduler
- ❖ Serena: License Manager, Source Bridge, Builder, Mover, Team Track and Version Manager

Current Applications for MET

- ❖ Michigan Administrative Information Network (MAIN)
- ❖ Solomon Accounting System-Microsoft Dynamics SL (Currently transitioning to Great Planes)
- ❖ Microsoft Excel spreadsheets
- ❖ Project One
- ❖ Microsoft Access Database

Current Enterprise Assets/Applications

- ❖ FileNet Electronic Document Management
- ❖ Siebel Customer Relationship Management
- ❖ Genesis Computer Integrated Telephony/IVR
- ❖ Data Exchange Gateway
- ❖ Teradata Data Warehouse
- ❖ MS-SQL Server

State Standards

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

Architecture, coding style and development standards will adhere to industry standard best practices and patterns.

1.104 Work and Deliverables

The Contractor shall provide the deliverables, services and staff and otherwise to do all things necessary or incidental to provide the functionality required for the State's business operations, in accordance with the requirements (in Section II of 1.104) as set forth below.

This section includes:

- I. Services (work) To Be Provided and Deliverables;**
- II. Requirements**

I. Services (work) To Be Provided and Deliverables:

The services provided for this project will include project management, initiation, planning, requirements gathering, configuration, installation, testing, deployment and hosting, support and maintenance of the software application for the Bureau.

These deliverables are not all inclusive. The Contractor will need to review the SUITE/SEM processes for equivalent deliverable documents that need to be completed as a part of the contract. Contractors may provide other deliverables, with prior written approval from the State Project Manager as long as they do not conflict with the SUITE-SEM documentation.



Seven Phases of Work & Deliverables

The project is broken into seven (7) phases. Each of these phases has corresponding deliverables and milestone payments. Maintenance and Future enhancements are priced and paid for separately from these 7 phases. All 7 phases are discussed in greater detail in the section below.

Upon the conclusion of each phase and the submission of all deliverables required in the phase to the Project Manager, the State of Michigan Business Owner (State Business Owner) will provide written acceptance if all the work and deliverables have been satisfactorily completed. The Contractor, after receipt of such acceptance, shall submit an invoice for the milestone payment associated with the completed phase. Unless the State grants permission, the Contractor may not commence work on a subsequent phase before the acceptance of a prior phase. In the event that the work and deliverables are not acceptable to the State Business Owner, the Contractor shall correct the issues noted and re-submit by a date, as specified by the State.

I (a) Phase I - Project Planning

The Work Description for Phase I Project Planning:

This work effort will include planning the project work, holding a kick-off meeting, and development of the planning documents for all the work phases.

The Contractor's Responsibilities for Phase I Project Planning:

- At a minimum, the Contractor's Project Manager must be onsite for the duration of the development of the project plan and the project schedule.
- The Contractor will conduct one (1) face-to-face project kickoff meeting with the Bureau and MDIT staff representatives within 30 calendar days from execution of the Contract. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor.
- The State shall bear no additional cost for the time and travel of the Contractor for attendance at the meeting.
- The Contractor will develop the Project plan including a narrative description, the communications plan, the quality management plan, the change management plan, the risk management plan, and a staffing plan. If the Contractor (and/or applicable sub-contractors) chooses to utilize multiple work locations, the communication plan should describe how the project team will communicate between locations. The project plan will also provide an estimate of hours and timing of work required of the State staff for this project. See sections 1.103, 1.300 and 1.400 for further information. The Project Plan will be submitted to the State Project Manager a minimum of five (5) business days prior to the kickoff meeting. The Project plan must be in agreement with the Work and Deliverables, and must include necessary substitutions due to change of employment status and other unforeseen circumstances and these changes may only be made with prior written approval of the State Project Manager.
- The Contractor will also provide a Project Schedule using MS Project (or equivalent) with all work steps related to the services required. The Project Schedule will also include review and revision time frames for documentation (e.g., schedules, plans, and new system documentation) and application testing. The Contractor shall include ten (10) business days for the various reviews by the State. This may be adjusted as agreed upon between the Contractor and the State.
- The Contractor will host conference calls, facilitate discussions, issue minutes of conference calls & meetings, and provide Bi-weekly project status reports.
- The Contractor will establish an issue tracking system to be used by the Contractor and State staff that will have the ability to record the outcome for addressing project issues and testing results.

The State's Responsibilities for Phase I Project Planning:

- Assign a State Business Owner to represent the Student Financial Services Bureau on this project. This State Business Owner is the **only person authorized to accept or reject work performed by the Contractor.**
- Assign a State Project Manager to represent MDIT, Treasury Department, and Student Financial Services Bureau on this project. (See section 1.202)



- The State Project Manager will work with Treasury Management and MDIT management to draft a project organization structure.
- The State Business Owner is responsible for accepting or rejecting the deliverables for work performed by the Contractor and for submitting payment authorization to the MDIT Contract Administrator (See 1.202)
- The State Project Manager and the State Business Owner will identify a team of subject matter experts in the technical area and the program area for the duration of the contract, respectively
- The State Project Manager and the State Business Owner will coordinate State resources as needed for the duration of the contract
- The State Project Manager will establish goals and objectives for the new system implementation
- The State Project Manager will provide the work/meeting area for use during the Contractor site visits
- All required State staff will attend the project kickoff meeting
- Identify mode of delivery and training locations
- The State of Michigan will establish a Steering Committee

Deliverables for Phase I Project Planning

The Contractor shall submit the following to the State Project Manager:

1. Project Plan
2. Project Schedule
3. Work Breakdown Structure document identifying qualified staff to complete the work effort
4. Initial Security Plan and Assessment (DIT-0170) or comparable alternative as approved by the State Project Manager
5. Communication Plan
6. Initial Service Level Agreement

Acceptance Criteria for Phase I Project Planning

See General Acceptance Criteria Provided in 1.501.

If the deliverable documents for this phase are in accordance with the SUITE methodology and templates or State approved alternate (see section 1.103) and are acceptable to the State Project Manager, in coordination with the State Business Owner, the State Business Owner will provide written acceptance.

Upon receipt of the State Business Owner's written acceptance of all Phase I work deliverables, the Contractor may submit an invoice for the milestone payment associated with this Phase.

I (b) Phase II - Requirements Verification and Validation

The Work Description for Phase II Requirements Verification and Validation:

Exhibit B (Technical Requirements), **Exhibit C** (Functional Requirements) and **Exhibit D** (Service Level Agreements) will be utilized by the Contractor to develop the new Bureau system. These documents and lists shall be validated to determine if there are further functional or technical requirements necessary for the new Bureau system. The validation process will also include the review of the import and export of data from Bureau to and from other systems.

The deliverables for this phase are as follows:

1) Requirements Document - This is a detailed description of the Requirements of the proposed new system based on the Contractor's analysis of the existing system, the requirements identified in Exhibit B, C & D and the Contractor's experience with similar systems.

This will include, but is not limited to:

- detailed description of how business rules will be achieved and enforced
- validations and verification of the business rules presented herein
- description of the proposed application processes and flow
- application data flow including appropriate diagrams and data formats
- detailed description of application interaction with the database and any middle tier objects



- detailed description of on-line and server based data validations
- detailed description of error handling, logging and error recovery

This deliverable will demonstrate a complete understanding of the business process, functional requirements, technical requirements and rules using diagrams and use cases where appropriate.

2) Technical Requirements Documents - A detailed description of the technical requirements of the proposed new system including:

- description of the software, hardware, hosting, back-up and disaster recovery
- integration and operation with the State network.

In instances where multiple options are considered, the document should include a cost benefit analysis of each alternative and recommendations.

The Contractor's Responsibilities for Phase II Requirements Verification and Validation

- The Contractor will hold onsite Joint Application Development (JAD) sessions to verify and validate the documentation on the current system and to document potential enhancements for the new system. The JAD sessions will be held in the Austin building, Lansing, MI, Monday to Friday during the hours of 8 am to 5 pm. The number of sessions will have been previously stated in the Project Plan, but can be amended based on the progress to date. The State Project Manager will have authority to change the number and timing of the JAD sessions.
- The Contractor shall update the project plan to include a work plan for the design effort that will be based on the work priorities determined by the State Project Manager
- The Contractor shall update the project schedule to more fully define the design effort and to include multiple review sessions wherein the Contractor will demonstrate their progress on the design of the new Bureau system
- Identify any new functionality/enhancements that can delay the implementation of the new Bureau system.

The State's Responsibilities for Phase II Requirements Verification and Validation

- Coordinate State resources needed
- Provide work area for Contractor's staff when on site
- Provide conference rooms for JAD session(s), when needed
- Define project standards and controls required by the State
- The State Project Manager, State Business Owner and appropriate program and technical subject matter experts will participate in the JAD sessions
- The State Project Manager will solicit comments from the stakeholders on the business and technical requirements considered during this phase

Deliverables for Phase II Requirements Verification and Validation

The Contractor shall submit the following to the State Project Manager:

1. Requirements Documentation including high-level process mapping
2. Requirements Traceability Matrix (initial)
3. Technical Requirements Documents
4. Updated Project Plan
5. Updated Project Schedule
6. Initial Business Continuity and Disaster Recovery Plan
7. Updated Security Plan and Assessment (DIT-0170) or comparable alternative as approved by the State Business Owner

Acceptance Criteria for Phase II Requirements Verification and Validation

See General Acceptance Criteria Provided in 1.501.

If the deliverable documents are in accordance with the SUITE methodology and templates or State approved alternate (see section 1.103) and are acceptable to the State Project Manager, in coordination with the State Business Owner, the State Business Owner will provide written acceptance.



Upon receipt of the State Business Owner's written acceptance of a Phase II work the Contractor may submit an invoice for the milestone payment associated with this phase.

I (c) Phase III – Design of the New System

This phase of the project will involve taking all the requirements documents (business & technical) the SME, user and stakeholder comments generated during Phase II, to produce a detailed configuration plan for the new system design.

The Work Description for Design of the New System

This design document will include:

- A detailed description of the new system's functionality, in accordance with the Requirements Document, the Requirements Traceability Matrix and the Technical Requirements Document that were developed and accepted during Phase II.
- Detailed specifications of the software and hardware to be used.
- Connectivity to other applicable systems and/or data bases
- A full description of changes in functionality and enhancements proposed during Phase II and how they will be incorporated into the new design.
- Must provide software packages, a hardware and software configuration plan, and details of custom code to be developed or changes to the current software to meet the State's requirements
- The prioritization of development activities as agreed upon between the State and the Contractor's Project Manager.

The following list shall be considered indicative but not all inclusive of the subjects covered by the system design:

- Configuration details and changes to be made to software package.
- Mock-ups of all screens including their functionality.
- Use-case document with all business rules and calculations identified by data element and table.
- A list and mock-up of all canned reports in the Bureau report application with all business rules and calculations identified by data element and table.
- A description of all data flows to and from the new system including the output to desktop software such as Excel.
- Documentation of all interfaces to other data systems (if any).
- Metadata and database design - A detailed description of the database and any changes to be made to the existing database and tables. This will include documents illustrating:
 - detailed description and plan for any database modifications
 - tables showing columns, data types and defaults
 - views showing tables being combined
 - relationship between tables and views

The Metadata and database design is contained within our development case tool and is not documented externally.

The vendor shall submit an updated version of the Requirements Traceability Matrix (refer SUITE SEM-0401) to the State Project Manager. This will cover the completion of the column marked "Design Specifications", where the vendor is expected to provide a reference to section numbers from the approved Design document. The Design document will not be considered complete until the vendor has provided an updated version of the Requirements Traceability Matrix.

During the design phase the Contractor shall develop a training plan that incorporates the requirements stated in Phase II. In addition the Security Plan document should be updated in conjunction with the State Project Manager and the MDIT OES Security Officer. A plan to address all security concerns should be developed here.

**The Contractor's Responsibilities for Phase III Design of the New System**

- The Contractor will configure the new system to meet the requirements of the State of Michigan as identified in Exhibit's B and C.
- The Contractor shall update the project plan to include a work plan for the next phase (Phase IV).
- The Contractor must also produce a training plan for all internal end users of the system.

The State's Responsibilities for Phase III Design of the New System

- Monitoring and oversight of the configuration work by the Contractor to meet State requirements
- Answer questions and provide information when requested by the Contractor
- Review any interim deliverables as agreed upon between the State Project Manager and the Contractor's Project Manager
- To provide access to State specialists, such security and network, when requested by the Contractor and as agreed by the State Project Manager
- The State Project Manager and stakeholders will discuss Bi-weekly status reports with the Contractor's Project Manager

Deliverables for Phase III Design of the New System

The Contractor shall submit the following to the State Project Manager:

1. Functional Design Document
2. Hardware and Software Configuration Plan
3. Database Design Document
4. Updated Requirements Traceability Matrix
5. Updated Project Plan
6. Updated Project Schedule
7. The Training Plan including the training schedule
8. Updated Business Continuity and Disaster Recovery Plan
9. Final Security Plan and Assessment (DIT-0170) or comparable alternative as approved by the State Project Manager

Acceptance Criteria for Phase III Design of the New System

See General Acceptance Criteria Provided in 1.501.

If the deliverable documents are in accordance with the SUITE methodology and templates or State approved alternate (see section 1.103) and are acceptable to the State Project Manager, in coordination with the State Business Owner, the State Business Owner will provide written acceptance.

Upon receipt of the State Business Owner's written acceptance of Phase III work, the Contractor may submit an invoice for the milestone payment associated with this Phase.

I (d) Phase IV – Development of the New System

This phase will take the detailed plan created in Phase III and produce a functional product for the Bureau.

The Work Description for Development of the New System

Development of the new Bureau System will be in accordance with the document that was developed during Phase III and as accepted by the State Project Manager and State Business Owner.

The Contractor shall host the Solution. The production environment will be separate from the Development environment. Development or testing will not occur in the production environment.

The new PRIMA system will be configured and installed in an isolated application environment hosted by the Contractor. The Contractor will be required to create a document which will provide a configuration map. The document will include the description of all modules within the application, versioning standards used, libraries/directories, database objects, and code dependencies.



The Contractor will develop a test plan for system testing, and will provide it to the State Project Manager for use by SME's and other interested parties. The test plan will include user acceptance testing (UAT) by MDIT and Bureau staff using test scripts developed by the Contractor and approved by the State Business Owner.

A copy of the portion of the current Bureau database will be made available to the Contractor for use in development and conversion programming.

The Contractor will provide configuration and installation guides for the new software in the State's QA and Production (Prod) hosting environments.

The Contractor's Responsibilities for Phase IV Development of the New System

- The Contractor shall establish remote testing capabilities
- The Contractor shall perform the configuration / development of the new Bureau system (web pages and supporting code, database) and produce the document(s) as required.
- The Contractor shall update the project schedule to fully define the configuration / development effort and to include multiple review sessions wherein the Contractor will demonstrate their progress.
- The Contractor shall work with State to define the configuration of the test and production environments.
- The Contractor will perform initial unit testing of the solution.
- As the development of the new system progresses, the Contractor shall verify that the production system specifications in the Phase II technical requirement document remain accurate.
- The Contractor shall configure and install the software, develop any new custom code, if required, such that the system is able to perform the functions as defined in Phase II and incorporated in the design in Phase III.
- As system components are developed and implemented, the Contractor will be required to provide comprehensive unit testing to validate functionality and performance. The Contractor will develop a written test plan. This test plan will detail the test methodology and methods to be used and will include a schedule of the planned testing. At a minimum, the development testing shall include:
 - a) Unit testing - This involves testing every function individually and this will be done by the Contractor prior to submitting code to the State to test. Unit testing will occur throughout the development of the actual software code by the vendor and should be completed by the Contractor prior to delivery to the State. Documentation of successful unit testing will be submitted to the State Project Manager prior to initiation of the next phase of the project.
 - b) System testing - This involves validating that all of the functions work in unison.
 - c) Integration testing - This involves validating that all of the functions work in unison as the modules are developed. The State reserves the right to request validation of the integration testing.
 - d) Functional testing - This occurs in conjunction with integration testing and is done to ensure that the new system handles data correctly, receiving inputs from users and files, performing data error checks and input validation, passes data between modules correctly, stores and retrieves data correctly, print reports, and presents the proper error messages to the user.
 - e) Stress testing - This occurs after integration and functional testing is complete and involves testing application procedures and functions with the increasing data and user load to ensure that the response time is within contract and user standards (see Service Level Agreements Exhibit D). Stress testing involves measuring how the application will perform in response to increasing demand by simulating the following: (1) increasing the number of users, (2) increasing the complexity of the tasks which the users are performing, and (3) increasing the number of tasks the users perform.
 - f) All changes shall result in testing the entire system (regression testing) to be sure all software functionality is maintained.
- The Contractor will develop a data conversion program and plan to convert the data in the current active system to the new system.
- The Contractor will develop test scripts that will thoroughly test the workings of the new Bureau system. In addition to testing every different type of transaction that the system would encounter in the normal course of business, the test scripts shall include the incorrect transactions that the system is designed to reject.



The State's Responsibilities for Phase IV Development of the New System

- Monitoring and oversight of the development work by the Contractor
- Answer questions and providing information when requested by the Contractor
- Make available a copy of the Bureau database for use in development and conversion programming. The State will assist Contractor with development of the conversion plan.
- Make readily available technical and operational SMEs of the current system to assist in understanding data relationships and their applicability to the PRIMA system.
- To review any interim deliverables as may be agreed upon among the State Business Owner, the State Project Manager and the Contractor's Project Manager
- Participate in structured walkthroughs of deliverables for this phase
- Participate in the development of test plans, scripts and schedule
- To provide access to State specialists, such as security and network specialists, when requested by the Contractor and as agreed to by the State Project Manager
- The State will perform data cleansing prior to providing data to the Contractor in addition to providing thorough and complete reconciliation data to facilitate conversion reconciliation/balancing.

Deliverables for Phase IV Development of the New System

The Contractor shall submit the following to the State Project Manager and State Business Owner:

1. Conversion Plan
2. Test Plan, including test scripts and schedule,
3. Program and Configuration Documentation
4. Updated Requirements Traceability Matrix
5. Updated Project Plan
6. Updated Project Schedule
7. Development System with Remote Access for testing

Acceptance Criteria for Phase IV Development of the New System

See General Acceptance Criteria Provided in 1.501.

If the deliverable documents for this phase are in accordance with the SUITE methodology and templates or State approved alternate (see section 1.103) and are acceptable to the State Project Manager, in coordination with the State Business Owner, the State Business Owner will provide written acceptance.

Upon receipt of the State Business Owner's written acceptance of all Phase IV work deliverables, the Contractor may submit an invoice for the milestone payment associated with this Phase.

