

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

**CHANGE NOTICE NO. 3**  
 to  
**CONTRACT NO. 071B3200068**  
 Between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Computer Projects of Illinois, Inc. (CPI) 475 Quadrangle Drive, Suite A Bolingbrook, IL 60440	SteveSawatzky	<a href="mailto:SI_Sawatzky@openfox.com">SISawatzky@openfox.com</a>
	PHONE	VENDOR FEIN # (LAST FOUR DIGITS ONLY)
	630-754-8820	8454

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER	DTMB	Gordon Mayes	517-241-2257	mayesgs@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jarrod Barron	517-284-7045	Barronj1@michigan.gov

CONTRACT SUMMARY			
<b>DESCRIPTION:</b> Law Enforcement Information Network (LEIN) Disaster Recovery Software, Maintenance, Support, and Installation Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 1, 2013	December 31, 2017	3 one year	December 31, 2017
PAYMENT TERMS	F.O.B.	SHIPPED TO	
Net 45	Shipment	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				
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"/>	Option/Extension	Date
CURRENT VALUE		VALUE/COST OF CHANGE NOTICE	ESTIMATED REVISED AGGREGATE CONTRACT VALUE	
\$1,165,016.52		\$860,871.00	\$2,025,887.52	

**DESCRIPTION:**  
 Effective August 18, 2015, the State adds \$860,871.00 and the services in the attached Statement of Work to convert the State's Law Enforcement Information network (LEIN) system and its various interfaces to utilize Extensible Markup Language (XML) instead of text format. All other terms, conditions, specifications, and pricing remain the same. Per Contractor and Agency agreement, DTMB Procurement approval and approval of the State Administrative Board on August 18, 2015



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

<b>Project Title:</b> LEIN Upgrade XML Conversion Part 2	<b>Period of Coverage:</b> 9/1/2015 – 12/31/2017
<b>Requesting Department:</b> Michigan State Police	<b>Date:</b> July 7, 2015
<b>Agency Project Manager:</b> Kevin Collins	<b>Phone:</b> 517-241-0641
<b>DTMB Project Manager:</b> Gordon Mayes	<b>Phone:</b> 517-241-2254

**Brief Description of Services to be provided:**

Amendment to Contract 071B3200068 to fund Contractor support for Extensible Markup Language (XML) conversion efforts to the Law Enforcement Information network (LEIN) system. This Statement of Work is governed by the terms of Contract 071B3200068.

**BACKGROUND:**

The Michigan State Police ("MSP") has requested that Computer Projects of Illinois, Inc. (CPI) review each interface within the Law Enforcement Information network (LEIN) system to determine which interfaces may be capable of conversion to Extensible Markup Language (XML). To that end, MSP funded a discovery effort through Contract Change Notice #1. This Statement of Work and its attachments are the result of that effort.

**PROJECT OBJECTIVE:**

The objective of this project is the second step of the larger LEIN XML Conversion project. The LEIN message switch Contractor, Computer Products of Illinois, Inc. (CPI), has conducted the discovery portion of the project and has provided the attached Interface Conversion to XML Discovery Results for converting LEIN and its various interfaces to utilize the Extensible Markup Language (XML). Prior to the conversion, the MSP Message Switch Platform must be upgraded to current release levels.

This project objective will be broken down into several steps:

- **Step 1: LEIN/Archive Upgrade.** The LEIN production and test message switches will be upgraded to the latest version of the CPI message switching software, and the LEIN Archive will be upgraded to the latest version of the CPI archive software.
- **Step 2: Nlets XML Conversion.** This step will be the conversion the interface between LEIN and Nlets. Each LEIN/Nlets message key will be converted from the current text format to XML.
- **Step 3: NletsTIPS/Nlets Web Service Interface.** This step is necessary to move Michigan's message switch off the legacy Nlets Socket Protocol which is planning for sunseting.
- **Step 4: Core Technology XML Conversion.** This step will be the conversion of the interface used by MSP clientele to access LEIN. Each LEIN/client message key will be converted to allow the use of XML, in addition to the current text format.
- **Step 5: NCIC XML Conversion.** This step will be the conversion of the interface between LEIN and NCIC. Each LEIN/NCIC message key will be converted from the current text format to XML.
- **Step 6:** Thirteen additional Interfaces. This step will be the conversion of the additional 13 interfaces for multiple required systems at a future date decided up on by the State.

