

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. 2
 to
CONTRACT NO. 071B2200220
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
JP Morgan Chase Bank N.A. 1 Chase Manhattan Plaza New York, NY 10005	Richard Hartzell	Richard.P.Hartzell@jpmorgan.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	614-248-5566	4650

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	TREAS	Kevin Fedewa	517-373-4330	kfedewa@invest.treas.state.mi.us
CONTRACT ADMINISTRATOR	DTMB	Chelsea Edgett	517-284-7031	edgettc@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: ALTERNATIVE INVESTMENTS PORTFOLIO MANAGEMENT SERVICES – DEPARTMENT OF TREASURY			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
August 21, 2012	August 20, 2015	5- one year	August 20, 2015
PAYMENT TERMS		DELIVERY TIMEFRAME	
N/A		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$1,764,800.64		\$0.00	\$1,764,800.64	

DESCRIPTION: Effective July 27, 2015, the contract effective date and expiration date is corrected pursuant to Article 2 Terms and Conditions Section 2.001. The effective date should appear as August 21, 2012, and the expiration date should appear as August 20, 2015.

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

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

June 9, 2014

CHANGE NOTICE NO. 1
 to
CONTRACT NO. 071B2200220
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
JPMorgan Chase Bank, N.A. 1 Chase Manhattan Plaza New York, NY 10005	Richard Hartzell	Richard.P.Hartzell@jpmorgan.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(614) 248-5566	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	TREA	Kevin Fedewa	517 373-4330	kfedewa@invest.treas.state.mi.us
BUYER	DTMB	Chelsea Edgett	517 284-7031	edgett@c@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: ALTERNATIVE INVESTMENTS PORTFOLIO MANAGEMENT SERVICES – DEPARTMENT OF TREASURY			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
May 21, 2012	May 20, 2015	5, one year	May 20, 2015
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED REVISED AGGREGATE CONTRACT VALUE:		
\$0.00		\$1,764,800.64		

Effective June 9, 2014, The Burgiss Group, LLC will be added as a subcontractor and will begin transition of their reporting platform from Investran. Please see attached for additional changes. Also note that the buyer has been changed to Chelsea Edgett. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval.

Contract #071B2200220 (JP Morgan Chase Bank, N.A.)
Alternative Investments Portfolio Services
Change Request 1

1. Section 1.031.3 (Contractor Staff, Roles and Responsibilities): Add Subcontractor The Burgiss Group, LLC to replace Investran reporting platform with software for decision support, portfolio management and transparency activities.
2. Sections 1.022.VI.A through I (Reporting): Change Reporting responsibility from JP Morgan Chase to The Burgiss Group, LLC. The Burgiss Group will provide the reports and data elements.
3. Section 1.022.XI.A (General Reporting System Requirements): Delete 2nd and 3rd paragraphs. Replace with “Reports will be delivered via Private I, email or via ftp.”
4. Section 1.022.XI.F: Change 2nd sentence from “Clients are provided with a combination of a password and a RSA SecurID token for authentication.” to “Clients are provided with a password for authentication.”

**The Burgiss Group, LLC
FORM OF CUSTOMER RELEASE**

Customer Name ("Customer"): State Treasurer of the State of Michigan, as Custodian of the Michigan Public School Employees' Retirement System, State Employees' Retirement System, Michigan State Police Retirement System, and Michigan Judges' Retirement System

Customer, for good and adequate consideration, intending to be legally bound, hereby acknowledges that it is receiving access to one or more of The Burgiss Group, LLC's services (including, without limitation, Private i, Private Informant, and Private IQ) as a Customer of J.P. Morgan Chase Bank, National Association ("Client"), pursuant to a contractual arrangement between Customer and Client. Client is assuming all of The Burgiss Group, LLC's liabilities for the subcontracted work, and accompanying indemnities, in the context of Contract 071B2200220, Section 2.070. Customer acknowledges that all liability for any damages or losses suffered by Customer from or related to its use of the Services lies with Client and hereby waives, to the extent permitted by applicable law, any and all claims against The Burgiss Group, LLC and its affiliates, employees, agents and equity holders related to its use of the Services, even to the extent that such claims arise due to the fault or willful misconduct of Burgiss. Customer acknowledges and agrees that (i) the data and reports generated by the Private IQ Service may only be used internally and may not be shared with any third parties; and (ii) it does not have any ownership interest in the Private IQ Database, or the data generated through the use of the Private IQ Service. Nothing herein shall be deemed to waive any right or remedy Customer may have against Client. This waiver shall be governed by Michigan law without giving effect to the provisions thereof relating to conflicts of laws. This waiver is provided in consideration of Burgiss allowing Customer to access the Services.

Customer
By: *Thomas A. Falik*
Name: THOMAS A. FALIK
Title: SERVICES DIVISION DIRECTOR
Date: 5-8-2014

Acknowledged:
Client
By:
Name:
Title:
Date:

The Burgiss Group, LLC
By:
Name:
Title:
Date:

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48913

August 16, 2012

**NOTICE
 OF
 CONTRACT NO. 071B2200220
 Between
 THE STATE OF MICHIGAN
 And**

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
JPMorgan Chase Bank, N.A. 1 Chase Manhattan Plaza New York, NY 10005	Richard Hartzell	Richard.P.Hartzell@jpmorgan.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(614) 248-5566	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	TREA	Kevin Fedewa	(517) 373-4330	kfedewa@invest.treas.state.mi.us
BUYER:	DTMB	Jim Wilson	(517) 241-1916	Wilsonj4@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: ALTERNATIVE INVESTMENTS PORTFOLIO MANAGEMENT SERVICES – DEPARTMENT OF TREASURY			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
3 Yrs.	May 21, 2012	May 20, 2015	5, 1 yr. 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 type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$1,764,800.64

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT
 P.O. BOX 30026, LANSING, MI 48909
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 Between
THE STATE OF MICHIGAN
 And

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JPMorgan Chase Bank, N.A. 1 Chase Manhattan Plaza New York, NY 10005	Richard Hartzell	Richard.P.Hartzell@jpmorgan.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
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CONTRACT COMPLIANCE INSPECTOR:	TREA	Kevin Fedewa	(517) 373-4330	kfedewa@invest.treas.state.mi.us
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PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
The terms and conditions of this Contract are those of ITB # 071I2200007, this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$1,764,800.64

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 071I2200007. Orders for delivery will be issued directly by the Department of Technology, Management & Budget through the issuance of a Purchase Order Form.

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

FOR THE CONTRACTOR:

Firm Name
JPMorgan Chase Bank, N.A.

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Name/Title
Jeff Brownlee, Chief Procurement Officer

Division
DTMB Procurement

Date



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Attachment A, Price Proposal

Appendices

- A. Fund Level Cumulative Cash Curve
- B. Fund Level Cumulative TVPI
- C. Deleted – N/A
- D. Form 4621, What Is An Incident? (Brochure)

Exhibits

- 1 System Architecture
- 2 Contractor's Organizational Chart



DEFINITIONS

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

Additional Service means any Services within the scope of the Contract, but not specifically provided under any Statement of Work.

AID means Alternative Investments Division.

Audit Period means the seven year period following Contractor's provision of any work under the Contract.

Bidder(s) are those companies that submit a proposal in response to the RFP.

BOI means State of Michigan Department of Treasury Bureau of Investments.

Business Day means any day other than a Saturday, Sunday or State-recognized legal holiday from 8:00am EST through 5:00pm EST unless otherwise stated.

Blanket Purchase Order is an alternate term for Contract and is used in the Plan Sponsors' computer system.

CCI means Contract Compliance Inspector.

Days means calendar days unless otherwise specified.

Deleted – N/A means that section is not applicable or included in the RFP. This is used as a placeholder to maintain consistent numbering.

Deliverable means physical goods and/or services required or identified in a Statement of Work.

DTMB means the Michigan Department of Technology Management and Budget.

Environmentally Preferable Products means 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 which contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.

Hazardous Material means 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 means any interruption in any function performed for the benefit of a Plan Sponsor.

IRR means internal rate of return.

Key Personnel means any personnel identified in **Section 1.031** as Key Personnel.

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

Ozone-depleting Substance means 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, hydrochlorofluorocarbons.

Post-Consumer Waste means 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 means industrial by-products which would otherwise go to disposal and wastes generated after completion of a manufacturing process, but does not include internally generated scrap commonly returned to industrial or manufacturing processes.



Recycling means 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.

Reuse means using a product or component of municipal solid waste in its original form more than once.

RFP means a Request for Proposal designed to solicit proposals for services.

Services means any function performed for the benefit of the State.

SLA means Service Level Agreement.

Source Reduction means 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 means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.

Subcontractor means a company selected by the Contractor to perform a portion of the Services, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

Unauthorized Removal means the Contractor's removal of Key Personnel without the prior written consent of the State.

Waste Prevention means source reduction and reuse, but not recycling.

Pollution Prevention means 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 means 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 the Contract.



Article 1 – Statement of Work (SOW)

1.010 Project Identification

1.011 Project Request

This is a Contract for alternative investments portfolio management services (data collection and reporting).

1.012 Background

The State of Michigan Department of Treasury Bureau of Investments (BOI) administers pension systems with approximately \$50 billion U.S. dollars in assets at market value. As of December 31, 2010, the assets were invested as follows:

Domestic Equities	35%
Fixed Income Securities	15%
International Equity	14%
Alternative Investments	20%
Real Estate	9%
Absolute and Real Return	4%
Short Term	3%

The Alternative Investments Division (AID) is responsible for making and managing investments in the non-traditional asset classes of Alternative Investments including private equity, venture capital, hedge funds. The AID holds investments in the private equity market, primarily through limited partnerships, fund of funds, stock distributions, co-investments and some direct investments. As of December 31, 2010, the assets were invested as follows:

Venture Capital	10%
Buyout	53%
Fund of Funds	5%
Special Situations	21%
Hedge Fund	1%
Liquidation Portfolio	4%
Mezzanine	3%
Short Term	2%
Active Small Cap Stocks	1%

Six investment professionals and one support personnel staff AID. The investment program is accomplished primarily by deploying a variety of equity and debt instruments through dedicated partnerships. AID is responsible for establishing and maintaining relationships with private sector investment professionals, evaluating and recommending private equity investment opportunities, and monitoring and reporting on the investments that comprise the Alternative Investments Portfolio ("Portfolio"). The Portfolio consists of approximately 258 partnerships. The partnerships are estimated to have over 3,000 investment companies under management.

1.020 Scope of Work and Deliverables

1.021 In Scope

The following work and deliverables are in-scope:

1. Data Collection: Incorporate existing historical data from AID, source ongoing cash flow/non-cash flow data and financial statement data directly from general partners and other data sources, and input data into Contractor's system for reporting. All data collection includes reconciliation.
2. Reporting: Provide a flexible web-based tool to provide standard time stamped historical reports and an ad hoc ability for end users to create real time reports. Reports will be able to show investment, accounting and reconciliation data items. The reporting tool must be able to provide ad hoc reports on all data fields. Calculate and report actual portfolio performance. Prepare special reports as requested by the AID staff in the management of the private equity portfolio.
3. System Management/Maintenance: Provide management services to maintain and report collected data.
4. Provide AID staff with direct access to any available investment research and group publications.



1.022 Work and Deliverable

Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

I. Data Structure and Fields (Data Collected in the Following Structure)

A. Fund Level Data

- a. Unique Fund Identifier: Cusip (provided)
- b. Legal Name of Partnership
 1. Legal Name
 2. Fund Sponsor/Manager Name
- c. Partnership Sub Account
 1. (When identified by AID, track sub partnership names as necessary to properly reflect information for waterfall and management fee calculations where applicable).
- d. Dates
 1. Vintage Year of Fund (date first investment was made)
 2. Fund Closings
 - i. Estimated date of final closing (text field)
 - ii. Date of each fund closing
 - iii. Label (first, second, final, etc)
 3. AID Closing Dates
 4. Investment Period End Date
 - i. Language from LPA (text field)
 - ii. Date (date field)
 - iii. Label (estimated, final)
 5. Dates of allowable extensions
 - i. Language from LPA (text field)
 - ii. Date(s) (date field)
 - iii. Label (first, second, etc)
 6. Date of Partnership Term
- e. Commitments
 1. Fund Level Commitments
 - i. Amount at Each Closing
 2. AID Commitment to Partnership
 - i. Amount at Each Closing
 3. GP Commitments
 4. GP Commitment Percent of Total Fund
 5. LP Commitment Percent of Total Fund
- f. Assigned AID analyst. The system must track AID provided names of analysts that are responsible for funds in the portfolio.
- g. Classification Investment Type (as defined by AID below)
 1. Equity
 - i. Venture Capital
 - a. Early Stage Venture Capital International
 - b. Early Stage Venture Capital U.S.
 - c. Late Stage Venture Capital International
 - d. Late Stage Venture Capital U.S.
 - e. Multi Stage Venture Capital International
 - f. Multi Stage Venture Capital U.S.
 - ii. Buyout



- a. Large Market Buyout International
 - b. Large Market Buyout U.S.
 - c. Middle Market Buyout International
 - d. Middle Market Buyout U.S.
 - e. Small Market Buyout International
 - f. Small Market Buyout U.S.
 - iii. Special Situations
 - a. Co-Investments Funds
 - b. Global Opportunity Funds
 - c. Secondary Funds
 - d. Distressed
 - e. Special Situations
 - f. Natural Resources/Energy
 - g. Special Situations International
 - iv. Fund of Funds
 - a. Co-Investments Funds
 - b. Fund of Funds International
 - c. Fund of Funds U.S.
 - v. Hedge Funds-Equity
 - vi. Liquidation Portfolio
 - vii. Stock Distribution Portfolio
- 2. Fixed Income
 - i. Mezzanine
 - a. Mezzanine International
 - b. Mezzanine U.S.
 - ii. Special Situations
 - iii. Hedge Funds-Fixed Income
 - iv. Cash
- h. CRA Code (AID defined field)
 - 1. 6110 – Venture Capital
 - 2. 6125 – Special Situations International
 - 3. 6120 - Special Situations
 - 4. 6130 - Buyout
 - 5. 4100 – Stock Distribution
- i. Fund Status
 - 1. Investment Period
 - 2. Investment Extension
 - 3. Post Investment
 - 4. Extension
 - 5. Liquidating
 - 6. Inactive
- j. Other Partnership Fields (available in text, numeric or both types of fields)
 - 1. Local Currency of Partnership
 - 2. Geographic Location of Partnership
 - 3. Geographic Focus of Partnership
 - 4. Geographic Limits
 - 5. Management Fee & Expense Treatment