I (e) Phase V – User Acceptance Testing

The User Acceptance Testing Phase involves the creation of User Test Acceptance scenarios, and the testing the system for user acceptance by State staff (business users).

The Work Description for Phase V - User Acceptance Testing

- This phase of the project will not commence until the new Bureau application is completely configured and all core functions are operating. If the application is not operating successfully as described by the various approved requirements then this stage will be delayed until it is. The Contractor will produce a test results document which records the test events, the dates of the events, the unit and system test results and the analysis of the results.
- The Contractor will assist the business users to develop User Acceptance Test Scenarios and a test plan that will test all business processes through a complete business cycle.
- The Contractor will create the data records and other configuration required to allow the User Acceptance Testing.



- The Contractor will pre-test the application prior to Bureau program area subject matter experts begin the User Acceptance Testing. The Contractor will establish and maintain a method for logging of all reported issues and their resolutions that is easily searchable. The Contractor will work with the program area subject matter experts and the State Project Manager to address any errors or anomalies.
- The Contractor will address and rectify issues reported during User Acceptance Testing. All changes will be regression tested by the Contractor before re-submission for User Acceptance Testing.

The Contractor's Responsibilities for Phase V - User Acceptance Testing

- The Contractor must have an onsite presence during User Acceptance Testing. The State will work with the Contractor to identify the appropriate Contractor staff for this phase.
- Prior to commencement of testing, the Contractor will conduct a meeting with appropriate State staff in order to orient State staff on the test methodology and schedule. Due to the multiple responsibilities of State specialists it is critical that the Contractor adhere to the test schedule as accepted and approved by the State Project Manager and State Business Owner in Phase IV.
- The Contractor will coordinate with the State Project Manager to configure the application in the test environment after the Contractor has performed successful initial unit testing of the specific application. Then the Bureau program area subject matter experts will begin their user acceptance testing.
- The Contractor will assist the business users to develop User Acceptance Test Scenarios and a test plan that will test all business processes through a complete business cycle.
- All changes to the application(s) shall result in testing the entire system (regression testing) to be sure all software functionality is maintained. The Contractor shall utilize the test scripts, approved in Phase IV, to perform uniform system-wide testing.
- The Bureau system will be maintained and hosted by the Contractor and the system will have the ability to document the following if applicable:
 - a) Production volume
 - b) Load balancing
 - c) Response time
 - d) Up time and down time of the Bureau system
 - e) System/application errors
 - f) Errors in data transmission
 - g) Application functionality during this Phase of production
 - h) Analysis of errors and corrective action taken

The Contractor will fully document the tests including a record of any test errors or anomalies. Errors will be reviewed to determine root cause and corrective action. The Contractor is responsible to correct the problem and request a re-test until the State is satisfied with the results. This review, its results, corrective action and re-test will be recorded in the Test Results document.

The vendor shall submit an updated version of the Requirements Traceability Matrix to the State Project Manager where they will complete the column marked "Test Report Number (s)." The Test "Report Number (s)" will only include section number references to the approved Test Results document. The Test Results document will not be considered complete until the vendor has provided an updated version of the Requirements Traceability Matrix.

The State's Responsibilities for Phase V - User Acceptance Testing

- The State will provide examples of data in the current system in order to assist the Contractor in producing test data to enter into the database during the test of the new system. Such example data may be altered in order to obscure the actual names and places
- The State is responsible for creating User Acceptance Test (UAT) scenarios and completing UAT through successful UAT. Perform user testing and participate in integration testing with the Contractor
- Monitoring and oversight of the testing
- Answer questions and providing information when requested by the Contractor
- Validate system installation on test and production environments
- To provide access to State specialists when requested by the Contractor and as agreed to by the State Project Manager.



- The State Project Manager will assemble the test team in coordination with the State Business Owner and the Contractor. The test team will conduct acceptance testing

Deliverables for Phase V - User Acceptance Testing

The Contractor shall submit the following to the State Project Manager:

1. Test Results document
 - a. Documented results of a conversion test wherein the current active data will be test loaded into the new system in the test environment
 - b. Documented results of a test for data transfer and receipt from the other data systems
2. Data migration summary report including any errors encountered and corrective actions taken.
3. Report on system performance and capabilities during this phase.
4. Updated test plan based on UAT results
5. Updated Requirements Traceability Matrix
6. Recovery of Files from Backup
7. Full Disaster Recovery Plan

Acceptance Criteria for User Acceptance Testing

See General Acceptance Criteria Provided in 1.501.

If the deliverable documents for this phase are in accordance with the SUITE methodology and templates or State approved alternate (see section 1.103) and are acceptable to the State Project Manager, in coordination with the State Business Owner, the State Business Owner will provide written acceptance.

Upon receipt of the State Business Owner's written acceptance of all Phase V work deliverables, the Contractor may submit an invoice for the milestone payment associated with this Phase.

I (f) Phase VI – Implementation (Placing the New System in Production)

The Work Description for Phase VI - Implementation

- The Bureau application will be loaded onto the production platform and the data in the current system will be converted and loaded onto the production version of the database. A disaster recovery plan will be prepared and enacted for the new Bureau system.
- The Contractor will provide a ninety (90) calendar day warranty, beginning the first day of production which will be mutually agreed upon in writing by the Contractor, State Project Manager, and State Business Owner. Production and warranty period shall not begin until all data has been converted and loaded into the production environment, and shall not occur prior to successful completion of UAT as determined by the State.

The Contractor's Responsibilities for Phase VI - Placing the New System in Production

- The Contractor will conduct planning meetings with appropriate State staff to finalize the implementation plan. The Contractor shall provide a draft implementation plan, which shall include all tasks and timelines regarding the transition to production. This plan will be reviewed and approved by the State prior to starting implementation.
- The Contractor will load the new system into the production environment in accordance with the approved implementation plan.
- In coordination with the State Business Owner, the State Project Manager, and State specialists, the Contractor will convert the data from the current MET environment to the new system.
- The Contractor will document the performance of the system in a performance log. The performance log will record the following (if applicable):
 - a) User Logins and User Work Load
 - b) Production volume
 - c) Load balancing
 - d) System Response Time under varying load conditions
 - e) Up time and down time of the Bureau system
 - f) System/application errors in data entry
 - g) Errors in data transmission



- h) The functioning of screens and reports
- i) Analysis of errors and corrective action taken
- j) Application functionality during this Phase of production
- k) Dates and times of these events
- A copy of the performance log for the prior week shall be provided to the State Project Manager each week in accordance with the project schedule.
- The Contractor shall assist the State by performing the following:
 - a) Monitoring system performance.
 - b) Investigating any data processing errors/questions.
 - c) Participating in problem review meetings.
 - d) Investigating problems and identifying potential problems.
 - e) Answering user questions about the system.
 - f) Generally helping the users execute tests and review results.
- Submit final business continuity and disaster recovery plan to State Project Manager for the new Bureau system.

The State's Responsibilities for Phase VI - Implementation

- Monitoring and oversight of the production run will be in coordination with the Contractor
- Answer questions and provide information when requested by the Contractor
- State will provide access to both subject matter experts and technical experts familiar with how the Michigan system uses data when requested by the Contractor and as agreed to by the State Project Manager.
- The State will provide all available data and documentation to the Contractor as needed.
- The State will perform final data cleansing prior to implementation.

Deliverables for Phase VI - Implementation

The Contractor shall submit the following to the State Project Manager:

1. Summary Report of Data Migration including any errors encountered and corrective actions taken
2. Documentation of installation and configuration of the new Bureau application to the production environment
3. Performance log for the ninety (90) days production period
4. Updated Business Continuity and Disaster Recovery plan including backup and recovery schedule

Acceptance Criteria for Phase VI - Implementation

See General Acceptance Criteria Provided in 1.501.

If the deliverable documents for this phase are in accordance with the SUITE methodology and templates or State approved alternate (see section 1.103) and are acceptable to the State Project Manager, in coordination with the State Business Owner, the State Business Owner will provide written acceptance.

Upon receipt of the State Business Owner's written acceptance of all Phase VI work deliverables, the Contractor may submit an invoice for the milestone payment associated with this Phase.

If at any time during the ninety (90) business day production run, the new Bureau system's performance or the interaction of all system components are not acceptable to the Bureau and the State Project Manager; the State shall give the Contractor written notice stating why the product is unacceptable. The Contractor shall correct the cause of the unacceptable performance, and the State may accept the correction and elect to resume the production test run. If the production failure cannot be duplicated during this same period, the vendor shall provide an alternative testing methodology that is satisfactory to the State.

**I (g) PHASE VII – Documentation, Training and Transition****The Work Description for Phase VII – Documentation, Training and Transition**

(a) Documentation - This phase will involve drafting, editing, and finalizing all documentation related to this project. All documentation shall be submitted in acceptable electronic format on a CD (Microsoft Word 2003 or an agreed upon format) and hard copy format of sufficient quality for reproduction purposes. The State will ensure that all documentation as submitted in Phases I through VI have been completed and are documented correctly. If there are any discrepancies with the documents submitted in earlier phases, then the Contractor will complete/correct before the project closing.

(b) Training - The Contractor shall conduct Bureau System user training and provide documentation in accordance with the training plan and training schedule delivered in Phase III, and as approved by the State Project Manager and State Business Owner. Timeline wise, the Training sessions should occur before the new Bureau application goes into production.

The Contractor's Responsibilities for Phase VII – Documentation, Training and Transition

- Make revisions to existing, or create new, Bureau documentation for all documents listed below in the "Deliverables for Documentation and Training" section.
- Provide end user training and electronic manuals for State staff in accordance with the training plan and training schedule delivered in Phase III, and as approved by the State. This could be up to 15 staff trained over a two-day period using either on-site or Webex-type teleconference options.

The State Staff Responsibilities Phase VII - Documentation, Training and Transition

- The State Project Manager, in coordination with the State Business Owner, will identify Bureau area experts for end user training
- Provide and schedule training rooms, including all equipment for training needed.
- Review final versions of documentation as submitted by Contractor.
- Work with the Contractor to ensure accuracy and completeness of content.

Deliverables for Phase VII - Documentation, Training and Transition:

All training manuals, training plans and other documentation provided as deliverables become the property of the State for the purpose of State business operations.

(a) Documentation – Produce and update Bureau documents.

Documentation includes (A minimum of two (2) copies each of the documentation in electronic format and in hard copy must be provided):

1. Complete system documentation (to be contained in the Case Development Tool)
2. User manuals (administrator and authorized user)
3. Training manuals
4. Glossary/data dictionary
5. Frequently Asked Questions (FAQ)
6. Tutorial CD
7. Updated Service Level Agreement
8. Project Closeout documentation and lessons learned

(b) Training–

1. Conduct Training session in accordance with the approved training plan.

Acceptance Criteria for Phase VII - Documentation, Training and Transition:

See General Acceptance Criteria Provided in 1.501.

If the required training is provided and the deliverable documents for this phase are in accordance with the SUITE methodology and templates or State approved alternate (see section 1.103) and are acceptable to the State Project Manager, in coordination with the State Business Owner, the State Business Owner will provide written acceptance.



Upon receipt of the State Business Owner's written acceptance of all Phase I work deliverables, the Contractor may submit an invoice for the milestone payment associated with this Phase.

I (h) Hosted Solution Overview

The Contractor has provided a description of their hosted solution and has identified all hardware and software to complete the Contract and make the Deliverables operable (**See Appendix 3**); if any additional software is required in order for the Deliverables to meet the requirements of this Contract, such software shall be provided at no additional charge to the State (except where agreed upon and specified in a Statement of Work or Contract Change Notice).

I (i) Maintenance and Support

The Contractor will provide replacement copies, patches, or corrective services to correct any error, malfunction or defect in the new Bureau system.

The maintenance period will commence upon the completion of the ninety (90) days production run and final acceptance of the system by the State Project Manager and State Business Owner.

System Maintenance and Support will include but is not limited to:

1. Hardware and software (including all upgrades)
2. Help Desk support
3. Adaptive and Preventive Maintenance
4. Performance Maintenance
5. Documentation Update
6. All performance metrics identified in the Service Level Agreements provided in Exhibit D.

Annual maintenance includes 1,400 hours per year at no additional cost to the State for professional services to modify, customize or enhance software functionality to meet specific State business requests. Hours above and beyond 1,400 would be billed at the rates provided in Table 10 of Exhibit H. The 1400 hours per year are not intended nor can they be utilized to create potential OSG functionality into the PRIMA system or supporting applications.

The Contractor shall commit to providing professional services to implement enhancements for the duration of the contract as it may be amended. The Contractor shall commit to provide personnel in the staffing categories shown in Table 10 of Exhibit H.

All as follows: The State will prepare a statement of work that describes the enhancement enhancements shall be implemented and present this to the Contractor. The Contractor will respond with a proposal of their work plan to implement the enhancement and the number of hours by staffing category to carry out that work. The State will review the proposal and, if acceptable, will issue a Change Order as approved by State if the amount approved is within the remaining contingency reserve (or enhancement monies), otherwise a purchase order will be issued for the new scope of work.

Unless otherwise agreed by the parties, each Statement of Work will include:

1. Background
2. Project Objective
3. Scope of Work
4. Deliverables
5. Acceptance Criteria
6. Project Control and Reports
7. Specific Department Standards
8. Payment Schedule
9. Travel and Expenses
10. Project Contacts
11. Agency Responsibilities and Assumptions
12. Location of Where the Work shall be performed
13. Expected Contractor Work Hours and Conditions



II. Requirements

Technical, Functional and Service Level Requirements are provided in Exhibit B, C and D.

1.2 Roles and Responsibilities

1.201 Contractor Staff, Roles, and Responsibilities

1. Location of Work

- a. The work shall be performed, completed, and managed at the following locations:
 - Richard H. Austin Building, 430 W. Allegan, Lansing, MI 48933.
 - Operations Center, 7285 Parsons Dr. Dimondale, MI 48913.
 - Mutually agreed upon contractor facilities.

At a minimum, Contractor will have an onsite presence for, project planning, train-the-trainer, update meetings, requirements gathering, and UAT. Contractor will work with State Project Manager to identify other areas where being onsite is required. When necessary, Contractor staff will travel to Michigan or fund travel-related expense to Jacksonville, FL for State staff.

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

2. Hours of Operation:

- 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 the normal working hours. The State reserves the right to modify the work hours in the best interest of the project.
- The State does not compensate for holiday pay.

3. Travel:

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

Contractor's staff must be able to pass a security clearance check and sign Treasury and Student Financial Services confidentiality agreements. Contractor must present certifications evidencing satisfactory Michigan State Police Background checks ICHAT and drug tests for all staff identified for assignment to this project. Contractor is responsible for any costs associated with ensuring their staff meets all requirements.

In addition, the Contractor personnel will be required to complete and submit an RI-8 Fingerprint Card for the National Crime Information Center (NCIC) Finger Prints, if required by project.

The Contractor's organizational chart is provided as Exhibit E. The Contractor will provide an updated organizational chart when it changes and/or when requested by the State.

The Contractor will commit that staff identified in its Contract will actually perform the assigned work. **Any staff substitution must have the prior approval of the State.** Any person included by the vendor as a part of the project team must be on the current payroll of the vendor or on the payroll of another firm that is teaming with the vendor.



The Contractor has identified the individual as Contract Compliance Inspector:

Name:	Lara Belfranin
Title:	Account Executive
Telephone Number:	904-421-7228
E-Mail Address:	lara.belfranin@intuitioncorp.com

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

The Contractor will present and allow the State staff to interview all Key Personnel assigned to the project.

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

The following individuals are considered Key Personnel:

Name: Stephen Horne
Proposed Role: Information Technology Manager
30% of Time Commitment:

Name: Lara Belfranin
Proposed Role: Account Executive
40% of Time Commitment:

Name: Steve Bruce
Proposed Role: Project Manager
100% of Time Commitment:

1.202 State Staff, Roles, and Responsibilities

The State Project Team will consist of a Steering Committee, Subject Matter Experts (SME's), Project support, a State Business Owner and a Project Manager. The Student Financial Services Bureau is the project sponsor and will serve on the steering committee. The project sponsors will identify the additional members of the steering committee. The Bureau will provide a Project Manager. MDIT will be responsible for the State's infrastructure and work together with the Contractor in determining the system configuration.

The project steering committee will provide the following services:

- Approve the project schedule
- Authorize modifications for scope, resources, and budget of the project
- Ensure senior management commitment to the project
- Act as a final arbiter on proposed changes that significantly affect the business interests of the State.

The Subject Matter Experts representing the business units involved will provide the vision for the business design and how the application shall provide for that vision. They shall be available on an as needed basis in accordance with the approved project plan.



The State Project Manager identified for this contract is:

Danesh Manik
manikd@bs21inc.com
(517) 974-7818

The State Project Manager will provide the following services:

- Provide State facilities, as needed
- Coordinate the State resources necessary for the project
- Facilitate coordination between various external Contractors
- Facilitate communication between different State departments/divisions (IT-Networking, Integrated Services, Administration, Personnel Department, Accounting, Administration, etc.)
- Approval of work plans and milestones
- Resolution of project issues
- Issue tracking and 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
- Document and archive all important project decisions
- Arrange, schedule and facilitate State staff attendance at all project meetings.

The State will assign one **Business Owner** to represent Bureau.

The State Business Owner identified for this contract is:

Robin Lott
Executive Director of Michigan Education Trust
LottR@Michigan.gov
(517) 241-3301

The State Business Owner will be empowered to:

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

The State Business Owner must approve all deliverables in writing.

The Contractor will make every effort to provide the State with advance notice of when services may be required by additional State Staff.

The Michigan Department of Information Technology (MDIT) is responsible for the administration of the services within the contract. MDIT shall provide a **Contract Compliance Inspector** as a contact for all issues pertaining to the execution of services under the contract. As of the effective date for contract commencement the Contract Compliance Inspector shall be:

Mark Lawrence
MDIT-Contracts & Procurement
Constitution Hall
525 W. Allegan
1st Floor North Tower
Lansing, MI 48913
Phone: (517) 241-1640
Fax : (517) 241-8852
E-mail: LawrenceM1@michigan.gov



1.300 Project Plan

1.301 Project Plan Management Project Plan

Contractor will provide a Microsoft Project Plan or approved alternate, including necessary time frames and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State.

1. The Project Plan will include:
 - a. A description of the deliverables to be provided under this contract.
 - b. Target dates and critical paths for the deliverables.
 - c. Identification of roles and responsibilities, including the organization responsible. Contractor shall provide a roles and responsibility matrix.
 - d. The labor, hardware, materials and supplies required to be provided by the State in meeting the target dates established in the Preliminary Project Plan.
 - e. Internal milestones
 - f. Task durations
2. The Project Plan shall include the deliverables/milestones identified in phases described in section 1.104 of the Contract.