**SCOPE OF WORK/TASKS/ROLES AND RESPONSIBILITIES:**

See Computer Projects of Illinois (CPI), Interface Conversion to XML Discovery Results, version 3 (May 28, 2015) (MI-001-2014) for the total Scope of work efforts proposed as Attachment A. See initial Project Schedule Attached as Appendix B.

**DELIVERABLES:**

Each step (as described above) is a Milestone. Deliverables within each Milestone will not be considered complete until the Agency and DTMB Project Managers have formally accepted them. Deliverables for each step are listed in the Payment Section below.

**ACCEPTANCE CRITERIA:**

Per the Acceptable Criteria in the Payment Section below.

**PROJECT CONTROL AND REPORTS:**

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

1. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
2. **Planned Tasking:** Describe activities to be accomplished during the next reporting period.
3. **Issues:** Indicate major issues/risks/changes, real or perceived, and recommend resolutions.

**SPECIFIC DEPARTMENT STANDARDS:**

Agency standards, if any, in addition to DTMB standards:  
Per Contract 071B3200068 Agreement.

**PAYMENT SCHEDULE:**

The total firm-fixed price based on the list of steps below is \$941,226.00.

Step	Description	Cost
#1	LEIN/Archive Upgrade	\$20,966.00
#2	Nlets XML Conversion	\$59,920.00
#3	Nlets TIPS/Nlets Web Service Interface	\$20,435.00
#4	Core Technology XML Conversion	\$74,990.00
#5	NCIC XML Conversion	\$309,980.00
#6	Future Interfaces	\$454,935.00
<b>TOTAL</b>		<b>\$941,226.00</b>

Although the Contractor will be contracted to complete all the Steps above, Steps 2 and 3 are proposed to be paid by the International Justice and Public Safety Network (Nlets) via grant, therefore the cost for Step 2 and 3 is not required to be added to Contract 071B3200068. Contract 071B3200068 is to be increased by \$860,871.00 to cover the cost for the remaining steps.

At this time, this request is for a Purchase Order issuance for only step 1, 4 and 5 totaling \$405,936.00. The State will request a separate Purchase Order based on this agreed amendment for Step 6 at a future agreed upon date by the State.

Each step of this project is a firm-fixed price Milestone basis. Payment will be made upon satisfactory acceptance of each Milestone by MSP and DTMB and has been promoted to the MSP LEIN Production environment. No partial payments will be made. See below for payment table.

Payment table						
Milestone	Description of Service to be Provided	Deliverables relating to Milestone	Unit Price	Quantity	Total Cost	Acceptance Criteria
<b>Step 1 LEIN/Archive Upgrade</b>	The LEIN production and test message switches will be upgraded to the latest version of the CPI message switching software, and the LEIN Archive will be upgraded to the latest version of the CPI archive software.	Upgrade to Configurator 6.6 on TEST	\$95.00	10	\$950.00	Thirty days of successful operations, error free, in MSP LEIN Production environment.
		Certified Files PROD and TEST update	\$95.00	10	\$950.00	
		Desktop 3.06 PROD and TEST upgrade	\$95.00	24	\$2,280.00	
			\$70.00	10	\$700.00	
			\$93.00	2	\$186.00	
		Archive V1 update	\$130.00	15	\$1,950.00	
		Archive and Retrieval 3	\$95.00	9	\$855.00	
			\$95.00	10	\$950.00	
			\$130.00	12	\$1,560.00	
		Configurator 7.2 upgrade	\$95.00	86	\$8,170.00	
Project Management,	\$105.00	23	\$2,415.00			
Warranty lasting until 12/31/2017	Included	1	Included			
<b>TOTAL COST</b>					<b>\$20,966.00</b>	
<b>Step 2: Nlets XML Conversion</b>	Conversion of the format between LEIN and Nlets.	Custom programming	\$95.00	158	\$15,010.00	Thirty days of successful operations, error free, in MSP LEIN Production environment
		Style sheet development	\$95.00	311	\$29,545.00	
			\$130.00	10	\$1,300.00	
		Testing	\$95.00	53	\$5,035.00	
		Project management	\$105.00	86	\$9,030.00	
		Warranty lasting until 12/31/2017	Included	1	Included	
<b>TOTAL COST</b>					<b>\$59,920.00</b>	
<b>Step 3: Nlets TIPS/Nlets Web Service</b>	Move Michigan's message switch	Custom programming	\$95.00	105	\$9,975.00	Thirty days of successful operations, error free, in
		Style sheet development	\$95.00	78	\$7,410.00	