6. Management Fee Calculations
 - i. During Investment Period
 - ii. After Investment Period
 7. Hurdle Rate Provision
 8. General Partner Carried Interest Calculation
 9. Reinvestment Provisions
 10. Recallable Provisions
 11. Quarterly Financial Statements Due Date
 12. Fiscal Year End Financial Statements Due Date
 13. General Partner Carry Percent
 14. Transaction Fee Split Percent
 15. Monitoring Fee Split Percent
 16. Note Field
 - i. Ability for AID to type comments and make changes later
 - ii. Must allow at least 2000 characters
 17. Top 10 Limited Partners Invested in Partnership
 18. Advisory Board Seat
 19. Advisory Board Members
 20. Other Terms (text and numeric) as Needed
- B. Contacts at the Partnership (name, e-mail, phone, fax, address)
- a. Managing Directors
 - b. Investor Relations
 - c. Administrative Contract
 - d. Controller
 - e. CFO
 - f. Others
- C. Detailed Transaction Data
- a. Description(s) of capital call or distribution
 1. Preferably identified and linked to each underlying portfolio company where applicable
 - b. Fees and Expenses paid to the partnership
 1. Partnership Expenses
 2. AID management fee offsets or changes
 3. AID organizational expenses paid to the partnership
 4. AID interest expenses paid to the partnership
 5. AID management fees paid to the partnership
 6. Comment section identifying time period covered and any other relevant information
 7. Reported outstanding commitment if applicable
 - c. Detailed distribution data
 1. Permanent return of capital
 2. Return of capital-recallable
 3. Income
 4. Income – recallable
 5. Gain-permanent
 6. Gain-recallable
 7. Comment section identifying details of distribution
 8. Preferably identified and linked to each underlying portfolio company where applicable



9. Reported outstanding commitment if applicable
 - d. Detailed Stock distribution
 1. Company Name
 2. Values
 - i. Initial value
 - ii. Final value (for funds with moving average and valuation is not finalized until after the distribution is required to be booked)
 3. Cost
 4. Gain
 5. Ticker
 6. Cusip
 7. Notes
- D. Detailed Financial Statement Data
- a. Field to enter what date the financial statement was entered
 - b. AID current market value of partnership
 1. Each quarterly value in base currency
 2. Each quarterly value in USD or ability to convert to
 3. Field identifying which period the market value is for
 4. Field to track if market value is GAAP basis or other
 5. Field to track if market value is from audited or draft financial reports
 6. Details of changes from last reported market value
 - c. AID outstanding commitment
 1. Reported value
 2. Notes
 3. Field to record if information is not reported
 - d. Fund Level Information
 1. Market Value
 - i. Total Fund
 - ii. Total LP/Total LP Segments
 - iii. Total GP
 2. Balance Sheet
 - i. Cash
 - ii. Investments
 - iii. Other Assets
 - iv. Liabilities
 - v. Partners Capital
 3. Statement of Operations
 - i. Realized Investment Gain
 - ii. Income
 - iii. Unrealized Investment Gain
 - iv. Management Fee
 - v. Partnership Expenses
 - vi. Other Expenses
 4. Capital Balance
 - i. Capital Balance for each entity
 - ii. Carry for GP
 - iii. Contributions
 - iv. Distributions



5. Fund Outstanding Commitment
 - i. Reported Value
 - ii. Notes
 - iii. Field to record if information is not reported
 6. Portfolio Company Details
 - i. Details on type of investment held (preferred stock, common, debt type, etc)
 - ii. Public (with ticker) Private
 - iii. Current market value of each type of holding
 - iv. Current cost (must retain historical costs)
- E. Detailed Company Data
- a. Portfolio Company Name
 - b. public/private
 - c. If public include ticker
 - d. Company location
 - e. Description of business
 - f. SIC Classifications
 - g. Type of investment (common, preferred series A, B, C, debt, etc)
 - h. Amount and date of each investment
- F. Stock Distribution Portfolio
- a. Distribution date
 - b. Company name
 - c. Company ticker
 - d. General Partner that distributed the stock
 - e. Valuation used by General Partner
 - f. Valuation used to book the transaction
 - g. Updated market value from public stock source at least monthly but preferably daily.
- G. Cash Account
- a. Track cash account for equity, fixed income and small stock portfolio
 - b. Account will be affected by all cash transaction plus deposits less withdrawals.
- H. AID current book value of partnership as defined by SMRS.
- I. Contractor can create additional data fields required by AID as needed for any new reporting requirements.
- J. Developing Overlay Guidelines According to ILPA Standards

Contractor's system is equipped to track information at the proposed level of transparency recommended by the ILPA across Capital Event Notifications and Quarterly Reporting Standards. As fund sponsors accept these standards, Contractor would be required to report.

II. General Data Collection Requirements

- A. Historical Data
- a. Deleted – N/A.
 - b. Deleted – N/A.



- c. Deleted – N/A.
 - d. Data must include historical data on portfolio since inception (1984).
 - e. Deleted – N/A.
 - f. Deleted – N/A.
 - g. Deleted – N/A.
 - h. Deleted – N/A.
 - i. Deleted – N/A.
 - j. Deleted – N/A.
 - k. Deleted – N/A.
- B. Ongoing Information for Existing Partnerships
- a. Data Flow
 - 1. The Contractor must have a process to collect data.
 - a) Process to Collect Ongoing Information for Existing Partnerships

Contractor must work with AID to track any updates received from the General Partners and to ensure that after approval from AID they are updated in the appropriate places within the systems. AID may submit a “Change in Partnership Agreement” document to Contractor which we then use to update the system within five days of receipt.
 - 2. Contractor’s Capabilities to Handle Data in Multiple Methods

Contractor must handle data received in multiple methods from several sources. The common delivery methods are email, General Partner’s customized website, industry-wide websites such as Intralinks and SunGard Data Exchange.
 - 3. For capital call notices, distribution (cash and stock) notices and financial statements
Contractor may receive these based on the method made available by each general partner (e.g., fax, mail, secure website, etc.). Contractor must enter data into the database. Any missing details or fields from the data must be sourced directly from the general partner.
 - 4. Contractor must conduct reconciliations to ensure that all parties’ records agree. Parties include the AID’s internal accounting staff, investment custodian and the general partners.
 - b. Capital Call Notices and Distribution (Cash and Stock) Notices.
 - 1. All information must be loaded into the system daily.
 - 2. Contractor must contact general partner for missing transaction component detail information.
 - 3. Contractor must reconcile all data on a daily, bi-monthly or monthly basis with AID and any other parties as necessary.



4. Contractor must confirm reported commitment (and other information) from notices to information on their system

c. For Financial Statements

1. All information must be loaded into the system within five business days upon receipt except at SMRS fiscal year end.
 - a) Information must be loaded within three business days of SMRS year end (approximately October 1 of each year).
2. The Contractor must reconcile financial statements on monthly and quarterly basis.

C. Existing Partnership Confirmation

- a. The Contractor must have a process to confirm data with general partner.
- b. The Contractor must develop a process in which the general partners receive a report showing all the data for their fund and they are asked to validate the data.

Contractor must implement this process annually, based on year to date data and work with AID to create a timeline for this process.

- 1) The Contractor must furnish a complete listing of data to the general partner to validate, not a blank questionnaire for the general partner to complete.
- 2) This process must be done at a minimum once per year.
- 3) Any failure to complete this task may result in reduced fees for any partnerships missing data until a report is sent to and received by the general partner. Monthly billings may be reduced four percent each month until such time data confirmations are completed [also see section 2.244 (Excusable Failure)].

- c. Contractor must have a process for reconciling outstanding commitment.
- d. Contractor must conduct reconciliations to ensure that all parties' records agree.
- e. Contractor must have a process to address the following:
 - 1) method of contact with general partner.
 - 2) how managers who have submitted information will be identified.
 - 3) A progress report on any missing or conflicting data with proposal.

f. Details of Timing Follow-Up

Contractor typically allows the General Partner one week to respond before following up with a phone call.

- g. General partner contact log must be provided to AID upon request.

D. New Partnerships or Investments

- a. Upon receipt of a notice of closing from AID, the Contractor must load a new partnership and details on the system within three business days of receiving a notice of closing



from AID.

- b. The Contractor must have a process for getting an initial questionnaire completed by the general partner to populate all key fields for a new partnership.
- c. Contractor must reconcile the completed investment questionnaire from the general partner with the information provided in the notice of closing.
- d. How the Process Will Be Conducted

J.P. Morgan follows up with the General Partners and AID via email.

AID will provide notification to Contractor once a new Partnership is entered. The new Fund will be included in the current periods report set. If AID is looking for a discrete process for tracking “new funds”, Contractor can report designation

- e. Contractor must have a process to monitor outstanding information.
 - f. Contractor must have a quality control process for New Partnerships or Investments data collection.
 - g. Follow-up schedule must be kept for completing task. Report on follow-up must include name of the individual contacted, when the information was initially requested and a log of subsequent contact made. Initial contact can be made by email, but a follow up telephone call must be made to at least two different relevant contacts at the general partners.
- E. Changes to existing partnerships
- a. Contractor must identify changes in information submitted by general partners to existing system data.
 - b. Contractor must send notice to assigned portfolio manager.
 - c. Contractor must update information unless AID provides notice not to do so.
 - d. Differences or Proposed Changes in the Process for Changes to Existing Partnerships
Upon receipt of an amendment from the General Partner, Contractor must prepare a “Notification of Change” memorandum for submission to AID. Once approved, the data updates will be captured in the respective system(s).
 - e. Quality Control for Changes to Existing Partnerships

All information entered in the database is entered by one analyst and reviewed by a separate analyst for accuracy.

- f. The Contractor must have a process to track changes in partnership terms or amendments to ensure database is updated.
 - 1. Upon notification of a change in partnership terms of amendment, Contractor must send an electronic approval memo to AID, including a description of the change, copy of source document, etc. If no objection from AID, the Account Analyst will update the system. A different Account Analyst must review the system against the signed approval memo to ensure changes were correctly loaded.
 - a) A complete audit trail reporting of any changes made must be available (also see Appendix C).



- b) There are no proposed changes or differences to process tracking changes in partnership terms or amendments.

F. Financial statements

- a. The Contractor must track the contractual due date for each fund's financial statements and follow up with general partners within three business days after the due date if the financial statements have not been received.
 - 1) The Contractor must continue to follow-up every 15 calendar days until the general partner submits their quarterly or annual financial statements.
- b. Contractor must provide AID with a list of partnerships that have not sent financial statements by the last day of each quarter and each follow-up period.
- c. Failure to load and account for all financial statements per section 1.022.II.D will result in a four percent penalty of each monthly billing for each month an instance occurs [also see section 2.244 (Excusable Failure)].

III. Web-Based Communication & Document Management

- A. Contractor must provide a web-based document management system to include all source documents: transaction, legal documents, financial statements, capital call, distributions or any paper based document that requires this information be maintained in electronic format (also see section 1.022.XI.J).
- B. The document management system must provide a flexible search capability which allows user to search for text within the documents themselves.
- C. The document management system must include a report depository for all reports and other work product produced by provider for AID.

IV. Foreign Currency Module

- A. AID has substantial investments in non-U.S. dollar denominated investments. The Contractor must provide the ability track non-U.S. dollar investments in their base currency and be translated to U.S. dollars for reporting purposes.
 - 1) The base currencies must be translated to U.S. dollars daily using the London 4PM close from WM Reuters as its source.
 - 2) AID and the Contractor must mutually agree upon the source of exchange rates used and the source must be consistent.
 - 3) Deleted – N/A.
- B. The Foreign Currency Module must have the ability to account for increases in outstanding commitment due to currency valuation changes over time.
- C. The Contractor must calculate a fund and portfolio performance in both local currency and U.S. dollars.



- D. Contractor must report on performance specific to currency valuation appreciation or depreciation.
- E. The Contractor must have a foreign exchange module that works and interacts with other data fields.

V. Calculate Time Weighted Rate of Return for Portfolio

A. Based on the following:

1. Entire AID Portfolio
2. Entire LP Portfolio
3. Separated by Asset Class.

B. The periods required are as follows:

1. Current quarter
2. One-year
3. Three-year
4. Five-year
5. Ten- year
6. Inception to date.

C. Contractor can Calculate Time Weighted Rate of Return for Portfolio based on the above parameters.

VI. Reporting

Ad hoc or report builder capabilities must be available in addition to the defined reports listed in this section.

Contractor must make note which reports are not available in complete form on an ad hoc basis.

Report Wizard provides hundreds of reporting elements and any user defined fields are automatically available for querying and analysis.

A. AID Investment Management Reporting

a. Report Requirements

1. Timing: All investment management reporting must be provided on a quarterly basis within 70 calendar days of the quarter end dates: March 31st, June 30th, September 30th and December 31st assuming receipt of an agreed upon percentage of financial statements.
2. Contractor must provide AID's quarterly investment management reporting the earlier of five business days after receipt of the last financial statement or 70 calendar days after quarter end with exception to the fourth quarter reporting which will be five business days after receipt of the last financial statement or 115 calendar days after quarter end, assuming receipt of at least 90 percent of required financial statements.,
3. Reporting must include IRRs based on the actual market values provided by the general partner.
4. Delivery: All designated reports must be compiled into a package with five copies provided physically in a book and an electronic package provided with index and searchable text.
5. All investment management reports must be available in an electronic format via the Web. These reports will be available at all times with the ability to select the appropriate date or date range for the reports (also see section 1.022.III.C).
6. All investment management reports must have the ability to select and deselect on different criteria.



7. Methodology for Calculating IRRs for Individual Funds and the Portfolio

The C.F.A. Institute recommends the calculation of an annualized IRR for private equity investments. The IRR should be calculated using, at minimum, quarterly cash flows, although monthly cash flows are preferable, and daily cash flows are most desirable. In following these guidelines, Contractor's IRR calculation uses capital contributions and cash and stock distributions to generate net daily cash flows. Individual fund and total portfolio calculations are calculated in a similar manner. Each calculation is done independently.