Orientation Meeting

1. Upon ten (10) business days from Contract start date, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract, and submit a high level project plan.
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.

Performance Review Meetings

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

Project Control

1. The Contractor will carry out this project under the direction and control of the Student Financial Services Bureau, and Department of Information Technology.
 - a. Within ten (10) business days of Contract start date, the Contractor will submit to the State project manager(s) for final approval, a high level work plan. This work plan must be in agreement with section 1.104 Work and Deliverables, and must include the following:
 - i. The Contractor's project organizational structure.
 - ii. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - iii. The project work breakdown structure (WBS) showing sub-projects, activities and tasks, and resources required and allocated to each.
 - iv. The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the WBS.
2. The Contractor will comply with all the documentation and processes required by the state's Project Management and Systems Engineering Methodology (SUITE).



- a. Contractor shall use automated project management tools for planning, monitoring and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract, as reasonably necessary, in order to perform the cited Services, which shall include, through the end of the Contract, the capability to produce:
 - i. Staffing tables with names of personnel assigned to Contract tasks.
 - ii. Project plans showing tasks, subtasks, deliverables, and the resources necessary and allocated to each (including detailed plans for all Services to be performed within the next thirty (30) calendar days, updated semi-monthly).
 - iii. Updates must include actual time spent on each task and a revised estimate to complete.
 - iv. Graphs showing critical events, dependencies and decision points during the course of the Contract.

Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State's standard to the extent such standard is described with reasonable detail in the Statement of Work.

1.302 Reports

A Bi-weekly Project Status report and a Monthly Updated Project Schedule will be required from the Contractor from the start of the project until the completion of the project or mutually agreed by the State Project Manager and the Contractor.

The Contractor shall include, within the Bi-weekly status reports, a statement that the project is on schedule or provide a proposed revised schedule. Each status report will include any key decisions and issues discussed during the previous week, if applicable. Each status report will list any decisions or data that the Contractor is waiting for from the State or, if there is nothing that the Contractor is waiting for from the State must be stated in the status report. The Contractor shall also include other pertinent information impacting the project as may be added by the State Project Manager.

The Bi-weekly Status report will use the SUITE template to report the status, which may include the following sections or other sections as mutually agreed by the State Project Manager and the Contractor for the duration of the contract.

- Summary of activity during the report period
- Accomplishments during the report period
- Deliverable status
- Schedule status
- Action Item status
- Issues or Risks
- Change Control
- Maintenance Activity (if any)

1.400 Project Management

In addition to the Contractor responsibilities provided below, contractor shall also provide project management services as described in section 1.300 above.

1.401 Issue Management

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

The Contractor shall maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State 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

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

- Level 1 – State Project Manager
- Level 2 – State Business Owner
- Level 3 – Steering Committee

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 project. 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 State for approval within ten (10) business days after contract start date. The risk management plan will be developed during the initial planning phase of the project, and be in accordance with State's PMM methodology. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract. The plan must be updated bi-weekly, or as agreed upon. In addition to the risk management plan, the Contractor shall provide a risk assessment similar to a CMMI appraisal annually.

As part of Contractor's annual financial audit they will complete eight COSO surveys for their auditor to review. These surveys will be used to evaluate the financial integrity of Contractor's systems and processes. Two of the survey areas specifically address application development and general computer controls. Contractor will make these surveys available for State upon request.

The Contractor is Level I compliant with PCI (Payment Card Industry) Data Security Standards

The Contractor shall use a tool like MS Excel, Word or any other Contractor's products (subject to approval by State Project Manager) to track risks. The Contractor will work with the State according to the Risk Management Plan, delivered as part of the Project Plan in Phase I, and will collaborate on the Identification, Qualitative and Quantitative Analysis, and the Response Planning of risks. The risk management plan will be developed in accordance with the State's Project Management Methodology (PMM) and the PMBOK® (Project Management Institute). (Refer to the following link for further information: http://www.michigan.gov/dit/0,1607,7-139-30637_31101---,00.html)

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

1.403 Change Management

Change management is defined as the process to communicate, assess, monitor, and control all changes to new system resources and processes. (Refer to the following link for further information on MDIT's change management standard: http://www.michigan.gov/documents/PMM-09_159187_7.dot) The State also employs change management in its administration of the Contract.

Any change to the scope, schedule, budget or terms of the contract will first need to be reviewed and approved by the State Project Manager. Thereafter, 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 while the migration is underway.

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

1.500 Acceptance

1.501 Criteria

Along with the acceptance criteria identified in Section 1.104, Work and Deliverables (specific to each of the seven project phases), the following requirements apply to all phases:

- All deliverables must be submitted to both the State Project Manager and State Business Owner. The State Project Manager will be responsible for coordinating the State review and providing any feedback to the Contractor. The State Business Owner, upon recommendation of the State Project Manager shall provide acceptance of the deliverable(s).
- Documents are dated and in electronic format, compatible with State of Michigan software
- Requirements documents are reviewed and updated throughout the development process to assure requirements are delivered in the final product
- The documents will be reviewed and accepted in accordance with the requirements of the Contract. If a product and/or the documentation are not acceptable to the State Project Manager and State Business Owner, the State shall give the Contractor written notice stating why the product is unacceptable. The Contractor shall have five (5) business days from the receipt of such notice to correct the deficiencies, unless an extension is agreed upon with the State Project Manager. The State shall then have ten (10) business days to inspect, and reevaluate the product. If the product and documentation still does not satisfy the acceptance criteria, the Contractor shall repeat the procedure set forth above.

1.502 Final Acceptance

Final acceptance is expressly conditioned upon completion of all deliverables and/or milestones, completion of all tasks and phases in the project plan as approved, completion of all applicable inspection and/or testing procedures, and the certification by the State Project Manager and State Business Owner that the Contractor has met the defined requirements and the new system is operating according to specifications.

Prior to Final Acceptance, the Contractor will provide verification from the escrow agent of receipt of the source code escrow package prior to final acceptance.

The maintenance period shall begin upon final written acceptance by the State Project Manager of all phases described in 1.104.

1.600 Compensation and Payment

1.601 Compensation and Payment

Payment to the Contractor will be made upon the completion and acceptance of all deliverable's within the phase, not to exceed contractual costs of the phase.



A payment milestone is defined as complete when all of the deliverables within the phase have been completed and upon written acceptance by the State Project Manager and the State Business Owner. The Payment Schedule is provided in Exhibit H. The Contractor shall adhere to the deliverables identified in Article 1 of this Contract.

In Exhibit H, the Contractor has identified 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, or the identification of free services, labor or materials. The Contractor agrees the charges represent the total charge to the State, and that there are no other charges required to ensure successful Contract execution. Failure to provide deliverable/milestone by the identified date may be subject to liquidated damages as identified in Article 2.243.

The State encourages and appreciates completion of deliverables ahead of schedule. However, no payments will be made for completed deliverables from the next phase until all the deliverables from the current open phase are completed.

Contractor agrees to all the prices, terms, warranties, and benefits provided in this Contract are comparable to or better than the terms presently being offered by Contractor to any other governmental entity purchasing the same quantity under similar terms. If, during the term of this Contract, the Contractor shall enter into contracts with any other governmental entity providing greater benefits or more favorable terms than those provided by this Contract, the Contractor shall be obligated to provide the same to the State for subsequent purchases.

The State shall pay maintenance and support charges per Exhibit H. Incorrect or incomplete invoices will be returned to Contractor for correction and reissue.

If Contractor reduces its prices for any of the software or services during the term of this Contract, the State shall have the immediate benefit of such lower prices for new purchases. Contractor shall send notice to the State's MDIT Contract Administrator with the reduced prices within fifteen (15) business days of the reduction taking effect.

Travel

The State will not pay for any travel expenses, including hotel, mileage, meals, parking, etc. Travel time will not be reimbursed.

Out-of-Pocket Expenses

Contractor out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for such an expense at the State's current travel reimbursement rates.

In the event travel is required, all travel reimbursement will be paid according to the State's Standardized Travel Rates and Regulations. This information may be found at:

http://www.michigan.gov/dmb/0,1607,7-150-9141_13132---,00.html

All air, car and hotel reservations must be made through the State Contract with Passageways Travel at (517) 333-5880 or (800) 915-8729. All original receipts must be included with your travel voucher and invoices, which must include the purchase order number. Failure to follow this policy will result in reduced reimbursement.

Invoicing

Contractor will submit properly itemized invoices to the "Bill To" Address on the Purchase Order. Invoices must provide and itemize, as applicable:

- Contract number;
- Purchase Order number
- Contractor name, address, phone number, and Federal Tax Identification Number;
- Description of the completed phase;
- 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;
- Maintenance charges;



- Net invoice price for each item;
- Shipping costs;
- Other applicable charges;
- Total invoice price; and
- Payment terms, including any available prompt payment discount.

If agreed during contract stage, the State may pay maintenance and support charges on a monthly basis, in arrears. 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.

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

1.602 Holdback

RESERVED – See milestone payment schedule in Exhibit H.

Payment

Electronic Payment Availability

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



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

This Contract is for a period of **three (3) years**. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 Renewal(s)

This Contract may be renewed, for maintenance and support and enhancements (as defined in the SOW – see Article 1) in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be **renewed** for up to **five (5) one (1) 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

2.13 Federal Grant Requirements

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

<http://www.archives.gov/federal-register/executive-orders/pdf/12869.pdf>

<http://www.archives.gov/federal-register/codification/executive-order/12549.html>

http://straylight.law.cornell.edu/uscode/html/uscode31/usc_sec_31_00001352----000-.html

2.020 Contract Administration**2.021 Issuing Office**

This Contract is issued by the Department of Management and Budget, Purchasing Operations and Michigan Department of Environmental Quality (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:

Steve Motz, Buyer
Purchasing Operations
Department of Management and Budget
Mason Bldg, 2nd Floor
Lansing, MI 48909
Motzs@michigan.gov
(517) 241 3215

**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:

Peter F. Devlin
MDIT Bureau of Strategic Policy, Contract Office
Constitution Hall, 1st Floor
525 W. Allegan
Lansing, MI 48913
DevlinP@michigan.gov
(517)241-8515

2.023 Project Manager

See Article 1, Section 1.202 State Staff, Roles, and Responsibilities:

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 shall 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
530 West Allegan
Mason Bldg., 2nd Floor
Lansing, Michigan 48913

Contractor:
President
Intuition Systems, Inc.
9428 Baymeadows Road, Suite 500
Jacksonville, FL 32256

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

2.050 Taxes

2.051 Employment Taxes

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

2.052 Sales and Use Taxes

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



2.060 Contract Management

2.061 Contractor Personnel Qualifications

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

2.062 Contractor Key Personnel

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles or the Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, and 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 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, and 2.200** in all of its agreements with any Subcontractors.

2.075 Competitive Selection

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

2.080 State Responsibilities

2.081 Equipment

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

2.082 Facilities

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



2.090 Security

2.091 Background Checks

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

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/dit>. Furthermore, Contractor personnel shall 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 shall comply with all Physical Security procedures in place within the facilities where they are working.

2.092 Security Breach Notification

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

2.093 PCI DATA Security Requirements

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

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

The Contractor will contact the Department of Management and Budget, Financial Services immediately to advise them of any breaches in security where card data has been compromised. In the event of a security intrusion, the Contractor agrees the Payment Card Industry representative, or a Payment Card Industry approved third party, will be provided with full cooperation and access to conduct a thorough security review. The review will validate compliance with the Payment Card Industry Data Security Standard for protecting cardholder data.

Contractor agrees to properly dispose sensitive cardholder data when no longer needed. The Contractor will continue to treat cardholder data as confidential upon contract termination.

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



2.100 Confidentiality

2.101 Confidentiality

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

2.102 Protection and Destruction of Confidential Information

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

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

2.103 Exclusions

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

2.104 No Implied Rights

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

2.105 Respective Obligations

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



2.110 Records and Inspections

2.111 Inspection of Work Performed

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

2.112 Examination of Records

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

2.113 Retention of Records

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

2.114 Audit Resolution

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

2.115 Errors

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

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



2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.
- (b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
- (c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.
- (d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
- (e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.
- (f) It is qualified and registered to transact business in all locations where required.
- (g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.
- (h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.
- (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.



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

2.122 Warranty of Merchantability

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

2.123 Warranty of Fitness for a Particular Purpose

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

2.124 Warranty of Title

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

2.125 Equipment Warranty

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

The Contractor represents and warrants that the equipment/system(s) are in good operating condition and 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.

Within **30** business days of notification from the State, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

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

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

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

2.126 Equipment to be New

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



2.127 Prohibited Products

If applicable, 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 shall be performed.

4. Employers liability insurance with the following minimum limits:

\$100,000 each accident
\$100,000 each employee by disease
\$500,000 aggregate disease

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

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

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

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

2.132 Subcontractor Insurance Coverage

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



2.133 Certificates of Insurance and Other Requirements

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

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

2.140 Indemnification

2.141 General Indemnification

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

2.142 Code Indemnification

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

2.143 Employee Indemnification

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

**2.144 Patent/Copyright Infringement Indemnification**

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

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

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

2.145 Continuation of Indemnification Obligations

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

2.146 Indemnification Procedures

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

- (a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law.



But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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

2.150 Termination/Cancellation

2.151 Notice and Right to Cure

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

2.152 Termination for Cause

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

2.153 Termination for Convenience

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



If the State chooses to terminate this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this Contract that are terminated for cause must cease on the effective date of the termination.

2.154 Termination for Non-Appropriation

- (a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).
- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.
- (c) If the State terminates this Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

2.155 Termination for Criminal Conviction

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

2.156 Termination for Approvals Rescinded

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

2.157 Rights and Obligations upon Termination

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



- (b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 Reservation of Rights

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

2.160 Termination by Contractor

2.161 Termination by Contractor

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

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

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 30 (thirty) 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** and **2.040 Financial Provisions**.

**2.183 Allowance of Contractor Costs**

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

2.190 Dispute Resolution**2.191 In General**

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

2.192 Informal Dispute Resolution

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

- (1) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
- (2) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract will be honored in order that each of the parties may be fully advised of the other's position.
- (3) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
- (4) Following the completion of this process within 60 calendar days, the Director of Purchasing Operations, DMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

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

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

2.193 Injunctive Relief

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

**2.194 Continued Performance**

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

2.200 Federal and State Contract Requirements**2.201 Nondiscrimination**

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

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

2.213 Jurisdiction

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



2.220 Limitation of Liability

2.221 Limitation of Liability

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

The Contractor's liability for damages to the State is limited to two times the value of the Contract or \$500,000 which ever is higher. The foregoing limitation of liability does not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

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

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

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

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

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



- (3) Contractor must also notify DMB Purchase Operations within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure

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

2.233 Bankruptcy

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

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

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

2.240 Performance

2.241 Time of Performance

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

2.242 Service Level Agreement (SLA)

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

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



- (ii) Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.
- (b) Chronic Failure for any Service(s) will be defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service will not affect any tiered pricing levels.
- (c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.
- (d) All decimals must be rounded to two decimal places with five and greater rounding up and four and less rounding down unless otherwise specified.

2.243 Liquidated Damages

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 2.141**, the State is entitled to collect liquidated damages in the amount of \$5,000.00 and an additional \$100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

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 provided in Article 1.104. 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. If there are any disagreements between these provisions and Article 1, then the statements provided in Article 1 will prevail.

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, New 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 New system Testing

Contractor will be responsible for New 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 New system Testing shall include the following, at a minimum, plus any other testing required by CMM Level 3 or Contractor's new 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 New 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 New 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 New system Testing pursuant to this **Section**, Contractor shall provide to the State a testing matrix establishing that testing for each condition identified in the New 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/dit/service>. 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 State 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, and 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 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.



Act Number 431 of the Public Acts of 1984 permits the State of Michigan, Department of Management and Budget, 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. As a result of the enactment of this legislation, the MIDEAL Program has been developed. This program extends the use of state contracts to program members. The governmental agency must enter into an agreement with the State of Michigan to become authorized to participate, thus ensuring that local units of government secure a greater return for the expenditure of public funds.

In those cases, contract vendors supply merchandise at the established State of Michigan contract prices and terms. The Bidder must submit invoices and pay the authorized MIDEAL member on a direct and individual basis according to contract terms.

Please Visit Mi DEAL at www.michigan.gov/buymichiganfirst under MiDeal.

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

If applicable, 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

Unless otherwise specifically agreed to by the State, before initiating the preparation of any Deliverable that is a Derivative of a preexisting work, the Contractor shall cause the State to have and obtain the irrevocable, nonexclusive, worldwide, royalty-free right and license to (1) use, execute, reproduce, display, perform, distribute internally or externally, sell copies of, and prepare Derivative Works based upon all preexisting works and Derivative Works thereof, and (2) authorize or sublicense others from time to time to do any or all of the foregoing.

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 and for the exclusive purpose of providing services to participants enrolled in the prepaid tuition savings program on behalf of the Michigan Education Savings Program or its successor. 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.

All rights, title and interest in and to Contractor's software (other than data processed by use thereof and the Deliverables) shall remain in the control of Contractor or the respective third parties supplying information, services or products through Contractor. The State agrees to treat the Contractor's software intangible proprietary information, intellectual property, and trade secrets, confidential, whether or not any portion thereof is or may be validly copyrighted or patented. The State's interest in the Contractor's software is only the non-exclusive right to the use thereof as herein provided, and the State shall have no interest therein or other rights thereto other than said non-exclusive right to use as herein provided. The State shall not attach, challenge, or contest Contractor's control of the title to the Contractor's Software or its right to license the same, and the State shall not aid others in so doing.



The State shall treat Contractor's software as a trade secret and shall take all reasonable steps required to safeguard such information and will not discuss, disclose or divulge to any person such information except as contemplated by this Agreement.

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
- (c) 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

The 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 ten (10) days deposit with the Escrow Agent, in accordance with the Escrow Contract, a Source Code Escrow Package for the maintenance release or upgrade version, and provide the State with notice of the delivery.

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;



- (c) 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;
- (c) 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.

2.400 Other Provisions

2.411 Forced Labor, Convict Labor, or Indentured Servitude Made Materials

Contractor represents and certifies that, to the best of its knowledge and belief no foreign (outside of the U.S.) made equipment, materials, or supplies, will be furnished to the State under any resulting Contract, that have been produced in whole or in part by forced labor, convict labor, or indentured servitude.

