

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

CHANGE NOTICE NO. 3
 to
CONTRACT NO. 071B2200299
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Customer Expressions Corp 940 Belfast Road, Suite 201 Ottawa, Ontario K1G 4A2	Joe Gerard	jgerard@customerexpressions.com
	PHONE	VENDOR TAX ID # (LAST FOUR DIGITS ONLY)
	(613) 244-5111	1409

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Kim Crawford	(517) 373-4530	crawfordk5@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jarrod Barron	(517) 284-7045	barronj1@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Case Management System Software for DHHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
August 31, 2012	August 30, 2017	(2) 1-Year Options	August 30, 2017
PAYMENT TERMS	F.O.B.	SHIPPED TO	
N/A	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input 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 EXTENSION/OPTION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		August 30, 2017
CURRENT VALUE		VALUE/COST OF CHANGE NOTICE	ESTIMATED REVISED AGGREGATE CONTRACT VALUE	
\$2,058,000.00		\$121,500.60	\$2,180,000.60	

DESCRIPTION:

Effective July 5, 2015, the following amendment is hereby incorporated into the Contract per attached Statement of Work. This is a change of scope. Also effective July 5, 2015, this Contract is hereby increased by \$121,500.60. Please note, the Contract Administrator has been changed to Jarrod Barron. Also please note, the Program Manager has been changed to Kim Crawford. All other terms, conditions, specifications, and pricing remain the same, per Contractor and Agency agreement, and DTMB Procurement approval.



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

Project Title: I-Sight Case Management Software	Period of Coverage: 8/3/2015 – 08/30/2017
Requesting Department: MDHHS – Office of Inspector General (OIG)	Date: 5/18/2015
Agency Project Manager: Nick D’Isa	Phone: (517)284-6920
DTMB Project Manager: Kim Crawford	Phone: (517) 373-4530

Brief Description of Services to be provided:

Contract Change Notice (CCN) to the Customer Expressions contract 071B02200299 to modify scope of work for the time period of 08/03/2015 - 08/30/2017 for licensing, hosting, and contractual service support for the Michigan Department of Health & Human Services (MDHHS) I-Sight software. The current contract states the application and database will be hosted in Canada. To remediate legal issues around hosting PHI and CJI outside of the State of Michigan, this contract change notice is requesting changes to the Statement of Work.

BACKGROUND:

The Office of Inspector General (OIG) annually recovers over \$1.5 million from investigations of Medicaid fraud, waste, and abuse. To automate the investigation process, MDHHS-OIG has implemented the I-Sight case management software.

Customer Expressions Corp, Contract 071B02200299, is contracted to host, implement, maintain and support the I-Sight Application for the MDHHS-OIG. MDHHS-OIG will use the I-Sight application to track and enforce Medicaid Fraud, Waste, and Abuse. Tracking and enforcement

involves investigating Medicaid data from many health care resources and, at times, involves investigating Criminal Justice data from the Michigan State Police (MSP) Law Enforcement Information Network (LEIN). As a result, Personal Health Information (PHI) and Criminal Justice Information (CJI) will be stored in the I-Sight application database.

PROJECT OBJECTIVE:

- The i-Sight application shall be implemented by Customer Expressions on SOM servers. Development/Test environment will be hosted in Ottawa; Quality Assurance, and Production environments will be hosted within State of Michigan's network. The Contractor will provide I-Sight Software and setup on State of Michigan (SOM) Quality Assurance (QA) and Production Hosting Environments.
- The software shall either meet the requirements out of the box without modification or the Contractor shall modify their software to ensure full compliance with the requirements mentioned below.
- I-Sight will provide better tracking of all steps in the investigation case lifecycle and improve reporting capabilities.
- Modify I-Sight System Access per user and add requirements addressing the Health Information Portability and Accountability Act (HIPAA) and Criminal Justice data access. This change will be effective for the remainder of the contract, which is end dated for 6/30/2017.

SCOPE OF WORK:

Per Contract 071B2200299;

1. Modify Section A, titled Setup and Configuration to include the following deliverables:
 - Assist DTMB SOM staff with the setup and configure of I-Sight application on the SOM Quality Assurance and Production Hosting Environments.

-See deliverables below
2. Remove I-Sight Ad Hoc Report Writing Workshop, Word Document Templates, and Limited Service Level Warranty.
3. Modified DTMB Project Manager
4. Add HIPAA Business Associate Agreement Addendum per Exhibit B found below

TASKS:

Technical support is required to assist with the following tasks:

Set-up and Configuration

The Contractor shall configure a beta application in which application beta-testing will be conducted, and subsequent changes made to the application.

The Contractor shall assist the SOM in setting up Quality Assurance and Production hosting environments.

Deliverables

- The SUITE Enterprise Architecture Solution Assessment Document.
- Functioning i-Sight application and system interfaces on the Quality Assurance server.

The Contractor shall provide Web-based training for System Administrator(s) and “Train-The-Trainer”.

Deliverables

- Successful completion of configuration of i-Sight in accordance with the BA “Business Requirements Document” developed during the Business Analysis and Process Mapping phase of the project.
- Successful testing of the configured i-Sight application
- Operations manual

Business Analysis and Process Mapping

Customer Expressions will provide a Business Analyst who will map business process; complete documentation of process and requirements; complete user acceptance testing. The process map will then be used to document the field level specification.

Deliverables

- Develop project schedule detailing projects tasks
- Business Requirements Document - A detailed Business Requirements document will be elicited & developed by Supplier and signed off by the State.
Input to this document will come from the Business Requirements supplied in the SOW as well as joint sessions with Supplier and the SOM to provide additional details, clarification and any modification to the SOM’s requirements.

Integration to External Databases

The Contractor shall perform integration to the following external databases using the Web Services standard interface:

Data Warehouse (includes MMIS, NPES, and SAS)

Deliverables

- Data Feed Mapping Documentation - Supplier will work with the DHHS-OIG to map data from one system to i-Sight and vice versa. This will be done for each system that requires integration.
- System Integration Testing

i-Sight Ad-Hoc Report Writing Workshop

The workshop provides a customized report writing program conducted via web conference.

Deliverables

- Workshop training materials – includes a PowerPoint slide deck and notes describing basic functions within the reporting tool
- Delivery of training services – one day web based training for up to 8 attendees that will include an overview of the reporting tool.
- i-Sight Operations Manual

Word Document Templates

The Contractor will embed Word document templates into the i-Sight Case Record to provide auto-field population from pre-defined fields within the application.

Implementation

The Contractor shall work with SOM DTMB staff to setup the application in the production environment once beta-testing and subsequent changes have been implemented. The application's go-live date in production will constitute the commencement of the performance warranty period.

Deliverables

- Functioning i-Sight application and system interfaces on the Production Server.
- Successful go-live of the application in production.
- The Contractor shall complete an Information System Security Plan and Risk Assessment

(DTMB-170) and submit to SOM DTMB, Michigan Cyber Security (MCS) and DHHS Information Security Officer. The DTMB-170 document is considered complete when the DTMB MCS and DHHS Information Security Officers sign the document, which indicates approval.

Limited Service Level Warranty

Application update service - As part of the limited 120 days warranty, the Service Provider shall provide to the Customer:

Corrections for problems that the Service Provider diagnoses as defects in a currently supported version of the SOM Hosted Application.

Optional Services to be Provided:

Optional services will be made available by completing a purchasing request form with the IT Procurement Office to amend the Purchase Order.

- Word Document Templates- The Contractor will embed Word document templates into the i-Sight Case Record to provide auto-field population from pre-defined fields within the application.
- Deliverables- Templates that can be accessed and automatically generated via the i-Sight case file. 5 Template letters and 1 Case Summary Report are estimated.
- Customization Requests Over and Above Standard i-Sight Configuration- Any requests over and above the functionality captured within the Business Requirements Document will be quoted on a fixed price basis as the work is requested.
- Web Conference Training Course- The Contractor can provide additional training courses beyond what is required in the Contract.
- On-Site Training Course- The Contractor offers on-site end user training courses. Trainers are ready to deliver a half-day course. The class size is limited to 10 participants.

ACCEPTANCE CRITERIA:

Per contract 071B2200299 Agreement

PROJECT CONTROL AND REPORTS:

A bi-weekly progress report must be submitted to the Agency and DTMB Project Managers throughout the life of this project. This report may be submitted with the billing invoice. Each bi-weekly progress report must contain the following:

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

- Accomplishments: Indicate what was worked on and what was completed during the current reporting period.
- Funds: Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

ADDITIONAL SECURITY AND BACKGROUND CHECK REQUIREMENTS:

In addition to the procedures in Section 2.091 of the original Contract, a state of residency and national fingerprint-based record check shall be conducted prior to assignment with the Office of Health Services Inspector General (OHSIG) including all personnel and/or contractors who have access to criminal justice information and/or have direct responsibility to configure or maintain computer systems used by the OHSIG.

An RI-8 Fingerprint Card shall be completed at the contractors cost and mailed directly to the OHSIG for processing with the Michigan State Police and National Crime Information Center.

The contractor must meet and maintain compliance with all requirements of the Criminal Justice Information Services Security Policy, as well as the Michigan Addendum to this policy. Policies may be viewed in full at

www.michigan.gov/lein and

<http://www.fbi.gov/about-us/cjis/cjis-security-policy-resource-center>.

SPECIFIC DEPARTMENT STANDARDS:

Agency standards, if any, in addition to DTMB standards.

Per contract 071B2200299 Agreement

PAYMENT SCHEDULE:

Per contract 071B2200299 Agreement

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

Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices. Per contract 071B2200299 Agreement

EXPENSES:

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

PROJECT CONTACTS:

The designated Agency Project Manager is:

Nick D'Isa

Office of Inspector General Division

3970 Heritage Rd

Okemos, Michigan 48864

(517) 284-6920

DIsaN@michigan.gov

The designated DTMB Project Manager is:

Kim Crawford

DTMB Agency Services for MDHHS

Chandler Plaza

300 East Michigan Ave.

Lansing, MI 48933

(517)-373-4530

CrawfordK5@michigan.gov

AGENCY RESPONSIBILITIES:

Per contract 071B2200299 Agreement

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Per contract 071B2200299 Agreement State offices:

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

Per contract 071B2200299 Agreement

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

No overtime will be permitted.

This purchase order is a release from Contract Number 071B2200299. This purchase order, statement of work, and the terms and conditions of Contract Number 071B2200299 constitute the entire agreement between the State and the Contractor.

Exhibit A – Project Pricing

Table 1: One Time Costs (Base Years)

Section No.	Deliverable	Cost (\$)	Estimated Days	Billing Schedule	Comments
1.401.1	Set-up and Configuration	\$30,000	N/A	Billed on acceptance of the beta application.	This fee includes the configuration of a beta application. Operations Manual, Web-based training for System Administrator(s) and “Train-The-Trainer” is also included in the set-up fee.
1.401.2	Business Analysis and Process Mapping	\$30,000	20	Billed upon acceptance of the Business Requirements Document	Customer Expressions will provide a Business Analyst who will map business process; complete documentation of process and requirements; complete user acceptance testing. The process map will then be used to document the field

					level specification.
1.401.3	Integration to External Databases	\$9,000	6	Payable on SOM's Final Acceptance of i-Sight	Based on Web Integration with Data Warehouse(MMIS, NPES, and SAS)
1.401.6	Implementation	\$30,000	N/A	Payable on SOM's Final Acceptance of i-Sight	This fee includes moving the application into the production environment once beta-testing and subsequent changes have been implemented and accepted, and the system goes live in production.
	Historical Data Migration	\$22,500	15	Payable on SOM's Final Acceptance of i-Sight	Customer Expressions charges \$1,500.00 per day to perform data migration. A per diem rate is applied as the level of effort will vary depending on the complexity of the data migration. Historical data can be migrated into the i-Sight system by providing the data in a text file e.g. MS Excel Spreadsheet or other CSV delineated format. Each column on the Excel spreadsheet or other CSV format must represent a field in the i-Sight application.
	Total One Time Cost (Base Years)	\$121,500	N/A	N/A	N/A

Exhibit B - HIPAA BUSINESS ASSOCIATE AGREEMENT ADDENDUM

This Business Associate Agreement Addendum (“Addendum”) is made a part of the contract (“Contract”) between the Michigan Department of Community Health & Human Services (“Covered Entity”), and Customer Expressions Corporation, (“Business Associate”).

The Business Associate performs certain services for the Covered Entity under the Contract that requires the exchange of information including protected health information under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), as amended by the American Recovery and Reinvestment Act of 2009 (Pub.L. No. 111-5). The Michigan Department of Community Health is a hybrid covered entity under HIPAA and the parties to the Contract are entering into this Addendum to establish the responsibilities of both parties regarding HIPAA-covered information and have the underlying Contract comply with HIPAA.

RECITALS

A. Under the terms of the Contract, the Covered Entity wishes to disclose certain information to the Business Associate, some of which may constitute Protected Health Information (“PHI”). In consideration of the receipt of PHI, the Business Associate agrees to protect the privacy and security of the information as set forth in this Addendum.

B. The Covered Entity and the Business Associate intend to protect the privacy and provide for the security of PHI disclosed to the Business Associate under the Contract in compliance with HIPAA and the HIPAA Rules.

C. The HIPAA Rules require the Covered Entity to enter into a contract containing specific requirements with the Business Associate before the Covered Entity may disclose PHI to the Business Associate.

1. Definitions.

a. The following terms used in this Agreement have the same meaning as those terms in the HIPAA Rules: Breach; Data Aggregation; Designated Record Set; Disclosure; Health Care Obligations; Individual; Minimum Necessary; Notice of Privacy Practices; Protected Health Information; Required by Law; Secretary; Security Incident; Security Measures, Subcontractor; Unsecured Protected Health Information, and Use.

b. "Business Associate" has the same meaning as the term "business associate" at 45 CFR 160.103 and regarding this Addendum means [Insert Name of Business Associate]

c. "Covered Entity" has the same meaning as the term "covered entity" at 45 CFR 160.103 and regarding this Addendum means the Michigan Department of Community Health.

d. "HIPAA Rules" means the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

e. "Agreement" means both the Contract and this Addendum.

f. "Contract" means the underlying written agreement or purchase order between the parties for the goods or services to which this Addendum is added.