8. The introduction must provide summary data and graphs on the portfolio as well as private equity market data for both domestic and international markets.
9. All existing standard reporting packages are provided daily, monthly and quarterly reports to AID. All reports can be available daily, but are typically provided on a monthly or quarterly basis per client requirements.

b. Portfolio Summary Report

1. Fund Name
2. Vintage year
3. Fund Size
4. AID Commitment
5. AID Contributions
6. Recallable Capital
7. Remaining Commitment
8. Distributions
9. AID market value
10. Total Value (MV + Distributions)
11. Return multiple (Total Value / Contributions)
12. Inception-To-Date Net Fund IRR.

c. Vintage Year Summary Report

1. Vintage year
2. AID Commitments
3. AID Contributions
4. Recallable Capital
5. Remaining Commitment
6. Distributions
7. AID market value
8. Total Value (MV + Distributions)
9. Return multiple (Total Value / Contributions)
10. Inception-To-Date Net Fund IRR.

d. Portfolio By Investment Type Report

1. Investment Type
2. Investment Sub Type
3. Fund Name
4. Vintage year
5. AID Commitments
6. AID Contributions



7. Recallable Capital
 8. Remaining Commitment
 9. Distributions
 10. AID. market value
 11. Total Value (MV + Distributions)
 12. Return multiple (Total Value / Contributions)
 13. Inception-To-Date Net Fund IRR.
- e. Portfolio by Analyst Report
1. Investment Analyst
 2. Fund Name
 3. Investment Type
 4. Vintage year
 5. AID Commitments
 6. AID Contributions
 7. Recallable Capital
 8. Remaining Commitment
 9. Distributions
 10. AID market value
 11. Total Value (MV + Distributions)
 12. Return multiple (Total Value / Contributions)
 13. Inception-To-Date Net Fund IRR.
- f. Investments by Industry Report
1. Industry/Sector Field
 2. Number of Companies
 3. Cost
 4. Market Value
 5. Unrealized Gain / (Loss)
 6. Percent of Market Value (line MV / Total MV).
- g. Investments by Region Report
1. Number of Companies
 2. Cost
 3. Market Value
 4. Unrealized Gain / (Loss)
 5. Percent of Market Value (line MV / Total MV).
- h. Investment in Michigan Report
1. Portfolio Company
 2. Fund owning investment
 3. Industry/sector
 4. Cost
 5. Market Value
 6. Unrealized Gain / (Loss)
 7. City Name (data field provided by Contractor and AID will provide data)
 8. Number of Michigan Employees (data field provided by Contractor and AID will provide data).
- i. Investment Valuation Summary Report



1. Portfolio Company Investment Value
 - i. Investments valued above cost
 - ii. Investments valued at cost
 - iii. Investments valued below cost
 2. Number of portfolio company investments
 3. Cost
 4. Market Value
 5. Unrealized Gain / (Loss)
 6. Percent of Market Value (line MV / Total MV).
- j. Public/Private Holdings Summary Report
1. Portfolio Company Status
 - i. Public
 - ii. Private
 2. Number of Investments
 3. Cost
 4. Market Value
 5. Unrealized Gain / (Loss)
 6. Percent of Market Value (line MV / Total MV).
- k. Cross Holdings Report
1. Portfolio company investment
 2. Region
 3. Fund owning investment
 4. Cost
 5. Market Value
 6. Unrealized Gain / (Loss).
- l. Stock Distributions (all stock distribution YTD on a calendar basis) Report
1. Fund Name
 2. Distribution date
 3. Ticker
 4. Shares
 5. Distribution Price
 6. Distribution Value.
- m. Quarterly and Annual Cash Flow Summary Report
1. Year
 2. Quarter (Calendar)
 3. Contributions
 4. Other Cash Payments
 5. Cash Distributions
 6. Stock Distributions
 7. Net Cash Flow (3+4-5-6).
- n. Fund Reporting Status Report
1. Date of last report financial statement
 2. Number of Funds
 3. Cost



4. Market Value
5. Unrealized Gain / (Loss)
6. Percent of Funds Reporting (# of Funds / Total Funds)
7. Percent of Market Value Reporting (line MV / Total MV).

o. Fees and Expenses by Manager Report

1. Fund
2. Year
3. Fees and Expenses (both inside and outside commitment).
 - i. Report must have two sections.
 - ii. The first section must report all fund managers with fees/expenses from the cash transactions.
 - iii. The second sections must report all fund managers with fees/expenses obtained from the quarterly financial statements, where such information is provided by the general partner.

B. Investment Advisory Committee (IAC) Reports

a. Report Requirements

1. Detailed reporting on priced portfolio based on each quarter end.
2. IAC Report due 40 days following end of quarter in a Microsoft Word electronic format.

b. Page 1

1. Top half of page
 - i. Graph of Portfolio by Classification Type and Percentage
2. Bottom half of page
 - i. List of Classifications
 - ii. Market Value & Percentage of each classification for current quarter
 - iii. Market Value & Percentage of each classification for prior quarter
 - iv. Totals

c. Page 2

1. Top half of page: Invested Commitments
 - i. Stacked bar graph showing detailed components of change in portfolio market value from previous quarter to current quarter (net asset value bridge)
 - ii. Priced Portfolio Value at Previous Quarter
 - iii. Quarterly value of draw-downs that affect the reported value
 - iv. Quarterly value of cash distributions that affect the reported value
 - v. Quarterly value of stock distributions that affect the reported value
 - vi. Quarterly estimate of portfolio reported value appreciation or depreciation (Detailed report required in section VI.C.a.14)
 - vii. Cash Balance Change
 - viii. Priced Portfolio Value at Current Quarter
2. Bottom half of page: Outstanding Commitments
 - i. Stacked bar graph showing detailed components of change in portfolio outstanding commitment from previous quarter to current quarter (outstanding commitment bridge)
 - ii. Outstanding Commitments at Previous Quarter
 - iii. Quarterly value of new commitments and draw-downs that affect the outstanding commitment
 - iv. Quarterly value of recallable distributions that affect the outstanding commitment



- v. Quarterly estimate of change in outstanding commitment attributable to foreign currency appreciation or depreciation.
- vi. Quarterly adjustments affecting commitments (Detailed back-up report required in section x.xx)

d. Page 3

1. Portfolio Profile

- i. List of classifications within each Equity & Fixed Income classes
- ii. Adjusted Reported value for each
- iii. Outstanding commitment for each
- iv. Total Exposure (Adjusted Reported Value + Outstanding Commitment)
- v. Sub Total by both Equity & Fixed Income classes
- vi. Total for Reported Value, Outstanding Commitment and Total Exposure

e. Page 4

1. Investments By Industry

- i. Graph showing investments by industry percentages

f. Page 5

1. Investments By Region

- i. Graph showing investments by region percentages

g. Page 6

1. Investments By Region

- i. Map showing investments by geography

f. Page 7

1. Portfolio By Asset Strategy

- i. List of detailed classifications
- ii. Adjusted reported value for each
- iii. Outstanding commitment for each
- iv. Total (Adjusted reported value + outstanding commitment)
- v. Percent
- vi. Subtotals for each section
- vii. Totals

g. Page 8

1. Top of Page: Top 10 Sponsors

- i. List of Top 10 Sponsors by Total Value (Adjusted Reported Value + Outstanding Commitment)
- ii. Reported Value for each
- iii. Outstanding Commitment
- iv. Total Exposure (Adjusted Reported Value + Outstanding Commitment)
- v. Totals

2. Bottom half of page: Cash Weighted Rates of Return

- i. List of Sub Classifications
- ii. Current Quarter IRR
- iii. 1 Year IRR
- iv. 3 Year IRR
- v. 5 Year IRR
- vi. 10 Year IRR
- vii. Totals

h. Page 9

1. Portfolio By Vintage Year



- i. List of Vintage Years
 - ii. Adjusted Reported Values for each
 - iii. Outstanding Commitments for each
 - iv. Total Exposure
 - v. Summary Totals
2. Public/Private Exposure
 - i. Pie chart showing percent of companies that are private vs public
- i. Page 10
 1. Top half of page: Summary Of Transactions
 - i. Bar graph showing Distributions vs Contributions for Trailing 12 months
 - ii. Summary of Capital Calls, Distributions, Net Cash Flow, By Month, Quarter and Trailing 12 Months
 2. Bottom half of page: FX Exposure
 - i. List of Non USD Portfolio Currencies
 - ii. Exchange rate at quarter end
 - iii. Total Adjusted Reported Value for each currency in base currency
 - iv. Outstanding Commitment for each currency in base currency
 - v. Total Exposure in base currency
 - vi. Total Exposure in USD
 - j. Page 11 -
 1. In alphabetical order, list ARV and unfunded commitment by fund.

C. AID Accounting Requirements and Reporting

a. Report Requirements

1. Monthly portfolio pricing

- i. The Contractor must be responsible for providing monthly pricing of all partnerships. Contractor also has the capability to provide daily pricing for partnerships should the need arise.
- ii. AID will supply cash flows one business day before month end to Contractor.
- iii. Contractor must reconcile cash flows and supplies exception report by last business day of month.
- iv. Contractor must reconcile book values and supplies exception report (monthly valuation reports) by the third business day after month-end assuming Contractor has closed the books with necessary inputs from General Partners.
- v. AID or Bureau of Investments, Trust Accounting Division responds to all exceptions within one business day after month end.
- vi. Contractor must provide final pricing two business days after month end.
- vii. Monthly portfolio pricing is based on the most recent market value provided by the investment managers, adjusted for contribution and distribution activity and financial statement adjustments, through the end of the current month. All public securities must be valued using the same discounts partner discounts, but updated for the current month end price. Public security portfolio will be provided by AID.
- viii. The Contractor must have the ability to reconcile portfolio data with the following groups on a daily, monthly, quarterly and annual basis
 - a. Bureau of Investments - Trust Accounting;



- b. Custodian Bank;
- c. Investment Managers.

2. Investment Cost and Value Summary Report

- i. Vintage Year
- ii. Fund Name
- iii. Cost of underlying companies in Fund
- iv. Market Value of underlying companies in Fund
- v. Unrealized Gain / (Loss): (MV – Cost)
- vi. Number of underlying companies.

3. Quarterly market Value Reconciliation Report

- i. Beginning Quarter Market Value
- ii. + Capital Calls during quarter
- iii. - Cash Distributions received
- iv. - Stock Distributions received
- v. +/- Market Value Change from prior quarter
- vi. +/- Cash balance Change from prior quarter.

4. Quarterly Outstanding Commitment Reconciliation Report

- i. Beginning Quarter Outstanding Commitment
- ii. + New Commitments added since last quarter
- iii. - Capital Calls during quarter
- iv. + Recallable Capital Returned
- v. +/- Foreign Exchange translation change from prior quarter
- vi. +/- Other Changes or Adjustments.

5. Company Asset Summary Private/Public Report

- i. Portfolio Company Status
 - a. Public
 - b. Private
- ii. Number of Investments
- iii. Cost
- iv. Market Value (Companies only)
 - a. Market Value of underlying portfolio companies
 - b. Cash & Cash Equivalents
 - c. Other Market Value
 - d. Total Market Value (a+b+c)
- v. Unrealized Gain / (Loss).

6. Adjusted Market Value Report

- i. CRA code
- ii. Unique fund identifier (Cusip)
- iii. Fund name
- iv. Last report date
- v. Last market value
- vi. Cash contributions affecting adjusted market value
- vii. Cash distributions affecting adjusted market value
- viii. Adjusted market value.



7. Pricing File Report
 - i. Unique Fund Identifier (Cusip)
 - ii. Fund name
 - iii. Month of Valuation
 - iv. Valuation on a per share basis (monthly adjusted market value divided by current book value).

8. Investment Valuation Summary Report
 - i. Investment Type (defined in section 1.104.III.a.xx)
 - ii. Number of Funds
 - iii. Total Book Value
 - iv. Total Market Value.

9. Investment Valuation by Investment Type (VC, Buyout, etc) Report
 - i. Investment Type (defined in section 1.104.III.a.xx)
 - ii. Sub Investment Type (defined in section 1.104.III.a.xx)
 - iii. AID Commitment Date
 - iv. Portfolio Company Headquarters (State or Country)
 - v. AID Commitment
 - vi. AID Outstanding Commitment
 - vii. AID Book Value
 - viii. AID Market Value.

10. Investment Valuation By CRA Code Report
 - i. Unique identifier (Cusip)
 - ii. CRA Code (Sort by CRA code and then Cusip)
 - iii. Portfolio Company Headquarters (State or Country)
 - iv. AID Commitment
 - v. AID Outstanding Commitment
 - vi. AID Book Value
 - vii. AID Market Value.

11. 20D Part I Report
 - i. The Contractor must be able to note which funds are new investments for the quarter, increased or decreased commitments and any funds liquidated during the quarter;
 - a. Unique identifier (Cusip)
 - b. Fund Name
 - c. AID Book Value
 - d. AID Outstanding Commitment
 - e. Total (Book Value + Outstanding Commitment).

12. 20D Part II Report
 - i. Unique identifier (Cusip)
 - ii. Fund Name
 - iii. AID Book Value
 - iv. AID Market Value.

13. Adjusted Market Value Detail (For specified monthly reporting period) Report
 - i. Unique identifier (Cusip)



- ii. Fund Name
- iii. Last Reported Value
- iv. Cash Flows Occurring between Last Reported Value and Adjusted Market Value
- v. Adjusted Market Value (for specified time period).

14. Capital Balance Comparison Report

- i. Unique identifier (Cusip)
- ii. Fund Name
- iii. Capital balance available date 1 (Choose Date)
- iv. Capital balance available date 2 (Choose Date)
- v. Capital calls between periods
- vi. Distributions between periods
- vii. Change in Market Value.

15. 14 Daily Cash Flow Roll-forward (Report must be e-mailed daily to pre-defined user group) Report

- i. Fund Name;
- ii. Amount of each capital call by day of the week with a summary for the calendar week;
- iii. Amount of each distribution by day of the week with a summary for the calendar week.

16. Monthly Memo Report

- i. Due date (Contractor will provide monthly, three business days after month end);
- ii. AID dollar amount of aggregate cash distributions for the month;
- iii. AID dollar amount of aggregate gain on cash distributions for the month;
- iv. Top five Distributions during month by dollar amount;
- v. AID dollar amount of aggregate stock distributions for the month;
- vi. AID dollar amount of aggregate gain on stock distributions for the month;
- vii. AID dollar amount of aggregate capital calls for the month;
- viii. Fund Name with new commitments for month;
- ix. Fund Name of liquidated/newly inactive funds for the month.

17. Fund Investments by AID Commitment Date Report

- i. Unique identifier (Cusip)
- ii. Fund name
- iii. Vintage year
- iv. AID commitment date.

18. Adjusted Market Value Detail (Ad hoc) Report

- i. Unique identifier (Cusip)
- ii. Fund Name
- iii. Capital Balance used at time of audited reporting period
- iv. Detail of capital calls used to arrive at adjusted market value
- v. Detail of distributions used to arrive at adjusted market value
- vi. Ending valuation (adjusted market value) for audited reporting period.