2.421 Knowledge of Child Labor for Listed End Products

- (a) "Forced or indentured child labor" means all work or service:
 - (i) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or
 - (ii) Performed by any person under the age of 18 under a contract the enforcement of which can be accomplished by process or penalties.

- (b) *Listed end products.* The following end product(s) being acquired under this solicitation is (are) included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, identified by their country of origin. There is a reasonable basis to believe that listed end products from the listed countries of origin may have been mined, produced, or manufactured by forced or indentured child labor.

Listed End Product	Listed Country of Origin
None	



Exhibit B
Technical Requirements

Technical requirements identify what the solution or product shall run on or integrate with, including any standards that shall be met, security requirements, and interfaces. Technical requirements will also identify the general framework in which the new system or product shall work, such as: capacity requirements (number of users, concurrent users, number of transactions to be handled, peak usage), documentation, audit and backup and recovery.

The Contractor shall fully provide and incorporate all aspects of the requirements into the new system.

REQ#	TECHNICAL REQUIREMENTS
1	New system Architecture
1.1	The new system shall employ both a web application for both consumer and ancillary access and a browser based interface to the core processing system.
1.2	The application shall be scalable.
1.3	RESERVED
1.4	RESERVED
1.5	RESERVED
1.6	The new system shall keep a log of each transaction which alters the database including the User ID, timestamp, previous field value and current field value.
2	Software Licensing
2.1	RESERVED
3	Programming Language
3.1	RESERVED
3.2	The contractor shall follow Software architecture and coding style based on industry Best Practices.
3.3	RESERVED
3.4	Contractor will provide complete and clearly understandable diagrams, charts, use-cases or text-based explanations of how each part of the application works. Since the solution is hosted and managed by Contractor, the documentation provided is not intended for State technical personnel to modify or manage any of the solution set applications.
4	Hardware
4.1	RESERVED
5	Application Performance
5.1	Response times for displaying complete web pages with data shall not exceed 10 seconds (broadband and higher).
5.2	Response times for saving data entered by users shall not exceed 5 seconds based on a 2 MB/sec line speed.
5.3	The Solution shall provide visual indicators on screens showing the system is processing.



6	RDBMS / Applications / Database Management
6.1	RESERVED
6.2	The application shall support Transaction-based processing.
6.3	All database tables shall have “createdby”, “creationdate”, “modifiedby”, “modifieddate” on columns.
7	SQL Stored Procedures
7.1	All errors originating within a stored procedure shall be handled by the program.
7.2	All errors originating within a stored procedure shall be displayed with an appropriate error message to the user.
8	Security
8.1	The new system shall ensure that the integrity and confidentiality of data is protected by safeguards to prevent release of information without proper consent.
8.2	The new system shall enforce password complexity requirements
8.3	The new system shall either provide a secure password reset capability (for when users forget their password) or a secure password reset process shall be developed.
8.4	New system shall ensure a secure sign-on through user ID and password.
8.5	The new system shall be tested for preventing SQL Injections and other vulnerabilities.
9	Security / Access Control
9.1	The new system shall provide security at database, workstation, and individual operator levels.
9.2	The new system shall provide secure access control based upon unique user login, for types of record as well as by function performed upon the record (e.g., View, Add, Modify, Delete)
9.3	The new system shall check each user’s access privileges at login, and automatically disables or enables client functions (in real time) based upon the user’s profile
9.4	The new system shall provide varying levels of access within the application, such as administrators, view only, or data entry.
10	Security/Password Controls
10.1	The new system shall provide an enforced minimum length for passwords.
10.2	The new system shall provide for password aging based upon the users login ID. Password aging is configurable by individual user ID.
10.3	The new system shall provide an enforced requirement for user passwords to be automatically prompted for change after a defined period has passed, such as 30, 60 or 90 days.
10.4	The new system shall include an option for no password aging.
10.5	Passwords may be reused on the third password change event.
10.6	The new system shall provide users with the capability to change their own passwords.
10.7	The new system shall disable user IDs after a specified number of consecutive invalid login attempts.
10.8	The new system shall allow passwords to be entered in a non-display field.



10.9	The new system shall encrypt passwords when they are routed over the network.
10.10	The new system shall encrypt passwords in new system storage.
11	Security/Activity Logging
11.1	The new system shall log the user login activity by date, time, user ID, device and location (IP address).
11.2	The new system shall maintain an audit trail of all security maintenance performed by date, time, user ID, device and location, with easy access to information.
11.3	The new system shall provide security reports of users and access levels.
12	Software Package Specifications
12.1	The Contractor shall provide updates to PRIMA on an "as needed" basis. The updates consist of functionality enhancements, correction of errors, and efficiency enhancements.
12.2	If proposing a COTS product, there is help desk support provided for the product.
12.3	If proposing a COTS product, on-site training is currently available?
12.4	If proposing a COTS product user manuals, software procedures, and training manuals are provided?
12.5	RESERVED
12.6	The software shall provide an ADA compliant, user friendly web interface that conforms to E-Michigan standards. E-Michigan standards can be viewed at http://www.michigan.gov/documents/Look_and_Feel_Standards_2006_v3_166408_7.pdf
12.7	The new system shall be modular in design to accommodate phased implementation and future expansion.
12.8	All modules of the new system shall be integrated and designed to work together with no redundant data entry or data storage.
12.9	The new system shall have the ability to accept and output transactions in XML and delimited file formats.
12.10	The new system shall have the ability to accept XML files from external sources ensuring that the same edits and validations as the online system are available once imported.
13	Reporting
13.1	The software shall deliver standard reports as specified in the requirements definitions.
13.2	The new system shall include ad-hoc query and reporting tools.
13.3	The online query capability shall enable non-technical end-users to extract information for viewing in the browser and for downloading in either XML or delimited format files.
13.4	The standard (e.g., regularly scheduled, recurring) reporting environment shall allow: Standard reports to be scheduled, executed, viewed on-line, printed (centrally or remotely) Control standard reports through administrative module and user-group functionality.



13.5	a. The new system shall provide i. Methods for retaining and modifying previously built queries
13.5 ii	ii. Control mechanisms that limit the abuse of ad hoc queries (e.g., attempted access to restricted data, attempted execution of a query that would run for several hours, etc.)
13.5 iii	iii. The use of transaction databases, external files, or a "data warehouse" for ad-hoc reporting
13.5 iv	iv. Support for XML, CSV, Excel, and other helpful data download formats
14.	Audit Trail
14.1	The new system shall enable the user to modify data entry transactions that have already been posted to the database.
14.2	The new system's internal control functionality shall ensure that the data entry and processing associated with a business event has been completed before updating the database.
15.	Edit and Validation Control
15.1	The new system shall include comprehensive field edits and warnings to prevent incomplete or incorrect data from entering the new system.
15.2	The errors resulting from field level validations shall be communicated to the user immediately.
15.3	Server side validation shall be done and the new system shall highlight the missing required fields and incorrect data fields.
16.	1) Graphical User Interface
16.1	Clear, user friendly messages shall be displayed for every successful or unsuccessful process.
16.2	The new system shall have on-line general context and field-level help.
17.	Interfaces
17.1	The new system shall have the ability to exchange data with other systems using the following mechanisms: direct database to database connections, web services interface.
18.	Capacity
18.1	The new system shall be able to support 1.5x the peak number of concurrent users in the current system in order to provide sufficient capacity for growth. Current requirement lists 300 users; the standard would be 450 users.
18.2	RESERVED



19.	New system Auditing
19.1	The new system shall have the ability, for any record that is changed, to maintain a historical record of (i) The ID of the person or process that made the change, (ii) The before and after images of the affected data records, and (iii) the date and time the change was made.
19.2	The new system shall have the ability to query, view, filter, and sort the new system audit trail.
19.3	The new system shall have the ability to store the queries for the new system audit trail.
20.	Error Handling
20.1	The new system shall maintain an error log.
20.2	The error log shall record the error details including the timestamp, detailed error description, error type, code/module causing the error and user ID to assist the programmer to diagnose and debug the error.
20.3	The new system shall allow for an administrator to archive error log entries based upon user-defined criteria.
20.4	The new system shall present errors to the user using language that can be understood by the user, and communicated to the help desk.
21.	Backup and Recovery
21.1	The new system shall have the ability to allow for continued use of the new system during backup.
21.2	During Requirements validation stage, the vendor shall work with the State to outline the Backup & Recovery process.



Exhibit C Functional Requirements

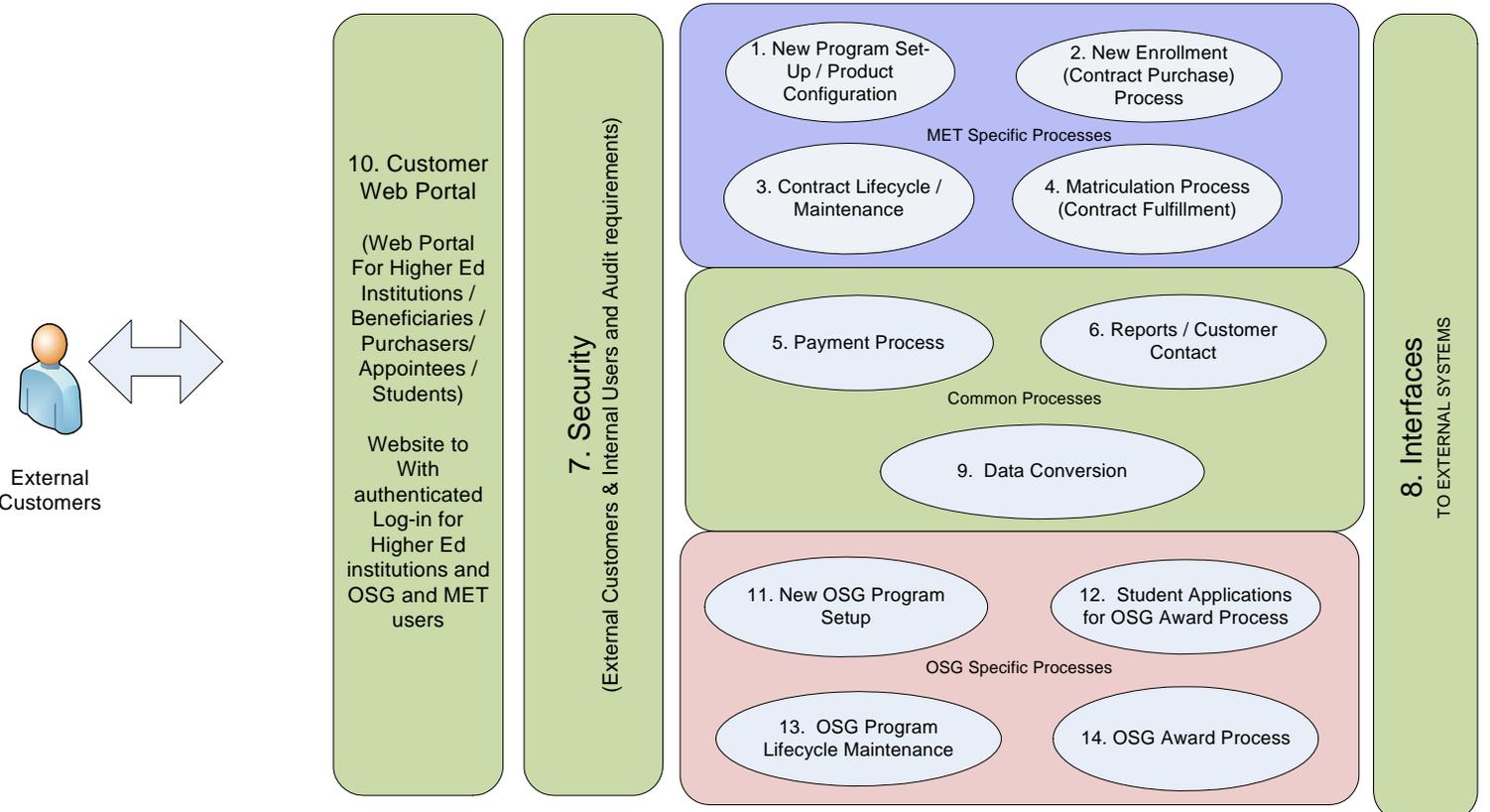


Figure 1 shows the major components to be developed. Items 11 through 14 are shown only for reference. They are envisioned for future development but are not currently within the scope of this Contract.

Items 11 through 14 are shown only for reference. They are envisioned for future development to include OSG programs, but are not currently within the scope of this Contract.

1. New Enrollment / Product Configuration
2. Contract Purchase
3. Contract Lifecycle Management
4. Contract Fulfillment (Matriculation Process)
5. Payment Process
6. Reports and Customer Contact
7. Audit & Security
8. External Interfaces
9. Data Conversion
10. Customer Web Portal





All of the Functional Requirements will be fully supported by the implementation date without any additional costs to the State of Michigan. All costs are accounted for in the current contract pricing provided in Exhibit H.

	REQUIREMENT
1	New Program Set-Up / Product Configuration Requirements
1.1	The new system shall be able to import the price tables from the actuary files for every enrollment period. The actuary provides the files in a Microsoft Excel spreadsheet.
1.2	The new system shall allow maintaining a history of price tables imported for each enrollment period.
1.3	The new system shall allow entering or editing the price tables for enrollment periods manually (without importing them from the files supplied by the actuary)
1.4	The new system shall allow the MET Staff to map the fields from the actuary file to the application database if the actuary changes the file layout. (ETL tool functionality)
1.5	The new system shall allow multiple price tables for different contract types for the same enrollment period.
1.6	The new system shall allow higher education institutions to enter the tuition data online on a semi-annual basis (this is used to calculate the average and weighted tuition)
1.7	The new system shall allow higher education institutions to enter the Fiscal Year Equated Students (FYES) data for "in-state" students. (See customer web portal requirements for more detail on college access to MET system).
1.8	The new system shall allow configurable MET contract types. Specifically, but not limited to the following attributes, shall be configurable: (a) Benefit type (b) Payment plans allowed (c) Minimum purchase unit allowed (d) Age and grade combinations allowed (e) Whether the beneficiary's name is required at time of contract purchase (f) The number of years before contract will be used. <i>(By configurable, the Bureau means that there will be no programming changes required.)</i>
1.9	The new system shall allow user configurable payment plan years. (Currently the MET program allows for four, seven, ten and fifteen year payment plans.) <i>(By configurable, the Bureau means that there will be no programming changes required.)</i>
1.10	The new system shall allow for purchase units to be configurable. (Currently the MET program allows purchase in one semester increments.)



2	Contract Purchase
2.1	The new system shall allow customers to make contract purchases online. <i>(NOTE: Currently, this functionality is available - see http://www.setwithmet.com. The current functionality is limited and does not integrate with State's Centralized Electronic Payment Authorization System (CEPAS).</i>
2.2	The new system shall have an online calculator to allow the customer to evaluate their purchase options by entering in the beneficiary's age or grade, type of contract they want to purchase and the payment plan they want to use.
2.3	The new system shall allow the customer to create a profile with a userid and password and save the data entered online even when the purchase is not completed. The customer may then use the userid and password to login to the new system, and the new system will allow the customer to proceed with completing the purchase.
2.4	The new system shall allow the customer to resume the purchase process without having to re-enter the data by logging in. <i>(Note: The current online purchase requires the customer to commit to the purchase from beginning to end in one session. If the customer does not complete the process, the data is not stored.)</i>
2.5	The new system shall validate the contract purchase online for all the format edits for valid dates, phone numbers, Social Security Number (SSN) and all other field edits of the current online new system.
2.6	The new system shall edit SSN with standard SSN edits. The new system will also edit against the SSN and name if the SSN is already present in the database from a previous contract purchase.
2.7	The new system shall, in addition to the format edits, disallow contract purchase for the following business rules (a) If the age and grade combination entered is invalid. (b) If the purchase will cause the beneficiary to have a contract that exceeds the maximum number of years allowed by law. (c) If the purchase will cause the beneficiary to exceed the maximum amount of savings allowed in 529 plans as determined by IRS regulations. <i>*NOTE* This is not a comprehensive list of all edits. The vendor will validate all the required edits with the customer during design.</i>
2.8	The new system shall allow for a contract to be paid by multiple payment modes. For example, a contract can be purchased as part lump-sum and part monthly payment purchase.
2.9	The new system shall allow for a contract application to be changed from one type to another before the contract is issued. Business rules governing the contract type changes shall be user configurable. <i>(Note: Configurable here means that no programming changes will be required)</i>
2.10	RESERVED
2.11	The new system shall allow a contract type to be upgraded after the contract is purchased.
2.12	The new system shall allow online contract purchasers to sign electronically in compliance with State of Michigan E-Sign requirements.



2.13	The new system shall, when required, print or display only the last four digits of the Social Security Number except where all the nine digits are required by law.
2.14	The new system shall send an email to the customer for confirmation of contract purchase when the contract purchase process is successfully completed.
2.15	The new system shall allow for a contract purchaser to purchase contracts without naming a beneficiary for charitable contracts.
2.16	The new system shall allow charitable contracts to store eligible beneficiary award criteria such as GPA, school name, expected academic year and other configurable characteristics.
2.17	The new system shall allow purchasers to print the contract purchase fillable form which will then have to be mailed.
2.18	The new system shall provide MET staff access to enter contract info from mailed in contracts to a web interface similar to that provided to the customer online.
2.19	The new system shall allow uploading manual contracts entered by data entry staff into the new system.
3	Contract Lifecycle Management
3.1	The system shall allow the customer to submit all required forms such as "Change of Address", "Notice to Use Benefits", "Notice to Terminate", "Change of Major" online.
3.2	The new system shall allow data entry by MET Staff of forms submitted by the customer manually.
3.3	The new system shall allow the customer to securely manage their online access to MET contract information (<i>See Security requirements for detail</i>).
3.4	The new system shall allow full or partial transfer of benefits from one beneficiary to another.
3.5	The new system shall track monthly payments for monthly purchases for contracts purchased on a monthly payment plan.
3.6	The new system shall automatically generate non-payment letters for monthly payments not received. The Contractor will provide a system output file for the document to be generated by the State provided print environment.
3.7	The new system shall allow the number of days after which the non-payment letter is sent to be user configurable.
3.8	The new system shall allow for at least three non-payment letters to be sent automatically, each after a certain number of days. The Contractor will provide a system output file for the document to be generated by the State provided print environment.
3.9	The new system shall automatically create late fees for monthly payments that are not received in time.