2. Obligations of Business Associate.

The Business Associate agrees to

a. use and disclose PHI only as permitted or required by this Addendum or as required by law.

b. implement and use appropriate safeguards, and comply with Subpart C of 45 CFR 164 regarding electronic protected health information, to prevent use or disclosure of PHI other than as provided in this Addendum. Business Associate must maintain, and provide a copy to the Covered Entity within 10 days of a request from the Covered Entity, a comprehensive written information

privacy and security program that includes security measures that reasonably and appropriately protect the confidentiality, integrity, and availability of PHI relative to the size and complexity of the Business Associate's operations and the nature and the scope of its activities.

c. report to the Covered Entity within 24 hours of any use or disclosure of PHI not provided for by this Addendum of which it becomes aware, including breaches of Unsecured Protected Health Information as required by 45 CFR 164.410, and any Security Incident of which it becomes aware. If the Business Associate is responsible for any unauthorized use or disclosure of PHI, it must promptly act as required by applicable federal and State laws and regulations. Covered Entity and the Business Associate will cooperate in investigating whether a breach has occurred, to decide how to provide breach notifications to individuals, the federal Health and Human Services' Office for Civil Rights, and potentially the media.

d. ensure, according to 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, that any subcontractors that create, receive, maintain, or transmit PHI on behalf of the Business Associate agree to the same restrictions, conditions, and requirements that apply to the Business Associate regarding such information. Each subcontractor must sign an agreement with the Business Associate containing substantially the same provisions as this Addendum and further identifying the Covered Entity as a third party beneficiary of the agreement with the subcontractor. Business Associate must implement and maintain sanctions against subcontractors that violate such restrictions and conditions and must mitigate the effects of any such violation.

e. make available PHI in a Designated Record Set to the Covered Entity within 10 days of a request from the Covered Entity to satisfy the Covered Entity's obligations under 45 CFR 164.524.

f. within ten days of a request from the Covered Entity, amend PHI in a Designated Record Set under 45 CFR § 164.526. If any individual requests an amendment of PHI directly from the Business Associate or its agents or subcontractors, the Business Associate must notify the Covered Entity in writing within ten days of the request, and then, in that case, only the Covered Entity may either grant or deny the request.

g. maintain, and within ten days of a request from the Covered Entity make available the information required to enable the Covered Entity to fulfill its obligations under 45 CFR § 164.528. Business Associate is not required to provide an accounting to the Covered Entity of disclosures : (i) to carry out treatment, payment or health care operations, as set forth in 45 CFR § 164.506; (ii) to individuals of PHI about them as set forth in 45 CFR § 164.502; (iii) under an authorization as provided in 45 CFR § 164.508; (iv) to persons involved in the individual's care or other notification purposes as set forth in 45 CFR § 164.510; (v) for national security or intelligence purposes as set forth in 45 CFR § 164.512(k)(2); or (vi) to correctional institutions or law enforcement officials as set forth in 45 CFR § 164.512(k)(5); (vii) as part of a limited data set according to 45 CFR 164.514(e); or (viii) that occurred before the compliance date for the Covered Entity. Business Associate agrees to implement a process that allows for an accounting to be collected and maintained by the Business Associate and its agents or subcontractors for at least six years before the request, but not before the compliance date of the Privacy Rule. At a minimum, such information must include:

(i) the date of disclosure; (ii) the name of the entity or person who received PHI and, if known, the address of the entity or person; (iii) a brief description of PHI disclosed; and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. If the request for an accounting is delivered directly to the Business Associate or its agents or subcontractors, the Business Associate must forward it within ten days of the receipt of the request to the Covered Entity in writing.

h. to the extent the Business Associate is to carry out one or more of the Covered Entity's obligations under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to the Covered Entity when performing those obligations.

i. make its internal practices, books, and records relating to the Business Associate's use and disclosure of PHI available to the Secretary for purposes of determining compliance with the HIPAA Rules. Business Associate must concurrently provide to the Covered Entity a copy of any PHI that the Business Associate provides to the Secretary.

j. retain all PHI throughout the term of the Agreement and for a period of six years from the date of creation or the date when it last was in effect, whichever is later, or as required by law. This obligation survives the termination of the Agreement.

k. implement policies and procedures for the final disposition of electronic PHI and the hardware and equipment on which it is stored, including but not limited to, the removal of PHI before re-use.

l. within ten days after a written request by the Covered Entity, the Business Associate and its agents or subcontractors must allow the Covered Entity to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the use or disclosure of PHI under this Addendum for the purpose of determining whether the Business Associate has complied with this Addendum; provided, however, that: (i) the Business Associate and the Covered Entity must mutually agree in advance upon the scope, timing and location of such an inspection; (ii) the Covered Entity must protect the confidentiality of all confidential and proprietary information of the Business Associate to which the Covered Entity has access during the course of such inspection; and (iii) the Covered Entity or the Business Associate must execute a nondisclosure agreement, if requested by the other party. The fact that the Covered Entity inspects, or fails to inspect, or has the right to inspect, the Business Associate's facilities, systems, books, records, agreements, policies and procedures does not relieve the Business Associate of its responsibility to comply with this Addendum. The Covered Entity's (i) failure to detect or (ii) detection, but failure to notify the Business Associate or require the Business Associate's remediation of any unsatisfactory practices, does not constitute acceptance of such practice or a waiver of the Covered Entity's enforcement rights under this Addendum.

3. Permitted Uses and Disclosures by the Business Associate.

a. Business Associate may use or disclose PHI:

(i) for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate; provided, however, either (A) the disclosures are required by law, or (B) the Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached;

(ii) as required by law;

(iii) for Data Aggregation services relating to the health care operations of the Covered Entity;

(iv) to de-identify, consistent with 45 CFR 164.514(a) – (c), PHI it receives from the Covered Entity. If the Business Associates de-identifies the PHI it receives from the Covered Entity, the Business Associate may use the de-identified information for any purpose not prohibited by the HIPAA Rules; and

(v) for any other purpose listed here: carrying out the Business Associate's duties under the Contract.

b. Business Associate agrees to make uses and disclosures and requests for PHI consistent with the Covered Entity's minimum necessary policies and procedures.

c. Business Associate may not use or disclose PHI in a manner that would violate Subpart E of 45 CFR Part 164 if done by the Covered Entity except for the specific uses and disclosures described above in 3(a)(i) and (iii).

4. Covered Entity's Obligations

Covered entity agrees to

a. use its Security Measures to reasonably and appropriately maintain and ensure the confidentiality, integrity, and availability of PHI transmitted to the Business Associate under the Agreement until the PHI is received by the Business Associate.

b. provide the Business Associate with a copy of its Notice of Privacy Practices and must notify the Business Associate of any limitations in the Notice of Privacy Practices of the Covered Entity under 45 CFR 164.520 to the extent that such limitation may affect the Business Associate's use or disclosure of PHI.

c. notify the Business Associate of any changes in, or revocation of, the permission by an individual to use or disclose the individual's PHI to the extent that such changes may affect the Business Associate's use or disclosure of PHI.

d. notify the Business Associate of any restriction on the use or disclosure of PHI that the Covered Entity has agreed to or is required to abide by under 45 CFR 164.522 to the extent that such restriction may affect the Business Associate's use or disclosure of PHI.

5. Term. This Addendum must continue in effect as to each Contract to which it applies until such Contract is terminated or is replaced with a new contract between the parties containing provisions meeting the requirements of the HIPAA Rules, whichever first occurs.

6. Termination.

a. Material Breach. In addition to any other provisions in the Contract regarding breach, a breach by the Business Associate of any provision of this Addendum, as determined by the Covered Entity, constitutes a material breach of the Addendum and is grounds for termination of the Contract by the Covered Entity under the provisions of the Contract covering termination for cause. If the Contract contains no express provisions regarding termination for cause, the following apply to termination for breach of this Addendum, subject to 6.b.:

(i) Default. If the Business Associate refuses or fails to timely perform any of the provisions of this Addendum, the Covered Entity may notify the Business Associate in writing of the non-performance, and if not corrected within thirty days, the Covered Entity may immediately terminate the Contract. Business Associate must continue performance of the Contract to the extent it is not terminated.

(ii) Associate's Duties. Notwithstanding termination of the Contract, and subject to any directions from the Covered Entity, the Business Associate must timely, reasonably and necessarily act to protect and preserve property in the possession of the Business Associate in which the Covered Entity has an interest.

(iii) Compensation. Payment for completed performance delivered and accepted by the Covered Entity must be at the Contract price.

(iv) Erroneous Termination for Default. If the Covered Entity terminates the Contract under Section 6(a) and after such termination it is determined, for any reason, that the Business Associate was not in default, or that the Business Associate's action/inaction was excusable, such termination will be treated as a termination for convenience, and the rights and obligations of the parties will be the same as if the Contract had been terminated for convenience.

b. Reasonable Steps to Cure Breach. If the Covered Entity knows of a pattern of activity or practice of the Business Associate that constitutes a material breach or violation of the Business Associate's obligations under the provisions of this Addendum or another arrangement and does not terminate this Contract under Section 6(a), then the Covered Entity must notify the Business

Associate of the pattern of activity or practice. The Business Associate must then take reasonable steps to cure such breach or end such violation, as applicable. If the Business Associate's efforts to cure such breach or end such violation are unsuccessful, the Covered Entity must either (i) terminate this Agreement, if feasible or (ii) if termination of this Agreement is not feasible, the Covered Entity must report the Business Associate's breach or violation to the Secretary of the Department of Health and Human Services.

c. Effect of Termination. After termination of this Agreement for any reason, the Business Associate, with respect to PHI it received from the Covered Entity, or created, maintained, or received by the Business Associate on behalf of the Covered Entity, must:

(i) retain only that PHI which is necessary for the Business Associate to continue its proper management and administration or to carry out its legal responsibilities;

(ii) return to the Covered Entity (or, if agreed to by the Covered Entity in writing, destroy) the remaining PHI that the Business Associate still maintains in any form;

(iii) continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information to prevent use or disclosure of the PHI, other than as provided for in this Section, for as long as the Business Associate retains the PHI;

(iv) not use or disclose the PHI retained by the Business Associate other than for the purposes for which such PHI was retained and subject to the same conditions set out at Section 3(a)(1) which applied before termination; and

(v) return to the Covered Entity (or, if agreed to by the Covered Entity in writing, destroy) the PHI retained by the Business Associate when it is no longer needed by the Business Associate for its proper management and administration or to carry out its legal responsibilities.

7. No Waiver of Immunity. The parties do not intend to waive any of the immunities, rights, benefits, protection, or other provisions of the Michigan Governmental Immunity Act, MCL 691.1401, et seq., the Federal Tort Claims Act, 28 U.S.C. 2671 et seq., or the common law.

8. Data Ownership. The Business Associate has no ownership rights in the PHI. The covered entity retains all ownership rights of the PHI.

9. Disclaimer. The Covered Entity makes no warranty or representation that compliance by the Business Associate with this Addendum, HIPAA or the HIPAA Rules will be adequate or satisfactory for the Business Associate's own purposes. Business Associate is solely responsible for all decisions made by the Business Associate regarding the safeguarding of PHI.

10. Certification. If the Covered Entity determines an examination is necessary to comply with the Covered Entity's legal obligations under HIPAA relating to certification of its security practices, the Covered Entity or its authorized agents or contractors, may, at the Covered Entity's expense,

examine the Business Associate's facilities, systems, procedures and records as may be necessary for such agents or contractors to certify to the Covered Entity the extent to which the Business Associate's security safeguards comply with HIPAA, the HIPAA Rules or this Addendum.

11. Amendment.

a. The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of this Addendum may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA and the HIPAA Rules. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Addendum embodying written assurances consistent with the standards and requirements of HIPAA and the HIPAA Rules. Either party may terminate the Agreement upon thirty days written notice if (i) the Business Associate does not promptly enter into negotiations to amend this Agreement when requested by the Covered Entity under this Section or (ii) the Business Associate does not enter into an amendment to this Agreement providing assurances regarding the safeguarding of PHI that the Covered Entity, in its sole discretion, deems sufficient to satisfy the standards and requirements of HIPAA and the HIPAA Rules.

12. Assistance in Litigation or Administrative Proceedings. Business Associate must make itself, and any subcontractors, employees or agents assisting Business Associate in the performance of its obligations under this Agreement, available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, if someone commences litigation or administrative proceedings against the Covered Entity, its directors, officers or employees, departments, agencies, or divisions based upon a claimed violation of HIPAA or the HIPAA Rules relating to the Business Associate's or its subcontractors use or disclosure of PHI under this Agreement, except where the Business Associate or its subcontractor, employee or agent is a named adverse party.

13. No Third Party Beneficiaries. Nothing express or implied in this Addendum is intended to confer any rights, remedies, obligations or liabilities upon any person other than the Covered Entity, the Business Associate and their respective successors or assigns.

14. Effect on Contract. Except as specifically required to implement the purposes of this Addendum, or to the extent inconsistent with this Addendum, all other terms of the Contract must remain in force and effect. The parties expressly acknowledge and agree that sufficient mutual consideration exists to make this Addendum legally binding in accordance with its terms. Business Associate and the Covered Entity expressly waive any claim or defense that this Addendum is not part of the Contract.

15. Interpretation and Order of Precedence. This Addendum is incorporated into and becomes part of the Contract. Together, this Addendum and each separate Contract constitute the "Agreement" of the parties with respect to their Business Associate relationship under HIPAA and the HIPAA Rules. The provisions of this Addendum must prevail over any provisions in the Contract

that may conflict or appear inconsistent with any provision in this Addendum. This Addendum and the Contract must be interpreted as broadly as necessary to implement and comply with HIPAA and the HIPAA Rules. The parties agree that any ambiguity in this Addendum must be resolved in favor of a meaning that complies and is consistent with HIPAA and the HIPAA Rules. This Addendum supersedes and replaces any previous separately executed HIPAA addendum between the parties. If this Addendum conflicts with the mandatory provisions of the HIPAA Rules, then the HIPAA Rules control. Where the provisions of this Addendum differ from those mandated by the HIPAA Rules, but are nonetheless permitted by the HIPAA Rules, the provisions of this Addendum control.

16. Effective Date. This Addendum is effective upon receipt of the last approval necessary and the affixing of the last signature required.

17. Survival of Certain Contract Terms. Notwithstanding anything in this Addendum to the contrary, the Business Associate's obligations under Section 6(d) and record retention laws ("Effect of Termination") and Section 13 ("No Third Party Beneficiaries") survive termination of this Addendum and are enforceable by the Covered Entity if the Business Associate fails to perform or comply with this Addendum.

18. Representatives and Notice.

a. Representatives. For the purpose of this Addendum, the individuals identified in the Contract must be the representatives of the respective parties. If no representatives are identified in the Contract, the individuals listed below are designated as the parties' respective representatives for purposes of this Addendum. Either party may from time to time designate in writing new or substitute representatives.

b. Notices. All required notices must be in writing and must be hand delivered or given by certified or registered mail to the representatives at the addresses set forth below.

Covered Entity Representative:

Name: _____

Title: _____

Department and Division: _____

Address: _____

Business Associate Representative:

Name: _____

Title: _____

Department and Division: _____

Address: _____

Any notice given to a party under this Addendum must be deemed effective, if addressed to such party, upon: (i) delivery, if hand delivered; or (ii) the third (3rd) Business Day after being sent by certified or registered mail.

Business Associate

Covered Entity

Customer Expressions Corp.