19. Foreign Currency Exposure Report

- i. Unique identifier (Cusip)
- ii. Fund Name
- iii. Currency name (pounds, yen, etc.)
- iv. Commitment in base currency
- v. Outstanding commitment in base currency
- vi. Currency conversion rate (Last business day of month)
- vii. Commitment in USD
- viii. Outstanding commitment in USD
- ix. Book Value in USD
- x. Market Value in USD.

20. Detailed Outstanding Commitment (ad hoc – this report needs to be run at the fund level, not the portfolio level) Report

- i. Unique identifier (Cusip)
- ii. Fund Name
- iii. Commitment amount
- iv. Capital calls decreasing commitment
- v. Recallable capital increasing commitment
- vi. Recyclable capital increasing commitment
- vii. Current outstanding commitment.

21. Quarterly 50 Adjustment Report

- i. Listing of top 50 public portfolio companies
- ii. Reported value at last quarter for each company
- iii. % of Overall Public Reported Value for each company
- iv. Stock Price at last quarter
- v. Stock Price at current quarter
- vi. Quarter to Quarter %Gain/Loss
- vii. SMRS' Estimated Value @ current quarter for each company
- viii. Performance Calculation based on iii & vi
- ix. Sum of performance
- x. Recommended adjustment to entire public company portfolio based on top 50
- xi. Reconciliation.

D. Portfolio Level Report

- a. Reports as needed using any combination of fields mentioned above.
- b. Contractor must show a selection of recommended reports.

E. Fund Level Reports

1. Cumulative Net cash curve
 - i. See Appendix A;
 - ii. Show details in graph form;
 - iii. Show quantitative detail.



2. Total Value less contributions
 - i. See Appendix B;
 - ii. Show details in graph form;
 - iii. Show quantitative detail.

3. In the event that AID would like to add reporting elements to their existing package, a gap analysis on the underpinning data would need to be performed to verify suitability. If determined that data scrubbing or backfill is required, Contractor must work with AID on an ad hoc basis to understand impact to current agreement..

4. Deleted – N/A.

F. Company Level Reports

a. Portfolio Company Roster of each Fund: Current

1. Include most recent valuations and cost of all active portfolio companies and the final valuation of all fully realized.

On a quarterly basis Contractor must track the portfolio company cost and value per the Schedule of Investments provided from the General Partner. Contractor does not track cash flow activity at the portfolio company level.

2. Include option to show fully realized companies with final valuation and original cost.

On a quarterly basis Contractor must track the portfolio company cost and value as per the Schedule of Investments provided from the General Partner. Contractor does not track cash flow activity at the portfolio company level.

3. Option on Ad Hoc to include company location, ticker, private/public, description of business, and classification.

b. Portfolio Company Roster of each Fund: Historical

1. The Contractor must include historical valuations of selected companies with same period cost value.
2. The Contractor must have the ability to show in dollar and cost multiple format.

c. The Contractor must breakdown per Fund of public vs. private investments

d. Cash Flow activity of each Portfolio Company

1. Show the date and the amount of the initial investment
2. Subsequent distributions along with an explanation, i.e. secondary sale, recap, return of unused capital, stock distribution, etc.

On a quarterly basis Contractor must track the portfolio company cost and value per the Schedule of Investments provided from the General Partner. Contractor does not track cash flow activity at the portfolio company level.

e. Cross Holding Report

1. Report identifying all portfolio companies held by more than one of our General Partners

G. Due Diligence Reports



- a. Due diligence reports must be available.

H. Customer Relationship Management (CRM) Tool (Optional Service)

1. A CRM tool must be available to track information on Funds/Partnerships (e.g., data field to update information on Fund/Partnership).

A robust customer relationship management and deal pipeline tool is on Contractor's product road map which would allow for integration with the AID current portfolio. However, Contractor is open to creating a separate Investran database for AID that would allow AID to leverage the relationship management tools that exist today. AID would be the "data owner" and be responsible for all data management exercises.

2. If a tool is available (e.g., data field to update information on Fund/Partnership), the data field/information must viewable by AID staff only.

3. Deleted – N/A.

I. Foreign Exchange Reports

- a. There must be a report at the fund level that shows a fund's performance in the base currency.

- b. There must be a report at the fund level that shows a comparison of a fund's performance in USD versus the base currency.

- c. There must be a report at the fund level that shows a fund's outstanding commitment in the base currency.

- d. There must be a report at the fund level that shows the fund's outstanding commitment in the base currency and a comparison to USD actually funded.

- e. There must be a report at the fund level that shows the percentage change in the portfolio company performance due to currency conversion appreciation or depreciation (this is subject to the General Partner reporting values in local currency).

- f. There must be a report at the portfolio level that shows a comparison of the portfolio's performance in USD versus the base currency.

- g. There must be a report at the portfolio level that shows the portfolio's outstanding commitment in the base currency and a comparison to USD actually funded

- h. Deleted – N/A.

VII. Training

- A. The Contractor is responsible for training all appropriate AID staff. The Contractor must be available for one on-site training session each year for AID staff not to exceed one business day.

Contractor is also available to provide training at its offices and remote web-based training.

- B. Contractor's Training Process for New Employees Assigned to this Contract (New or Transferred)

Each new employee assigned to this Contract must shadow another account analyst or the account manager assigned to AID. As the new employee demonstrates satisfactory efficiency and accuracy with their specific areas of responsibilities, they will begin to work independently, subject to supervisory and other quality control processes.

Broader training and development opportunities Contractor offers its staff follow:



1. New staff members are allocated a range of web-based training

2. General Business Training

All divisions within Contractor offer a range of courses specific to their products, including training on general industry information, client service, individual effectiveness, risk awareness and management courses.

3. J.P. Morgan Worldwide Securities Services Training

Each line manager works with their employees to create comprehensive development plans, to ensure that new and existing staff perform their role with sufficient competency. If that role is governed by a regulatory framework, an employee is required to achieve and maintain competence by completing a set range of training activities.

4. Individual Training

Contractor encourages an environment of continuous development for all staff. To facilitate this, all employees have access to a learning management system, Training Central, which enables staff to work with their managers to identify appropriate classroom courses, seminars, e-learning, reference material and self assessments. Where appropriate, staff members are also sponsored to study for professional qualifications that will support the business and facilitate individual career development.

VIII. Benchmarks

- A. The Contractor must provide benchmark information using Venture Economics data. Contractor could leverage Cambridge if AID licenses Cambridge data separately.

IX. Processing Capital Calls & Distributions (Optional Service)

A. Capital Event Administration (Capital Calls for Approval and Distribution Confirmation)

The Contractor's capital event administration capability is centralized around a workflow instruction management engine which allows the Contractor's analyst to prepare an instruction and route the web-based form to AID for approval. Once approved, the form could be routed to AID's custodian to facilitate payment to the corresponding fund. The administrative burden of collecting and preparing capital events would fall squarely on the shoulders of Contractor and allow AID to dictate the level of interaction they have on the process. In advance of transmitting the instruction to AID, Contractor must confirm the following for each funding:

- 1) Validate the unfunded commitment balance to ensure the fund amount is covered within the remaining commitment
- 2) Validate that each transaction has the expected level of transparency. In the event the fund has provided has omitted the required level of detail, Contractor will independently follow-up with the fund and reflect the proper level of support on the instruction.
- 3) Repetitive line number, which allow AID to link bank account data for each respective fund

An example of the capital event web form is as follows: Each transaction would reflect the partnership in question, the corresponding account number (at the custodian bank), transaction currency, effective date of funding, and the cusip # (at the custodian).

B. Waterfall, Carried Interest and Claw back Calculations

Contractor provides a "Performance Fee – Reasonability Test" reporting function which aligns key Limited Partnership Agreement Terms with the actual partnership activity. The main terms tracked are the funds hurdle rate, claw back provisions and waterfall calculation methodology (deal by deal or total return). On a quarterly basis, Contractor will run each partnership through a two condition test which looks at the Distribution to Paid in Capital ratio (DPI) and the Fund IRR. In the event that distributions have exceeded capital paid in (i.e. a DPI ratio of > 1 identifies the fund to be cash positive) and the Fund IRR is greater than the hurdle rate (i.e. 8%), this indicator will flag this fund as carry eligible. At this stage, Contractor will work directly with the General Partner to ensure the proper performance fee(s) are recorded and "true ups" be recorded to the already established values.

In the event the waterfall methodology is calculated on a deal by deal basis (portfolio companies), Contractor will follow-up with the General Partners on a case by case basis and document their findings as cash events are not available at the portfolio company level.



**Under the assumption that performance fee information has not been tracked previously, this approach could be limited if the Fund Managers do not report life to date results via the financial statements. Contractor would propose this service be considered for Fund Vintages that are less than a few years old or for select fund complexes.*

C. Management Fee – Independent Verification

On a quarterly basis, Contractor will identify the management fee value directly from the limited partner account or the Funds income statement (AID %) and compare with an independent calculation. Once the management fee value is verified, the Contractor analyst will compare the results with the values provided by the General Partner and trouble shoot difference that fall outside of an agreed upon tolerance.

**Under the assumption that management fee calculations have not been tracked on a historical basis, J.P. Morgan would recommend this service be established for new or select funds.*

D. Deleted – N/A.

E. Deleted – N/A.

X. Forecasting Tools (Optional Service)

A. Deleted – N/A at this time.

B. Forecasting cash flows based on historical capital calls and distribution patterns applied to the current portfolio is preferred; however, Contractor provides cash flow forecasting based on 10 day projection and is on product development roadmap.

XI. General Reporting System Requirements

A. The Contractor must provide all data and reports to AID via a web browser, Microsoft Internet Explorer version 6 or later.

Contractor utilizes a Citrix (www.citrix.com) access infrastructure for application delivery via the Internet. The following minimal system requirements for users apply, but no client-side Contractor software is required:

- Browser: Microsoft Internet Explorer v6+ or Firefox v3+
- Updated VeriSign Intermediate Root Certificate (www.verisign.com)
- Citrix XenApp Web Plugint v11 or higher (www.citrix.com)
- RSA SecurID (www.rsa.com) -- multi-factor authentication; token issued by Contractor
- Users that are behind an Internet proxy may need to configure auto proxy settings to permit a persistent connection to the Internet (discussion for LAN administration support)

Contractor proactively monitors the performance and availability of Web applications – utilizing agent software from eG and Computer Associates' for issue identification, notification, and escalation.

B. This service must operate 24 hours a day, seven days a week, but must be available 99% of the time between 8:00 a.m. and 5:00 p.m. eastern standard time on business days; however, Contractor reserves the right to schedule monthly system maintenance periods, generally occurring on a weekend. Notices of system maintenance windows are posted on the PEFS Online, beforehand. Unplanned outages are monitored and if extensive, will be communicated appropriately to AID with the following:

1. Length of interruption
2. Reason for interruption
3. Resolution and estimated time to resolve

C. The system response time for the end-user must not be excessively long. Data must populate within 10 seconds, and reports must populate within one minute; however, complex reports may run longer (e.g., LTD IRR).



D. The Contractor must provide telephone support from 8:00 a.m. to 5:00 p.m. Eastern Time on business days; additionally, Contractor's Technology Help Desk is available 8:30 a.m. to 6:00 p.m. weekdays, after hours/weekends/holidays, pager and phone availability with one hour acknowledgement.

1. Contractor must respond to concerns within two business days.

E. Security Requirements

Contractor is committed to safeguarding customers' data, and have developed a rigorous program to do so. Further, Contractor is committed not only to meeting obligations under data privacy laws and regulations in each of the jurisdictions in which Contractor does business, including Michigan, but also to maintaining the highest standards of information security at all times during daily practices to protect the firm and clients and ensuring that integrity, confidentiality, and availability are not compromised.

Contractor's program is designed to:

- Provide clear and explicit guidance regarding the protection of customer information
- Monitor Contractor's systems for any threat to customer information
- Provide security solutions that minimize the threat to customer information
- Help employees understand their responsibilities with respect to the protection of customer information and security of Contractor's systems
- Require that Contractor's relevant third-party service providers adhere to specific security policies and standards, as well as regulatory obligations as applicable
- Address all customer notification and restitution requirements regarding information protection.

The information below provides details about Contractor's Information Technology (IT) Risk and Security Management Program.

Governance

- Contractor's IT Risk policies and standards establish rules for the identification and protection of customer data and personal information (PI).
- The Program is managed by a firm wide IT Risk Leadership Team, comprised of representatives of each line of business and relevant Contractor corporate functions.
- The Program is reviewed and approved by the Audit Committee of the Board of Directors of Contractor on an annual basis.
- Contractor's IT programs and processes are subject to numerous examinations on an ongoing basis by Contractor Internal auditors.
- The Program is subject to regular inspection by regulatory authorities, including the US Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the UK Financial Services Authority (FSA), and other national regulatory authorities.

Areas of Focus

Contractor's IT Risk & Security Program has six primary areas of focus:

Identity & Access Management: Designed to assure that individuals have the appropriate access to perform their job functions, without having excessive access that would enable them to circumvent controls. Example components of this program include:

- Periodic recertification of employee access by systems owners and line managers
- Tight controls over privileged access to applications and systems
- Specific requirements for authorization approval of access to applications and systems
- Timely removal of access (automated where possible) upon a change in an employee's job responsibilities
- The use of multi-factor authentication and other advanced authentication systems to access specific types of applications and systems, in compliance with legal and regulatory requirements.