3.10	The new system shall allow the late fee amount to be configurable
3.11	The new system shall allow the tracking of returned checks on payments made.
3.12	The new system shall automatically create non-sufficient funds fee for returned payments.
3.13	The new system shall allow the non-sufficient funds fee to be user configurable.
3.14	The new system shall allow tracking of processing fees.
3.15	The new system shall allow the processing fees to be configurable.
3.16	The new system shall allow waiving late fees by authorized users (MET Staff).
3.17	The new system shall track monthly purchase payments that are not paid.
3.18	The new system shall automatically record and report the contracts that have two months of unpaid payments as defaulted contracts.
3.19	The new system shall allow sixty days after a monthly purchase contract expires to pay in full with a lump-sum payment.
3.20	The new system shall allow an override of monthly purchase defaults by authorized users.
3.21	The new system shall generate quarterly and annual statements. The Contractor will provide a system output file for the document to be generated by the State provided print environment.
3.22	The new system shall not allow an early payoff if the monthly purchase contract is within twelve months of being paid in full.
3.23	The new system shall allow the early payoff for the monthly purchase contract to be configurable.
3.23	The new system shall track the history of contract transfers.
3.24	The new system shall automatically generate letters to notify the purchaser of any change made online to the contract. The Contractor will provide a system output file for the document to be generated by the State provided print environment.
3.25	The new system shall send an email to notify the purchaser of any change made online to the contract.
3.26	The new system shall generate a letter to be sent to the old and the new mailing address of the purchaser if the address information on the contract was changed. The Contractor will provide a system output file for the document to be generated by the State provided print environment.
3.27	The new system shall allow attaching one or more notes of at least 250 characters to the contract
3.28	The new system shall allow viewing the notes by the staff accessing the new system.



4	Contract Fulfillment Process
4.1	The new system shall allow the purchaser or beneficiary to initiate the contract fulfillment process online for contracts that meet the requirements for fulfillment.
4.2	The new system shall allow the purchaser or beneficiary to initiate the contract termination process online for contracts that meet the requirements for termination.
4.3	The new system shall allow the purchaser or beneficiary to initiate the contract fulfillment process through a notice in the mail.
4.4	The new system shall allow the purchaser or beneficiary to initiate the contract termination process through a notice in the mail.
4.5	The new system shall automatically calculate the benefits due and the schedule of payments for those benefits when a contract is initiated for fulfillment or termination.
4.6	The new system shall allow MET staff to approve the benefits and the schedule of payment before any payments are made
4.7	The benefits and the schedule of payment will be viewable online by the customer after the MET staff approval.
4.8	The new system shall allow the formulas to calculate contract benefits and payment schedules to be configurable by MET staff. <i>(Note Configurable means that no code changes will be required).</i>
4.9	The new system shall allow higher education institutions to submit invoices for MET payments online.
4.10	The new system shall allow higher education institutions to verify student data for students enrolled at that institution online. Colleges cannot view data for any student that is not enrolled in their college.
4.11	The new system shall allow higher education institutions to submit changes to student enrollment data for students enrolled at that institution online.
4.12	The new system shall allow for multiple higher education institutions to receive student reports.
4.13	The new system shall allow MET staff to manually process paper invoices from higher education institutions.
4.14	The new system shall allow calculating reduced benefits for a contract automatically using the formula provided by MET.



4.15	The new system shall calculate the pay-out amounts for a contract based on the rules as specified in Termination Refund Provisions Chart – See link at http://www.michigan.gov/documents/setwithmet/RefundChart_216727_7.pdf
4.16	The new system shall allow contract expiration date to be configurable.
4.17	The new system shall automatically create and maintain any transactions that impact the beneficiaries IRS Form 1099 which will be generated at the end of the year.
4.18	The new system will be able to print IRS Form 1099's for students and create a 1099 e-file for IRS.
5	Payment Process
5.1	The new system shall allow higher education institutions to submit tuition rates online on a semi-annual basis.
5.2	The new system shall prevent payments from a community college contract on a credit hour basis to a four year university.
5.3	The new system shall allow contract termination payments according to the schedule in Termination Refund Provisions Chart – See http://www.michigan.gov/documents/setwithmet/RefundChart_216727_7.pdf
5.4	The new system shall allow the pay-out years to be configurable for each contract type.
5.5	The new system shall allow all higher education institutions to view a list of students enrolled at their colleges online. Colleges cannot view data for any student that is not enrolled in their college.
5.6	The new system shall send email notification to the beneficiary when the payments are made to the college on their MET contract
5.7	The new system shall allow higher education institutions to have the capability to modify the invoice generated online.
5.8	The new system shall allow the higher education institutions to maintain online tuition rates and fees charged.
5.9	The new system shall allow higher education institutions to maintain online the semester begin and end dates.
6	Reporting



<p>6.1</p>	<p>The new system shall be able to generate the standard reports, including, but not limited to:</p> <ul style="list-style-type: none"> Database Activity Contract Summary Report Contract Age and Grade Totals Student Credit Hour for Colleges Student Refund for Colleges Early Payoff Data Actuarial Summary Actuarial Zip Code Zip Code Totals Enrollment Period Totals Terminations Processed Termination Out-of-State 1099 Download Paid in Full Monthly Purchase Default Monthly Purchase Outstanding Monthly Purchase Closed Terminations Closed Contracts Public Schools Withdrawn Contracts Terminations by Year Year End School Attendance Auditor Reconciliation Declaration of Major <p>Contractor will conduct a comprehensive analysis to determine if there are any gaps and those reports will be developed at no additional cost.</p>
<p>6.2</p>	<p>The new system shall allow internal staff to generate ad-hoc reports. NOTE: The State has adopted Business Objects as the standard tool for reporting.</p> <p>The data table and field names must be consistent with the names in the current MET system.</p>
<p>6.3</p>	<p>The new system shall be able to create the contract certificate online after MET acceptance of the contract.</p>
<p>6.4</p>	<p>The new system shall allow Governor’s signature, Governor’s name, and Treasurer’s name on the certificate to be configurable.</p>
<p>6.5</p>	<p>The new system shall automatically email the contract certificate to the purchaser after a successful contract purchase.</p>
<p>6.6</p>	<p>The new system shall be configurable to send broadcast messages to all customers or generate specific messages to specific customers online.</p>
<p>6.7</p>	<p>The new system shall allow a mechanism to permit the customer to opt out of email communications.</p>
<p>6.8</p>	<p>The new system shall allow a contract to have multiple contact names, address, and email.</p>
<p>6.9</p>	<p>The new system shall send a reminder email to the customer four years before contract expires.</p>



<p>6.10</p>	<p>In addition to anything identified in the requirements above, the new system shall allow for automatically generating the following correspondence:</p> <ul style="list-style-type: none"> (a) Confirmation of Termination (b) Monthly Purchase Letter (c) Delinquency Letter (d) Annual Statement (e) Monthly Statement (f) Early Payoff Letter (g) Paid-In-Full Letter (h) ACH confirmation Letter (i) Payroll Confirmation Letter (j) 1099 prints to Beneficiary and Purchaser (k) 1099 file to IRS (l) 1099 Letter (m) Notice to Use postcard (n) Password Reset Letter (o) Student Reports to College (p) Appointee Letter <p>Contractor will work with MET to identify possible gaps in letter content as part of the project.</p> <p>The Contractor will provide a system output file for the document to be generated by the State provided print environment.</p>
<p>6.11</p>	<p>The new system shall allow exporting reports to a Microsoft Excel format, delimited or PDF format.</p>
<p>7 Audit And Security Requirements</p>	
<p>7.1</p>	<p>The new system will provide a Login screen that will restrict access to the internet application. The registered users will be authenticated using a User ID and password.</p>
<p>7.2</p>	<p>The new system should provide a "forgot my password" feature (to minimize the disable function from being employed).</p>
<p>7.3</p>	<p>After five or less unsuccessful login attempts, the user's account will be disabled. The Administrators must be able to re-enable the account upon the user's request</p>
<p>7.4</p>	<p>The new system must provide the logout link to exit the application from any screen.</p>
<p>7.5</p>	<p>The new system shall allow for audit trails of all changes by tracking the "before" and "after" field value, and the "user id" of the one who changed the field, the date and time it was changed for key fields .</p>
<p>7.6</p>	<p>The new system shall allow for flexible levels of security access for internal controls including the separation of duties.</p>
<p>7.7</p>	<p>The new system shall allow the purchasers, beneficiaries and appointees to access the contract details via the web securely.</p>
<p>7.8</p>	<p>The new system shall encrypt the SSN during any transmission and at rest in the database.</p>
<p>7.9</p>	<p>The new system shall allow accepting e-signatures for forms that are submitted online.</p>



7.10

The new system shall provide application level secure access control based upon unique user login, for types of user roles as well as by function performed upon the record (e.g., Display, Add, Edit, Delete.) by the user



7.11	The new system shall have component-level security, to be able to define security roles, assign users to those roles and grant component-level security privileges to application specific roles i.e. A program security administrative function.
7.12	The new system shall encrypt all passwords during transmission and when stored within the new system.
7.13	The new system shall allow entry of passwords in a “non-display” field only.
7.14	The new system shall enforce a minimum length for a password.
7.15	The new system shall allow the customer to change their passwords online.
7.16	The new system shall validate the email provided by the customer by sending a confirmation email to the customer and asking the customer to take action to activate the user account.
7.17	<p>The new system shall comply with:</p> <p>(a) State of Michigan, Office of Enterprise Security guidelines for the secure access via the web. http://www.michigan.gov/dit/0,1607,7-139-34305---,00.html</p> <p>(b) SSN Privacy Act 454 of 2004 http://www.legislature.mi.gov</p> <p>(c) Identity Theft Protection Act 452 of 2004 http://www.legislature.mi.gov</p> <p>(d) Gramm Leach Bliley Act of 1999 http://www.ftc.gov/privacy/privacyinitiatives/glbact.html</p> <p>(e) FERPA http://www.ed.gov/policy/gen/guid/fpco/ferpa/index.</p>
7.18	<p>The new system will adhere to E-Michigan standards for web development and all Treasury policies and procedures (i.e. access control, security monitoring, audit trails etc) Refer to http://www.michigan.gov/documents/Look_and_Feel_Standards_2006_v3_166408_7.pdf</p>
8	Interface Requirements
8.1	The new system shall interface with Treasury’s CEPAS for accepting online payments.
8.2	The new system shall include the capability of interfacing with Treasury’s data warehouse application.
8.3	<p>The new system shall provide for accepting files in a specified file format, including but not limited to:</p> <p>(a) TIAA-CREF file for the Michigan Education Savings Program (MESP)</p> <p>(b) Tuition data of higher education institutions</p> <p>(c) FYES information</p> <p>(d) Posting files from bank Lock Box</p> <p>(e) Posting files from Payroll</p>



8.4	The new system shall provide for creating files in a specified file format, including but not limited to: (a) TIAA-CREF file for the Michigan Education Savings Program (MESP) (b) Mailing Address File for DMB Print Services (c) State’s Michigan Administrative Information Network (MAIN) system (d) Student Reports for higher education institutions (e) 1099 eFile
8.5	The new system shall be compatible with the State’s imaging system, IRMA.
8.6	The new system shall be compatible with FileNet.
8.7	RESERVED
9	Data Conversion Requirements
9.1	The current legacy database has approximately 45 tables. The contract table that drives the current system has approximately 95,000 contracts. The associated purchaser and other contract tables have approximately 265,000 records. The payment and transaction tables related to the contracts have approximately 1.7 million records and historical tables have approximately 1.5 million records. Historical records may not need to be converted except for summary details. The vendor will need to provide a conversion plan to identify data that needs to be converted and a mapping of where the data will reside in the new system. All current contracts and summary information of contracts closed will need to be converted into the new system.



Exhibit D

Service Level Agreements

Intuition Systems, Inc. (Intuition) and the State of Michigan have entered into a development and remote hosting agreement to utilize Intuition's Prepaid Records Information and Management Administration (PRIMA) system along with ancillary support systems (myprepaidtuition.com - user access portal, prepaidtuition.com – Institutional and State management portal, JWALK – Front end interface for PRIMA).

This document describes the agreed upon Service Levels and the expected systems recovery standards for the systems employed.

Service Level Agreement

PRIMA

1. The system will be available 95% or better of the total time, as determined by a weekly average of five days, between the hours of 7:00 a.m. and 7:00 pm., Eastern Standard Time on weekdays excluding not more than five holidays per contract year. Intuition will notify MET of any partial or total systems outage which would impact performance. **NOTE:** *Intuition's system availability measurements are based on 24x7 minus the daily maintenance windows referenced below. Holidays should align with State Holidays each year. State will furnish annual holiday schedule prior to December 1 for the following year. Notification of any outage partial or total system affecting MET staff or participant access should happen within 30 minutes with a two hour follow-up call relaying the anticipated length of outage.*
2. The possible scheduled system downtime will be as follow unless agreed upon in advance due to other circumstances:
 - a. Nightly 2AM – 4AM –Full State Backups
 - b. Fridays 4AM – 7AM – Primarily utilized for Change Management of code promotion
 - c. Saturdays 5 PM – Midnight & Sundays 7AM – Noon – Primarily used for any required infrastructure or Operating System (OS) changes such as OS upgrade, PTFs (patches), etc.
 - d. Other maintenance schedules may be utilized based on nature of change. The State will be given, at minimum, 3 days notice of the change, its impact and any possible outage due to the change. The State will work with Intuition to reach an acceptable schedule in the event the State does not agree to the proposed schedule.
3. Both online inquiry and online update of single transactions shall be five (5) seconds or less ninety percent (90%) of the time. While Intuition automatically tracks our systems response time as illustrated below (Response Time per Group: Jacksonville Prepaid Systems) this response measuring does not capture the “transaction” response time. At the present time we do not have an automated way to measure “transaction” response time. We will report our response metrics as illustrated below, and will not be reporting “transaction response time.”
 - a. Measurement – Time will be measured from the time the request arrives in the application server until the final response leaves the application server.
 - b. Acceptable Performance – 99.7 % compliance with target service level.
 - c. Period of Review – Monthly conference calls will be scheduled with business owners to review performance and any other issues. Intuition will provide documentation prior to the meeting; content to be agreed upon by both parties.
4. Intuition will maintain in good standing a support agreement(s) for the associated manufacturer(s) of the hardware and software utilized to support the system. Intuition shall notify the State of any changes to support agreements, or change in vendors supporting the system.

ANCILLARY SUPPORT SYSTEMS

1. The system(s) will be available 95% or better of the total time, as determined by a weekly average of five days, between the hours of 7:00 a.m. and 7:00 pm., Eastern Standard Time on weekdays excluding not more than five holidays per contract year. Intuition will notify MET of any partial or total systems outage which would impact performance.



NOTE: Intuition's system availability measurements are based on 24x7 minus the daily maintenance windows below. Holidays should align with State Holidays each year. State will furnish annual holiday schedule prior to December 1 for the following year. Notification of any outage partial or total system affecting MET staff or participant access should happen within 30 minutes with a two hour follow-up call relaying the anticipated length of outage.

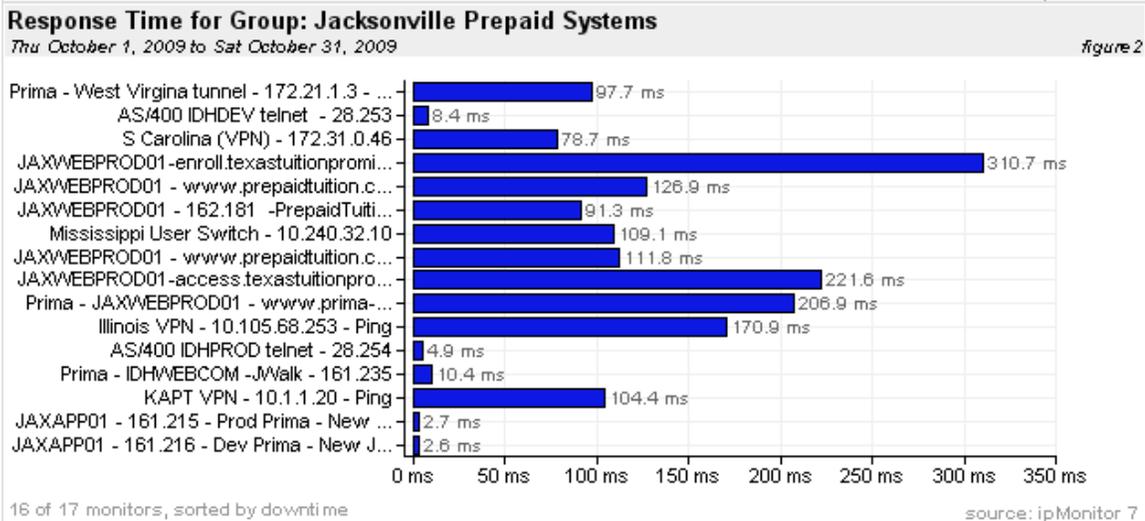
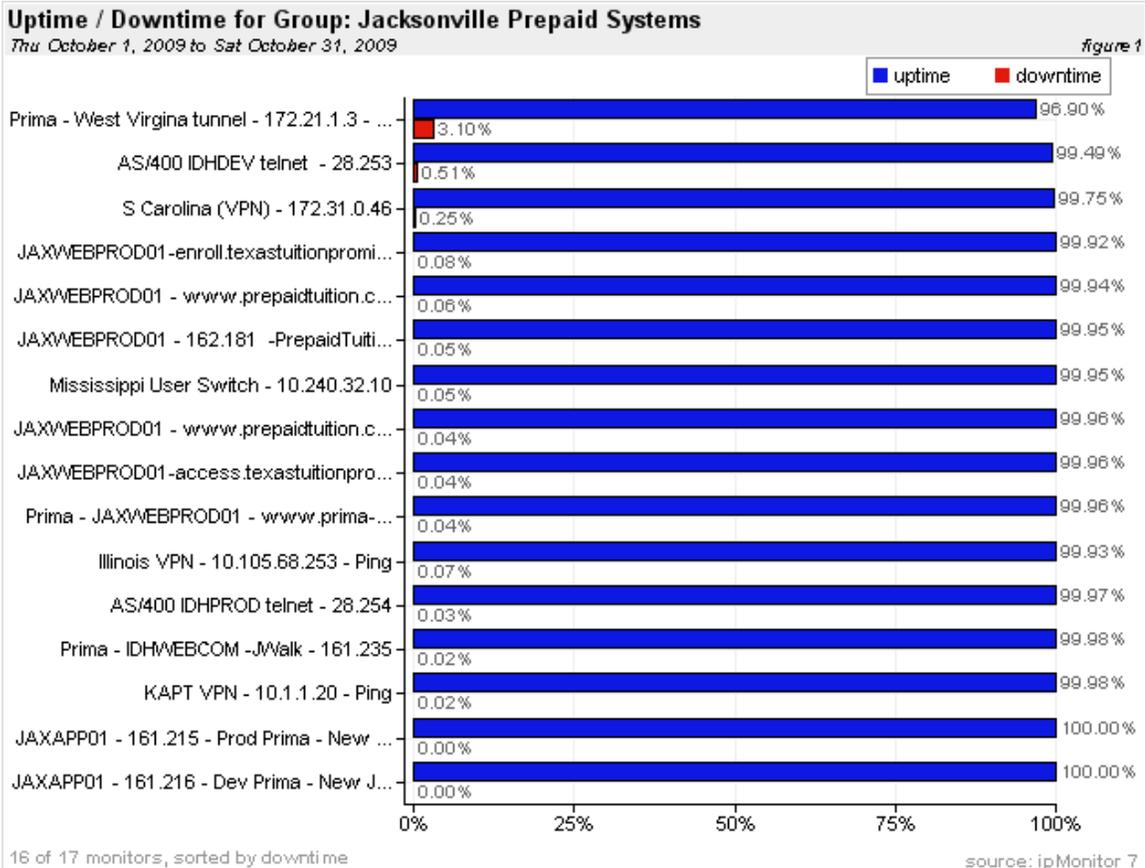
2. The possible scheduled system downtime will be as follow unless agreed upon in advance due to other circumstances:
 - a. Myprepaidtuition.com, Prepaidtuition.com and Online Enrollment
 - i. Sundays 3AM – 6AM – Reboot of various systems, impact to individual services is typically 15 minutes or less.
 - ii. Thursdays 9PM – Midnight – Primarily utilized for Change Management of code promotion unless it is required to be in sync with PRIMA changes

Note: Myprepaidtuition.com, Prepaidtuition.com, and Online Enrollment downtime should align with PRIMA downtime whenever possible to minimize MET customer outages.
 - b. Internal Systems (JWALK, etc)
 - i. Sundays 2PM – 4PM – Reboot of various systems, impact to individual services is typically 15 minutes or less.