<b>Interface</b>	off the legacy Nlets Socket Protocol which is planning for sunseting.	Testing	\$95.00	10	\$950.00	MSP LEIN Production environment
		Project management	\$105.00	20	\$2,100.00	
		Warranty lasting until 12/31/2017	Included	1	Included	
	<b>TOTAL COST</b>				<b>\$20,435.00</b>	
<b>Step 4: Core Technology XML Conversion</b>	Conversion of the interface used by MSP clientele to access LEIN. Each LEIN/client message key will be converted to allow the use of XML, in addition to the current text format.	Custom programming	\$95.00	340	\$32,300.00	Thirty days of successful operations, error free, in MSP LEIN Production environment
		Style sheet development	\$95.00	263	\$24,985.00	
		Testing	\$95.00	67	\$6,365.00	
		Project management	\$105.00	104	\$10,920.00	
			\$140.00	3	\$420.00	
Warranty lasting until 12/31/2017	Included	1	Included			
<b>TOTAL COST</b>				<b>\$74,990.00</b>		
<b>Step 5: NCIC XML Conversion</b>	Conversion of the interface between LEIN and NCIC. Each LEIN/NCIC message key will be converted from the current text format to XML	Custom programming	\$95.00	393	\$37,335.00	Thirty days of successful operations, error free, in MSP LEIN Production environment
			\$130.00	384	\$49,920.00	
			\$130.00	384	\$49,920.00	
		Style sheet development	\$95.00	1,052	\$99,940.00	
		Testing	\$95.00	277	\$26,315.00	
		Project management	\$105.00	310	\$32,550.00	
\$140.00	100		\$14,000.00			
Warranty lasting until 12/31/2017	Included	1	Included			
<b>TOTAL COST</b>				<b>\$309,980.00</b>		
<b>Step 6: Future</b>	Conversion of the additional 13	Custom programming	\$95.00	150	\$14,250.00	Thirty days of successful operations, error free, in
		Style sheet development	\$95.00	131	\$12,445.00	

<b>Interfaces</b>	interfaces for multiple required systems at a future date decided upon by the State.	Testing	\$95.00	31	\$2,945.00	MSP LEIN Production environment per each interface. Warranty will last until 12/31/2017.
		Project management	\$105.00			
			\$140.00	47	\$4,935.00	
				3	\$420.00	
		Per Interface Total				
<b>Per Interface Total x 13 = TOTAL COST</b>					<b>\$454,935.00</b>	

DTMB will pay CONTRACTOR upon successful completion of the Acceptance Criteria and receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date, and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State's satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

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

**EXPENSES:**

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

**PROJECT CONTACTS:**

The designated Agency Project Manager is:

Kevin Collins

Michigan State Police

Criminal Justice Information Center

MSP HQ, 2<sup>nd</sup> floor

333 S. Grand Ave.

Lansing, MI 48933

517-241-0641

Fax: 517-241-0865

collinsk@michigan.gov

The designated DTMB Project Manager is:

Gordon Mayes

DTMB

Customer Service

MSP HQ's, 4<sup>th</sup> Floor

333 S Grand Ave

Lansing, MI

517-241-2257

mayesg1@michigan.gov

**LOCATION OF WHERE THE WORK IS TO BE PERFORMED:**

All work will be performed by the Contractor remotely.

**EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:**

Due to the work being performed remotely and on a fixed cost basis, there are no requirements regarding the number of hours worked on this project by the Contractor (i.e. total number of hours, hours per day, working hours).