Data Protection: Designed to assure that the right controls are in place to protect customer data across the firm. Example components of this program include:

- Representative data elements that are considered personal information along with requirements for handling such data
- Data Loss Prevention (DLP) controls, which are designed to prevent certain types of PI from being sent outside the firm in an unsecured manner
- Content management controls at email and Web gateways, which are designed to prevent the introduction or release of inappropriate communications, leakage of confidential information, or malicious code
- Encryption tools, which enable employees to transmit data in a secure manner
- Data masking and de-identification tools, which limit the visibility of customer data to those employees that require access to it for their job responsibilities
- Data retention processes, which are designed to meet all legal and regulatory requirements for retention of customer data

Security & Vulnerability Management: Designed to assure the security of Contractor's technology environment, protecting it from internal and external threats. Examples of this program include:

- Network security controls, including the use of multi-tiered firewalls, intrusion detection and prevention systems, and internet proxies to protect Contractor's network from outside attack
- Malicious code protection, including anti-virus technology and other system controls to limit the impact from new viruses and "worms"
- A firm-wide threat and vulnerability management program, which identifies vulnerabilities and required security patches
- 24x7 security monitoring centers, designed to identify and address attacks and threats to our environment rapidly
- An enterprise-wide Computer Security Incident Response Team (CSIRT), chartered with addressing crises and incidents as they occur, and mitigating damage to the firm
- Periodic vulnerability assessments of our environment, conducted by Contractor's internal information security team, as well as independent third-parties

IT Risk Management & Compliance: Maintains firm-wide policies and standards and performs periodic risk assessments of existing environments and new initiatives. Example components of this program include:

- A body of firm-wide policies and standards, and a mechanism for measuring compliance against those standards
- Risk assessments of applications, technology infrastructure, and other technology environments;
- Effectiveness measures against our IT Risk and Security Management program, to provide visibility into the risk posture of the firm at all times, and to prioritize issues appropriately
- A program to manage compliance with legal and regulatory requirements in jurisdictions in which the firm does business

Application Security: Designed to assure that applications are developed with appropriate controls in place and that existing applications are protected against new threats as they arise. Example components of this program include:

- Application source code scanning to test for vulnerabilities and malicious code
- Dynamic scanning within a rigorous quality assurance phase
- Mandatory security training and awareness for application developers
- Application penetration testing
- Perimeter scanning of production web applications
- Threat modeling for application archetypes



Third-Party Risk: Examines third-party suppliers, service providers, and business partners regarding the controls they have in place to protect Contractor's as well as its customers. Example components of this program include:

- Regular risk assessments of third-party providers against Contractor's policies and standards, as well as regulatory obligations as applicable
- Regular oversight of remediation of issues identified during those assessments
- Periodic reviews of vendor viability, concentration risk, and performance against contractual and regulatory obligations
- Development of computing solutions that enable vendors to perform their function without giving them excessive access to Contractor's environment

Security Awareness

Contractor's Technology Usage Policy governs employee requirements and behavior relevant to information technology security, including the appropriate use of email, social networking, business applications, removable media, and other forms of technology. This policy also outlines appropriate procedures for handling customer data.

Contractor's security awareness program includes articles, events, and training that reinforce the policy, as well as the expectation that employees comply with the firm's IT Risk Management policies and practices. IT Risk requirements are incorporated into New Hire Orientation programs, as well as the firm-wide Code of Conduct. All Contractor employees are required to affirm their understanding of these requirements on an annual basis. Specific security training is made available to certain individuals based on their roles within the firm. Special roles targeted for this training include application developers, system administrators, data center operations staff, and client relationship managers.

Contractor's Privacy Program

Contractor's privacy program is designed to comply with regulatory requirements, including classification and protection of non-public personal information, investigation of security incidents, notification to individuals whose information has been confirmed to have been compromised, cooperation with law enforcement, and firm-wide privacy training of employees.

Contractor cannot accept a client's policies as its own, Contractor is confident that its standards and procedures to mitigate risk meet those of AID. Operating in a regulated industry, Contractor follows generally accepted industry standards and procedures to mitigate risk, risk of loss, destruction or theft of physical assets and data, risk of unauthorized access to customer information. Customer information is proprietary and will be protected from unauthorized access or disclosure.

Contractor's components around information security ensure data and systems are fully protected from disruptions or unauthorized access. Contractor's comprehensive security provisions enable us to maintain confidentiality while consistently making reliable and complete data available to those authorized. Contractor's policies, standards and practices create a secure procedural framework that governs who is entitled to information and how it is to be accessed. Contractor's workplaces and data centers are physically secure, controlled and limited to appropriate staff only. Hardware systems ensure data is processed in a timely manner and available when needed. Infrastructure components, including communications channels are inventoried, controlled and monitored to make certain data paths and networks are operating as intended. Access to Contractor's data and systems requires identification and authentication at the hardware, software and communications channel levels.

Sophisticated software systems monitor and control logical access to business platforms and application data, requiring approvals by business managers who must grant access based on job responsibilities. Only internal users who have specific functional responsibility can access data directly. Additionally, all of the interaction (uploading, downloading, viewing, etc.) between the client machine and Contractor's servers is performed via a web browser with an SSL certificate so that all data transmissions are secured using 128-bit encryption.

- F. The system must accommodate at least 12 client users each with a unique log-on ID and password. Clients are provided with a combination of a password and a RSA SecurID token for authentication. The portal provides access to the all applications to which the client has subscribed.



1. The system must allow users to have “read only” access.
 2. Any modifications to the reporting system need to be transparent to AID and not require any updates on AID computers.
- G. The Contractor is responsible for all, including but not limited to, data entry, maintenance, back-up and recovery of the web based system. The Contractor is responsible for reconciling data on a monthly basis.

SAN to SAN replication is utilized to mirror all data and system changes from production to the disaster recovery site automatically and in near real-time. The production site and the disaster recovery site are located in different states. In the event the disaster recovery site needs to be brought online, no data restoration will be necessary; all the data and system changes in production will already be available on the SAN. Contractor plans for a recovery time of four hours.

In addition to the SAN to SAN replication described above, differential backups are performed nightly and full backups are conducted weekly. The PEFS data archiving methodology is as follows:

- Daily tapes are held for 8 days
- Weekly tapes are held for 5 weeks
- Monthly tapes are held for 13 months

All tapes are encrypted and moved offsite daily to a secure, long-term storage facility.

- H. All system upgrades will be provided to the client at no additional cost during the term of the Contract.
- I. The Contractor is responsible for backing up the data at least once per week, if not daily. The Contractor must provide a disaster recovery plan and the reporting tools must to be available no more than five business days after a disaster (also see section 1.022.XI.G).

1. Disaster Recovery/Business Continuity Plan

J.P. Morgan is committed to providing the highest level of uninterrupted service to our customers and clients and has developed a rigorous program to do so.

Our Global Business Resiliency (GBR) program is designed to provide an integrated firm-wide resiliency program aligned to our business strategy and principles and the requirements of our customers and clients globally. We do this by:

- Providing continuity of client and customer services while protecting the firm’s employees and assets.
- Engaging senior management on all aspects of the program including determining the resiliency risk appetite, strategy, leadership and program oversight.
- Proactively managing resiliency risk, ensuring adequate mitigation and controls exist.
- Maintaining legal and regulatory compliance globally.
- Developing and maintaining resiliency plans based on impact analysis and criticality.
- Helping employees understand their role in a recovery scenario and undertake validation tests and exercises for all critical functions and locations.

The information below provides details about the key aspects of our program.

Regulation and Compliance

Contractor’s GBR policies and standards establish rules for resiliency planning, response and recovery across the firm.

- The program is managed by a firm-wide GBR Board, comprised of senior management of each line of business as well as Contractor corporate functions.
- The program is reviewed and approved by the Audit Committee of the Board of Directors of Contractor on an annual basis;
- Contractor’s GBR program is subject to risk-based examinations by Contractor’s internal auditors.



- The program is subject to regular inspection by regulatory authorities, including the US Office of the Comptroller of the Currency (OCC), The Federal Reserve Board (FBR), The UK Financial Services Authority (FSA), and other national regulatory authorities.

Crisis Management Processes

- A robust crisis management process is in place to ensure efficient, effective and timely response to incidents of varying severity and types.
- A firm-wide notification tool is used internally to communicate in crises; escalation processes are in place and are routinely tested.
- Post event reviews are undertaken to ensure event management procedures and resiliency capabilities are continually enhanced.

Resiliency Planning

- Managers throughout the firm develop and maintain resiliency plans as part of the GBR program.
- Annually, impact analyses are performed to determine and confirm the relative criticality of processes.
- All businesses develop recovery plans, based on their business impact analysis and risk assessments, addressing business, operations, and technology components (including critical services provided by third parties).
- Quality assurance reviews and audit assessments are undertaken and where appropriate corrective measures implemented.
- Senior management approves resiliency plans annually.

Testing and Exercising

- The firm employs a 'risk-based testing' model, ensuring that various scenarios are used, on a regular basis, to confirm the effectiveness of the recovery program in different incident types.
- Tests include tabletop simulations, simulated outages and full-scale disaster recovery and work transfer exercises.
- Test results are communicated to the firm's senior management for all business and technology functions in all critical locations.

Special Contingencies

- Plans address high-level absenteeism events, including pandemic and severe weather.
- Contractor's businesses have incorporated special contingency events into their resiliency planning.
- The firm has participated in several market-wide and regulatory exercises and responded effectively to the 2009 influenza pandemic and 2003 SARS outbreak.

Further, Contractor reviews its recovery plans annually, as well as anytime a significant infrastructure change occurs. The Private Equity and Real Estate Services disaster recovery/continuity plan was last tested in October 2010, with no significant issues.

- J. AID must have the ability to download all available reports to their desktop via Microsoft Excel, Adobe Acrobat (pdf), Microsoft Word, Crystal Reports, Business Objects, Investran Report Wizard (proprietary report writer), HTML, Microsoft SQL Server Reporting Services, flat file/FTP and other software formats as applicable.

1. Reports must be formatted with appropriate titles and footnotes.

2. The user must be able to select the appropriate date or date range for the reports.

- K. Architecture of Hardware Configuration, Architecture and Infrastructure of the Computer System, including the Frequency of System Upgrades

Contractor delivers private equity fund administration solutions via a web-based delivery platform, PEFS Online.

Hardware

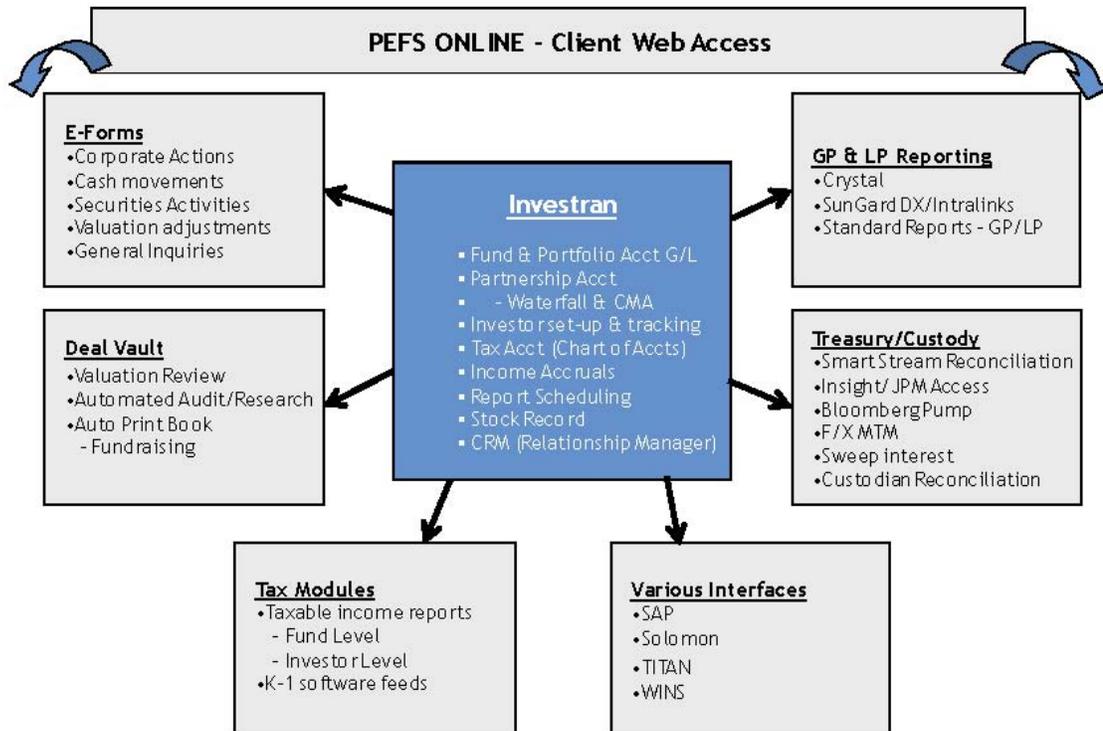
Contractor has partnered with CIBER, Inc. (NYSE: CBR) to provide a secure hosted environment for client facing systems. CIBER has provided hosting services for Investran and related applications for Contractor. Contractor maintains a fully redundant environment to host client data. The primary and backup environments are hosted in facilities built solely as a dedicated, 7x24 supported, secure data center, complete with power protection (UPS) systems, back-up power generators, and redundant cooling systems, to provide clients with the comfort and security of a hosted data environment.

See **Exhibit 1_Systems Architecture** for an illustration of Private Equity and Real Estate Services systems architecture.



Software

The following is a high-level, functional view of the overall technology platform:



Contractor operates on an enhanced version of SunGard's **Investran** private equity fund accounting software. Investran's underlying database is written in Microsoft SQL Server and the client's data is stored in a SQL Server 2008 database in Contractor's data center. Clients securely access their data through the PEFS Online portal (www.jpmorganpefs.com) via the Internet. Clients authenticate using a combination of a password and an RSA SecurID token. The portal provides access to the Contractor applications to which the client has subscribed. In addition to Investran, other components of our core private equity technology stack include:

PEFS Online: Contractor's proprietary, secure web portal for clients to easily access all relevant applications.

eForms: J.P. Morgan's proprietary, secure process flow tool; allows clients to send electronic instructions related to their fund investments, enabling Contractor to retain fully auditable records about fund transactions.

SunGard Data Exchange (SunGard DX): A secure, web-based document management and reporting tool. Provides a private, online data room consisting of correspondence related to fund investments, including LP Agreements, memos and approvals, legal documents, and financial statements.

As new versions of software are developed and released, Contractor follows extensive QA testing and, for vendor-provided releases, evaluation process to ensure that the enhanced functionality, security, reliability, and increased value to clients will seamlessly migrate to the production environment. Migrations to the production environment are coordinated on a monthly-basis to minimize impact during critical business periods.

L. The Contractor must provide a full service level agreement.

Contractor will prepare a service level document that will outline all day to day deliverables in addition to any project work that is underway. This document will be centerpiece to proposed monthly /quarterly service meeting and will be a powerful tool in score carding our key performance indicators (KPI's) back to AID. The data that will ultimately feed this service level document template is warehoused from an internal SharePoint application that exists today. This tool tracks every daily, monthly and quarterly deliverable for AID today and serves as a management tool which provides the management staff the required metrics to identify risk areas in a timely fashion.