By: Joe Gerard

Date: _____

Michigan Department of Community Health & Human Services

By: _____

Date: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

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

CHANGE NOTICE NO. 2
 to
CONTRACT NO. 071B2200299
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Customer Expressions Corp 940 Belfast Road, Suite 201 Ottawa, Ontario K1G 4A2	Joe Gerard	jgerard@customerexpressions.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(613) 244-5111	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Barb Suska	517-335-4067	Suskab2@michigan.gov
BUYER	DTMB	Mike Breen	517-241-7720	breenm@michigan.gov

INITIAL CONTRACT SUMMARY:			
DESCRIPTION: Case Management System Software for DHS			
INITIAL TERM	START DATE	EXPIRATION DATE	AVAILABLE OPTIONS
5 Years	8/31/2012	8/30/2017	Two, 1 Year Options
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 checked="" type="checkbox"/> NO <input type="checkbox"/> YES	EXPIRATION DATE REMAINS: 8/30/2017
Effective immediately, this contract is amended to provide an additional \$247,500 for a bank of hours as described in the Attached. Please note, the Buyer has been change to Mike Breen. Per Administrative Board approval on 9/13/2013.	
All other terms, conditions, specifications, and pricing remain the same.	
VALUE/COST OF CHANGE NOTICE:	\$ 247,500.00
ESTIMATED AGGREGATE CONTRACT VALUE:	\$ 2,058,000.00

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. 1
 to
CONTRACT NO. 071B2200299
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Customer Expressions Corp 940 Belfast Road, Suite 201 Ottawa, Ontario K1G 4A2	Joe Gerard	jgerard@customerexpressions.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(613) 244-5111	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB	Barb Suska	517-335-4067	Suskab2@michigan.gov
BUYER	DTMB	Steve Motz	517-241-3215	motzs@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Case Management System Software for DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
August 31, 2012	August 30, 2017	2, one year	August 30, 2017
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	Destination	FOB Destination	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 checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$589,500.00		\$1,810,500.00		

Effective July 9, 2013, this contract is hereby increased by \$589,500.00. The DCH Office of Health Services Inspector General will leverage this contract's solutions, per attached Statement of Work. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, DTMB Procurement approval and the approval of the State Administrative Board on July 9, 2013.

I-SIGHT STATEMENT OF WORK – DEPARTMENT OF COMMUNITY HEALTH – OFFICE OF THE INSPECTOR GENERAL (DCH-OIG)

PROJECT REQUEST

The Michigan Department of Community Health, Office of Inspector General is requesting to be added to the I-Sight /Customer Expressions contract to better enable the Inspector General's Office to increase tracking and enforcement of Medicaid fraud.

WORK AND DELIVERABLE

I. Requirements

The Contractor will provide i-Sight Software and setup. The software shall either meet the requirements out of the box without modification or the Contractor shall modify their software to ensure full compliance with the following requirements:

i-Sight Solution - High-Level Overview

The i-Sight application will involve 3 modules:

1. Intake and Case Management Module

The Intake and Case Management module is for the Capture/Initiation of Cases as well as a repository to record and maintain Case Files. It provides users with a decision tree/Q&A interface involving forms with drop-downs that are configured for the appropriate task or action. This interface will enable the untrained users to enter new Cases easily and effectively. Every time a capture form is submitted, a Case is automatically created. The Case can then go through the workflow process, as well as being utilized for statistical reporting. This module involves intake and management of both Preliminary Investigations as well as Project/Provider Cases.

2. Administration Module

The second module is the Administrative module, containing tools in order to:

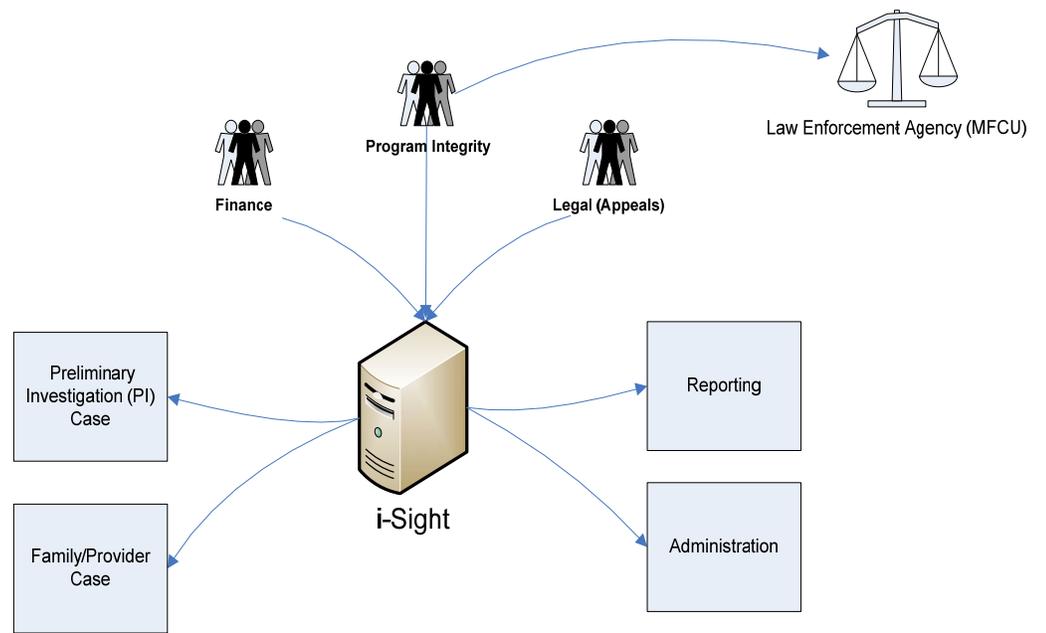
- Administer Users and System Access
- Manage the Workflow including Notifications and Escalations, which will automatically notify and assign new cases to appropriate Investigators
- Manage and update dropdown values including Provider/Employee Data

3. Reporting Module

The third module is i-Sight Advanced Reporting Tool, which is a robust reporting tool allowing for rich analysis, collaboration and distribution of Case Data. It allows user to employ both pre-defined and user-defined reports, graphical and charts.

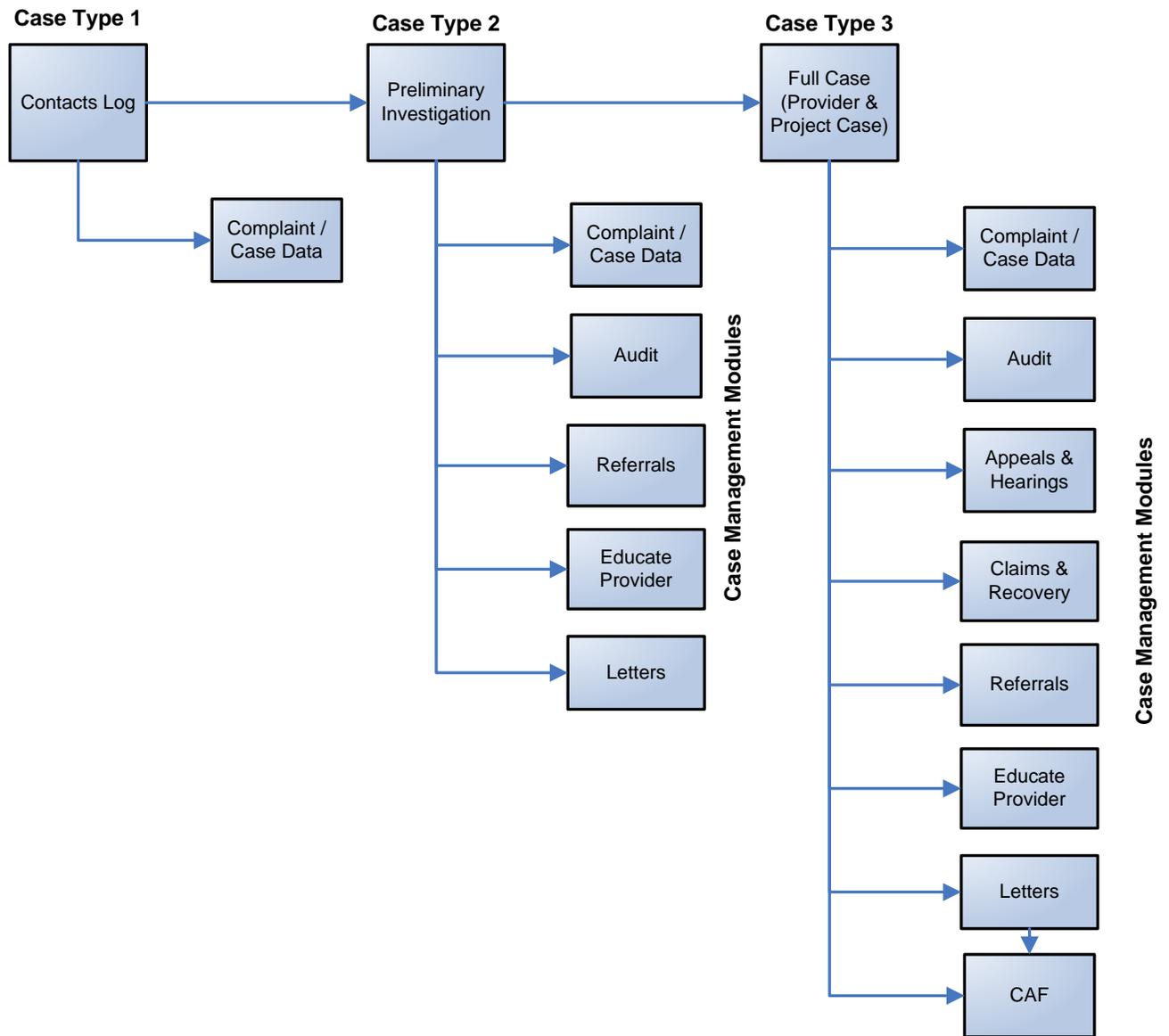
i-Sight Overview

Program Integrity – *iSight* Solution Overview



There are 3 distinct case types in this process

1. **Contact Log** – To capture the complaint and perform an initial triage.
2. **Preliminary Investigation** - To conduct an initial review to determine if the complaint warrants a full investigation.
3. **Provider / Project Case** – The full case investigation



Case Modules

Complaint Case Data Module

This module captures the following:

1. Information related to the individual making the complaint
2. The subject of the complaint (Provider information)
3. Details of the complaint

Audit/Review Module

This module captured audit details. Such as but not limited to

1. Desk Audit
2. Self Audit

3. Medical Record Request
4. Onsite Audit

The user will be able to enter Audit details such as Audit Type, Status, Auditor's details, Location, Dates and Findings in i-Sight.

Letters Module

This module manages information related to the letter communication with the Provider. Such as but not limited to

1. Demand Letter
2. Medical Record Request
3. Final notification Letter

Regarding Hearings: Signature / Approval process – provide the ability to click / add signature once approved for generating letters.

Appeals & Hearings Module

The module captures and manages information related to the Provider requests for an Appeal. Users will have the ability to enter Appeal details in i-Sight. There are 2 types of appeals.

1. Document Desk Review: The first level of Appeal is Document Desk Review. If a Provider requests for a Document Desk Review:
2. Evidentiary Hearing Request: If the decision from Document Desk Review is not satisfactory to the Provider, the Provider may initiate an Evidentiary Hearing Request.

Credible Allegations of Fraud (CAF) Module

This module manages the information and communication related to a Credible Allegation of Fraud. In this section the user can manage payment suspensions and commination with MFCU, such as:

- Nature of Credible Allegation(s) of Fraud: Whether the nature is Billing Fraud or other
- Suspension Category Totals: This includes Bases for Suspension(s) and the Total Number of Payment Suspensions in each category, in accordance with Suspension Category Totals which will be automatically calculated from Payment Suspension Numbers that were previously recorded.
- Good Cause: If State exercised Good Cause, they can decide not to Suspend Payments or partially Suspend Payments. If they select Nature of Good Cause Exercised, the appropriate details will be selected in i-Sight.

Referrals Module

The module captures and manages information related to the referrals process. Users can manage communications with MFCU and Law enforcement agencies.

Claims & Recovery Module

The module captures detailed claims information and payment information. **Please note that the proposed solution does not provide the ability to perform complex payment and interest calculations for recovery.**

Case Workflow

Case Statuses

The i-Sight application will support the following Case Statuses:

- Pending: A case is in Pending status as long as no Ownership is assigned. Upon submission of Data Entry Form, the Case is automatically assigned to submitter; however, Case Status remains Pending until the Assignee Accepts the Ownership.
- Open: Once the Assignee Accepts the assignment, Case Status will change to Open.
- Closed: Once the case is closed, the Case Status will change to Closed. If the Case is Re-Opened and Re-Closed, Closed Date will be updated with the Re-Closed Date.

Case Submission

Upon Creating a new Contact Log or Preliminary Investigation or a Provider/Project Case a new Case Number will be generated and the case is automatically assigned to the Investigator creating the case.

Project/Provider Cases can be initiated on their own or from escalation from a Preliminary Investigation. If a Project/Provider Case is escalated from a Preliminary Investigation, upon escalation the old Preliminary Investigation will be closed and a new Case Number will be generated for the Project/Provider Case and the previous Case Owner will remain as Case Owner. If a Project/Provider Case is initiated not from a Preliminary Investigation, upon Creating a New Project/Provider Case, a new Case Number will be generated and the PI Investigator will be assigned to the case; in other words, the same PI Investigator who is filling up the Case will become the Case Owner.

Case Review and Approval

There will be no Approval required, neither to create a Preliminary Investigation (PI) nor to create a Project/Provider Case.

Also for escalation of a Preliminary Investigation (PI) to a Project/Provider Case, no Approval procedure will be in place; however, the PI Director will be notified of a new case submission by receiving a Notification email.

Executive Approval process, including Legal, Deputy Commissioner, Finance, Policy and Bureau of Medical Services Commissioner will be performed outside of i-Sight Application; however, the results will be recorded in i-Sight if required. The Administrative Assistant Role will have access to case to make necessary updates. At the conclusion of the Executive Review, Administrative Assistant Role can notify the Case Owner using i-Sight Actions & Emails functionality.

Case Close

There may or may not be a required Approval process for Case Closure.