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

<b>Project Title:</b> LEIN Upgrade XML Conversion Part 2	<b>Period of Coverage:</b> 9/1/2015 – 12/31/2017
<b>Requesting Department:</b> Michigan State Police	<b>Date:</b> July 7, 2015
<b>Agency Project Manager:</b> Kevin Collins	<b>Phone:</b> 517-241-0641
<b>DTMB Project Manager:</b> Gordon Mayes	<b>Phone:</b> 517-241-2254

**Brief Description of Services to be provided:**

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**BACKGROUND:**

The Michigan State Police ("MSP") has requested that Computer Projects of Illinois, Inc. (CPI) review each interface within the Law Enforcement Information network (LEIN) system to determine which interfaces may be capable of conversion to Extensible Markup Language (XML). To that end, MSP funded a discovery effort through Contract Change Notice #1. This Statement of Work and its attachments are the result of that effort and the forgoing efforts for such conversion.

**PROJECT OBJECTIVE:**

The objective of this project is the second step of the larger LEIN XML Conversion project. The LEIN message switch Contractor, Computer Products of Illinois, Inc. (CPI), has conducted the discovery portion of the project and has provided the attached Interface Conversion to XML Discovery Results for converting LEIN and its various interfaces to utilize the Extensible Markup Language (XML). Prior to the conversion, the MSP Message Switch Platform must be upgraded to current release levels.

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**ACCEPTANCE CRITERIA:**

Per the Acceptable Criteria in the Payment Section below.

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<b>TOTAL</b>		<b>\$941,226.00</b>

Although the Contractor will be contracted to complete all the Steps above, Steps 2 and 3 is proposed to be paid by the International Justice and Public Safety Network (Nlets) via grant, therefore the cost for Step 2 and 3 is not required to be added to Contract 071B3200068. Contract 071B3200068 is to be increased by \$860,871.00 to cover the cost for the remaining steps.

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Warranty lasting until 12/31/2017	Included	1	Included			
<b>TOTAL COST</b>					<b>\$20,966.00</b>	
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<b>TOTAL COST</b>					<b>\$59,920.00</b>	
<b>Step 3: Nlets TIPS/Nlets</b>	Move Michigan's message switch	Custom programming	\$95.00	105	\$9,975.00	Thirty days of successful operations, error free, in
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<b>Web Service Interface</b>	off the legacy Nlets Socket Protocol which is planning for sunseting.	Testing	\$95.00	10	\$950.00	MSP LEIN Production environment
		Project management	\$105.00	20	\$2,100.00	
		Warranty lasting until 12/31/2017	Included	1	Included	
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<b>Step 6: Future</b>	Conversion of the additional 13	Custom programming	\$95.00	150	\$14,250.00	Thirty days of successful operations, error free, in
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		Project management	\$105.00	47	\$4,935.00	
			\$140.00		3	
	Per Interface Total					\$34,995.00
<b>Per Interface Total x 13 = TOTAL COST</b>					<b>\$454,935.00</b>	

DTMB will pay CONTRACTOR upon successful completion of the Acceptance Criteria and receipt of properly completed invoice(s) which shall be submitted to the billing address on the State issued purchase order. DTMB Accounts Payable area will coordinate obtaining Agency and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date, and must be approved by the Agency and DTMB Project Manager prior to payment. The invoices shall describe and document to the State's satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.

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**EXPENSES:**

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**PROJECT CONTACTS:**

The designated Agency Project Manager is:

Kevin Collins

Michigan State Police

Criminal Justice Information Center

MSP HQ, 2<sup>nd</sup> floor

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The designated DTMB Project Manager is:

Gordon Mayes

DTMB

Customer Service

MSP HQ's, 4<sup>th</sup> Floor

333 S Grand Ave

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mayesg1@michigan.gov

**LOCATION OF WHERE THE WORK IS TO BE PERFORMED:**

All work will be performed by the Contractor remotely.

**EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:**

Due to the work being performed remotely and on a fixed cost basis, there are no requirements regarding the number of hours worked on this project by the Contractor (i.e. total number of hours, hours per day, working hours).