Note: Internal Systems – downtime should align with PRIMA and those listed above whenever possible to minimize user outage times.
3. Both online inquiry and online update of single transactions shall be five (5) seconds or less ninety percent (90%) of the time. While Intuition automatically tracks our systems response time as illustrated below (Response Time per Group: Jacksonville Prepaid Systems) this response measuring does not capture the "transaction" response time. At the present time we do not have an automated way to measure "transaction" response time. We will report our response metrics as illustrated below, and will not be reporting "transaction response time."
 - a. Measurement – Time will be measured from the time the request arrives in the application server until the final response leaves the application server.
 - b. Acceptable Performance – 99.7 % compliance with target service level.
 - c. Period of Review – Monthly conference calls will be scheduled with business owners to review performance and any other issues. Intuition will provide documentation prior to the meeting; content to be agreed upon by both parties.
4. Intuition will maintain in good standing a support agreement(s) for the associated manufacturer(s) of the hardware and software utilized to support the system(s). Intuition shall notify the State of any changes to support agreements, or change in vendors supporting the system.



Sample monthly Uptime/Downtime and Average Response reports provided below:





Disaster Recovery

Intuition has a comprehensive plan in place to resume all critical business functions following the interruption of normal daily business. This plan outlines the approach, activities, and responsibilities to ensure the continuation of required business functions.

The plan addresses the following aspects of a business interruption:

- Assessment of the situation and need to activate the plan;
- Communications with support and response team, as well as with customers;
- Procedures for recovery of critical business systems.

Intuition's business recovery plan is tested annually. This test includes full recovery of all critical business functions, along with other non-critical functions, to ensure that Intuition is poised to resume contracted services for MET.

Each year, the test includes full recovery of the PRIMAsm system to a remote SunGard location and verification of primary business functions via remote communications. We also test recovery of PRIMA-WAVE (myprepaidtuition.com) for online customer access, verification of the ability to receive and process lockbox transactions, recovery of and access to the imaging system, and the Interactive Voice Response (IVR) system. Other applications, such as the imaging system, online report tool, online application processing, and school eligibility website, are also included in this annual test to ensure the capability exists to successfully recover other critical applications.

The information below summarizes the general approach of Intuition's business recovery capabilities.

Hardware:

- Intuition maintains an IBM support agreement for all hardware and operating system issues to address localized system issues.
- Intuition maintains HP and Dell support agreements for all hardware and operating system issues to address localized web and internal system issues.
- Intuition utilizes VMWare ESX servers (7 clusters across the company) and affords Intuition the ability to minimize hardware disruption and recover virtual systems to other available clusters such as the Tallahassee office.
- Intuition maintains a contract with SunGard to provide an available iSeries, should the need for recovery arise.
 - The iSeries may be recovered to a SunGard Facility in Philadelphia, Pennsylvania or another available location. The process includes:
 - Disaster assessment and determination
 - Disaster declaration to SunGard and notifications
 - Delivery of media to SunGard facility
 - Intuition personnel recover the production IBM System i to a logical partition on a SunGard provided platform
 - Intuition personnel create VPN connectivity to the SunGard platform and restore networking for client access
- Web and internal servers will be recovered to the Tallahassee Office
 - Disaster assessment and determination
 - Disaster declaration and notification
 - Delivery of media (if necessary) to the Tallahassee facility
 - Intuition personnel recover services at the Tallahassee facility
 - Intuition restore communications (web access, VPN, etc) to the Tallahassee facility

**Communications:**

- Recovery VPN connectivity would be established with SunGard.
- Customers and vendors would be notified of new secure FTP address and access for File Transmissions.
- VPN connectivity would be established with customers to the Tallahassee office.

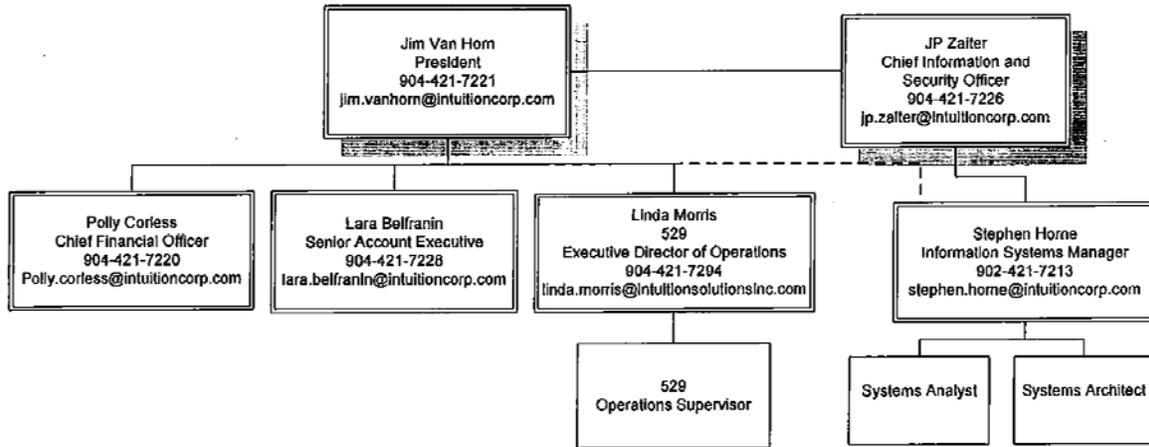
Recovery / Restoration Timeframes

- Intuition must notify SOM of system outage within 2 hours and anticipated recovery of service timeframes. Recovery of operations to service at the DR site shall be within 72 hours. SOM shall provide a business hours and after hours contact for notification. Automated notification can also be provided via email to designated SOM contacts.
- Restoration of original environment post disaster shall be completed within 30 days unless other arrangements are approved by the SOM.
- JP Zaiter is the lead recovery coordinator with department designates such as Infrastructure, facilities, line of business systems (e.g. PRIMA), etc. The State of Michigan Project Manager will be the lead on the State of Michigan side.
- In our full service environment, minimal interaction is required. In the ASP model, the SOM would participate by accessing the recovered system and comparing data to a prior established reporting date to confirm data and functionality.



Exhibit E
Contractor Organizational Chart
Company Org Chart

Contractor Organizational Chart





Project Org Chart

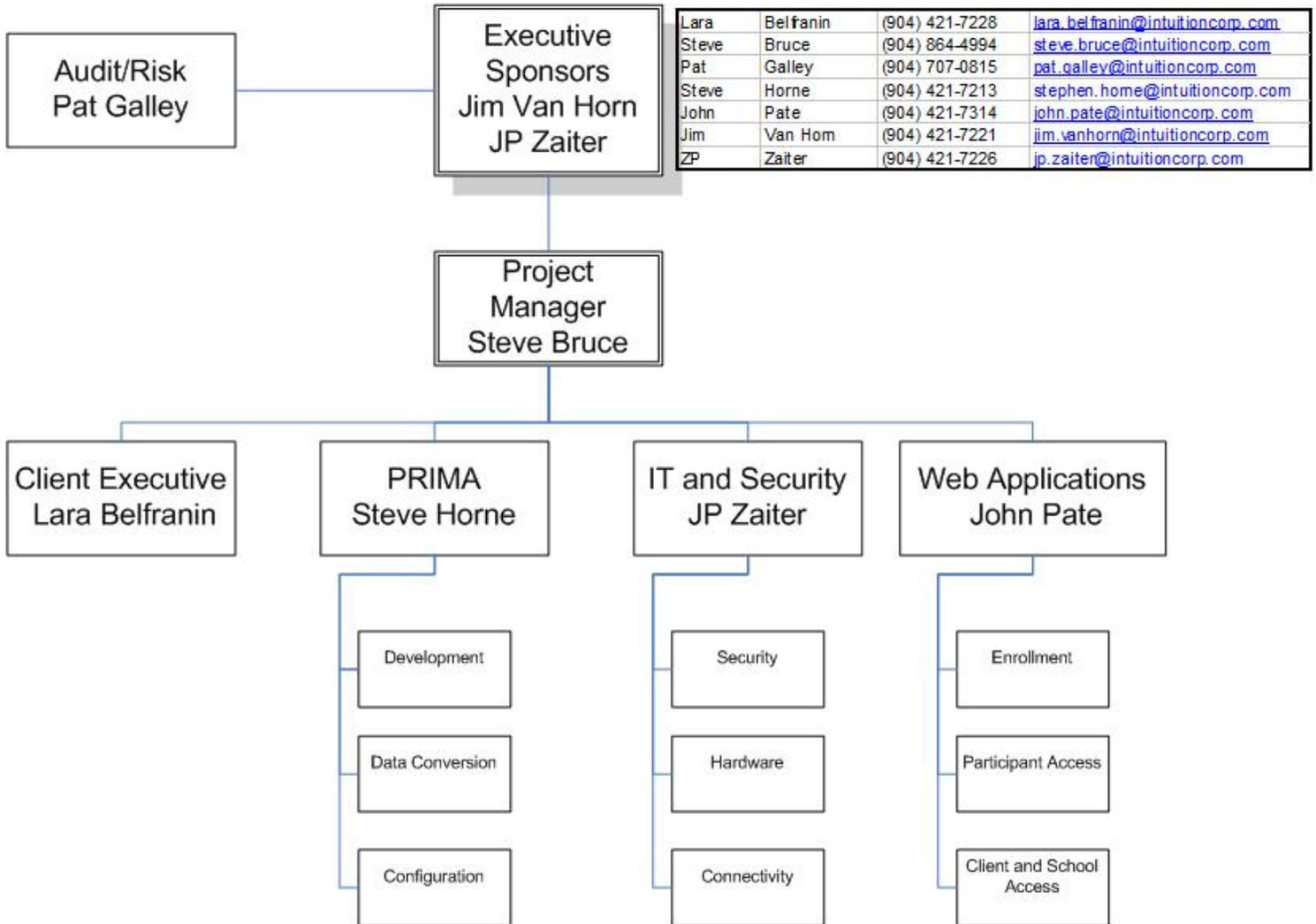




Exhibit F
Preliminary Project Plan

The original project plan as submitted as of Contract start date.

Please Note: This project plan will be updated throughout the life of this contract as outlined in Article 1 of the Contract.

Preliminary Project Plan

ID	Name	Duration	Start Date	FinishDate	Resource Names
1	Phase 1 Project Planning	18 days	1/25/10	2/17/10	Intuition
2	Schedule Kickoff Meeting with SOM	1 day	1/25/10	1/25/10	Intuition
3	Schedule Standing Meetings	1 day?	1/26/10	1/26/10	Intuition
4	Develop Project Plan	3 days	1/27/10	1/29/10	Intuition
5	Develop Communication Plan	2 days	1/26/10	1/27/10	Intuition
6	Develop Quality Management Plan	2 days	1/25/10	1/26/10	Intuition
7	Develop Change Control Plan	3 days	1/27/10	1/29/10	Intuition
8	Develop Risk Management Plan	3 days	2/1/10	2/3/10	Intuition
9	Develop Staffing Plan	3 days	2/4/10	2/8/10	Intuition
10	Develop Issue Tracking Recommendation	2 days	2/9/10	2/10/10	Intuition
11	Evaluate Feasibility of Web Tracking Tool	4 days	1/27/10	2/1/10	Intuition
12	Submit Project Plan to SOM	1 day?	2/1/10	2/1/10	Intuition
13	Conduct Kickoff Meeting	1 day	1/27/10	1/27/10	Intuition,SOM
14	Submit all Plans to SOM for Approval	1 day?	2/9/10	2/9/10	Intuition
15	Revise Plans based on SOM Feedback and Resubmit	2 days	2/10/10	2/11/10	Intuition
16	Approve Phase I	3 days	2/12/10	2/16/10	SOM
17	Phase I Approval	1 day	2/17/10	2/17/10	Intuition
18	Phase II Requirements Verification	41 days	1/28/10	3/25/10	Intuition
19	Validate Technical Requirements	10 days	2/1/10	2/12/10	SOM,Intuition
20	Validate Functional Requirements Related to Applications	7 days	1/28/10	2/5/10	SOM,Intuition
21	Validate Functional Requirements Related to Plan Features	10 days	2/8/10	2/19/10	SOM,Intuition
22	Validate Functional Related to Payment Collection	4 days	2/22/10	2/25/10	SOM,Intuition
23	Validate Functional Requirements Related to Cancels	3 days	2/26/10	3/2/10	SOM,Intuition
24	Validate Functional Related to Invoicing	7 days	3/3/10	3/11/10	SOM,Intuition
25	Validate Functional Requirements Related to Changes	3 days	3/12/10	3/16/10	SOM,Intuition
26	Validate Functional Requirements Related to Archive	1 day	3/17/10	3/17/10	SOM,Intuition
27	Validate Functional Requirements Related to Reporting	1 day	3/18/10	3/18/10	SOM,Intuition
28	Validate Security Requirements	3 days	2/15/10	2/17/10	SOM,Intuition
29	Prepare Initial Tracability Matrix	3 days	3/19/10	3/23/10	Intuition
30	Update and Deliver Project Plan and Schedule	2 days	3/24/10	3/25/10	Intuition
31	Update and Deliver Enterprise Architecture Solution Assessment Document	1 day	3/24/10	3/24/10	Intuition
32	Prepare and Submit Initial Business Recovery Plan	10 days	2/18/10	3/3/10	Intuition
33	Prepare Updated Security Plan Assessment	2 days	3/4/10	3/5/10	Intuition
34	Submit Requirement Documents for Approval	1 day	3/8/10	3/8/10	Intuition
35	Approve Requirements	3 days	3/9/10	3/11/10	SOM
36	Obtain Phase II Approval	3 days	3/12/10	3/16/10	SOM
37	Phase II Approved	1 day?	3/17/10	3/17/10	SOM,Intuition



38	Phase III Design of New System	51 days	3/18/10	5/27/10	Intuition
	Group Approved Enhancements for into Logical				
39	Groups	10 days	3/18/10	3/31/10	Intuition
40	Estimate Each Group of Enhancements	20 days	4/1/10	4/28/10	Intuition
41	Document Technical Approach	10 days	4/29/10	5/12/10	Intuition
42	Update Tracability Matrix	3 days	5/13/10	5/17/10	Intuition
43	Update and Deliver Project Plan and Schedule	2 days	5/13/10	5/14/10	Intuition
44	Prepare Training Plan	4 days	3/18/10	3/23/10	Intuition
45	Prepare and Submit Initial Business Recovery Plan	3 days	5/17/10	5/19/10	Intuition
46	Deliver Final Security Plan and Assessment	3 days	5/20/10	5/24/10	Intuition
47	Obtain Phase III Approval	2 days	5/25/10	5/26/10	Intuition
48	Phase III Approved	1 day?	5/27/10	5/27/10	SOM
49	Phase IV Configuration of New System	166 days	3/18/10	11/4/10	Intuition
50	Build and Code Enhancements	120 days	3/18/10	9/1/10	Intuition
51	All Testing Activities Related to Enhancements	120 days	4/1/10	9/15/10	Intuition
52	Set up MI Test System	15 days	3/18/10	4/7/10	Intuition
53	Configure Tables	20 days	4/8/10	5/5/10	Intuition
54	Full System Testing	30 days	9/16/10	10/27/10	Intuition
55	Activities Related to Data Mapping	60 days	3/18/10	6/9/10	Intuition,SOM
56	Mock Conversions	28 days	6/10/10	7/19/10	Intuition
57	Submit Test Plan	20 days	3/18/10	4/14/10	Intuition
58	Update Project Plan	1 day	4/15/10	4/15/10	Intuition
59	Update Training Plan	1 day	3/18/10	3/18/10	Intuition
60	Prepare Testing Plan	3 days	3/19/10	3/23/10	Intuition
61	Obtain Phase IV Approvals	5 days	10/28/10	11/3/10	SOM
62	Phase IV Approved	1 day?	11/4/10	11/4/10	Intuition
63	Phase V User Acceptance Testing	32 days	11/5/10	12/20/10	Intuition
64	Set Up Testing Database	1 day?	11/5/10	11/5/10	Intuition
65	Prepare Test Scripts	1 day?	11/8/10	11/8/10	Intuition,SOM
66	Testing Cycle 1	10 days	11/9/10	11/22/10	SOM
67	Testing Cycle 2	10 days	11/23/10	12/6/10	SOM
68	Testing Cycle 3	10 days	12/7/10	12/20/10	SOM
69	Update Relevant Project Documents	10 days	11/23/10	12/6/10	SOM,Intuition
70	Approve Phase V	1 day?	12/7/10	12/7/10	SOM
71	Phase V Approved	1 day?	12/8/10	12/8/10	Intuition
72	Phase VI Implementation of New System	17 days	12/9/10	12/31/10	Intuition
73	Prepare Detailed Implementation Plan	10 days	12/9/10	12/22/10	Intuition,SOM
74	Prepare Backout Plan	3 days	12/23/10	12/27/10	Intuition,SOM
75	Convert Data	1 day	12/28/10	12/28/10	Intuition,SOM
76	Balance Conversion	1 day	12/28/10	12/28/10	SOM
77	Online Transaction Testing	1 day	12/28/10	12/28/10	Intuition,SOM
78	Implement	1 day	12/29/10	12/29/10	Intuition,SOM
79	Approve Phase VI	1 day	12/30/10	12/30/10	SOM
80	Phase IV Approved	1 day	12/31/10	12/31/10	Intuition
81	Phase VII Documentation, Training Transition	42 days	1/3/11	3/1/11	Intuition
82	Identify Additional Training Needs	4 days	1/3/11	1/6/11	SOM



83	Remediate Training Issues	15 days	1/3/11	1/21/11	Intuition,SOM
84	Deliver all Document Described in RFP	10 days	1/3/11	1/14/11	Intuition
85	Approve Phase VII	30 days	1/17/11	2/25/11	SOM
86	Phase VII Approved	2 days	2/28/11	3/1/11	Intuition

Assumptions:

- 1. Phase II will begin before Phase I is complete.**
- 2. Phase IV will begin before Phase III is complete.**



Exhibit G
Enterprise Architecture Solution Assessment

The Following Enterprise Architecture Solution Assessment was submitted with Contractor's Proposal.