<p>Auto-populated Field Capability</p> <ul style="list-style-type: none"> Standard information to be automatic, eliminating the need to re-enter standard information Connectivity to external data sources to complete forms based on select criteria, ie., client ID, SSN Auto-populate throughout the case and all reports
<p>Attachment Capability</p> <ul style="list-style-type: none"> Ability to contain case relative documents in one case file, ie, evidence, letters, pictures, video, etc. Ability to attach as case group level and/or individual case level
<p>User-Friendly</p> <ul style="list-style-type: none"> Intuitive interface ensuring ease of use with minimal training for non-technical users
<p>Acknowledgment & Confirmation</p> <ul style="list-style-type: none"> Of actions, case ownership to ensure no actions or cases fall through the cracks as every assignment is acknowledged and confirmed by both the owner and/or person assigned responsibility
<p>Online Submission</p> <ul style="list-style-type: none"> Unlimited entry points for authenticated users that can also be available to clients and staff Web based complaints, internal email complaints
<p>Automatic Acknowledgement</p> <ul style="list-style-type: none"> Customer is provided with an acknowledgement of submission and given an expected response time
<p>Automatic Notification</p> <ul style="list-style-type: none"> Based on business rules(BBR), a member of the team is assigned as case owner and notified they are responsible for resolution BBR: send notification that case is not being investigated, notify caseworker of various status updates or actions that need to be taken
<p>Access Controls</p> <ul style="list-style-type: none"> Allow various levels within the organization to see different levels of information. Example: Senior Manager is able to see everything and Case Owner may only access information related to their case. Ability to lock access to sensitive cases and identify authorized personnel
<p>Centralized Data Availability</p> <p>Web access ensures that everyone can:</p> <ul style="list-style-type: none"> Have access to the same case file and view its progress or collaborate for multiple locations Clients/sales force to submit issues remotely Tracking status and progress of customer inquiries/complaints and investigations Collaborate on cases and maintain complete case histories with instant access to all related information Accessibility controlled by authorized system administrators
<p>Automatic Reminders and Escalation</p>

Case owners as well as action owners are reminded of upcoming due dates by email notifications ie. Overdue cases or tasks

Task Creation and Management

- Case owners can create tasks for themselves and/or others, create emails, notes letters, investigations, resolutions, corrective actions and follow-up tasks. Each of these items can be assigned due dates that trigger reminders BBR.
- Promote cases to different levels of investigation
- Send notifications to caseworkers for follow-up and case status updates, via hyperlink and/or BBR
- Send and receive email within a case file. Email will be encrypted in transit.
- Coaching Notes Capabilities

Comprehensive Case History

- Manage the status of each issue from inception through investigation, resolution, follow-up and corrective action. Each issue is given a unique case number and all related tasks are recorded in this single case, This enables any authorized user to quickly view all related information in order to make informed decisions.
- Document multiple providers associated with one case

Flexible System

Central master case display lists all open cases. Master case display shows the following data for each inquiry:

- Contact Log – To capture the complaint and perform an initial triage.
- Preliminary Investigation - To conduct an initial review to determine if the complaint warrants a full investigation.
- Provider / Project Case – The full case investigation
- Short description
- Assigned to
- Deadline
- Status field indicate the status of the inquiry, such as unassigned, assigned, critical (near deadline), closed.
- Each instance of the master case display will update automatically in real time as cases are entered, processed or closed.
- Each user has the ability to self-assign unassigned cases according to the user's availability and specialization in issue types.
- The system displays alerts to indicate when new cases have been posted and when inquiries are about to go past due.
- The capability to view all pending cases or a sorted/filtered subset easily and quickly.
- Logging of issues for future follow-up.
- Codes are available for multiple root causes and contributing factors for each inquiry.
- The system will automatically populate time stamps at the time of receipt and time of closure of case records.

Flexible Reporting

Standard and Ad-Hoc reports containing standard reports that track:

- Average time to close
- Issue volumes and types
- Information by location
- Region
- Service type
- Etc...

Ability for users to quickly produce custom or Ad-Hoc reports to meet specific requirements.

- Reports can be saved, emailed to a distribution list in a variety of formats, including Microsoft Excel for further examination, automatically (time based) or manually on demand.
- Additional formats, PDF, Word, RTF
- Ability to create and save Ad Hoc reports for future use.
- Ability to view data in a variety of graphs, table or chart formats; bar, pie, line, histograms, linear trend lines, etc.

Complaint Templates

- BBR system leads user through a defined process for complaint capture insuring data is collected in a manner that facilitates the stratification of the data and leads to root cause identification.
- Ability to track evidence for the case as well as specific evidence associated with specific individuals associated with the case.
- Ability to document multiple providers associated with a case
- Document provider names and identification numbers, even if the provider is not enrolled in CHAMPS.

<p>Integration Abilities Ease of integration with other critical back office systems, potentially at least 2 systems such as:</p> <ul style="list-style-type: none"> • MMIS • NPPS <p>Potential for additional systems integrations as well.</p>
<p>Export Ability</p> <ul style="list-style-type: none"> • To Excel, graphing software, MS Access (for specific reporting purposes) • Potential data exported to MMIS
<p>Search Functionality Enable a fuzzy text search of entire system, including attachments (i.e. Name, Date, Problem Category, past cases on specific providers, etc.)</p>
<p>Help Function System provided full help functionality with corrective directions, as required.</p>
<p>Customization Capabilities – Maintainability Self-administer capability allowing ease of adding/deleting:</p> <ul style="list-style-type: none"> • Users and passwords • System access and password modifications • Selection category administration terms i.e. Issues, Causes, Products, Regions, Divisions, Inquiry Types, Severity, Data Lists, Client Records, Standard Response Letters
<p>Reporting Templates</p> <ul style="list-style-type: none"> • Standard Monthly, Quarterly, Annual reports • Tracking Financial data

BBR = Based on Business Rules refers to process flow in the system that will be identified and established during set-up and configuration.

II. Services and Deliverables To Be Provided

The system shall be installed and in operation by [TBA]. These deliverables are not all inclusive. Contractors may propose other deliverables.

Base Year Activities (One Time)

A. Set-up and Configuration

The Contractor shall configure a beta application in which application beta-testing will be conducted, and subsequent changes made to the application.

The Contractor shall provide Web-based training for System Administrator(s) and “Train-The-Trainer”.

Deliverables

- Successful completion of configuration of i-Sight in accordance with the BA “Business Requirements Document” developed during the Business Analysis and Process Mapping phase of the project.
- Successful testing of the configured i-Sight application
- Successful provisioning of a test environment for the State to begin Acceptance Testing

B. Business Analysis and Process Mapping

Customer Expressions will provide a process design expert who will map business process; complete documentation of process and requirements; complete user acceptance testing. The process map will then be used to document the field level specification.

Deliverables

- Develop project schedule detailing projects tasks
- Business Requirements Document - A detailed Business Requirements document will be elicited & developed by Supplier and signed off by the State. Input to this document will come from the Business Requirements supplied in the SOW as well as joint sessions with Supplier and the State to provide additional details, clarification and any modification to the State’s requirements.

C. Integration to External Databases

The Contractor shall perform integration to following external databases using the Web Services standard interface:

- 1) MMIS
- 2) NPPS

Deliverables

- Data Feed Mapping Documentation - Supplier will work with the State to map data from one system to i-Sight and vice versa. This will be done for each system that requires integration.
- System Integration Testing

D. i-Sight Ad-Hoc Report Writing Workshop

The workshop provides a customized report writing program conducted via web conference.

Deliverables

- Workshop training materials – includes a powerpoint slide deck and notes describing basic functions within the reporting tool
- Delivery of training services – one day web based training for up to 8 attendees that will include an overview of the reporting tool.

E. 1 Terabyte of Storage

The Contractor will provide the necessary hardware to provision up to 1 Terabyte of storage during the term of the agreement.

Deliverable

- 1 Terabyte of Storage space

F. Word Document Templates

The Contractor will embed Word document templates into the i-Sight Case Record to provide auto-field population from pre-defined fields within the application.

G. Implementation

The Contractor shall move the application to the production environment once beta-testing and subsequent changes have been implemented. The application's go-live date in production will constitute the commencement of the performance warranty period.

Deliverables

- Successful go-live of the application in production.

Base Year Activities (Recurring Costs)

H. Ongoing Hosting, Maintenance and Technical Support

The Contractor will provide the following services:

a. Hosting & Maintenance:

i-Sight is hosted in Ottawa, Canada.

1 Back-up Procedure

The Contractor will back up all client data on tapes for seven years.

The Contractor controls all hardware and electronic media so that no confidential information is incorrectly disclosed.

All i-Sight servers are configured with RAID-1 and a RAID-5/6 SCSI data drives. Data is backed-up to tape on a monthly basis.

Back-up of production servers is done daily using either an incremental or full backup. The backup tapes are rotated weekly and then monthly.

Part of the backup process is the verification of the data to ensure the backup has worked.

These monthly backup tapes are transferred by a third-party secure storage vendor to a secure off-site location. All such transfers are logged in the Contractor's Tracking System.

The Director of IT or his designate is responsible for the testing of the back-up tapes. The back-ups are restored to a hard drive and then the information is accessed. A log is kept of each test indicating:

- Tape being tested
- Successful or Failed Back-up
- Impact of Failure
- Resolution

The log is kept in The Contractor's Tracking System.

Back-up testing is scheduled as per the following:

- a randomly selected Monthly back-up tape is tested once a month
- each Monthly back-up tape is tested prior to archive

Tapes are checked at the beginning of the business day (as per the intervals described above) and in the event of a failure another back-up tape is run immediately. The second back-up is also tested and the test is recorded as described above.

Retirement and Disposal of Media

Backup tapes are destroyed after seven years under the supervision of the VP Operations in order to avoid media failures. Records are kept of what tapes are destroyed.

Prior to retirement and disposal, the VP Operations will ensure the following:

- the media no longer contains active backup images or that any active backup images have been copied to other media
- the media's current or former contents can not be read or recovered by an unauthorized party

The Contractor does not recycle media.

2 Service Level Warranty

- 2.1 For the purposes of this Agreement, an unscheduled downtime ("Unscheduled Downtime") shall be deemed to have occurred if the Customer is unable to access the Hosted Application Services because the Service Provider failed to provide the Hosted Application Services for more than thirty (30) consecutive minutes without prior notification. For purposes of the foregoing, "unable to access" shall mean loss of connectivity by Customer to the Hosted Application Services due to reasons which are not beyond the Service Provider's control. Problems with Customer's personal computers or the network between Customer and the Service Provider's Internet server hosting facility will be deemed to be beyond the Service Provider's control. Problems with the Service Provider's software and hardware, shall be deemed to be within the Service Provider's control. The Service Provider does not monitor and makes no representations or warranties regarding data transmissions over the Internet. Outages during the Service Provider's scheduled maintenance window, which occur between 00:01 hrs Eastern Standard Time ("EST") and 05:59 hrs EST shall not be deemed to be a failure to provide the Hosted Application Services.
- 2.2 In the event that the amount of Unscheduled Downtime in any month exceeds (i) three (3) hours during the hours between 6:00 a.m. and 6:00

p.m. EST, Monday through Friday ("Peak Hours"); or (ii) twelve (12) hours during all other times (not including scheduled downtime) the Service Provider will credit to the Customer ten percent (10%) of the fees paid for that month. In order to receive credit hereunder, the Customer must make a written request to the Service Provider within thirty (30) days of the Unscheduled Downtime.

- 2.3 Hosted Application update service - As part of the Hosted Application update service, the Service Provider shall provide to the Customer:
 - 2.3.1 any known problem resolutions relating to the Hosted Application or the Hosted Application Services on a periodic basis;
 - 2.3.2 corrections for problems that the Service Provider diagnoses as defects in a currently supported version of the Hosted Application or the Hosted Application Services;
 - 2.3.3 improvements required to allow the Hosted Application to operate in conformance with new versions or releases of web based browser software so long as such Improvements are technically feasible.
- 2.4 "Errors" means a defect or bug which prevents the Hosted Application or the Hosted Application Services from performing in accordance with the subscribed Plan and the relevant documentation and specifications. "Correction" or "correcting" means modification or an addition that when made or added establishes conformity of the Hosted Application or the Hosted Application Services to the subscribed Plan and relevant documentation and specifications. The Service Provider shall be responsible only for correcting Errors in the Hosted Application and the Hosted Application Services. The Service Provider is not required to provide any maintenance support services relating to problems arising out of (i) the Customer's use of unsupported materials; (ii) changes to the Customer's operating system or environment which adversely affect the Hosted Application Services; (iii) any alterations of or additions to the Hosted Application Services performed by parties other than the Service Provider or at the direction of the Service Provider; (iv) use of the Hosted Application Services in a manner for which they were not designed; (v) accident, negligence, or misuse of the Hosted Application Services, except that of or caused by Service Provider; (vi) introduction by the Customer of data into any database used by the Hosted Application Services by any means other than the use of the Hosted Application Services; or (vii) use of the Hosted Application Services on equipment or in connection with third party software other than for which it was designed and access provided. If it is determined that the problem was not related to the supported Hosted Application or the Hosted Application Services, and the Customer requests the Service Provider to do further work, then the Customer hereby agrees to pay reasonable travel and lodging expenses in addition to the Service Provider's standard consulting rates. Travel time will be charged at consulting rates.
- 2.5 The Customer is solely responsible for the content of any of its transmissions or those of any third party utilizing the Customer's login ID and passwords. Use of any third party's network or computing resources are subject to their respective permission and usage policies. The Customer agrees to comply with all applicable laws with regard to the transmission and use of information and content, solicitation of any activity that is prohibited by applicable law over Internet. The Customer further agrees not to use the Internet service for illegal purposes, to interfere with or disrupt other network users, network services or network equipment.

b. Technical Support

3 Support Procedure

- 2.1 Incidents may be submitted by the Customer through e-mail or, for Priority 1 issues, via telephone. Support service includes three (3) employees of the Customer having telephone and e-mail access to employees of the Service Provider who have the necessary technical expertise and experience to understand and consider the Customer's inquiries concerning Hosted Application or the Hosted Application Services support.
- 2.2 Priority 1 means: more than one (1) person having trouble connecting to the Service Provider Server, receiving network errors, inability to log cases or access the Hosted Application or Hosted Application Services.
- 2.3 Priority 1 procedure: The Customer shall call in Priority1 issues to the Service Provider's technical support hotline at 1-800-465-6089 which will be manned 24 hours per day/seven days per week by a live person who has the necessary technical expertise and experience to understand and consider the Customer's inquiries concerning Hosted Application or the Hosted Application Services support. The Service Provider will respond to Priority 1 issues (i) during Peak Hours within one (1) hour and will use diligent efforts to create a solution or workaround within four (4) hours; and (ii) during off-peak Hours within three (3) hours and will use diligent efforts to create a solution or work around within twelve (12) hours.
- 2.4 Priority 2 means: questions about functionality, comments or requests for features the Customer would like to have. Subject to Canadian and provincial (Ontario) statutory holidays, the Service Provider will respond to Priority 2 feedback within one (1) business day.
- 2.5 Priority 2 procedure: The Customer shall include via e-mail to support@customerexpressions.com any error messages the Customer receives; the Customer's name, and either a telephone number or e-mail address for communication purposes.

I. System Access Fees for up to 50 named users

Contract Add Description.....

Individuals who will only be submitting issues into the system are not considered users and are not included in the 50 count and there is no cost associated with the use of this functionality.