Client Deliverables Database - Executive Daily Report

End of Day Report

Date: 10/20/2011

Portfolio Administration Key Performance Indicators

Items Past Due	0	Click here for details
Items Due Today	46	Click here for details
Upcoming Deliverables (2 Weeks out)	473	Details Client View

Manager Owners	Upcoming Deliverables (2 weeks out)	Overdue	% Overdue
	64	0	0%
	218	0	0%
	103	0	0%
	7	0	0%
	55	0	0%
	9	0	0%
	17	0	0%

- M. The Contractor must meet with AID at least one time per year to review Contract performance and current operations. The meeting will take place at AID offices in East Lansing, Michigan.
- N. End of Contract Data Conversion Responsibility: At the expiration or termination of this Contract, the Contractor must work with State personnel to ensure the transitional and operational continuity of the services under this Contract. The Contractor agrees to assist the State for a reasonable period of time that in no event will exceed 90 days after the expiration or termination date of this Contract and to assign key personnel as needed to assist in the transition. Key system staff will be available to ensure data integrity and system continuity (also see section 2.170).
- O. The Contractor must work with the State and other Contractors (e.g. DTMB, information technology systems Contractors, etc.) to assist in problem resolutions including but not limited to, establishing new communications channels, downtime, testing, etc.
- P. Deleted – N/A.
- R. The Contractor must notify the Contract Compliance Inspector (CCI) in advance of any scheduled downtime; additionally, software releases/changes are typically planned at least a month in advance (also see section 1.022.XI.B). All system outages/shutdowns must be reported immediately to the CCI or designee. The Contractor must provide a reasonable and detailed explanation of incident details and root cause analysis upon request from AID.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities (Also See Section 4.013)

1. Contractor staff who will be involved in the project follow:
 - A. **Richard Hartzell, Vice President, Relationship Management** (Columbus, Ohio): As relationship manager, Rich is responsible for overseeing and managing all aspects of the relationship and acting as AID's advocate and representative within the organization.
 - B. **Sandy Ribeiro, Vice President, Senior Account Manager** (New York, NY): As senior account manager, Sandy monitors all service indicators and coordinates the day to day delivery of all services including all project resources such as technology and outside vendors. Sandy has the senior ownership of service relationship, monitors risk indicators to help ensure that deliverables are met as laid out in the service level document. She acts as AID's escalation point for all operational matters and facilitating internal communication between individual operational units.



- C. Jamie Hausman, Assistant Vice President, Account Manager** (New York, NY): As account manager, Jamie interfaces with AID on most day to day issues. Her primary responsibilities include ensuring that AID receives responsive quality service on a daily basis, monitoring compliance with AID requirements and serving as a primary contact for AID.
- D. Stephanie O'Brien, Account Analyst** (New York, NY): Stephanie is an account analyst. Her daily responsibilities include managing all data capture, validation and the upload into systems of all required data including cash flow, non-cash flow and other partnership information. Analysts are responsible for a specific set of partnerships, typically assigned alphabetically. They are also given opportunities to work on product enhancement projects to further develop their expertise.
- E. Irini Bako, Account Analyst** (New York, NY): Irini is an account analyst. Her daily responsibilities include managing all data capture, validation and the upload into systems of all required data including cash flow, non-cash flow and other partnership information. Analysts are responsible for a specific set of partnerships, typically assigned alphabetically. They are also given opportunities to work on product enhancement projects to further develop their expertise.
- F. Alfred Noll, Vice President. Client Service Manager** (New York, NY): As AID's client service manager, Alfred is responsible for oversight and coordination of all units supporting AID. He is responsible for ensuring that you receive responsive quality service with all requirements. Alfred will also serve as an escalation point for services and takes ultimate ownership of the resolution.
- G. See Exhibit 2 for Contractor's Private Equity and Real Estate Service Organizational Chart.

2. Sandy Riberio is the central point of contact for all contractual activities. Jamie Hausman acts as the primary point of contact for day-to-day service inquiries, and Alfred Knoll will be responsible for monthly and quarterly review, service level documentation, score-carding and change management.
3. Subcontractors: Ciber, Inc will provide hosting and infrastructure services.

1.040 Project Plan

1.041 Project Plan Management

1. The Contractor will carry out this project under the direction and control of the CCI.
2. Although there will be continuous liaison with the Contractor team, the CCI will meet quarterly as a minimum, or as requested by the CCI, with the Contractor's Project Manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
3. Deleted – N/A.
4. Within five working days of the award of the Contract, the Contractor must submit to the CCI for final approval a detailed project plan, if applicable. This final project plan must be in agreement with section 1.041.3 as proposed by the Contractor and accepted by the State for Contract, and must include the following:
 - a. The Contractor's project organizational structure.
 - b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
 - c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.

1.042 Reports

1. The Contractor must submit written monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the CCI; and notification of any significant deviation from previously agreed-upon work plans.

Contractor is recommending the implementation of a client service governance structure to the existing operating model. The client service account manager is responsible for oversight and coordination of all units supporting the client. Key areas of governance would be monthly or quarterly service reviews, service level documentation and score carding, and change management. They are responsible for ensuring that the client receives responsive quality service with all requirements. The client service account manager also serves as an escalation point for services and takes ultimate ownership of the resolution.



1.050 Acceptance – Deleted – N/A

1.060 Proposal Pricing

1.061 Proposal Pricing

1. For authorized Services and Price List, see Attachment A (Price Proposal).
2. A 2.5% discount off invoice if paid within 30 days.
3. Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See www.michigan.gov/dtmb for current rates.
4. Invoicing and payment must occur per section 2.044.d.

1.062 Price Term

Prices quoted are firm for the entire length of the Contract.

1.063 Tax Excluded from Price

(a) Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

(b) Federal Excise Tax: The State may be exempt from Federal Excise Tax, or the taxes may be reimbursable, if articles purchased under any resulting Contract are used for the State's exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free or tax-reimbursable sale will be sent upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices must not include the Federal Excise Tax.

1.064 Holdback – Deleted – N/A

1.070 Additional Requirements – Deleted – N/A



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

The Contract is for a period of three years beginning May 21, 2012 through May 20, 2015. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002 Options to Renew

The 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 five additional one-year periods.

2.003 Legal Effect

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

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

2.004 Attachments & Exhibits

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

2.005 Ordering

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

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

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

2.007 Headings

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



2.008 Form, Function & Utility

If the Contract is for use of more than one (1) 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 (1) 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

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

Jim Wilson
Procurement
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Email:wilsonj4@michigan.gov
Phone:[517-241-1916](tel:517-241-1916)

2.022 Contract Compliance Inspector

After DTMB-Procurement receives the properly executed Contract, it is anticipated that the Director of Procurement, in consultation with the Department of Treasury, will direct the person named below, or any other person so designated, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of the Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract as that authority is retained by DTMB Procurement.** The CCI for the Contract is:

Kevin Fedewa, Assistant Administrator
Department of Treasury
Bureau of Investments.

**2.023 Project Manager**

The following individual will oversee the project:

Jamie Prevo, Investment Specialist
Department of Treasury
Bureau of Investments.

2.024 Change Requests

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

If the Contractor does not so notify the State, the Contractor has no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.

Change Requests:

- (a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under the Contract, describing the Change and its effects on the Services and any affected components of the Contract (a "Contract Change Notice").
- (b) No proposed Change may be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the DTMB-Procurement.
- (c) 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 the 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 State contact as noted in Section 2.021 and the Contractor's contact as noted on the cover page of the contract, 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.

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

2.026 Binding Commitments

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

2.027 Relationship of the Parties

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

2.028 Covenant of Good Faith

Each party must act reasonably and in good faith. Unless stated otherwise in the Contract, the parties must 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

(a) 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 requirements of 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.

(b) 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 (1) entity continues.

(c) 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 must 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

Procurement retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by 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 must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.034 Website Incorporation

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

2.035 Future Bidding Preclusion

Contractor acknowledges that, to the extent the 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 the Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 PA 442, 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 the Contract must 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 the Contract must specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.042 Adjustments for Reductions in Scope of Services/Deliverables

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

2.043 Services/Deliverables Covered

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

2.044 Invoicing and Payment – In General

(a) Each Statement of Work issued under the Contract must 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 must 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 must show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.

(c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 PA 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.

(d) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the CCI and the Contractor.

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

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 CCI, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

2.045 Pro-ration

To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services must 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 the Contract.

2.047 Final Payment

The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one



(1) party against the other arising from unsettled claims or failure by a party to comply with the 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 the Contract must constitute a waiver of all claims by Contractor against the State for payment under the 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. The Contractor must register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in 1984 PA 431, all contracts that the State enters into for the purchase of goods and services must provide that payment will be made by Electronic Fund Transfer (EFT).

2.050 Taxes

2.051 Employment Taxes

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

2.052 Sales and Use Taxes

Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two (2) 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 the 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 the 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 the 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 CCI 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 reserves 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 must notify the State of the proposed assignment, must introduce the individual to the appropriate State representatives, and must 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 must 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 must be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.

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

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

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

2.064 Contractor Personnel Location

All staff assigned by Contractor to work on the Contract must perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel must, 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 must 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 must 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 the Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and must not unnecessarily or unreasonably interfere with, delay, or otherwise impede Contractor's performance under the Contract with the requests for access.

2.067 Contractor Return of State Equipment/Resources

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

2.068 Contract Management Responsibilities

The Contractor must assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State considers the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of Subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve Subcontractors and to require the Contractor to replace Subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the Subcontractor to all provisions of the Contract. Any change in Subcontractors must be approved by the State, in writing, prior to such change.



2.070 Subcontracting by Contractor

2.071 Contractor Full Responsibility

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

2.072 State Consent to Delegation

Contractor must not delegate any duties under the Contract to a Subcontractor unless the DTMB-Procurement has given written consent to such delegation. The State reserves 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 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 Subcontractor(s) for the removed Subcontractor must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work will not be counted for a time agreed upon by the parties.

2.073 Subcontractor Bound to Contract

In any subcontracts entered into by Contractor for the performance of the Services, Contractor must require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of the Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by the 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 is the responsibility of Contractor, and Contractor must remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor must make all payments to Subcontractors or suppliers of Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under the Contract will not relieve Contractor of any obligations or performance required under the Contract.

2.074 Flow Down

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

2.075 Competitive Selection

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

2.082 Facilities

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



2.090 Security

2.091 Background Checks

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

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

2.092 Security Breach Notification

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

2.093 PCI Data Security Requirements – Deleted – N/A

2.100 Confidentiality

2.101 Confidentiality

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

2.102 Protection and Destruction of Confidential Information

The State and Contractor must each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication, or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by the 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 must limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of the Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under the 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 of **Section 2.100** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 No Implied Rights

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

2.105 Respective Obligations

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

2.110 Records and Inspections

2.111 Inspection of Work Performed

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

2.112 Examination of Records

For seven (7) years after the Contractor provides any work under the Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The State must notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

2.113 Retention of Records

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

2.114 Audit Resolution

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



2.115 Errors

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

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

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under the Contract. The performance of all obligations under the Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under the 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 the 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 the Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(d) If, under the 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 the 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 the 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 the 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 (2) days of learning about it.

(h) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after the Contract start date, the Contractor must report those changes immediately to DTMB-Procurement.

2.122 Warranty of Merchantability

Goods provided by Contractor under this agreement must be merchantable. All goods provided under the Contract must be of good quality within the description given by the State, must be fit for their ordinary purpose, must be adequately contained and packaged within the description given by the State, must conform to the agreed upon specifications, and must 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 must, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by Contractor must 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 the Contract, must be delivered free of any rightful claim of any third person by of infringement or the like.

2.125 Equipment Warranty – Deleted – N/A

2.126 Equipment to be New

If applicable, all equipment provided under the Contract by Contractor must 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, is 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 must remain consistent for the term of the Contract, unless 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 the 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 which may arise out of or result from the Contractor's performance of Services under the terms of the 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 the Contract.

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

The insurance must be written for not less than any minimum coverage specified in the 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 the Contract must be issued by companies that have been approved to do business in the State. See www.michigan.gov/deleg.

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 the 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 the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

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

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision 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 \$1,000,000.00 with a maximum deductible of \$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: \$3,000,000.00 each occurrence and \$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 the 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 the 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 must fully comply with the insurance coverage required in this Section. Failure of Subcontractor 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 OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) must contain a provision indicating that coverages afforded under the policies **MUST NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED** without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Procurement, DTMB. 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 insureds under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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 (3) years following the expiration or termination for any reason of the 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 the 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 the Contract, or if any insurer cancels or significantly reduces any required insurance as specified in the 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 the 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 must 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 the 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 the Contract.

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

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

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



2.150 Termination/Cancellation

2.151 Notice and Right to Cure

If the Contractor breaches the Contract, and the State, in its sole discretion, determines that the breach is curable, then the State must 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 the Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under the 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 the Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating the 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 the 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 the Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under the Contract.

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

(d) If the State terminates the 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 the Contract for a termination for convenience.

2.153 Termination for Convenience

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

2.154 Termination for Non-Appropriation

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

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



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

2.155 Termination for Criminal Conviction

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

(b) If the State terminates the 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 the 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 the 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 the Contract, and may further pursue completion of the Services/Deliverables under the Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 Reservation of Rights

Any termination of the 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 the Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under the Contract, (ii) breaches its other obligations under the 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 2.190** before it terminates the Contract.

2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates the Contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If the Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 90 days. These efforts must include, but are not limited to, those listed in **Sections 2.171, 2.172, 2.173, 2.174, and 2.175**.

2.172 Contractor Personnel Transition

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the 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 must notify all of Contractor's subcontractors of procedures to be followed during transition.

2.173 Contractor Information Transition

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

2.174 Contractor Software Transition

The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under the Contract. This must include any documentation being used by the Contractor to perform the Services under the 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, reimbursement must be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor must prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 State Transition Responsibilities

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

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



2.180 Stop Work

2.181 Stop Work Orders

The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. 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 2.150**.

2.182 Cancellation or Expiration of Stop Work Order

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

2.183 Allowance of Contractor Costs

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.150**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180**.

2.190 Dispute Resolution

2.191 In General

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

2.192 Informal Dispute Resolution

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

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



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

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

2.193 Injunctive Relief

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

2.194 Continued Performance

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

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

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

2.202 Unfair Labor Practices

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

2.203 Workplace Safety and Discriminatory Harassment

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

2.204 Prevailing Wage

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of the Contract in privity of contract with the Contractor must not be less than the wage rates and fringe benefits established by the Michigan Department of Energy, Labor and Economic Development, Wage and Hour Bureau, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor must 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 the Contract in privacy of contract with the Contractor must keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Energy, Labor and Economic Development, the office responsible for enforcement of the wage rates and fringe benefits. The Contractor must keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with the Contract. This record must 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 must 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 must in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

2.212 Compliance with Laws

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

2.213 Jurisdiction

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

2.220 Limitation of Liability

2.221 Limitation of Liability

Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of the 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 the Contract.