Select all that apply ✓	Enterprise Architecture Solution Assessment	
	Architecture Overview (vendor version)	
	<i>Bidder: please provide a response to each technology category</i>	
1	Hosting	Comments
X	Internally Hosted	
	Externally Hosted	
	Internally & Externally Hosted	
	N/A (Not Applicable)	
2	User Interface Type	Comments
X	Browser	
	Client	
	Mobile Browser	
	Mobile Client	
	Terminal	
	Other	
	N/A (Not Applicable)	
3	System Interface Type	Comments
	EDI	
X	Flat File	This applies to core processing system. Other interfaces can be made available as needed with additional development.
	Web Service	
	XML	
	Other	
	N/A (Not Applicable)	
4	Type of System Integration	Comments
X	Internal	
	External	
	Both Internal & External	
	N/A (Not Applicable)	
5	Method of Access	Comments
X	Internet	Customer and Higher institution portals.
	Intranet	
	LG Net	
	Public facing internet	
	UT Net	
	VendorNet	
X	VPN	State operations access
	Other	
	N/A (Not Applicable)	



Select all that apply ✓	Enterprise Architecture Solution Assessment	
	Architecture Overview (continued)	
	<i>Bidder: please provide a response to each technology category</i>	
6	Data Audit Trail Implementation	Comments
X	Application Code	
X	Database Audit Files	
	Database Triggers	
	Stored Procedures	
	Other	
	N/A (Not Applicable)	
7	Development Language	Comments
	.NET Framework 1.1 (standard)	
X	.NET Framework 2.x (standard)	For all web facing applications and portals
	ASP.NET 1.1 (standard)	
X	ASP.NET 2.x (standard)	For all web facing applications and portals
	Java (JDK) 1.4 (standard)	
X	JavaScript (standard)	
	MS Visual Basic 2003 (VB) (standard)	
X	MS Visual Basic 2005 (VB) (standard)	
	MS Visual C# 2003 (standard)	
	MS Visual C# 2005 (standard)	
	MS Visual C++ 2003 (standard)	
	MS Visual C++ 2005 (standard)	
	Oracle Forms 10g (standard)	
	Oracle PL/SQL 10g (standard)	
	PHP 4.x (standard)	
	PHP 5.x (standard)	
	XHTML 1.0 (standard)	
	XML/XSLT (standard)	
X	Other (Explain)	Core application utilizes the CA:2E application/database development environment
	N/A (Not Applicable)	
8	Database	Comments
	DB2 8.x (standard)	
X	MS SQL Server 2005 (standard)	Used for all ancillary systems (web, etc)
	Oracle 10g (standard)	
	TeraData A28V2R6.1 (standard)	
X	Other (Explain)	DB2/400 on the IBM iSeries for the core system currently known as DB2 UDB for the iSeries
	N/A (Not Applicable)	

(continued)



Select all that apply ✓	Enterprise Architecture Solution Assessment	
	Architecture Overview (continued)	
	<i>Bidder: please provide a response to each technology category</i>	
9	Database Modeling Tools	Comments
	Rational Rose Data Model 7.0 (standard)	
	Erwin 7.0 (standard)	
	Oracle Designer 10g (standard)	
	Toad 8.x (standard)	
	Toad 9.0 (standard)	
X	Other (Explain)	Core system utilizes the CA:2E application/database development environment, includes a non-graphical dB modeler
	N/A (Not Applicable)	
10	Development Platform	Comments
X	.Net (standard)	
	Java J2EE (standard)	
	Oracle (standard)	
X	Other (Explain)	Core system utilizes the CA:2E application/database development environment
	N/A (Not Applicable)	
11	Presentation (Web) Server	Comments
	Apache HTTPD 2.2.x (standard)	
	Citrix 4.0 (standard)	
	IBM IHS 6.0 (standard)	
	IBM IHS 6.1 (standard)	
X	Microsoft IIS 6.0 (standard)	For all web based applications and portals
	Sun ONE Web Server (standard)	
X	Other (Explain)	Seagull's JWALK provides a GUI based view into core system. JWALK utilizes a JAVA based environment. Intuition is exploring an additional component of the CA:2E tool that provides native GUI HTML pages rather than utilizing JWALK. This will have no impact to the State
	N/A (Not Applicable)	
12	Application Server	Comments
	IBM WebSphere 6.0 (standard)	
	IBM WebSphere 6.1 (standard)	
	JBoss 4.0.x (standard)	
X	Microsoft IIS 6.0 (standard)	For all web based applications and portals
X	Other (Explain)	The iSeries native environment along with Seagull's JWALK provides a GUI based view into core system. JWALK utilizes JAVA based environment. Intuition is exploring an additional component of the CA:2E tool that provides native GUI HTML pages rather than utilizing JWALK. This will have no impact to the State
	N/A (Not Applicable)	



13	HW Platform	Comments
X	Dell (standard)	
X	HP (standard)	
	IBM AIX (standard)	
	Sun (standard)	
X	Other (Explain)	IBM iSeries Model 520 for the core system
	X86 Virtualization (VCoE) (standard)	
	N/A (Not Applicable)	

Select all that apply ✓	Enterprise Architecture Solution Assessment	
	Architecture Overview (continued)	
	<i>Bidder: please provide a response to each technology category</i>	
14	Server OS	Comments
	AIX 5.3 (standard)	
	HPUX 11i (standard)	
	HPUX 11i v2 (standard)	
X	Microsoft Windows 2003 (standard)	For all web based applications and portals and internal productivity servers
X	Novell Netware 6.5 (standard)	Internal productivity servers
	Redhat Linux Enterprise Server 3.0 (standard)	
	Sun Solaris 10 (standard)	
	Sun Solaris 9 (standard)	
	Suse Linux Enterprise 10 (standard)	
X	Other (Explain)	IBM iSeries OS V5R4 for the core system
	N/A (Not Applicable)	
15	CRM	Comments
	Siebel (standard)	
	Other (Explain)	
X	N/A (Not Applicable)	
16	Document Management	Comments
	Filenet (standard)	
	Vignette Application Portal (standard)	
	Vignette V7 (standard)	
	Other (Explain)	
X	N/A (Not Applicable)	State will continue to utilize existing DM platform. Intuition is not offering a document management system.
17	Centralized Printing	Comments
	DMB consolidated print center (standard)	
X	Other (Explain)	Solution offered provides for print file data to be provided to State for printing with their existing print system. We can also work with the State to offer other solutions as needed.
	N/A (Not Applicable)	
18	Fax Server	Comments
	GW Fax	
	Other (Explain)	
X	N/A (Not Applicable)	State will continue to utilize their existing Fax services in support of the internal operations team.



19	<i>Testing Tools</i>	<i>Comments</i>
	Compuware Vantageview 8.5 (standard)	
	Mercury Quality Center 8.2 (standard)	
	Rational Suite 7 (standard)	
	Other (Explain)	
X	N/A (Not Applicable)	Intuition personnel utilize internal test matrices based on program business rules.
(continued)		



Select all that apply ✓	Enterprise Architecture Solution Assessment	
	Architecture Overview (continued)	
	<i>Bidder: please provide a response to each technology category</i>	
20	Identity Management	Comments
X	Active Directory 2003 (standard)	Currently in use for internal system access
X	e-Dir 8.7.3.9 (standard)	Currently in use for internal system access
	Tivoli Access Manager v4.1 (standard)	
	Tivoli Identity manager 4.5.1 (standard)	
X	Other (Explain)	Core system has built in user management; Web based applications have built in user management. We do not mix identity management directories with non-Intuition personnel
	N/A (Not Applicable)	
21	Project Management	Comments
	Clarity 8 (standard)	
X	MS Project 2003 (standard)	
	Rational 7.0 (standard)	
	Niku 6 (standard)	
X	Other (Explain)	Depending on size and scope, we also utilize spreadsheets and task lists.
	N/A (Not Applicable)	
22	Requirements Gathering	Comments
	Rational Requisite Pro 7.0 (standard)	
	Serena RTM 5.6 (standard)	
X	MS Office (XP/2003) including Visio (standard)	
	SUITE/SEM templates	
	Other (Explain)	
	N/A (Not Applicable)	
23	Design Tools	Comments
	Rational Rose 7.0 (standard)	
	Visio 2003 (standard)	
X	Other (Explain)	Core application utilizes the CA:2E application/database development tool
	N/A (Not Applicable)	
24	Version Control	Comments
	Rational Clear Case 7 (standard)	
	Subversion 1.4 (standard)	
X	Other (Explain)	Core system utilizes CA:2E tool that has built in version control along with CM tool; Web based applications utilize Vault for version control.
	N/A (Not Applicable)	
25	Message Queuing	Comments
	Websphere MQ 6.x (standard)	
	Other (Explain)	
X	N/A (Not Applicable)	



Select all that apply ✓	Enterprise Architecture Solution Assessment	
	Architecture Overview (continued)	
	<i>Bidder: please provide a response to each technology category</i>	
26	Business Integration	Comments
	BizTalk 2006 (standard)	
	Websphere Message Broker 6.0 (standard)	
	Other (Explain)	
X	N/A (Not Applicable)	
27	Database Tools	Comments
X	MS SQL Server Enterprise Manager (standard)	
	Oracle Enterprise Manager 10g (standard)	
	Teradata Utilities 5380 (standard)	
	Teradata Utilities 5450 (standard)	
	Toad 8.x (standard)	
	Toad 9.0 (standard)	
	Other (Explain)	
	N/A (Not Applicable)	
28	Reporting Tools	Comments
	ActivePDF (standard)	
	ActiveReports 1.0 (standard)	
	ActiveReports 2.0 (standard)	
	Crystal Reports 10 (standard)	
	Crystal Reports 11 (standard)	
	Jasper Reports (standard)	
	MS SQL 2005 Reporting Services (standard)	
	Oracle Reports 10g (standard)	
	Other (Explain)	
X	N/A (Not Applicable)	The solution proposed includes reports in PDF format for the State. For additional Ad-HOC reporting, the State may utilize any of Crystal reports or other ODBC compliant reporting tools.
29	End-User Tools	Comments
	Business Objects (BO) 10 (standard)	
	Business Objects (BO) 11 (standard)	
	Oracle Discoverer 10g (standard)	
	Other (Explain)	
X	N/A (Not Applicable)	
30	Deployment Tools	Comments
	Serena Mover (standard)	
X	Microsoft Visual Studio (standard)	For all web based applications and portals
X	Other (Explain)	Core system utilizes a Change Management deployment tool to deploy between environments
	N/A (Not Applicable)	

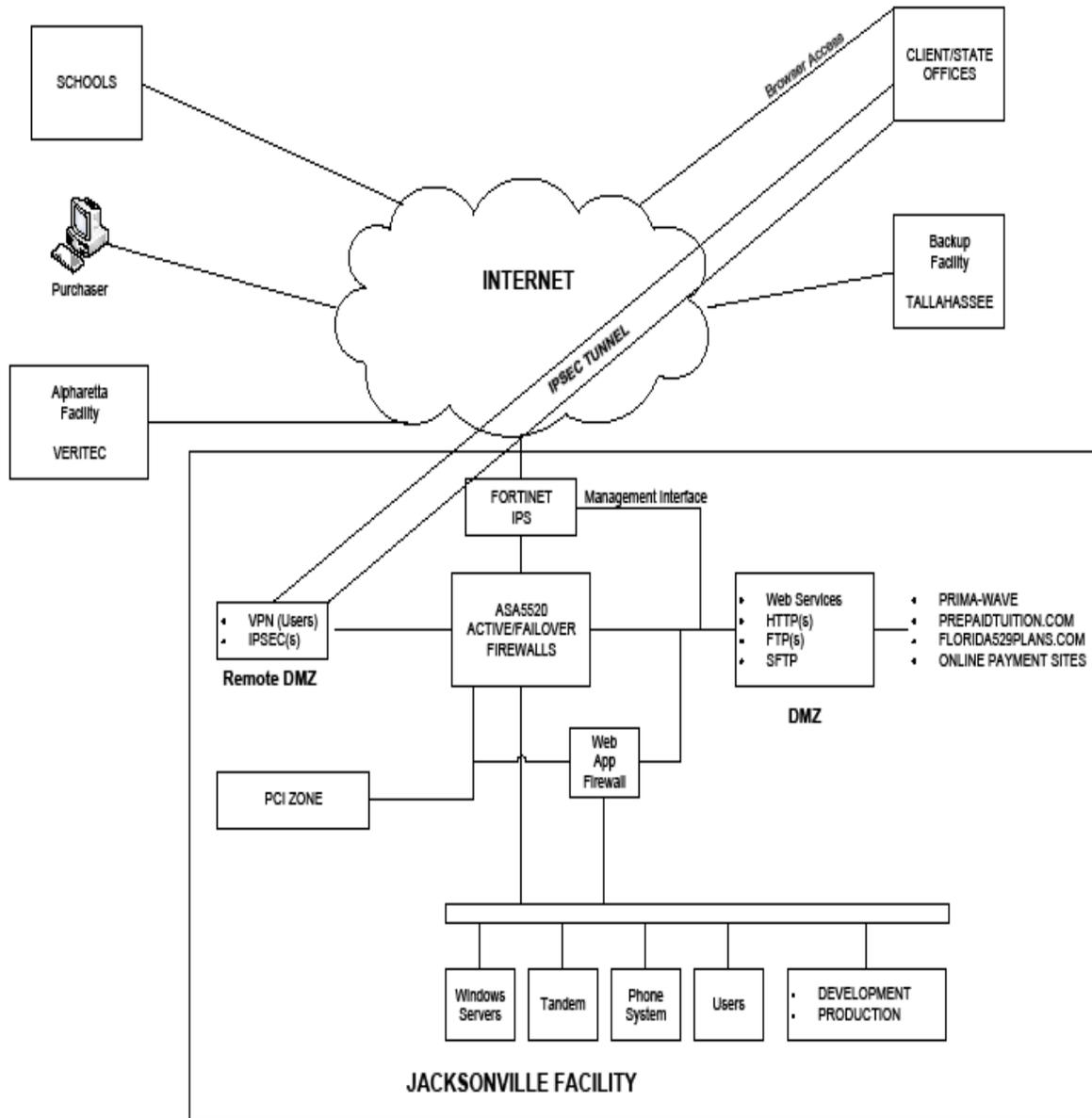
(continued)



Select all that apply ✓	Enterprise Architecture Solution Assessment	
	Architecture Overview (continued)	
	<i>Bidder: please provide a response to each technology category</i>	
31	Build Tools	Comments
	Apache Ant 1.7 (standard)	
	Serena Changeman Builder (standard)	
X	MS Visual Studio (standard)	For all web based applications and portals
X	Other (Explain)	Core system utilizes the CA:2E product for development; produces native code for use on the IBM iSeries platform
	N/A (Not Applicable)	
32	Job Schedulers	Comments
	Tidal Enterprise Scheduler 3.0 (standard)	
	OpCon XPS ver 3.31.02 (standard)	
	BL/Sched ver 5.0 (standard)	
	ECS ver 5.5 (standard)	
	HAPS ver 1.7 (standard)	
	Zeke ver 5.3.1 (standard)	
X	Other (Explain)	Core system utilizes the IBM "Advanced Job Scheduler for iSeries"; Windows based systems utilize ActiveBatch
	N/A (Not Applicable)	
33	GIS Technologies	Comments
	ArcIMS (standard)	
	ArcGIS Server 9.2 (standard)	
	ArcGIS Engine (standard)	
	ArcSDE (standard)	
	Other (Explain)	
X	N/A (Not Applicable)	
34	Centers of Excellence Services	Comments
	Address Verification Service (standard)	
	Business Objects Reporting Service (standard)	
	Citrix Application Delivery (standard)	
	Extract Transform Load (ETL) (standard)	
X	N/A (Not Applicable)	



SYSTEM AND ONLINE ACCESS



Intuition Server/Network Diagram



Exhibit H
Cost Tables

Payment Schedule Based on % of One-time Cost

See Article 1, Section 1.6 for additional information on Payment Schedule

Payment Milestone	% Invoiced Upon Completion and Acceptance of Phase	Payment Milestone Amount
Phase I Project Planning	5%	\$71,100
Phase II Requirements Verification and Validation	15%	\$213,300
Phase III Design of the New System	15%	\$213,300
Phase IV Development of the New System	20%	\$284,400
Phase V User Acceptance Testing	20%	\$284,400
Phase VI Implementation (Placing the New System in Production)	20%	\$284,400
PHASE VII Documentation, Training and Transition	5%	\$71,100
Total Solution One-time Cost (Must match Table 1 above)	100%	\$1,422,000



Table 1: Summary of the Project Cost

No.	Cost Categories	Cost (\$)	Comments
A.	<p>Base Software Package One time cost of vendor's proposed COTS or configurable software package.</p> <p>(If applicable, bidders shall provide the pricing breakdown for Internal and External User Licenses in the comments section)</p>	\$0	
B.	<p>Configuration Cost of modification of the COTS package or to the configurable software to meet requirements Give breakdown in Table 4</p>	\$709,000	Includes all items designated Free Enhancement (FE) or Paid Enhancement (PE) in Exhibit C. PE and FE items in Exhibit C to be available at time of implementation unless agreed to in advance by MET.
C.	<p>Application Development Required only if a bidder is not proposing a COTS package. Give breakdown in Table 4</p>	NA	
D.	<p>Interfaces Give breakdown in Table 5</p>	\$0	
E.	<p>Data Conversion and Migration Give breakdown in Table 6</p>	\$160,000	
F.	<p>Software Tools and Licenses Give breakdown in Table 7.</p>	\$0	
G.	<p>Training and Documentation Give breakdown in Table 8.</p>	\$153,000	
H.	<p>Project Implementation Give breakdown in Table 9.</p>	\$400,000	
	<p>Total One Time Project Cost</p>	\$1,422,000	The Total Solution (One-time) Cost identified in Table 1 includes all-inclusive pricing for all milestones and deliverables identified within the Phases 1-7 of Article 1, Section 1.104.