## MI - NLETS TIPS

ID		Task Mode	Task Name	Duration	Start	Finish
1			<b>NLETS TIPS using Sockets</b>	<b>37 days</b>	<b>Tue 9/1/15</b>	<b>Mon 11/2/15</b>
2			MSP Issues contract amend	20 days	Tue 9/1/15	Fri 10/2/15
3			<b>Software Changes</b>	<b>5 days</b>	<b>Fri 10/2/15</b>	<b>Mon 10/12/15</b>
4			Prepare/Modify style she	5 days	Fri 10/2/15	Mon 10/12/15
5			Make TP and OPSPCL mo	5 days	Fri 10/2/15	Mon 10/12/15
6			Update NLETS Driver (if n	5 days	Mon 10/5/15	Mon 10/12/15
7			Add/Update MSNGR Forr	2 days	Mon 10/5/15	Wed 10/7/15
8			Modify Message Key con	5 days	Mon 10/5/15	Mon 10/12/15
9			<b>Testing</b>	<b>10 days</b>	<b>Mon 10/12/15</b>	<b>Wed 10/28/15</b>
10			CPI Internal Testing	5 days	Mon 10/12/15	Tue 10/20/15
11			Customer UAT	5 days	Tue 10/20/15	Wed 10/28/15
12			<b>Production Cutover</b>	<b>2 days</b>	<b>Wed 10/28/15</b>	<b>Mon 11/2/15</b>
13			Approval to move to proc	1 day	Wed 10/28/15	Fri 10/30/15
14			Move to production	1 day	Wed 10/28/15	Fri 10/30/15
15			Invoice customer	1 day	Fri 10/30/15	Mon 11/2/15

MI - NLETS TIPS

Predecessors	Resource Names
	Customer[0%]
2	Eli Manzhula[53%]
4SS	Linda Gralow[27%]
5SS	COMM Developer[13
6SS	Eli Manzhula[17%]
7SS	Eli Manzhula[7%]
8	Eli Manzhula[13%]
10	Customer[0%]
11	Customer[0%]
13SS	Eli Manzhula[33%]
14	Pasquale Cappelletti[

MI - CORE Technology XML Conversion

ID		Task Mode	Task Name	Duration	Start	Finish
1			<b>CORE Technology XML Conversion</b>	<b>30 days</b>	<b>Tue 9/1/15</b>	<b>Mon 10/12/15</b>
2			MSP Issue Contract Amendr	30 days	Tue 9/1/15	Mon 10/12/15
3			<b>Development</b>	<b>30 days</b>	<b>Tue 10/13/15</b>	<b>Mon 11/23/15</b>
4			Changes to Java Client	5 days	Tue 10/13/15	Mon 10/19/15
5			Changes to Java Client drive	3 days	Tue 10/20/15	Thu 10/22/15
6			TP / OPSPCL changes	10 days	Tue 10/20/15	Mon 11/2/15
7			Changes by CORE TECHNOLOG	30 days	Tue 10/13/15	Mon 11/23/15
8			<b>Production</b>	<b>3 days</b>	<b>Wed 12/16/15</b>	<b>Fri 12/18/15</b>
9			Schedule move to production	1 day	Wed 12/16/15	Wed 12/16/15
10			Move to production	1 day	Thu 12/17/15	Thu 12/17/15
11			Invoice Customer	1 day	Fri 12/18/15	Fri 12/18/15
12			<b>Testing</b>	<b>16 days</b>	<b>Tue 11/24/15</b>	<b>Tue 12/15/15</b>
13			Internal testing and QA	10 days	Tue 11/24/15	Mon 12/7/15
14			Customer UAT	1 day	Mon 12/7/15	Tue 12/8/15
15			Approval for production	5 days	Tue 12/8/15	Tue 12/15/15

MI - CORE Technology XML Conversion

Predecessors	Resource Names
	Customer[0%]
2	Ian Warner[27%]
4	Alan Flenard[22%]
4	Mike Covey[10%]
4SS	Customer[0%]
15	Pasquale Cappelletti[
9	Pasquale Cappelletti[
10	Pasquale Cappelletti[
7	Ian Warner[7%],Mike
13	Customer[0%]
14	Customer[0%]

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. 071B3200068**  
 Between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Computer Projects of Illinois, Inc. (CPI) 475 Quadrangle Drive, Suite A Bolingbrook, IL 60440	SteveSawatzky	<a href="mailto:SiSawatzky@openfox.com">SiSawatzky@openfox.com</a>
	PHONE	VENDOR FEIN # (LAST FOUR DIGITS ONLY)
	630-754-8820	8454