Deliverables

- Username and passwords that will enable access to the i-Sight online application.

Optional Services to be Provided

Optional services will be made available by completing a purchasing request form with the IT Procurement Office to amend the Purchase Order.

J. Word Document Templates

The Contractor will embed Word document templates into the i-Sight Case Record to provide auto-field population from pre-defined fields within the application.

Deliverables

- Templates that can be accessed and automatically generated via the i-Sight case file. 5 Template letters and 1 Case Summary Report are estimated.

K. Customization Requests Over and Above Standard i-Sight Configuration

Any requests over and above the functionality captured within the Business Requirements Document will be quoted on a fixed price basis as the work is requested.

L. Web Conference Training Course

The Contractor can provide additional training courses beyond what is required in the Contract.

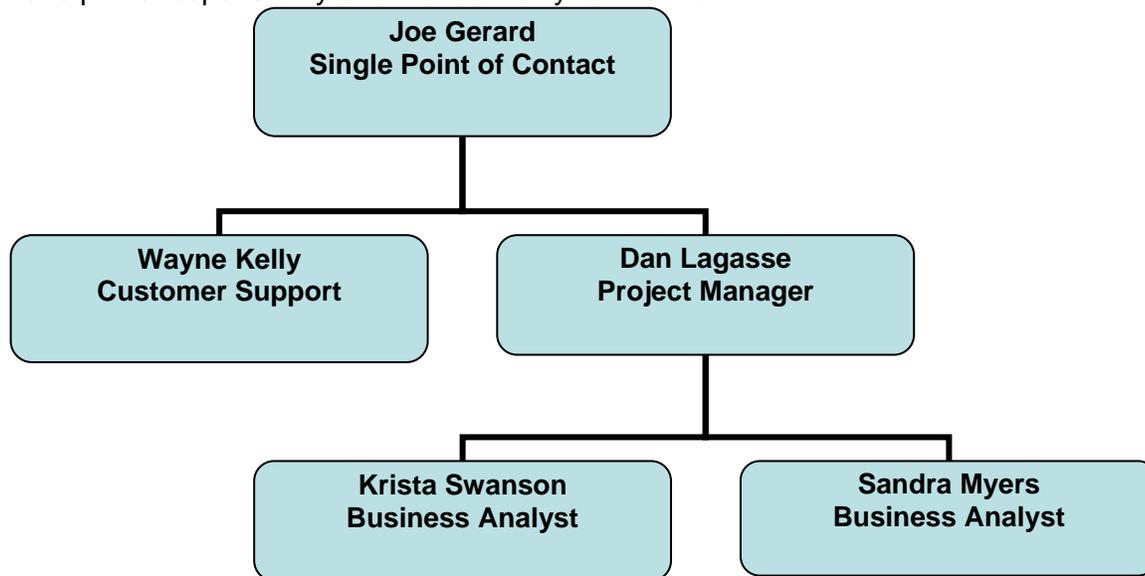
M. On-Site Training Course

The Contractor offers on-site end user training courses. Trainers are ready to deliver a half-day course. The class size is limited to 10 participants.

CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

A. Contractor Staff

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



The Contractor will identify a Single Point of Contact (SPOC). The duties of the SPOC shall include, but not be limited to:

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

The State reserves the right to require a change in the current SPOC if the assigned SPOC is not, in the opinion of the State, adequately serving the needs of the State.

The **Single Point of Contact** for this Contract is identified below:

Name: Joe Gerard
Telephone: 613-244-5111
E-mail: jgerard@customerexpressions.com

All Key Personnel may be subject to the State's interview and approval process. Any key staff substitution must have the prior approval of the State. The State has identified the following as key personnel for this project:

Project Manager: Dan Lagasse
Business Analyst: Krista Swanson and/ or Sandra Myers

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

- Manage all defined Contractor responsibilities in this Scope of Services.
- Manage Contractor's subcontractors, if any
- Develop the project plan and schedule, and update as needed

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

The contractor will provide a **Business Analyst** and process design expert who will map the business process; complete documentation of process and requirements; complete user acceptance testing. The process map will then be used to document the field level specification. The Contractor's Business Analyst responsibilities include, at a minimum:

- Develop project schedule detailing projects tasks
- Business Requirements Document - A detailed Business Requirements document will be elicited & developed by Supplier and signed off by the State. Input to this document will come from the Business Requirements supplied in the SOW as well as joint sessions with Supplier and the State to provide additional details, clarification and any modification to the State's requirements.

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

B. On Site Work Requirements

1. Location of Work

The work is to be performed, completed, and managed at the following locations: 940 Belfast Rd. Suite 201, Ottawa, Ontario, Canada, K1G 4A2. Some of the work conducted during the Business Analysis phase and User Acceptance Testing may be performed on site at State offices:

2. Hours of Operation:

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

3. Travel:

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

4. Additional Security and Background Check Requirements:

A Michigan and national fingerprint-based record check shall be conducted prior to assignment with the Office of Health Services Inspector General (OHSIG) including all personnel who have access to criminal justice information and/or have direct responsibility to configure or maintain computer systems used by the OHSIG.

An RI-8 Fingerprint Card shall be completed at the contractors cost and mailed directly to the OHSIG for processing with the Michigan State Police and National Crime Information Center.

The contractor must meet and maintain compliance with all requirements of the Criminal Justice Information Services Security Policy.

The contractor shall pay for any/all costs associated with ensuring their staff meet all requirements.

STATE STAFF, ROLES, AND RESPONSIBILITIES

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

Executive Subject Matter Experts

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

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

State Project Manager

DTMB will provide a Project Manager who will be responsible for the State's infrastructure and coordinate with the Contractor in determining the system configuration.

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

- Provide State facilities, as needed
- Coordinate the State resources necessary for the project
- Facilitate coordination between various external contractors
- Facilitate communication between different State departments/divisions
- Provide acceptance and sign-off of deliverable/milestone
- Review and sign-off of timesheets and invoices
- Resolve project issues
- Escalate outstanding/high priority issues
- Utilize change control procedures
- Conduct regular and ongoing review of the project to confirm that it meets original objectives and requirements
- Document and archive all important project decisions
- Arrange, schedule and facilitate State staff attendance at all project meetings.

Name	Agency/Division	Title
Nick D'Isa	DCH-OIG	Project Manager
Soopriya Razdan	DTMB	Project Manager

PROJECT PLAN MANAGEMENT

Project Plan

The Contractor will provide a Project Plan including necessary time frames and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State.

1. In particular, the Project Plan will include a MS Project plan or equivalent (check the SUITE/PMM standard):
 - a. A description of the deliverables to be provided under this contract.
 - b. Target dates and critical paths for the deliverables.
 - c. Identification of roles and responsibilities, including the organization responsible. Contractor is to provide a roles and responsibility matrix.
 - d. The labor, hardware, materials and supplies required to be provided by the State in meeting the target dates established in the Project Plan.
 - e. Internal milestones
 - f. Task durations.

- g. Deliverable/milestones for which payment shall be made.

Orientation Meeting

The Contractor will be required to attend an orientation meeting to discuss the content and procedures 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 cost for the time and travel of the Contractor for attendance at the meeting.

Performance Review Meetings

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

Project Control

1. The Contractor will carry out this project under the direction and control of DTMB and DCH.
2. The Contractor will submit the project plan to the State project manager for final approval. This project plan must be in agreement with Article 1, Section 1.104 Work and Deliverables, and must include the following:
 - The Contractor's project organizational structure.
 - 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.
 - The project work breakdown structure (WBS) showing sub-projects, activities and tasks, and resources required and allocated to each.
 - The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the WBS.
3. The Contractor will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology, which includes standards for project management, systems engineering, and associated forms and templates which is available at <http://www.michigan.gov/suite>
 - a. Contractor will use an automated tool for planning, monitoring, and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract. The tool shall have the capability to produce:
 - Staffing tables with names of personnel assigned to Contract tasks.
 - Project plans showing tasks, subtasks, deliverables, and the resources required and allocated to each (including detailed plans for all Services to be performed, updated semi-monthly).
 - Updates must include actual time spent on each task and a revised estimate to complete.
 - Graphs showing critical events, dependencies and decision points during the course of the Contract.
 - b. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State standards.

REPORTS

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

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

Project Management

PLEASE REFER TO CONTRACT 071B2200299 FOR PROJECT MANAGEMENT TERMS.

COMPENSATION AND PAYMENT

Method of Payment

The project will be paid in accordance with the Pricing Table(s) provided in **Attachment A**. Unless otherwise specified, all compensation and payment shall be dictated by the Contract's terms.

Attachment A – Project Pricing

Table 1: One Time Costs (Base Years)

No.	Deliverable	Cost (\$)	Estimated Days	Billing Schedule	Comments
A.	Set-up and Configuration	\$87,500	N/A	Billed on acceptance of the beta application.	This fee includes the configuration of a beta application. Web-based training for System Administrator(s) and "Train-The-Trainer" is also included in the set-up fee.
B.	Business Analysis and Process Mapping	\$90,000	60	Billed upon acceptance of the Business Requirements Document	Customer Expressions will provide a Business Analyst who will map business process; complete documentation of process and requirements; complete user acceptance testing. The process map will then be used to document the field level specification.
C.	Integration to External Databases	\$7,500	5	Payable on State's Final Acceptance of i-Sight	1.104.II.C For additional integration not included in the fixed price, Customer Expressions charges \$1,500.00 per day to perform client integration requirements using either Web Services standard interface or an SFTP option. A per diem rate is applied as the level of effort will vary depending on the complexity of the integration.
D.	i-Sight Ad-Hoc Report Writing Workshop	\$2,700	3	Payable on State's Final Acceptance of i-Sight	The 3 day workshop provides a customized report writing program conducted via web conference.
E.	1 Terabyte of Storage	\$15,000	NA	Billed on Contract Signing	This fee will provide the State with up to 1 terabyte of storage during the term of the agreement.
F.	Word Document Templates	\$3,500	NA	Billed on Completion of Services	Customer Expressions charges to embed Word document templates into the i-Sight Case Record to provide auto-field population from pre-defined fields within the application.
G.	Implementation	\$87,300	90	Payable on State's Final Acceptance of i-Sight	This fee includes moving the application into the production environment once beta-testing and subsequent changes have been implemented and accepted, and the system goes live in production.
	Total One Time Cost (Base Years)	\$293,500	N/A	N/A	N/A

Table 2: Recurring Costs: Base Years

No.	Deliverable	Cost (\$) per Unit	Unit Type	Unit QTY	4 Year Cost	Billing Schedule	Comments
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H.	Annual Hosted Service Fee and User Fees	\$24,000.00	Year	4 Years	\$96,000.00	Payable on State's Final Acceptance of i-Sight	This fee includes hosting, maintenance and unlimited 24/7 technical support.
I.	System Access Fees for up to 50 named users	\$50,000.00	Year	4 Years	\$200,000.00	Payable on State's Final Acceptance of i-Sight	Individuals who will only be submitting issues into the system are not considered users. There is not cost associated with the use of this functionality. Additional Users will be billed at a rate of \$1,000.00/user/year
	Total 4 Year Recurring Cost (Base Years)	N/A	N/A	N/A	\$296,000.00	N/A	N/A

Table 3: Optional Costs

No.	Optional Deliverable	Cost (\$)	Billing Schedule	Comments
J.	Word Document Templates	\$ 500.00 per Letter Template \$1,000.00 per Case Summary Report template	Billed on Completion of Services	Customer Expressions charges to embed Word document templates into the i-Sight Case Record to provide auto-field population from pre-defined fields within the application.
K.	Customization Requests Over and Above Standard i-Sight Configuration	\$1,500.00 per day	Billed on Completion of Services	Customer Expressions charges \$1,500.00 per day to perform client requested customizations. A per diem rate is applied as the level of effort will vary depending on the complexity of the customization.
L.	Web Conference Training Course	\$ 750.00 per day	Billed on Completion of Services	Customer Expressions offers end user training conducted via web conference.
M.	On-Site Training Course	\$1,500.00 per day	Billed on Completion of Services	Customer Expressions offers on-site end user training courses. Trainers are ready to deliver a half-day course. The cost of on-site training is \$1,500.00 per day plus expenses with a class size limited to 10 participants.

Total Contract Value: \$589,500.00

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

**NOTICE
 OF
 CONTRACT NO. 071B2200299**
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Customer Expressions Corp 940 Belfast Road, Suite 201 Ottawa, Ontario K1G 4A2	Joe Gerard	jgerard@customerexpressions.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	613-244-5111	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Barb Suska	517-335-4067	SuskaB2@michigan.gov
BUYER:	DTMB	Steve Motz	517-241-3215	motzs@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: Case Management System Software for DHS			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
Five Years	08/31/2012	08/30/2017	Two, 1 Year Options
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	Destination	FOB Destination	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			
MISCELLANEOUS INFORMATION:			
All terms and conditions of the solicitation are made a part hereof. THIS IS NOT AN ORDER: This Contract Agreement was awarded on the basis the inquiry bearing the Request for Quotation #COR61416 and award process conducted by State of West Virginia. Orders for delivery will be issued directly by the Department of Environmental Quality through the issuance of a Purchase Order Form.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$1,221,000.00

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

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THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
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	TELEPHONE	CONTRACTOR #, MAIL CODE
	613-244-5111	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Barb Suska	517-335-4067	SuskaB2@michigan.gov
BUYER:	DTMB	Steve Motz	517-241-3215	motzs@michigan.gov

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Five Years	08/31/2012	08/30/2017	Two, 1 Year Options
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	Destination	FOB Destination	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			
MISCELLANEOUS INFORMATION:			
All terms and conditions of the solicitation are made a part hereof. THIS IS NOT AN ORDER: This Contract Agreement was awarded on the basis the inquiry bearing the Request for Quotation #COR61416 and award process conducted by State of West Virginia. Orders for delivery will be issued directly by the Department of Environmental Quality through the issuance of a Purchase Order Form.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$1,221,000.00

FOR THE CONTRACTOR:

Customer Expressions Corp

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Jeff Brownlee, Chief Procurement Officer

Name/Title

DTMB-Procurement

Enter Name of Agency

Date



STATE OF MICHIGAN
Department of Technology, Management and Budget
Procurement

Case Management System Software for DHS
071B2200299

Buyer Name: [Steve Motz](#)
Telephone Number: [517-241-3215](#)
E-Mail Address: motzs@michigan.gov



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Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 PROJECT REQUEST

The Department of Human Services (DHS) and the Department of Technology, Management, and Budget (DTMB) have Contracted with Customer Expressions Corp for the installation of a pre-configured case management solution to help the DHS Office of Inspector General better monitor fraud investigations across state income-based eligibility programs (Food stamps, Medicaid, cash etc.). This Contract may also be available to other State departments to leverage the pricing for software and other services outlined in the Contract.