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

No.	Cost Categories	Cost (\$)	Comments																												
I.	Software update cost (Includes licensing and updates each year)	NA																													
	1. First Year (following 90 day warranty)																														
	2. Second Year																														
	3. Third Year																														
	4. Fourth Year																														
	5. Fifth Year																														
J.	Maintenance and support cost (includes all programming and DB administration functions for implementing future requirements and COTS releases)	NA	The Monthly System Use Cost is \$.42 for an active account and \$.12 for a depleted account. The ongoing monthly system usage cost estimates are based on the following monthly volume estimates:																												
	1. First Year (following 90 day warranty)																														
	2. Second Year																														
	3. Third Year																														
	4. Fourth Year																														
	5. Fifth Year																														
	Ongoing Monthly System Use Cost Estimate. Actual costs based on number of plans on system.		<table border="1"> <thead> <tr> <th>Year</th> <th>Active</th> <th>Depleted</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td></td> <td>\$.42 per month</td> <td>\$.12 per month</td> <td></td> </tr> <tr> <td>1</td> <td>55,000</td> <td>45,000</td> <td>100,000</td> </tr> <tr> <td>2</td> <td>55,000</td> <td>48,500</td> <td>103,500</td> </tr> <tr> <td>3</td> <td>55,000</td> <td>52,000</td> <td>107,000</td> </tr> <tr> <td>4</td> <td>55,000</td> <td>55,500</td> <td>110,500</td> </tr> <tr> <td>5</td> <td>55,000</td> <td>59,000</td> <td>114,000</td> </tr> </tbody> </table>	Year	Active	Depleted	Total		\$.42 per month	\$.12 per month		1	55,000	45,000	100,000	2	55,000	48,500	103,500	3	55,000	52,000	107,000	4	55,000	55,500	110,500	5	55,000	59,000	114,000
Year	Active	Depleted	Total																												
	\$.42 per month	\$.12 per month																													
1	55,000	45,000	100,000																												
2	55,000	48,500	103,500																												
3	55,000	52,000	107,000																												
4	55,000	55,500	110,500																												
5	55,000	59,000	114,000																												
	First Year	\$342,000																													
	Second Year	\$347,040																													
	Third Year	\$352,080																													
	Fourth Year	\$357,120																													
	Fifth Year	\$362,160																													
	Total Recurring Cost	\$1,760,400	The monthly price includes 1,400 hours of enhancements per year. Refer to Table 10 on page 10.																												

Table 3: Total 5 Years System Cost

No.	Cost Categories	Cost (\$)	Comments
Table 1	Total project (One Time) Cost	\$1,422,000	
Table 2	Total 5 year Recurring Cost	\$1,760,400	
	Total 5 Year System Cost	\$3,182,400	

Table 4: Breakdown of Costs for Configuration, Customization and Application Development



Table 4: Breakdown of Costs for Configuration, Customization and Application Development

Customization or Application Development	Estimated Total # of hours	Total cost (\$)
1. Project Manager	709	70,900
2. Business Analyst	2,127	212,700
3. Sr. Programmer	1,000	100,000
4. Programmer	2,481.5	248,150
5. Architect	772.5	77,250
6. Software Architect	0	0
7. Other	0	0
Total Cost	7,090	\$709,000



Table 5: Breakdown of Interfaces

Interface Name	Total cost (\$)
CEPAS	Costs are included in Table 4.
Treasury's data warehouse	
TIAA-CREF	
FYES Information	
Bank LockBox	
Payroll	
Mailing Address File	
MAIN	
Student reports for Institutions	
1099 eFile	
Total Cost	\$ Costs are included in Table 4.



Table 6: Breakdown of Data Conversion and Migration

Table 6: Breakdown of Data Conversion and Migration

Customization or Application Development	Estimated Total # of hours	Total cost (\$)
1. Project Manager	320	32000
2. Business Analyst	640	64000
3. Sr. Programmer	160	16000
4. Programmer	320	32000
5. Architect	0	0
6. Software Architect	0	0
7. Subject Matter Experts	160	16000
Total Cost	1600	\$160,000



Table 7: Breakdown of Software Tools and Licenses

Pricing of Software tools and Licenses is included in the ongoing maintenance costs.

Software Tools licenses costs (One-time cost to purchase the following tools)	Software Tool Name and version	License Type (ie: enterprise, server or per user)	Quantity (number of licenses)	Per Unit Price	Cost (\$)	Comments
COTS Package						
Database Software						
Report writers						
Report writers						
Requirement analysis tools						
Design tools						
Drawing tools						
Development environment tools						
Testing tools: (such as defect testing, load/stress testing, configuration management (List and provide cost separately for each item) (a)..... (b).....etc.						
Any other software (List): (a)..... (b).....etc.						
Total Cost					Costs are included in Table 2.	



Table 8: Breakdown of Training and Documentation

Training cost and Documentation	Cost (\$)	Comments
A) Documentation for End Users and System Administrators	\$145,000	We endorse an approach where we would train your trainers and supervisors who would in turn be available to provide ongoing training support for MET staff. Our price includes train the trainer and support of your trainer(s) in initial staff training.
B) Training for End Users and System Administrators	\$8,000	
Other (List): 1) 2)		
Total Cost	\$153,000	

Table 8b: Optional Additional On-Site Training, on an as-needed basis
The cost is per-day, inclusive of all travel and expenses.

Year	Per Day Cost	Cost (\$)	Comments
1	\$1,500 per trainer		Weekly rate of \$5,000 per trainer
2	\$1,500 per trainer		Weekly rate of \$5,000 per trainer
3	\$1,500 per trainer		Weekly rate of \$5,000 per trainer
4	\$1,500 per trainer		Weekly rate of \$5,000 per trainer
5	\$1,500 per trainer		Weekly rate of \$5,000 per trainer



Table 9 Project Implementation

Resources Required	Estimated Total # of hours	Total cost (\$)
1. Project Management	3000	300,000
2. Integration: (Integration of your COTS/Application software product with customized code and external interfaces)	500	50,000
3. Testing: (a) Unit, (b) System, (c) Integration, (d) Performance (load and stress), (e) Parallel Testing VERIS–VVRS), (f) UAT, (g) Other (List):	500	50,000
4. Deployment / Cutover	0	0
Other (List):	0	0
5.	0	0
6.	0	0
Total Cost	4,000	\$400,000



Table 10: Fixed Labor Rates for Future Enhancements

Contractor will provide the first 1,400 hours of enhancements for each calendar year to the State at no Charge. Hours above and beyond 1,400 would be billed at the following rates:

Contractor Position	Fixed Hourly rate (\$)
Project Manager	\$100.00 per hour
Business Analyst	\$90.00 per hour
2E Programmer	\$150.00 per hour
Programmer	\$100.00 per hour
Technical Writer	\$56.00 per hour
Architect	\$150.00 per hour

Unused hours will not roll over to the next calendar year.

Notes:

1. Hourly rates quoted are firm, fixed rates for the duration of the contract including option years. Travel and other expenses will not be reimbursed. 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.



Appendix 1 PRIMASM Records Administration System

Intuition's records administration system (PRIMASM) was designed and developed specifically to support 529 prepaid college programs. The PRIMASM system is hosted on the robust and powerful IBM iSeries, a platform that is widely used across a variety of companies and industries, including such giants as Visa International, Blue Cross Blue Shield, and McDonalds. The iSeries combines the best of both worlds: proven and stable technology with cutting-edge capabilities, including secure Web integration.

PRIMASM is built with Computer Associate's 2E development environment. This powerful, model-based tool allows for intrinsic data modeling, data-driven application design and development, a repository for re-usable business logic, native code generation, and management of changes throughout the life of a product. It provides a dynamic and flexible environment to support MET.

Intuition's system provides online, real-time update capabilities for nearly all system functions, with supporting batch processes for functions involving external batch input (e.g., lockbox processing), cyclical processes (e.g., delinquency processing), and selected reports.

Based on Intuition's experience the requirements set forth in the RFP, the following provides a general outline of the relevant capabilities of the automated system that Intuition provides:

- Online inquiry and update access to account information. This includes contract owner/purchaser information, beneficiary information, contract information (product, payment option), financial information, audit and mailing history.
- Secured access. The online system will be protected by a multi-tiered security structure, allowing system access, inquiry, and update based on an assigned security level for each user. Access will also be secured around functional areas (i.e., general demographic changes, cancellations, table maintenance, etc.).
- Entry and automated editing of application information. Generation of associated reports and letters to applicants for correction of application data.
- Generation of acceptance packages to approved applicants. Production of coupon books or lump sum payment invoices to all approved applicants.
- Extensive tracking providing an audit trail of activity that takes place against an account. Any change to critical data elements is logged, with an indication of the responsible user, date, and time, which provides an invaluable history and audit trail.
- Payment processing. Inputs from lockbox, ACH, and payroll deduction as required. Allocation to proper accounts or suspense, and handling of exception items.
- Delinquency tracking and notification, including involuntary cancellation.
- Online process for recording of cancellations, including calculation and processing of earnings and refunds to the purchaser.
- Matriculation notifications to beneficiaries or purchasers.
- Processing of school invoices and distributions.
- Production of annual account statements and/or usage statements, as appropriate.
- Production and distribution of tax forms, with associated reporting to the IRS.
- Extensive reporting, including financial balancing and reconciliation, activity reports, statistical reports, and monthly management reports.

The following is a partial list of modules and system processes that are components of PRIMASM:

Online Customer Service functions:

- Account look-up by account number as well as by purchaser, beneficiary, or successor information.
- Account inquiry and maintenance
- Purchaser / beneficiary demographics updates
- Application inquiry
- Create/view letter requests
- Correspondence inquiry/update
- Financial summary & financial transaction details



- Request & lock-in 'payoff' amounts
- Account benefits summary
- Account eligibility errors
- Account invoice details inquiry
- Tax information inquiry

Establish Account functions:

- Application data entry & key verification
- Online application submission
- Application validate and load
- Application load reporting
- 'Welcome Package' production
- Correction letter production
- Coupon book/invoice production

Financial functions:

- Account Cancellations & Transfers
- Account Reinstate
- Change Plan contract information (product, payment option)
- Payment adjustment / correction / reapplication
- Refund request
- Assess or waive fees
- Delinquency processing/late notice production
- Delinquency cancellation processing
- Refund / Cancellation rosters
- Rollover payment processing

Payment processing functions:

- Lockbox payment electronic receipt & posting
- ACH pre-notification creation / transmission / notification
- ACH debit creation/transmission
- ACH payment posting
- Suspense payment posting
- Payroll deduct payment posting
- Return items posting
- 'Suspended payments' posting
- 'Suspended payments' refunds
- Allocate rollover payment
- Payment Posting / Processing reports

Matriculation (Benefits Usage) functions:

- Matriculation notifications
- School invoice entry and validation
- School invoice posting



- Distribution posting
- Matriculation Eligible/Ineligible roster
- Matriculation Ineligible Correction account roster
- Usage statement production
- School maintenance
- Payout Value Rates maintenance
- Invoice payment report
- FAFSA (Free Application for Federal Student Aid) value calculation and reporting

Correspondence and/or reporting functions:

- Form 1099/IRS data production
- Annual statement production
- Account statement production
- Extensive management reporting
- Please refer to **Attachment 1**, Letters and Reports

Administrative functions:

- Online security maintenance
- User table maintenance
- System table maintenance
- Program indicator and value rules maintenance

Web-based capabilities:

- Account owner access to contract information
- Account owner online update of contact information
- Application submission and fee payment
- Educational institution access to beneficiary eligibility information
- Report viewing & archive



Appendix 2 Hardware Environment and Security

Intuition's systems environment is a "multi-tiered" environment consisting of IBM iSeries midrange systems and a Windows / Novell NetWare local area network/wide area network (LAN/WAN). These systems provide a wide diversity of environments, scalability, and software utilities to support a broad range of applications. This multi-tiered environment allows Intuition to tailor each application to the platform for which it is best suited and to deploy them securely and effectively.

The PRIMAsm system proposed to support MET savings plan records administration activities is hosted on the IBM iSeries (AS/400) configuration. The iSeries is among the most widely-utilized operating environments in business, used by industry leaders such as Visa International, Blue Cross Blue Shield, and McDonalds. It is also one of the most secure environments to ensure data privacy. Backed by rock-solid support and an aggressive clearly-defined growth path from IBM, it is an ideal platform for business applications where security and long-term support and growth are key concerns. Many other environments do not offer the committed support or long-term viability that the iSeries provides, and may be plagued by serious security concerns.

Intuition's iSeries environment consists of two systems, one dedicated to development and testing and the other dedicated to production. Both take advantage of advanced IBM midrange systems technology, employing Reduced Instruction Set Chip (RISC) architecture. These systems provide an ideal secure and robust platform, with more-than-adequate capacity and with integrated, web-enabled technologies to support MET.

The PRIMAsm system's access is deployed using a Java-based browser environment via Intuition's advanced network. This network environment consists of over 200 network nodes, including: Dell and HP Servers, two Storage Area Networks (SANs), EMC's VMWare virtual environment clusters and an underlying Cisco based network infrastructure.

Physical Environment

The hardware used to support MET will be housed at Intuition's data facility, located at our office at 9428 Baymeadows Road, Jacksonville, Florida. The data center is physically secure, predicated on fault tolerance through systems backup and redundancy. The fully-scalable solution utilizes Internet connections by an Internet backbone provider. Clean electrical power is provided through high capacity, non-interruptible power supplies and a generator backup capable of continuous full load power requirements. HVAC units provide the correct environmental conditioning for all systems.

Some highlights of our data center include the following.

- Tier 1 Internet backbone access.
- Third Party Managed IDS/IPS and Firewall-secured network.
- Highly trained and certified system and network administration available 24 x 7 x 365.
- Technical Support response time during business hours is immediate. Response time after hours is typically less than 2 hours.
- Hardware platforms including Cisco, IBM AS/400, HP, HP Non-Stop and Dell.
- Operating systems including Windows 2000 Server, Windows 2003 Server, OS/400, UNIX, and Guardian.
- Multiple HVAC units with excess capacity for maintaining consistent temperature control.
- Environment monitoring of temperature, humidity, power, smoke, fire, and water.
- 23kW Uninterruptible Power Supply (UPS) capable of maintaining full power load for up to 13 minutes provides clean power for the entire data center.
- A 100kW generator will start as soon as a power interruption occurs, typically taking about 30 seconds to reach full potential. The generator has enough fuel internally to run for about three days. We have a contract with a local fuel oil vendor to provide a fuel-oil truck within 24 hours that contains an additional 12 days worth of fuel.
- Regular testing of electrical power back-up.
- Electronic identification is required to enter the building and a separate badge-reader controlled lock limits access to the data center. The access list to the data center is highly scrutinized and kept to a minimum.
- Motion-activated video camera within the data center itself automatically records any access around the clock.

A list of the computer equipment provided by Intuition is included below; all computer equipment described is owned and controlled solely by Intuition.

- IBM iSeries;(AS/400/ (production environment)
- IBM iSeries; AS/400 (development environment)
- Production Web Server: Dell PowerEdge 2850



- Beta Web Server: Dell PowerEdge 2650
- Development Web Server: Dell PowerEdge 2850
- Dedicated Web Database Server: Dell Poweredge 2850
- Interactive Voice Response System (IVR), production; Dell
- IVR, development
- 200+ node local area network/wide area network (LAN/WAN) with Windows ActiveDirectory and Novell NetWare
- Dell & HP servers
- 23KVA uninterruptible power supply (UPS)
- 100KVA Caterpillar diesel generator
- Siemens HiPath 4000 with ProCenter Agile call center
- Cisco PIX ASA Firewall with Failover Configuration (2)
- Cisco Routers and switches
- Xerox document center
- Hewlett-Packard model 8150DN printer
- Dell, IBM Pentium Workstations

This equipment provides excess capacity to meet all of MET's requirements in addition to Intuition's other obligations. Intuition is committed to supporting the objectives of our customers, and is constantly expanding their technical resources to provide better tools, leveraging technology to further our customer's success. Should additional capacity be needed in the future to support MET these resources will be upgraded and augmented to meet those needs.

System Security

The security encompassed in the PRIMAsm records administration system is just one of multiple components of Intuition's overall corporate security plan. With the prevalence of identity theft, privacy is a critical concern for Intuition. We take the protection of our customers' data extremely seriously, to the extent that we are certified compliant with PCI (Payment Card Industry) Data Security Standards. PCI Data Security Standards are rigid industry requirements from a collaborative effort by Visa, MasterCard, Discover and other credit card issuer associations to protect card holder data and the credit card customers. These standards far exceed our customers' requirements.

Security is integrated from the ground up within PRIMAsm, having been built based on Intuition's years of experience with prepaid programs. It was designed with a clear understanding of the business functions necessary to support a prepaid program and the separation of duties required to provide a secure environment. Thus, specific business functions (e.g., reapplying payments) can be authorized at either the individual employee or at the group level (e.g., 'Finance Department'). This allows us to restrict access to more sensitive information and processes to those who have a specific business need for that access.

The operating environment for PRIMAsm (the IBM iSeries midrange computer) provides further security by enforcing access restrictions first at the system level, and then at the library, database table, and program level. Operations staff cannot directly access information except through the PRIMAsm application and its security filters.

Yet another level of security is provided by Intuition's network. The iSeries is isolated within the Intuition network behind a 'firewall', which insulates it from unauthorized external access. Users must authenticate to the Intuition network before being allowed to even attempt to access the system on which PRIMAsm resides.

Privacy and Confidentiality of Consumer Information

For many years Intuition has been participating in SAS70 audits conducted by third party firms, which include review and validation of internal controls related to information security. In 2005, Intuition also participated in a HIPAA (Health Insurance Portability and Accountability Act) analysis of our internal controls and activities.