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

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

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



- (i) the ability of Contractor (or a Subcontractor) to continue to perform the Contract according to its terms and conditions, or
 - (ii) 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 the 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:
 - (a) Contractor and its Subcontractors must be able to continue to perform the Contract and any Statements of Work according to its terms and conditions, and
 - (b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.
- (c) Contractor must make the following notifications in writing:
- (1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DTMB-Procurement.
 - (2) Contractor must 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 must also notify DTMB Procurement within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure – Deleted – N/A

2.233 Bankruptcy

The State may, without prejudice to any other right or remedy, terminate the 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 the Contract.

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

2.240 Performance

2.241 Time of Performance

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

(b) Without limiting the generality of **Section 2.241(a)**, Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.

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

2.242 Service Level Agreements (SLAs)

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



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

(b) Chronic Failure for any Service(s) is 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 must not affect any tiered pricing levels.

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

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

2.243 Liquidated Damages – Deleted – N/A

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, 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, workarounds plans or other means.

2.250 Approval of Deliverables

2.251 Delivery Responsibilities

Unless otherwise specified by the State within an individual order, the following must be applicable to all orders issued under the Contract.

- (a) Shipment responsibilities - Services performed/Deliverables provided under the Contract must be delivered "F.O.B. Destination, within Government Premises." The Contractor must have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates must be specified on the individual purchase order.
- (b) Delivery locations - Services must be performed/Deliverables must be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.
- (c) Damage Disputes - At the time of delivery to State Locations, the State must examine all packages. The quantity of packages delivered must be recorded and any obvious visible or suspected damage must be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record the damage. Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within 14 days of receipt. Any damage must be reported to the Contractor within five days of inspection

2.252 Delivery of Deliverables

Where applicable, the Statements of Work/POs contain lists 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"), a good ("Physical Deliverable") or a Service. All Deliverables must be completed and delivered for State review and written approval and, where applicable, installed according to the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

2.253 Testing

- (a) Before delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor must first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and conforms with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor must certify to the State that (1) it has performed the quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during the quality assurance activities and testing, (4) the Deliverable or Service 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.
- (b) If a Deliverable includes installation at a State Location, then Contractor must (1) perform any applicable testing, (2) correct all material deficiencies discovered during the quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State is entitled to observe or otherwise participate in testing.

2.254 Approval of Deliverables, In General

- (a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, according to the following procedures. Formal approval by the State requires the State to confirm in writing that the Deliverable meets its specifications. Formal approval may include the successful completion of Testing as applicable in **Section 2.253**, to be led by the State with the support and assistance of Contractor. The approval process will be facilitated by ongoing consultation between the parties, inspection of interim and intermediate Deliverables and collaboration on key decisions.



(b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

(c) Before commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor according to **Section 2.253**.

(d) The State must approve in writing a Deliverable/Service after confirming that it conforms to and performs according to its specifications without material deficiency. The State may, but is not be required to, conditionally approve in writing a Deliverable/Service 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/Service that remain outstanding at the time of State approval.

(e) If, after three (3) opportunities (the original and two (2) repeat efforts), the Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that the Contractor cure the failure and give the Contractor additional time to cure the failure at the sole expense of the Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever the Contractor has failed to do, and recover the difference between the cost to cure the deficiency and the contract price plus an additional sum equal to 10% of the cost to cure the deficiency to cover the State's general expenses provided the State can furnish proof of the general expenses; or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure the breach. Notwithstanding the foregoing, the State cannot 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.

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if the process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity that renders continuing the process unproductive or unworkable. If that happens, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery before resuming the testing or approval process.

2.255 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 Deliverable (and if the Statement of Work does not state the State Review Period, it is by default five (5) Business Days for Written Deliverables of 100 pages or less and 10 Business Days for Written Deliverables of more than 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 before 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 Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State notifies the Contractor about deficiencies, the Contractor must correct the described deficiencies and within 30 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 must be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.256 Process for Approval of Services

The State Review Period for approval of Services is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 Business Days for Services). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Services (or at the State's election, after approval of the Service). If the State delivers to the Contractor a notice of deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts must be made at no additional charge. Upon implementation of a corrected Service from Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.



2.257 Process for Approval of Physical Deliverables

The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 continuous Business Days for a Physical Deliverable). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State delivers to the Contractor a notice of deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts must be made at no additional charge. Upon receipt of a corrected Deliverable from the Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

2.258 Final Acceptance

Unless otherwise stated in the Article 1, Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable must occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.251-2.257**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

2.260 Ownership

2.261 Ownership of Work Product by State

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

2.262 Vesting of Rights

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

2.263 Rights in Data

(a) 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 must 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 must 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.

(b) 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 must 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 must 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/dmb/0,1607,7-150-56355-107739--,00.html>. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 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 – Deleted – N/A

2.290 Environmental Provision

2.291 Environmental Provision

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 such as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.

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

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

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.242** for a time as mutually agreed by the parties.



(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

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 must 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 the Contract.

Environmental Performance:

Waste Reduction Program: Contractor must establish a program to promote cost-effective waste reduction in all operations and facilities covered by the Contract. The Contractor's programs must 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 Other Provisions

2.311 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials

Equipment, materials, or supplies, that will be furnished to the State under the Contract must not be produced in whole or in part by forced labor, convict labor, forced or indentured child labor, or indentured servitude.

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



Attachment A, Price Proposal

Contractor offers a 2.5% discount off invoice if paid within 30 days.

Active Fund/Partnership (1)	Monthly Cost per Active Fund/Partnership		Quantity		Months	3-Year Total (2)
a) 100 or less	\$137.41					
b) 101 to 150	\$136.73					
c) 151 to 200	\$135.38	x	258	x	36	\$1,236,996.00
d) 201 to 250	\$122.69					
e) 251 to 300	\$110.00					
f) 301 to 350	\$97.31					
g) 351 or greater	\$84.61					

Optional Services:

1. Process Capital Calls & Distributions (section 1.022.IX)	Monthly Cost per Active Fund/Partnership		Quantity		Months	3-Year Total
a) 100 or less	\$64.17					
b) 101 to 150	\$58.33					
c) 151 to 200	\$52.50	x	258	x	36	\$527,804.64
d) 201 to 250	\$47.25					
e) 251 to 300	\$42.53					
f) 301 to 350	\$38.27					
g) 351 or greater	\$34.45					

2. Forecasting Tools (section 1.022.X)

a) Annual Fee (if an additional cost and not included in base system): \$ N/A

3. Customer Relationship Management (CRM) Tool (section 1.022.VI.H)

a) Annual Fee (if an additional cost and not included in base system): \$ Included

Additional Resources and Costs (If Applicable)

1. Liquidating Fund Cost (fund that exceeds its 10th year, remaining commitment is 10% or less of initial commitment and five or less portfolio companies as an inactive fund) = 50% of Tier cost.

2. Management Fee Reasonability Test = \$500/Investment.

3. Performance Fee Verification Test = \$350/Investment

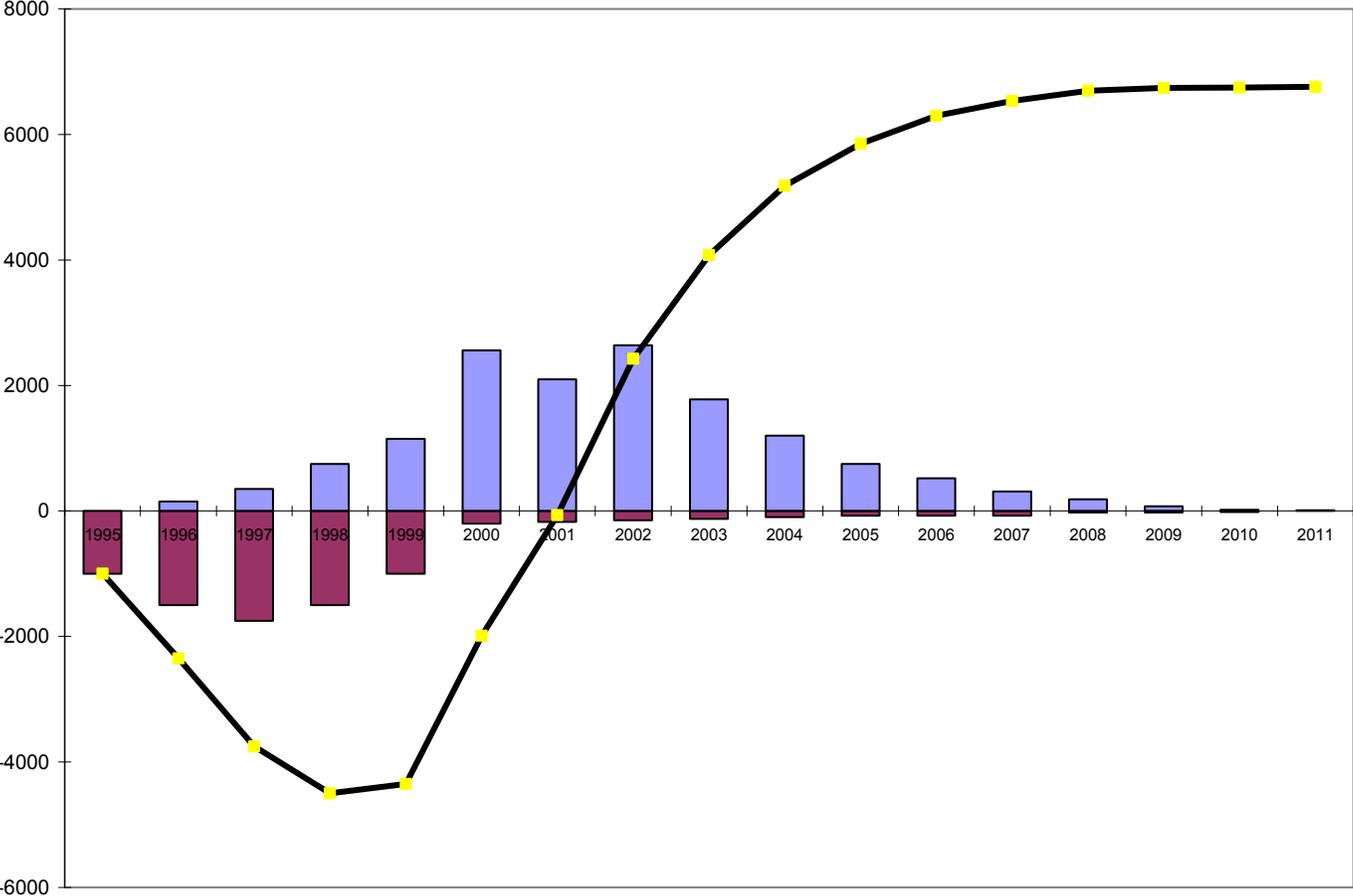
4. User Fees Greater Than 20 = \$175/User/Year.

(1) State will only pay for active funds/partnerships in Contractor’s system. Inactive or archived funds are not billable.

(2) 3-Year Total includes 258 Active Funds/Partnerships and Pricing must be all inclusive (1st quantity of 100 costs \$137.41/each, next 50 costs \$136.73/each, etc.).

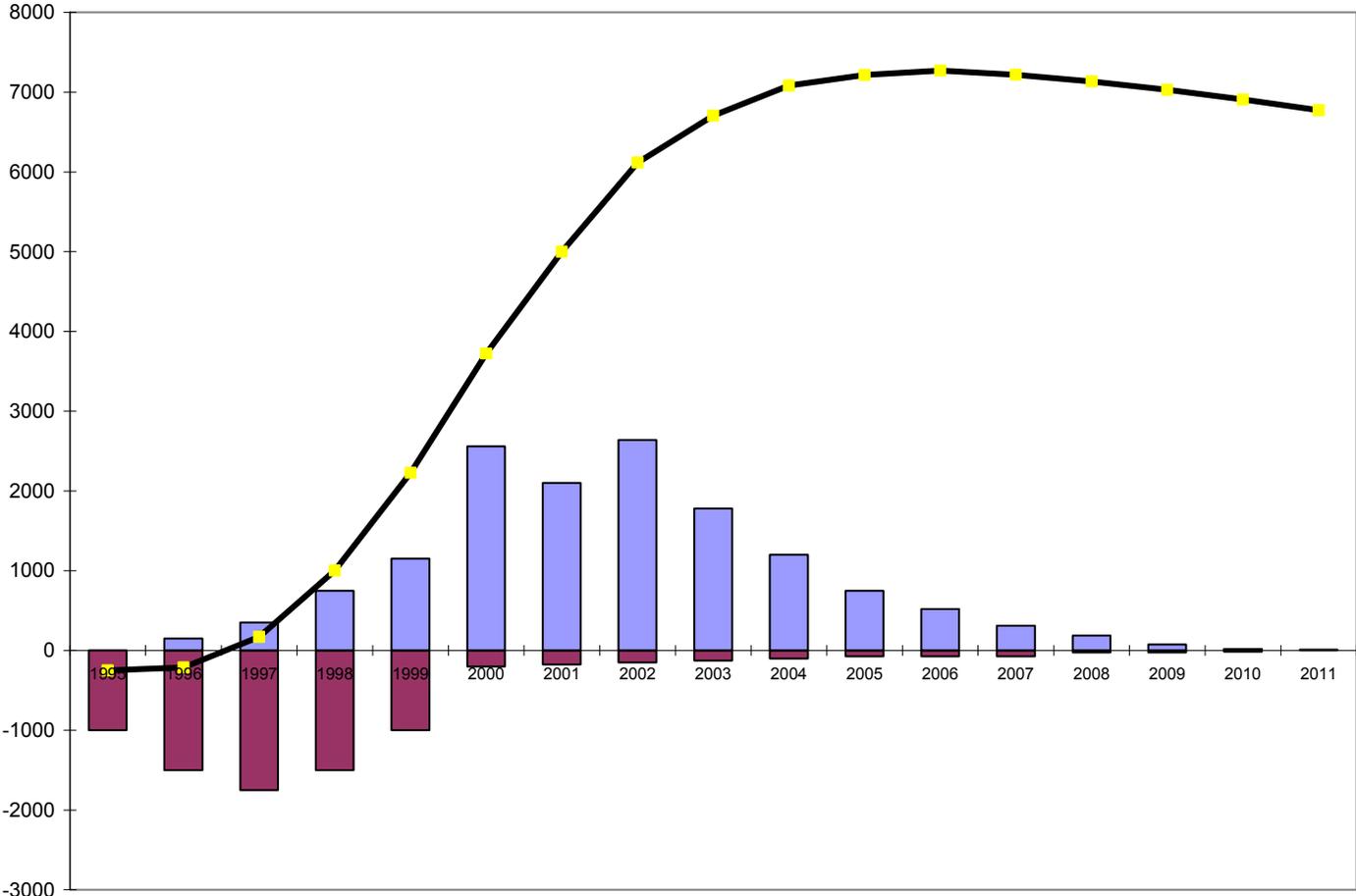


Appendix A
Fund Level Cumulative Cash Curve





Appendix B
Fund Level Cumulative TVPI





Appendix C Deleted – N/A

Appendix D Form 4621, What Is An Incident? (Brochure)

Appendix D

Michigan Department of Treasury
4621 (3-08)

What is an Incident? What is a Security Breach?