1.002 BACKGROUND

The Office of Inspector General has put together an outline of the changes that need to be made to Michigan's case management system. This solution will consolidate the OIG case tracking from 3 systems into one uniform system and help with fraud detection. A consolidated case management system will allow for coordination between investigators and result in more convictions and positive recoupment activities.

1.100 Scope of Work and Deliverables

1.101 IN SCOPE

This project consists of the following scope:

Base Year Activities (One Time)

- A. Set-up and Configuration
- B. Business Analysis and Process Mapping
- C. Integration to External Databases
- D. i-Sight Ad-Hoc Report Writing Workshop
- E. Historical Data Migration

Base Year Activities (Recurring Costs)

- F. Ongoing Hosting, Maintenance and Technical Support
 - a. Hosting & Maintenance
 - b. Technical Support
- G. System Access Fees for up to 150 named users

Optional Services to be Provided

- H. Word Document Templates
- I. Customization Requests Over and Above Standard i-Sight Configuration
- J. Web Conference Training Course
- K. On-Site Training Course

A more detailed description of the software, services (work) and deliverables sought for this project is provided in Article 1, Section 1.104, Work and Deliverables.

1.102 OUT OF SCOPE

The Contractor will not sell equipment to the State.

1.103 ENVIRONMENT

The links below provide information on the State's Enterprise information technology (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).



Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this Contract must comply with all applicable State IT policies and standards.

Enterprise IT Policies, Standards and Procedures:

<http://www.michigan.gov/dmb/0,1607,7-150-56355-107739--,00.html>

All software and hardware items provided by the Contractor must run on and be compatible with the DTMB Standard Information Technology Environment. Additionally, the State must be able to maintain software and other items produced as the result of the Contract. Therefore, non-standard development tools may not be used unless approved by DTMB. The Contractor must request, in writing, approval to use non-standard software development tools, providing justification for the requested change and all costs associated with any change. The DTMB Project Manager must approve any tools, in writing, before use on any information technology project.

It is recognized that technology changes rapidly. The Contractor may request, in writing, a change in the standard environment, providing justification for the requested change and all costs associated with any change. The State’s Project Manager must approve any changes, in writing, and DTMB, before work may proceed based on the changed environment.

Enterprise IT Security Policy and Procedures:

- http://www.michigan.gov/documents/dmb/1310_183772_7.pdf
- http://www.michigan.gov/documents/dmb/1310.02_183775_7.pdf
- http://www.michigan.gov/documents/dmb/1325_193160_7.pdf
- http://www.michigan.gov/documents/dmb/1335_193161_7.pdf
- http://www.michigan.gov/documents/dmb/1340_193162_7.pdf
- http://www.michigan.gov/documents/dmb/1350.10_184594_7.pdf

The State’s security environment includes:

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

IT eMichigan Web Development Standard Tools:

http://www.michigan.gov/documents/som/Look_and_Feel_Standards_302051_7.pdf

The State Unified Information Technology Environment (SUITE):

The Contractor must follow the SUITE methodology which includes standards for project management, systems engineering, and associated forms and templates. See <http://www.michigan.gov/suite> for SUITE information.

1.104 WORK AND DELIVERABLE

II. Requirements

The Contractor will provide iSight Software and setup. The software shall either meet the requirements out of the box without modification or the Contractor shall modify their software to ensure full compliance with the following requirements:

Michigan DHS/OIG System Requirements
<p>Auto-populated Field Capability</p> <ul style="list-style-type: none"> • Standard information to be automatic, eliminating the need to re-enter standard information • Connectivity to external data sources to complete forms based on select criteria, ie., client ID, SSN • Auto-populate throughout the case and all reports



Attachment Capability

- Ability to contain case relative documents in one case file, ie, client letters, pictures, video, etc.
- Ability to attach as case group level and/or individual case level

User-Friendly

- Intuitive interface ensuring ease of use with minimal training for non-technical users

Acknowledgment & Confirmation

- Of actions, case ownership to ensure no actions or cases fall through the cracks as every assignment is acknowledged and confirmed by both the owner and/or person assigned responsibility

Online Submission

- Unlimited entry points for authenticated users that can also be available to clients and staff
- Web based complaints, internal email complaints

Automatic Acknowledgement

- Customer is provided with an acknowledgement of submission and given an expected response time

Automatic Notification

- Based on business rules(BBR), a member of the team is assigned as case owner and notified they are responsible for resolution
- BBR: send notification that case is not being investigated, notify caseworker of various status updates or actions that need to be taken

Access Controls

- Allow various levels within the organization to see different levels of information. Example: Senior Manager is able to see everything and Case Owner may only access information related to their case.
- Ability to lock access to sensitive cases and identify authorized personnel

Centralized Data Availability

Web access ensures that everyone can:

- Have access to the same case file and view its progress or collaborate for multiple locations
- Clients/sales force to submit issues remotely
- Tracking status and progress of customer inquiries/complaints and investigations
- Collaborate on cases and maintain complete case histories with instant access to all related information
- Accessibility controlled by authorized system administrators

Automatic Reminders and Escalation

Case owners as well as action owners are reminded of upcoming due dates by email notifications

Task Creation and Management

- Case owners can create tasks for themselves and/or others, create emails, notes letters, investigations, resolutions, corrective actions and follow-up tasks. Each of these items can be assigned due dates that trigger reminders BBR.
- Promote cases to different levels of investigation
- Send notifications to caseworkers for follow-up and case status updates, via hyperlink and/or BBR

Comprehensive Case History

- Manage the status of each issue from inception through investigation, resolution, follow-up and corrective action. Each issue is given a unique case number and all related tasks are recorded in this single case, This enables any authorized user to quickly view all related information in order to make informed decisions.
- In multiple client investigations, IE... Trafficking or CDC, one primary case number with multiple clients/accused.
- Hyperlink to run query for client previous IPV case history.
- Color-code or signal of previous or pending IPV investigation/allegation

Flexible System

Central master case display lists all open inquiries. Master case display shows the following data for each inquiry:

- Short description
- Type



- Special conditions, such as Priority level
- Assigned to
- Deadline
- Status field indicate the status of the inquiry, such as unassigned, assigned, critical (near deadline), closed.
- Each instance of the master case display will update automatically in real time as cases are entered, processed or closed.
- Each user has the ability to self-assign unassigned cases according to the user's availability and specialization in issue types.
- The system displays alerts to indicate when new cases have been posted and when inquiries are about to go past due.
- The capability to view all pending cases or a sorted/filtered subset easily and quickly.
- Logging of issues for future follow-up.
- Codes are available for multiple root causes and contributing factors for each inquiry.
- The system will automatically populate time stamps at the time of receipt and time of closure of case records.

Flexible Reporting

Standard and Ad-Hoc reports containing standard reports that track:

- Average time to close
- Issue volumes and types
- Information by location
- Region
- Service type
- Etc...

Ability for users to quickly produce custom or Ad-Hoc reports to meet specific requirements.

- Reports can be saved, emailed to a distribution list in a variety of formats, including Microsoft Excel for further examination, automatically (time based) or manually on demand.
- Additional formats, PDF, Word, RTF
- Ability to create and save Ad Hoc reports for future use.
- Ability to view data in a variety of graphs, table or chart formats; bar, pie, line, histograms, , linear trend lines, etc.

Standard reports BBR to print investigation reports complete with required forms in the proper order

- IE...Administrative hearing packets, Disqualification/Repayment, Prosecutor packets with various Prosecutor forms. These reports are not included in the fixed price and additional charges will apply in accordance with the schedule of fees for "template letters and reports".

Complaint Templates

- BBR system leads user through a defined process for complaint capture insuring data is collected in a manner that facilitates the stratification of the data and leads to rood cause identification.
- BBR necessary collect relevant data when case investigation dictate a change in direction, IE...start as Trafficking case, discover several FEE cases, includes and IPV and add additional program violations (CDC/MA)
- Ability to track evidence for the case as well as specific evidence associated with specific individuals associated with the case.

Integration Abilities

Ease of integration with other critical back office systems, such as:

- Connectivity to Bridges for data completeness with data query updates every time investigation is accessed, pulling program payments and populating tables by date inquiry. Tracking overpayment amounts and disqualifications by program.
- Medicaid System, The Michigan Automated Prescription System (MAPS), MSHDA, Unemployment Benefits, others as deemed necessary.



- Civil Service data for employee records.
- Connectivity to third party GIS mapping software for client address information in all systems, as well as FNS store geographical data.

The pricing provided in Attachment A for integration to External Databases includes a Web Services standard interface to the following back office systems:

- 1) Bridges for DHS
- 2) Medicated for DCH
- 3) The Michigan Automated Prescription Systems (MAPS) for LARA

Export Ability

- To Excel, graphing software, MS Access (for specific reporting purposes)
- Data exported nightly to DHS warehouse.

Search Functionality

Enable a fuzzy text search of entire system, including attachments (i.e. Name, Date, Problem Category, etc.)

Allow for Set-up of Standard Letters

- Standard responses can be created, modified and set up in library for use as required.
- Letterhead and signature flexibility, update templates with small changes like this.
- Ability for mass letter template generation for mailings to contact people from a single case, for windowed envelopes or for printing to envelopes.

Help Function

System provided full help functionality with corrective directions, as required.

Forced Fields

System can set any combination of fields to be filled in before you can continue in the system ensuring you get the required data consistently.

- To be set BBR.
- Tentative over-ride that allows the user to move forward, but needs to complete before submission.

Customization Capabilities – Maintainability

Self-administer capability allowing ease of adding/deleting:

- Users and passwords
- System access and password modifications
- Selection category administration terms i.e. Issues, Causes, Products, Regions, Divisions, Inquiry Types, Severity, Data Lists, Client Records, Standard Response Letters

Customizable Forms/Reports

Selection Categories:

- Case status
- SOP timeframes
- County Prosecutor
- District/Section/Unit
- Various Drop-downs
- Ability to add/delete/modify programs

Ability to add/delete/modify forms/reports/letters

Resource Tracking Tables/module

Employee Data

- Employee personal information
- Emergency Contact
- Work location
- Work phone/cell
- Personnel Data
- Training Data
- Classification

Resources/Asset Tracking module

- Vehicles
- Equipment



Mass Data Entry/Input

BBR add new case or add to existing case from data mining projects or client FS use reviews at specific stores.

Reporting Templates

- Standard Monthly, Quarterly, Annual reports
- Tracking overpayments and cost savings by program
- Investigative Time Report tracking

Compiling Reports

BBR print and collate investigative reports and associated documents

BBR = Based on Business Rules refers to process flow in the system that will be identified and established during set-up and configuration.

II. Services and Deliverables To Be Provided

The system shall be installed and in operation by [December 31, 2012]. These deliverables are not all inclusive. Contractors may propose other deliverables.

Base Year Activities (One Time)

N. Set-up and Configuration

The Contractor shall configure a beta application and move the application into the production environment once beta testing, and subsequent changes have been implemented.

The Contractor shall provide Web-based training for System Administrator(s) and “Train-The-Trainer”.

Deliverables

- Successful completion of configuration of i-Sight in accordance with the BA “Business Requirements Document” developed during the Business Analysis and Process Mapping phase of the project.
- Successful testing of the configured i-Sight application
- Successful provisioning of a test environment for the State to begin Acceptance Testing

O. Business Analysis and Process Mapping

Customer Expressions will provide a process design expert who will map business process; complete documentation of process and requirements; complete user acceptance testing. The process map will then be used to document the field level specification.

Deliverables

- Develop project schedule detailing projects tasks
- Business Requirements Document - A detailed Business Requirements document will be elicited & developed by Supplier and signed off by the State.
Input to this document will come from the Business Requirements supplied in the SOW as well as joint sessions with Supplier and the State to provide additional details, clarification and any modification to the State’s requirements.

P. Integration to External Databases

The Contractor shall perform integration to following external databases using the Web Services standard interface:

- 3) Bridges for DHS
- 4) Medicated for DCH
- 5) The Michigan Automated Prescription Systems (MAPS) for LARA

Deliverables

- Data Feed Mapping Documentation - Supplier will work with the State to map data from one system to i-Sight and vice versa. This will be done for each system that requires integration.
- System Integration Testing



Q. i-Sight Ad-Hoc Report Writing Workshop

The workshop provides a customized report writing program conducted via web conference.

Deliverables

- Workshop training materials – includes a powerpoint slide deck and notes describing basic functions within the reporting tool
- Delivery of training services – one day web based training for up to 8 attendees that will include an overview of the reporting tool.

R. Historical Data Migration

The Contractor will migrate approximately 250,000 records into the new Case Management System.

- 205,000 records from an Oracle Database (ARSIG)
- 40,000 records from an Oracle Database (FEE)
- 3,300 records from an Access Database (NRI)

The Contractor will be responsible for importing historical data from the State's existing solution. The State is to provide files following the requirements below.

- File received is a standard ASCII text delimited file using either a comma or some other delimiter.
- One record per line of text i.e. no run over due to large amounts of text
- Less than 100 fields in each record
- Less than 150,000 records per file – multiple files are acceptable
- Data cleansing prior to data upload will be the responsibility of the State
- The State is responsible to create a migration table explicitly stating which column in the migration file is to be mapped to which field in the i-Sight application
- The Contractor will not modify or add data to these files and will not be responsible for missing or incorrect source data entries in fields and/or records

Deliverables

- Data mapping document
- Creation of data import scripts
- Data testing and validation

S. 5 Terabytes of Storage

The Contractor will provide the necessary hardware to provision up to 5 Terabytes of storage during the term of the agreement.

Deliverable

- 5 Terabytes of Storage space

Base Year Activities (Recurring Costs)

T. Ongoing Hosting, Maintenance and Technical Support

The Contractor will provide the following services:

c. Hosting & Maintenance:

i-Sight is hosted in Ottawa, Canada and includes up to 100 Gigabytes of data storage.

4 Back-up Procedure

The Contractor will back up all client data on tapes for seven years.

The Contractor controls all hardware and electronic media so that no confidential information is incorrectly disclosed.



All i-Sight servers are configured with RAID-1 and a RAID-5/6 SCSI data drives. Data is backed-up to tape on a monthly basis.

Back-up of production servers is done daily using either an incremental or full backup. The backup tapes are rotated weekly and then monthly.

Part of the backup process is the verification of the data to ensure the backup has worked.

These monthly backup tapes are transferred by a third-party secure storage vendor to a secure off-site location. All such transfers are logged in the Contractor's Tracking System.

The Director of IT or his designate is responsible for the testing of the back-up tapes. The back-ups are restored to a hard drive and then the information is accessed. A log is kept of each test indicating:

- Tape being tested
- Successful or Failed Back-up
- Impact of Failure
- Resolution

The log is kept in The Contractor's Tracking System.

Back-up testing is scheduled as per the following:

- a randomly selected Monthly back-up tape is tested once a month
- each Monthly back-up tape is tested prior to archive

Tapes are checked at the beginning of the business day (as per the intervals described above) and in the event of a failure another back-up tape is run immediately. The second back-up is also tested and the test is recorded as described above.

Retirement and Disposal of Media

Backup tapes are destroyed after seven years under the supervision of the VP Operations in order to avoid media failures. Records are kept of what tapes are destroyed.

Prior to retirement and disposal, the VP Operations will ensure the following:

- the media no longer contains active backup images or that any active backup images have been copied to other media
- the media's current or former contents can not be read or recovered by an unauthorized party

The Contractor does not recycle media.

5 Service Level Warranty

- 5.1 For the purposes of this Agreement, an unscheduled downtime ("Unscheduled Downtime") shall be deemed to have occurred if the Customer is unable to access the Hosted Application Services because the Service Provider failed to provide the Hosted Application Services for more than thirty (30) consecutive minutes without prior notification. For purposes of the foregoing, "unable to access" shall mean loss of connectivity by Customer to the Hosted Application Services due to reasons which are not beyond the Service Provider's control. Problems with Customer's personal computers or the network between Customer and the Service Provider's Internet server hosting facility will be deemed to be



- beyond the Service Provider's control. Problems with the Service Provider's software and hardware, shall be deemed to be within the Service Provider's control. The Service Provider does not monitor and makes no representations or warranties regarding data transmissions over the Internet. Outages during the Service Provider's scheduled maintenance window, which occur between 00:01 hrs Eastern Standard Time ("EST") and 05:59 hrs EST shall not be deemed to be a failure to provide the Hosted Application Services.
- 5.2 In the event that the amount of Unscheduled Downtime in any month exceeds (i) three (3) hours during the hours between 6:00 a.m. and 6:00 p.m. EST, Monday through Friday ("Peak Hours"); or (ii) twelve (12) hours during all other times (not including scheduled downtime) the Service Provider will credit to the Customer ten percent (10%) of the fees paid for that month. In order to receive credit hereunder, the Customer must make a written request to the Service Provider within thirty (30) days of the Unscheduled Downtime.
- 5.3 Hosted Application update service - As part of the Hosted Application update service, the Service Provider shall provide to the Customer:
- 5.3.1 any known problem resolutions relating to the Hosted Application or the Hosted Application Services on a periodic basis;
- 5.3.2 corrections for problems that the Service Provider diagnoses as defects in a currently supported version of the Hosted Application or the Hosted Application Services;
- 5.3.3 improvements required to allow the Hosted Application to operate in conformance with new versions or releases of web based browser software so long as such Improvements are technically feasible.
- 5.4 "Errors" means a defect or bug which prevents the Hosted Application or the Hosted Application Services from performing in accordance with the subscribed Plan and the relevant documentation and specifications. "Correction" or "correcting" means modification or an addition that when made or added establishes conformity of the Hosted Application or the Hosted Application Services to the subscribed Plan and relevant documentation and specifications. The Service Provider shall be responsible only for correcting Errors in the Hosted Application and the Hosted Application Services. The Service Provider is not required to provide any maintenance support services relating to problems arising out of (i) the Customer's use of unsupported materials; (ii) changes to the Customer's operating system or environment which adversely affect the Hosted Application Services; (iii) any alterations of or additions to the Hosted Application Services performed by parties other than the Service Provider or at the direction of the Service Provider; (iv) use of the Hosted Application Services in a manner for which they were not designed; (v) accident, negligence, or misuse of the Hosted Application Services, except that of or caused by Service Provider; (vi) introduction by the Customer of data into any database used by the Hosted Application Services by any means other than the use of the Hosted Application Services; or (vii) use of the Hosted Application Services on equipment or in connection with third party software other than for which it was designed and access provided. If it is determined that the problem was not related to the supported Hosted Application or the Hosted Application Services, and the Customer requests the Service Provider to do further work, then the Customer hereby agrees to pay reasonable travel and lodging expenses in addition to the Service Provider's standard consulting rates. Travel time will be charged at consulting rates.



5.5 The Customer is solely responsible for the content of any of its transmissions or those of any third party utilizing the Customer's login ID and passwords. Use of any third party's network or computing resources are subject to their respective permission and usage policies. The Customer agrees to comply with all applicable laws with regard to the transmission and use of information and content, solicitation of any activity that is prohibited by applicable law over Internet. The Customer further agrees not to use the Internet service for illegal purposes, to interfere with or disrupt other network users, network services or network equipment.

d. Technical Support

6 Support Procedure

- 2.1 Incidents may be submitted by the Customer through e-mail or, for Priority 1 issues, via telephone. Support service includes three (3) employees of the Customer having telephone and e-mail access to employees of the Service Provider who have the necessary technical expertise and experience to understand and consider the Customer's inquiries concerning Hosted Application or the Hosted Application Services support.
- 2.2 Priority 1 means: more than one (1) person having trouble connecting to the Service Provider Server, receiving network errors, inability to log cases or access the Hosted Application or Hosted Application Services.
- 2.3 Priority 1 procedure: The Customer shall call in Priority1 issues to the Service Provider's technical support hotline at 1-800-465-6089 which will be manned 24 hours per day/seven days per week by a live person who has the necessary technical expertise and experience to understand and consider the Customer's inquiries concerning Hosted Application or the Hosted Application Services support. The Service Provider will respond to Priority 1 issues (i) during Peak Hours within one (1) hour and will use diligent efforts to create a solution or workaround within four (4) hours; and (ii) during off-peak Hours within three (3) hours and will use diligent efforts to create a solution or work around within twelve (12) hours.
- 2.4 Priority 2 means: questions about functionality, comments or requests for features the Customer would like to have. Subject to Canadian and provincial (Ontario) statutory holidays, the Service Provider will respond to Priority 2 feedback within one (1) business day.
- 2.5 Priority 2 procedure: The Customer shall include via e-mail to support@customerexpressions.com any error messages the Customer receives; the Customer's name, and either a telephone number or e-mail address for communication purposes.

U. System Access Fees for up to 150 named users

Contract Add Description.....

Individuals who will only be submitting issues into the system are not considered users and are not included in the 150 count and there is no cost associated with the use of this functionality.

Deliverables

- Username and passwords that will enable access to the i-Sight online application.

Optional Services to be Provided

V. Word Document Templates

The Contractor will embed Word document templates into the i-Sight Case Record to provide auto-field population from pre-defined fields within the application.



Deliverables

- templates that can be accessed and automatically generated via the i-Sight case file

W. Customization Requests Over and Above Standard i-Sight Configuration

Any requests over and above the functionality captured within the Business Requirements Document will be quoted on a fixed price basis as the work is requested.

X. Web Conference Training Course

The Contractor can provide additional training courses beyond what is required in the Contract.

Y. On-Site Training Course

The Contractor offers on-site end user training courses. Trainers are ready to deliver a half-day course. The class size is limited to 10 participants.

1.200 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

A. Contractor Staff

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

The Contractor will identify a Single Point of Contact (SPOC). The duties of the SPOC shall include, but not be limited to:

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

The State reserves the right to require a change in the current SPOC if the assigned SPOC is not, in the opinion of the State, adequately serving the needs of the State.

The **Single Point of Contact** for this Contract is identified below:

Name: Joe Gerard
 Telephone: 613-244-5111
 E-mail: jgerard@customerexpressions.com

All Key Personnel may be subject to the State's interview and approval process. Any key staff substitution must have the prior approval of the State. The State has identified the following as key personnel for this project:

- Project Manager: Dan Lagasse
- Business Analyst: Sara Ghoreishi Nejad and/ or Sandra Myers

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

- Manage all defined Contractor responsibilities in this Scope of Services.
- Manage Contractor's subcontractors, if any
- Develop the project plan and schedule, and update as needed
- Serve as the point person for all project issues
- Coordinate and oversee the day-to-day project activities of the project team



- Assess and report project feedback and status
- Escalate project issues, project risks, and other concerns
- Review all project deliverables and provide feedback
- Proactively propose/suggest options and alternatives for consideration
- Utilize change control procedures
- Prepare project documents and materials
- Manage and report on the project's budget

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

B. On Site Work Requirements

1. Location of Work

The work is to be performed, completed, and managed at the following locations: 940 Belfast Rd. Suite 201, Ottawa, Ontario, Canada, K1G 4A2. Some of the work conducted during the Business Analysis phase and User Acceptance Testing may be performed on site at State offices:

The Grand Tower
235 South Grand Avenue
Lansing, MI 48909

2. Hours of Operation:

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

3. Travel:

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

4. Additional Security and Background Check Requirements:

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

In addition, proposed 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.

Contractor will pay for all costs associated with ensuring their staff meets all requirements.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

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

Executive Subject Matter Experts

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

- Resolve project issues in a timely manner



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

State Project Manager

DTMB will provide a Project Manager who will be responsible for the State’s infrastructure and coordinate with the Contractor in determining the system configuration.

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

- Provide State facilities, as needed
- Coordinate the State resources necessary for the project
- Facilitate coordination between various external contractors
- Facilitate communication between different State departments/divisions
- Provide acceptance and sign-off of deliverable/milestone
- Review and sign-off of timesheets and invoices
- Resolve project issues
- Escalate outstanding/high priority issues
- Utilize change control procedures
- Conduct regular and ongoing review of the project to confirm that it meets original objectives and requirements
- Document and archive all important project decisions
- Arrange, schedule and facilitate State staff attendance at all project meetings.

Name	Agency/Division	Title
Nicole Schrauben	DTMB	Project Manager

1.203 RESERVED - OTHER ROLES AND RESPONSIBILITIES

1.300 Project Plan

1.301 PROJECT PLAN MANAGEMENT

Project Plan

The Contractor will provide a Project Plan including necessary time frames and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State.

1. In particular, the Project Plan will include a MS Project plan or equivalent (check the SUITE/PMM standard):
 - a. A description of the deliverables to be provided under this contract.
 - b. Target dates and critical paths for the deliverables.
 - c. Identification of roles and responsibilities, including the organization responsible. Contractor is to provide a roles and responsibility matrix.
 - d. The labor, hardware, materials and supplies required to be provided by the State in meeting the target dates established in the Project Plan.
 - e. Internal milestones
 - f. Task durations.
 - g. Deliverable/milestones for which payment shall be made.

Orientation Meeting



The Contractor will be required to attend an orientation meeting to discuss the content and procedures 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 cost for the time and travel of the Contractor for attendance at the meeting.

Performance Review Meetings

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

Project Control

1. The Contractor will carry out this project under the direction and control of DTMB and DHS.
2. The Contractor will submit the project plan to the State project manager for final approval. This project plan must be in agreement with Article 1, Section 1.104 Work and Deliverables, and must include the following:
 - The Contractor's project organizational structure.
 - 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.
 - The project work breakdown structure (WBS) showing sub-projects, activities and tasks, and resources required and allocated to each.
 - The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the WBS.
3. The Contractor will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology, which includes standards for project management, systems engineering, and associated forms and templates which is available at <http://www.michigan.gov/suite>
 - a. Contractor will use an automated tool for planning, monitoring, and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract. The tool shall have the capability to produce:
 - Staffing tables with names of personnel assigned to Contract tasks.
 - Project plans showing tasks, subtasks, deliverables, and the resources required and allocated to each (including detailed plans for all Services to be performed, updated semi-monthly).
 - Updates must include actual time spent on each task and a revised estimate to complete.
 - Graphs showing critical events, dependencies and decision points during the course of the Contract.
 - b. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State standards.

1.302 REPORTS

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

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



1.400 Project Management

1.401 ISSUE MANAGEMENT

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

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

Level 2 – Project Managers

Level 3 – Executive Subject Matter Experts (SME's)

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.

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

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

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

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

1.403 CHANGE MANAGEMENT

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

If a proposed contract change is approved by the Agency, the Contract Administrator will submit a request for change to the Department of Technology, Management and Budget, Procurement Buyer, who will make recommendations to the DTMB Chief Procurement Officer regarding ultimate approval/disapproval of change



request. If the DTMB Chief Procurement Officer agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the DTMB-Procurement 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 DTMB-Procurement, risk non-payment for the out-of-scope/pricing products and/or services.**

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

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

1.500 Acceptance

1.501 CRITERIA

The criteria to determine if the software solution meets the requirements shall be the Business Requirements Document that will be developed and agreed upon by both parties during the “Business Analysis” phase of the project.



1.502 FINAL ACCEPTANCE

Final Acceptance shall be deemed to have been accepted by the State upon the completion of a formal acceptance test which formal acceptance test shall be conducted on the following terms: (i) the Supplier shall notify the State in writing that i-Sight is ready for acceptance; (ii) upon receipt of such notice the State shall test i-Sight in a manner it deems appropriate for a period not to exceed three (3) calendar weeks; (iii) upon the expiration of such three (3) week period the State shall either certify to the Supplier that i-Sight is accepted or without delaying the payment deadlines deliver to the Supplier a written description of any specific claimed defects in i-Sight, which defects shall be limited to the failure of i-Sight to conform to the specifications contained in the Business Requirements Document; (iv) upon receipt of such written description the Supplier shall determine whether any of such claimed defects are bona fide defects, and if so shall proceed immediately to remedy the same, whereupon the formal acceptance test procedure may again be run. Certification by the State that i-Sight is accepted, or in the absence of such certification, the failure of the State to provide the Supplier within three (3) weeks with a written description of bona fide defects, shall constitute completion of the formal acceptance test.

1.600 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

Method of Payment

The project will be paid in accordance with the Pricing Table(s) provided in **Attachment A**.

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 of Michigan'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.

Statements of Work and Issuance of Purchase Orders

- 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 is to be performed



13. Expected Contractor Work Hours and Conditions

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

Invoicing

Contractor will submit properly itemized invoices to

DTMB – Financial Services
Accounts Payable
P.O. Box 30026
Lansing, MI 48909

or

DTMB-Accounts-Payable@michigan.gov

. Invoices must provide and itemize, as applicable:

- Contract number;
- Purchase Order number
- Contractor name, address, phone number, and Federal Tax Identification Number;
- Description of any commodities/hardware, including quantity ordered;
- Date(s) of delivery and/or date(s) of installation and set up;
- Price for each item, or Contractor's list price for each item and applicable discounts;
- 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.

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 RESERVED - HOLDBACK



Article 2. Terms and Conditions

2.000 Contract Structure and Term

2.001 CONTRACT TERM

This Contract is for a period of **five (5)** years beginning 08/31/2012 through 08/30/2017. All outstanding Purchase Orders must also expire upon the termination 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, shall remain in effect for the balance of the fiscal year for which they were issued.

2.002 OPTIONS TO RENEW

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to **two (2)** additional **one (1)** year periods.

2.003 LEGAL EFFECT

Contractor accepts this Contract by signing two copies of the Contract and returning them to the DTMB-Procurement. 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 shall not be liable 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), 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 must issue an approved written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order 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 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 shall 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. The Contract may be modified or amended only by a formal Contract amendment.