What is an Incident?

An incident is any event threatening some aspects of physical or financial security, when financial resources or items valued at \$100 or more are missing or misused, any event violating confidentiality or privacy of information, where data is manipulated or missing, or any event involving unauthorized or unlawful activity.

Examples of Incidents:

- Missing computer equipment containing non-personal information
- Missing briefcase that contains non-personal information.

Examples of Material Incidents:

- Missing laptop computer or other mobile device or paper records that do not contain Treasury personal information but do contain confidential or sensitive information
- Missing warrant stock.

What makes an incident a Security Breach?

An incident becomes a security breach when an unauthorized person gains access to or acquires:

1. Unencrypted or unredacted (data not altered or truncated) personal information, or
2. The encryption key to an area storing personal information.

Beware: An incident can become a potential security breach during the investigation process.

Examples of a Potential/Actual Security Breach:

- Missing laptop computer or other mobile device that contains Treasury personal information
- Missing paper records that contain personal information
- Accessing personal information when there is no business need for it
- Using another individual's User ID and Password to access personal information
- Stealing Treasury records that include personal information
- Hacking into records containing Treasury personal information
- Obtaining Treasury personal information from employees without proper authorization to access the information
- Unauthorized and unescorted persons entering `secure` areas that house personal information.

What is Personal Information?

The Identify Theft Protection Act, Public Act 452 of 2004, as amended, defines personal information as information containing the first name or initial of the first name and the last name along with one of the following:

1. Social Security number
2. Driver's License number or State Personal Identification card number
3. Account number; Credit or Debit Card number **in**

combination with any required security code, access code or password that would permit access to a person's financial account.

Personal information may be in written or printed form or may reside electronically on devices such as mainframes, servers, personal computers (desktops and laptops), CDs, DVDs, tapes, flash drives, memory sticks, USB keys, microfiche, PDAs, Blackberrys, cell phones, or may exist on other state-of-the-art devices that have been or may be developed.

What should I do if my laptop is missing or if an incident is suspected?

Employee must:

1. File a report with local police immediately if asset valued at \$100 or more is missing.
2. Notify immediate supervisor no later than beginning of the next business day.
3. Complete Parts 1 and 2 of Form 4000, *Incident Report* (available on Treasury's Intranet).
4. Forward the Incident Report (with attached police report if applicable) to immediate supervisor and a copy to the Department of Treasury, Security Division.

Management Staff must:

1. Report the incident immediately through the chain of command to the Treasury Division Administrator and the Security Division. If personal information is involved, follow the guidelines for Security Breach.

Exception: If another state agency/governmental entity, report incident to Treasury Disclosure Officer, Technical Services Division and the Security Division. If contractor or vendor, report incident to Contract Compliance Inspector and the Security Division.

2. The Division Administrator must notify the Bureau Director if it is a material incident or involves non-Treasury information.
3. The Bureau Director must notify the other entity immediately.
4. The Division Administrator must inform the Department of Information Technology (DIT) Agency Services (Treasury) Director right away if incident involves information technology resources.
5. Notify other Treasury divisions/offices that may be affected or should be involved with investigation.
6. Investigate and resolve the incident.
7. Finalize Form 4000* and submit it to the Department of Treasury, Security Division.

*Another entity may substitute its internal form for form 4000 if all pertinent information is included.

What should I do if I witness, discover, or am informed of a potential security breach?

Employee must:

1. Report the security breach immediately (no later than beginning of the next business day) to immediate supervisor.



2. Complete Parts 1 and 2 of Form 4000.
3. Forward Form 4000 (with attached police report if applicable) to immediate supervisor and a copy to the Department of Treasury, Security Division.

Management Staff must:

1. If the breach is ongoing, **CONTAIN IT**.
2. Report the potential breach immediately through the chain of command to the Bureau Director or Deputy Treasurer, whichever is applicable.
3. The Bureau Director or the Deputy Treasurer, whichever is applicable, must notify the Chief Deputy Treasurer immediately if a breach involving a database of personal information.
4. The Bureau Director must notify the other entity if the potential breach involves non-Treasury information.
5. The Division Administrator must inform the DIT Agency Services (Treasury) Director right away if incident involves information technology resources and personal information.
6. Convene appropriate personnel so the scope of the breach can be determined and a plan for appropriate action can be agreed upon.

Note: If a database of personal information is involved, the Chief Deputy Treasurer must approve the Plan of Action.

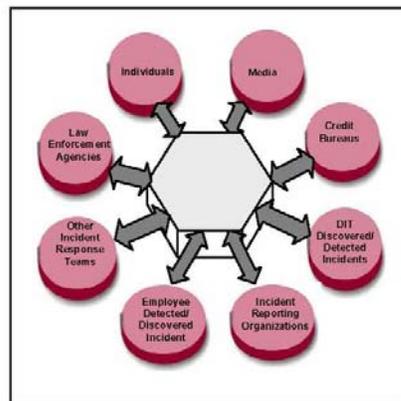
7. If appropriate, issue breach notifications by telephone, in writing, on the Web or by e-mail.
8. Notify the three major credit bureaus of the breach if more than 1,000 residents of the State of Michigan will receive or have received breach notifications.
9. Finalize Form 4000* and submit it to the Department of Treasury, Security Division.

*Another entity may substitute its internal form for form 4000 if all pertinent information is included.

Treasury must protect personal information against risks such as unauthorized access, modification or loss with reasonable security safeguards. Some safeguards are:

- Do not store confidential, personal or sensitive Treasury information on mobile devices or portable media (including laptops, notebooks, memory sticks, CDs, DVDs, floppies) unencrypted; otherwise ENCRYPT files or the full disk. (Refer to DIT Standard 1340, Storing and Managing Personal Identifying/Sensitive Information on Mobile Devices and Portable Media; also refer to Treasury Policy ET-03169 Data Security).
- Avoid sending or receiving unencrypted confidential, personal or sensitive information via e-mail.
- Avoid sending confidential, personal or sensitive information via fax.
- Secure confidential, personal or sensitive papers on the fax, printer or copy machines.
- Keep conversations at a volume level and/or in a location that will protect information.
- Back up data on a regular basis; make sure data files from an approved portable device are stored on the network server.
- Never store more data than needed.

- Shred documents with confidential, personal or sensitive information (see Treasury Policy ET-03115 Confidential Information, Handle and Discard).
- Have computers and hard drives properly wiped or overwritten when discarding (see DIT Procedure 1350.90, Secure Disposal of Installed and Removable Digital Media and Treasury Policy ET-03169).
- Use a log-in password that is not easily guessed. Make it at least eight characters long, composed of upper- and lower-case letters, numbers and symbols such as “#” (see Treasury Policy ET-03175 on Passwords).
- Never set any log-in dialog box to remember your password (see Treasury Policy ET-03175 on Passwords).
- Use a password-protected screen saver that comes on after a few minutes of inactivity. Initiate screen lock system (if a Treasury employee, press the key with Microsoft Windows logo and “L” on the keyboard) when you leave your office, even for a short period.
- Limit access to confidential, personal or sensitive information to those who need to use it to perform their job duties (see Treasury Policy ET-03164 Access Control).



For additional information, see the following guidelines in the Security Guide:

- ET-03180, Incident Reporting
- BT-03084, Security Breach Involving Personal Information
- PT-03253, Incident Reporting and Handling
- CT-03070, Incident/Security Breach Examples
- DIT Operating Procedure, How to Handle a Breach of Personal Identifiable / Sensitive Information Incidents

Other References:

- BT-03049, Employee Conduct, General Guidelines
- ET-03140 Workplace Safety
- PT-03246, Potential Dangerous Taxpayer/Debtor, Report
- PT-03095, Theft or Irregularities in Public Funds/Property or Violations of Departmental Policies and Procedures, Report and Investigate

Contact Information:

If questions, please contact Division/Bureau Security Liaison or the Security Division at (517) 636-4081.



Exhibit 1 System Architecture

J.P.Morgan

ciber Ciber Network Operation Center @ Telehouse, Staten Island, NY

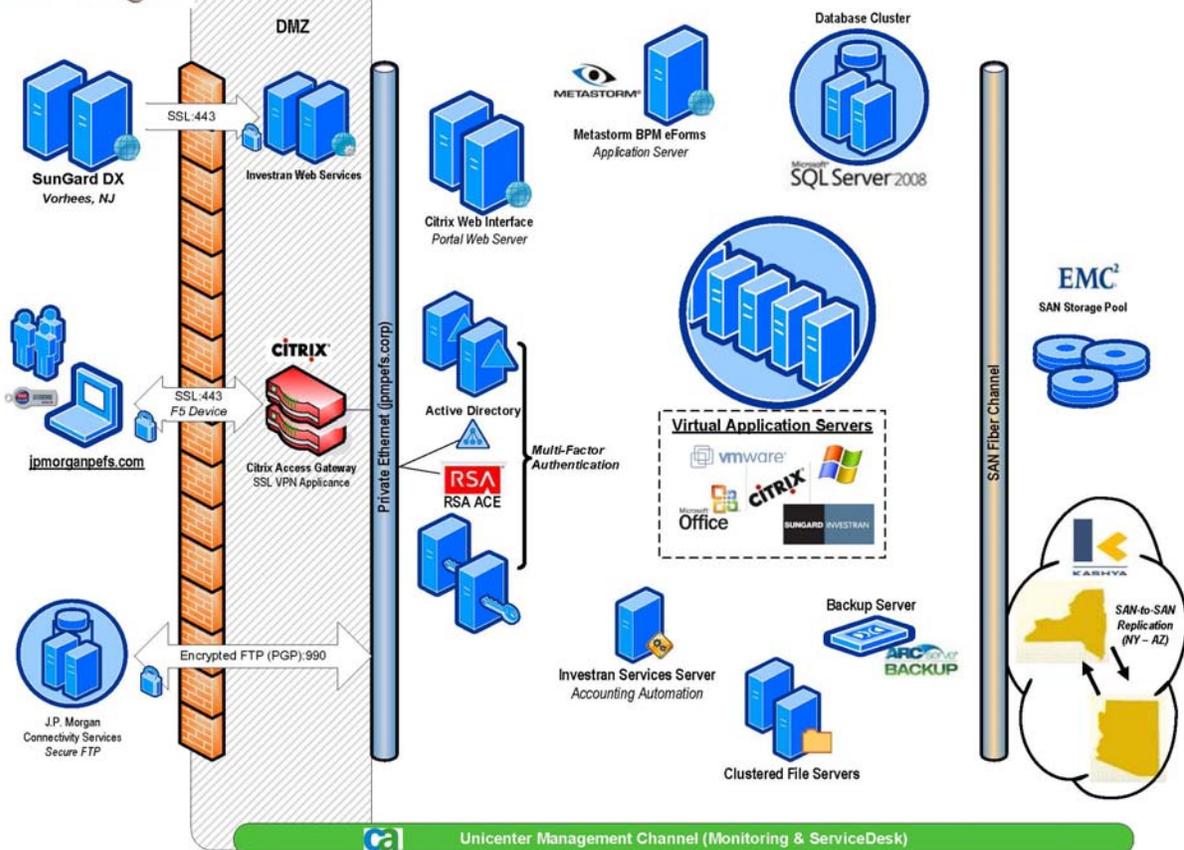
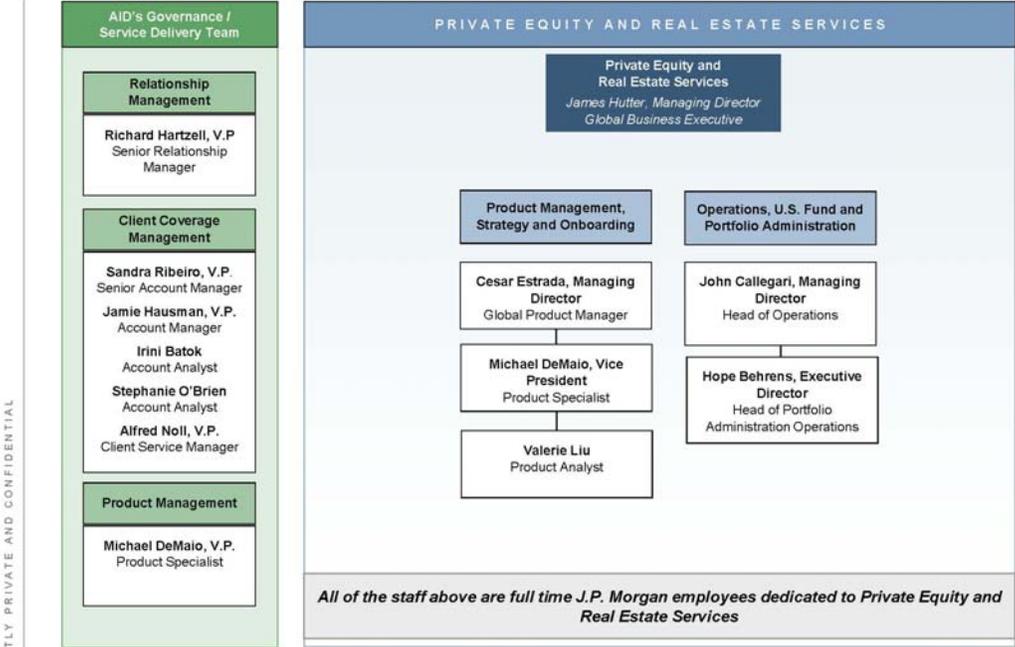




Exhibit 2
Contractor's Organizational Chart

J.P. Morgan Private Equity and Real Estate Services Organizational Structure



STRICTLY PRIVATE AND CONFIDENTIAL