2.007 HEADINGS

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

2.008 FORM, FUNCTION & UTILITY

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

2.009 REFORMATION AND SEVERABILITY

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

2.010 Consents and Approvals

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

2.011 NO WAIVER OF DEFAULT

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

2.012 SURVIVAL

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

2.020 Contract Administration

2.021 ISSUING OFFICE

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

Steve Motz, Buyer
Procurement
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Email: motzs@michigan.gov
Phone: 517-241-3215

2.022 CONTRACT COMPLIANCE INSPECTOR

The DTMB Chief Procurement Officer 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. DTMB-Procurement 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 identified on the cover page:



2.023 PROJECT MANAGER

The State project manager is identified in Article 1, Section 1.202 of the Contract.

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, Contractor shall provide a detailed outline of all work to be done, including tasks necessary to accomplish the Additional 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 before commencing performance of the requested activities it believes 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 and 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 requires 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 Contractor believe the proposed Change 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 shall include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

(4) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice 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 shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Technology, Management and Budget, Procurement.
- (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
Procurement
Attention: Steve Motz
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor:

See Contractor Information on Cover Page of Contract.

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 giving 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 shall be deemed to be an employee, agent or servant of the State for any reason. Contractor shall 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 shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties shall 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

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

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 shall 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 shall 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 shall 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

The State shall not be obligated to pay any amounts in addition to the charges specified in this Contract for all Services/Deliverables to be provided by Contractor and its Subcontractors, if any, under 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 shall 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 shall 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 1.600**.
- (c) Correct invoices shall 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 shall 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 DTMB Chief Procurement Officer. This activity shall occur only upon the specific written direction from DTMB-Procurement.

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) shall 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 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 shall 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 shall be made by electronic fund transfer (EFT).

2.050 Taxes

2.051 EMPLOYMENT TAXES

Contractor shall collect and pay all applicable federal, state, and local employment taxes, including the taxes.

2.052 SALES AND USE TAXES

Contractor shall register and 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 shall 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 shall notify the State of the proposed assignment, shall introduce the individual to the appropriate State representatives, and shall 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 shall 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 on the Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.
- (e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

2.063 RE-ASSIGNMENT OF PERSONNEL AT THE STATE'S REQUEST

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service shall 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 shall perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel shall, 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 shall 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 shall 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 shall 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 shall provide the Services/Deliverables directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor shall 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 shall 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 shall 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 Technology, Management and Budget, Procurement 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 shall 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 shall 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 shall



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 shall 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 shall provide only the equipment and resources identified in the Statement 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 shall 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 shall 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 shall be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations shall 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 shall be initiated by the State and shall be reasonably related to the type of work requested.

All Contractor personnel shall 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 be expected to agree to the State's security and acceptable use policies before the Contractor personnel shall be accepted as a resource to perform work for the State. It is expected the Contractor shall present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff shall be expected to comply with all Physical Security procedures in place within the facilities where they are working.



2.092 SECURITY BREACH NOTIFICATION

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State shall 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 STANDARD

(a) Contractors that process, transmit or store credit/debit cardholder data, must adhere to the Payment Card Industry (PCI) Data Security Standards. The Contractor is responsible for the security of cardholder data in its possession. The data may only be used to assist the State or for other uses specifically authorized by law.

(b) The Contractor must notify the CCI (within 72 hours of discovery) of any breaches in security where cardholder data has been compromised. In that event, the Contractor must provide full cooperation to the Visa, MasterCard, Discover and state Acquirer representative(s), and/or a PCI approved third party to conduct a thorough security review. The Contractor must make the forensic report available within two weeks of completion. The review must validate compliance with the current PCI Data Security Standards for protecting cardholder data.

(c) The Contractor must properly dispose of cardholder data, in compliance with DTMB policy, when it is no longer needed. The Contractor must continue to treat cardholder data as confidential upon contract termination.

(d) The Contractor must provide the CCI with an annual Attestation of Compliance (AOC) or a Report on Compliance (ROC) showing the contractor is in compliance with the PCI Data Security Standards. The Contractor must notify the CCI of all failures to comply with the PCI Data Security Standard.

2.100 Confidentiality

2.101 CONFIDENTIALITY

Contractor and the State each acknowledge that the other possesses and shall 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 shall 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 shall (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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract according to generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records shall 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 shall meet to review each audit report promptly after issuance. The Contractor shall 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 shall 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 shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount shall 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 shall 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 shall 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 Technology, Management and Budget, Procurement.

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 shall maintain the equipment/system(s) in good operating condition and shall 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 5 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 shall pass through to the State any warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.

2.126 EQUIPMENT TO BE NEW

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

2.127 PROHIBITED PRODUCTS

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

2.128 CONSEQUENCES FOR BREACH

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

2.130 Insurance

2.131 LIABILITY INSURANCE

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

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



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

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

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

See www.michigan.gov/dleg.

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

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

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

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

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

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

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

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

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

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

- 5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor or its Subcontractors, acting alone or in



collusion with others, in a minimum amount of one million dollars (\$1,000,000.00) with a maximum deductible of fifty thousand dollars (\$50,000.00).

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

2.132 SUBCONTRACTOR INSURANCE COVERAGE

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

2.133 CERTIFICATES OF INSURANCE AND OTHER REQUIREMENTS

Contractor must furnish to DTMB-Procurement, 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 SHALL 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 DTMB Chief Procurement Officer. 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 shall 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 materially breaches the contract, and the State in its sole discretion determines that the breach is curable, then the State shall 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 shall 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 convenience 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 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 shall 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 shall 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 shall 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 as applicable, 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 shall 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 180 days. These efforts must include, but are not limited to, those listed in **Section 2.150**.

2.172 CONTRACTOR PERSONNEL TRANSITION

The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor 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 shall 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 shall 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**. 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 2.182**.

2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER

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

2.183 ALLOWANCE OF CONTRACTOR COSTS

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

2.190 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 shall be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any dispute after compliance with the processes, the parties must meet with the DTMB Chief Procurement Officer, or designee, 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 at issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
 - (2) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract shall 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 shall 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 DTMB Chief Procurement Officer, or designee, shall 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 shall 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 shall 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 shall 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 that the damages to the party resulting from the breach shall 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 shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled 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, shall 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 shall comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see <http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html>.

2.204 PREVAILING WAGE

Wages rates and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this Contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Licensing and Regulatory Affairs, Wage and Hour Division, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

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

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

2.210 Governing Law

2.211 GOVERNING LAW

The Contract shall 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 shall be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to 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 shall be 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 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 shall 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) shall 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 shall 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 shall 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 shall 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 DTMB-Procurement.
 - (2) Contractor shall also notify DTMB Procurement 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 shall also notify DTMB-Procurement 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 shall 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 shall 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 shall 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 shall notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and 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 RESERVED - LIQUIDATED DAMAGES

2.244 EXCUSABLE FAILURE

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

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

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

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



2.250 Approval of Deliverables

2.251 DELIVERY OF DELIVERABLES

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

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

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

2.252 CONTRACTOR SYSTEM TESTING

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

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

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

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

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

2.253 APPROVAL OF DELIVERABLES, IN GENERAL

All Deliverables (Written Deliverables and Custom Software Deliverables) require formal written approval by the State, in accordance with the following procedures. Formal approval by the State requires that the Deliverable be confirmed in writing by the State to meet its specifications, which, in the case of Custom Software Deliverables, will include the successful completion of State User Acceptance Testing, to be led by



the State with the support and assistance of Contractor. The parties acknowledge that the approval process set forth herein will be facilitated by ongoing consultation between the parties, visibility of interim and intermediate Deliverables and collaboration on key decisions.

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

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

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

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

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

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

2.254 PROCESS FOR APPROVAL OF WRITTEN DELIVERABLES

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Written Deliverable (failing which the State Review Period, by default, shall be five (5) Business Days for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days for Written Deliverables of more than one hundred (100) pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Written Deliverable is



approved in the form delivered by Contractor or describing any deficiencies that shall 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

See Section 1.502.

2.260 Ownership

2.261 OWNERSHIP OF WORK PRODUCT BY STATE

Excluding the iSight software code, or any modifications to the iSight software code, the State owns all other 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 RESERVED - VESTING OF RIGHTS



2.263 RIGHTS IN DATA

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

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

2.264 OWNERSHIP OF MATERIALS

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

2.270 State Standards

2.271 EXISTING TECHNOLOGY STANDARDS

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

2.272 ACCEPTABLE USE POLICY

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

2.273 SYSTEMS CHANGES

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

2.280 Extended Purchasing

2.281 MIDEAL (MICHIGAN DELIVERY EXTENDED AGREEMENTS LOCALLY

MiDEAL Requirements

1. The Contractor must ensure that all purchasers are MiDEAL Members before extending the Contract pricing. A current listing of approved MiDEAL Members is available at: www.michigan.gov/mideal.
2. The Contractor must submit quarterly reports of MiDEAL purchasing activities to DTMB-Purchasing Operations.
3. The Contractor must submit invoices to and receive payment from MiDEAL Members on a direct and individual basis.



4. Estimated requirements for MiDEAL members are not included in the quantities shown in this RFP, unless otherwise noted.
5. The State of Michigan reserves the right to negotiate additional discounts based on any increased volumes by MiDEAL members.

2.282 RESERVED - STATE EMPLOYEE PURCHASES

2.283 RESERVED - COOPERATIVE PURCHASING

2.290 Environmental Provision

2.291 ENVIRONMENTAL PROVISION

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

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

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

- (a) The Contractor shall use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State shall provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State shall advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.
- (b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.



- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor shall resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

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

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

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

2.300 Deliverables

2.301 SOFTWARE

The Contractor will provide 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).

2.302 HARDWARE

The Contractor will provide 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).

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 RESERVED - CROSS-LICENSE, DELIVERABLES ONLY, LICENSE TO CONTRACTOR

2.322 RESERVED - CROSS-LICENSE, DELIVERABLES AND DERIVATIVE WORK, LICENSE TO CONTRACTOR

2.323 RESERVED - LICENSE BACK TO THE STATE



2.324 LICENSE RETAINED BY CONTRACTOR

Subject to payment of the fees outlined in this Contract, the Contractor grants to the State a non-exclusive, site-wide, irrevocable, transferable license to use the Software and related documentation according to the terms and conditions of this Contract. For the purposes of this license, "site-wide" includes any State of Michigan office regardless of its physical location but limited by the number of paid named users.

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

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

2.325 PRE-EXISTING MATERIALS FOR CUSTOM SOFTWARE DELIVERABLES

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

2.330 Source Code Escrow

2.331 DEFINITION

"Source Code Escrow Package" shall mean:

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

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 any time 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.



Attachment A – Contract Pricing

Summary Table: Summary Costs for Base Years

Table No.	Project Cost(s)	Cost (\$)
Table 1	One Time Costs (Base Years)	\$341,000.00
Table 2	Recurring Costs (Base Years)	\$870,000.00
Table 3	Funding for Optional Software/Services <i>(Current funding included in based contract value, this amount can be increased for additional scope and services)</i>	\$10,000.00
Total Base Year Costs		\$1,221,000.00

Table 1: One Time Costs (Base Years)

No.	Deliverable	Cost (\$)	Estimated Days	Billing Schedule	Comments
N.	Set-up and Configuration	\$133,300.00	N/A	Billed on Contract Signing	This fee includes the configuration of a beta application and moving the application into the production environment once beta testing, and subsequent changes have been implemented. Web-based training for System Administrator(s) and “Train-The-Trainer” is also included in the set-up fee.
O.	Business Analysis and Process Mapping	\$75,000.00	50	Billed upon acceptance of the Business Requirements Document	Customer Expressions will provide a Business Analyst who will map business process; complete documentation of process and requirements; complete user acceptance testing. The process map will then be used to document the field level specification.
P.	Integration to External Databases	\$15,000.00	10	Payable on State’s Final Acceptance of i-Sight	The \$15,000.00 is for the 3 interfaces identified in 1.104.II.C For additional integration not included in the fixed price, Customer Expressions charges \$1,500.00 per day to perform client integration requirements using either Web Services standard interface or an SFTP option. A per diem rate is applied as the level of effort will vary depending on the complexity of the integration.
Q.	i-Sight Ad-Hoc Report Writing Workshop	\$2,700.00	3	Payable on State’s Final Acceptance of i-Sight	The 3 day workshop provides a customized report writing program conducted via web conference.
R.	Historical Data Migration	\$45,000	30	Billed on Completion of Services	Customer Expressions will perform data migration subject to the State providing the data files in accordance with the requirements outlined in Section 1.104 E) Historical Data Migration.
S.	5 Terabytes of Storage	\$70,000	NA	50% Billed on Contract Signing	This fee will provide the State with up to 5 terabytes of storage during the term of the agreement.



				50% Billed Upon Solution Entering Production	
	Total One Time Cost (Base Years)	\$341,000.00	N/A	N/A	N/A



Table 2: Recurring Costs: Base Years

No.	Deliverable	Cost (\$) per Unit	Unit Type	Unit QTY	5 Year Cost	Billing Schedule	Comments
T.	Annual Hosted Service Fee and User Fees	\$24,000.00	Year	5 Years	\$120,000.00	Payable on State's Final Acceptance of i-Sight	This fee includes hosting, maintenance and unlimited 24/7 technical support.
U.	System Access Fees for up to 150 named users	\$150,000.00	Year	5 Years	\$750,000.00	Payable on State's Final Acceptance of i-Sight	Individuals who will only be submitting issues into the system are not considered users. There is not cost associated with the use of this functionality. Additional Users will be billed at a rate of \$1,000.00/user/year
	Total 5 Year Recurring Cost (Base Years)	N/A	N/A	N/A	\$870,000.00	N/A	N/A

Table 3: Optional Costs

No.	Optional Deliverable	Cost (\$)	Billing Schedule	Comments
V.	Word Document Templates	\$ 500.00 per Letter Template \$1,000.00 per Case Summary Report template	Billed on Completion of Services	Customer Expressions charges to embed Word document templates into the i-Sight Case Record to provide auto-field population from pre-defined fields within the application.
W.	Customization Requests Over and Above Standard i-Sight Configuration	\$1,500.00 per day	Billed on Completion of Services	Customer Expressions charges \$1,500.00 per day to perform client requested customizations. A per diem rate is applied as the level of effort will vary depending on the complexity of the customization.
X.	Web Conference Training Course	\$ 750.00 per day	Billed on Completion of Services	Customer Expressions offers end user training conducted via web conference.
Y.	On-Site Training Course	\$1,500.00 per day	Billed on Completion of Services	Customer Expressions offers on-site end user training courses. Trainers are ready to deliver a half-day course. The cost of on-site training is \$1,500.00 per day plus expenses with a class size limited to 10 participants.



Glossary

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



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