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER	DTMB	Gordon Mayes	517-241-2257	mayesgs@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jarrod Barron	517-284-7045	Barronj1@michigan.gov

CONTRACT SUMMARY			
<b>DESCRIPTION:</b> Law Enforcement Information Network (LEIN) Disaster Recovery Software, Maintenance, Support, and Installation Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
January 1, 2013	December 31, 2017	3 one year	December 31, 2017
PAYMENT TERMS	F.O.B.	SHIPPED TO	
Net 45	Shipment	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				
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"/>	Option/Extension	Date
CURRENT VALUE		VALUE/COST OF CHANGE NOTICE	ESTIMATED REVISED AGGREGATE CONTRACT VALUE	
\$1,156,196.52		\$8,820.00	\$1,165,016.52	

**DESCRIPTION:**  
 Effective March 9, 2015, this contract is amended to add \$8,820.00 for the services in the attached statement of work to create an automatic query of a person's name based on the result of a license plate query.

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



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

<b>Project Title:</b> LEIN Cascading Query	<b>Period of Coverage:</b> 1 Feb 15 -31 Sept 15
<b>Requesting Department:</b> Michigan State Police	<b>Date:</b> Jan. 6, 2015
<b>Agency Project Manager:</b> Kevin Collins	<b>Phone:</b> 517-241-0641
<b>DTMB Project Manager:</b> Gordon Mayes	<b>Phone:</b> 517-241-2254

**Brief Description of Services to be provided:**

**BACKGROUND:**

This Statement of Work is governed by the terms of Contract 071B3200068.

Currently the MSP uses separate vendors for access to the Law Enforcement Information Network (LEIN) for the stationary and mobile environments. To allow for cascading queries to be vendor independent we are requesting the Vendor who supports the LEIN switches for Michigan, to add this functionality within their solution.

**PROJECT OBJECTIVE:**

The objective of the Law Enforcement Information Network (LEIN) Cascading Query project is for the LEIN message to automatically perform name-based hot-file queries based on the results of a license plate query. This functionality will be configurable by agency and will be programmed in a way that doesn't require any programming on the part of the user agency's vendor. When used during a traffic stop, this functionality saves the user time and effort, allowing the user to maintain more visual contact with the subject of the stop.

**SCOPE OF WORK:**

Please See Computer Projects of Illinois (CPI), DRIVER Query from LICENSE Plate Response State of Work (SOW), version 1.2 (December 6, 2014) (MI-002-2014) for the agreed upon Scope of Work, the same being incorporated herein by reference.

This is a fixed price project and no payment will be made on any part until the full solution has been fully accepted by MSP and DTMB and has been promoted to the MSP LEIN Production environment.

**TASKS:**

Technical support is required to assist with the following tasks:

- Project Management
- Software Architect to accurately complete the requested work.
- Testing of the new query in the MSP LEIN Test Switch
- Promotion of new Query to production
- Any relevant knowledge transfer to CPI.

**DELIVERABLES:**

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them. Deliverables for this project include:

- Project management

- Coding to accomplish the derivative spawns
- Testing
- Move to production system
- Knowledge Transfer to both MSP and DTMB staff
- Documentation for the Cascading Query
- Post production support

**ACCEPTANCE CRITERIA:**

Work will be accepted by both MSP and DTMB when the new Query has been been fully tested and moved to production.

**PROJECT CONTROL AND REPORTS:**

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

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

**SPECIFIC DEPARTMENT STANDARDS:**

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

**PAYMENT SCHEDULE:**

This is a fixed price project (\$8,820.00) and no payment will be made on any part until the full solution has been fully accepted by MSP and DTMB and has been promoted to the MSP LEIN Production environment.

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

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

**EXPENSES:**

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

**PROJECT CONTACTS:**

The designated Agency Project Manager is:

Kevin Collins  
Michigan State Police  
Criminal Justice Information Center  
MSP HQ, 2<sup>nd</sup> floor  
333 S. Grand Ave.  
Lansing, MI 48933  
517-241-0641  
Fax: 517-241-0865  
collinsk@michigan.gov

The designated DTMB Project Manager is:

Gordon Mayes  
DTMB  
Customer Service  
MSP HQ's, 4<sup>th</sup> Floor  
333 S Grand Ave  
Lansing, MI  
517-241-2257  
mayesg1@michigan.gov

**AGENCY RESPONSIBILITIES:**

MSP will:

- Provide system access
- Provide information as may be requested by vendor
- Testing as required
- Approval to move to production system

**LOCATION OF WHERE THE WORK IS TO BE PERFORMED:**

All work will be performed by the vendor remotely.

**EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:**

The quote for this SOW is a flat fee of \$8,820.00. Therefore, there are no requirements regarding the number of hours worked on this project by the vendor (i.e. total number of hours, hours per day, working hours). Vendor will complete work with 60 days of receipt of purchase order.

**Michigan State Police**  
**Driver Query Spawn from License Plate**  
**Query Response**  
**Statement of Work**

**December 6, 2014**  
**Version 1.2**  
**October 6, 2014**  
**Version 1.1**

**Version 1, dated 8/27/2014**



**Computer Projects of Illinois, Inc.**  
**475 Quadrangle Drive**  
**Bolingbrook, IL 60440**  
**(630) 754-8820**

- 1 INTRODUCTION ..... 24**
- 1.1 Assumptions.....24**
- 2 BUSINESS PROCESS ..... 24**
- 2.1 Detail Information.....24**
  - 2.1.1 OLN Query .....25
  - 2.1.2 NAM Query.....25
    - 2.1.2.1 NAM Query – OCCW.....26
- 2.2 Valid Query Type Table .....27**
- 2.3 XREF Naming Convention.....27**
- 3 DELIVERABLES AND RESPONSIBILITIES ..... 27**
- 3.1 CPI Deliverables.....27**
- 3.2 Michigan State Police Responsibilities .....27**
- 4 PROJECT TIMELINE ..... 28**
- 5 PRICING ..... 29**

## Introduction

The Michigan State Police has requested that CPI spawn a driver query using the OLN contained in a positive response to a vehicle license plate query. This functionality is currently in one of their workstation vendor's package. MSP would like to replicate this functionality to other implementations as well.

The current vendor includes an option in the workstation screen to select the 'drill down' option. MSP requests that this be implemented in such a manner as to eliminate such a need or minimize the need for other vendors to change to accommodate the functionality.

## Assumptions

- All work will be performed remotely.
- No additional hardware or software is required for this effort.
- This will ONLY apply to in-state queries routed to SOS. If the state code is not "MI", then the derivative spawning will not occur.
- This would apply only to originating stations not a TALON station.
- Secretary of State (SOS) will not change the format of the responses especially as it related to the OLN field.
- There are two derivative spawns from an original query by LIC plate
  - Query by OLN based upon LIC Query response
  - Query by NAM, DOB, RAC, SEX based upon OLN query response
  - The OLN field can only be identified by matching a 17 char sequence which begins with an alpha character, followed by 4 repetitions of "-999". Example: X-999-999-999-999.
  - The beginning alpha character matches the first character of the last name of the driver.
- For the special XREF station identified in section 0, CPI will configure a few testing XREF stations but MSP will be responsible for configuring all production XREF stations.

## Business Process

Each time that an in-state users performs a query ("Q") requesting vehicle registration information by license plate (scan line 13), SOS returns a positive hit response with the OLN of the registered owner, if available, contained within the response. The OLN is formatted by SOS as a 17 char sequence as indicated by "X-999-999-999-999" where "X" is an alpha character matching the driver's first character of the last name and "9" represents digits assigned to the OLN by SOS. The response will be scanned looking for this format to spawn the driver query.

## Detail Information

License Plate inquiries from in-state are defined as a 'Q' message key with a coded string required by SOS. These codes identify to SOS the type of query and the identifiers being used. The code is primary code terminated by a ":" followed by a secondary code which identifies the parameters being used. For purposes of this project the primary code must be "47" and the secondary code for a LIC PLATE query may be either 11, 11C, 13, 14, or 15. These secondary codes indicate a query by LIC plate (scan-line 13).

Example – Original LIC Query:

Q.MI630043N.47:11.13:ABC1234.55:SMITH.56:SMITH/SO.

## **OLN Query**

Upon receiving a response from SOS, the system will scan the response and lookup the original query. If the original query was a query by LIC plate, the derivative spawn process will continue. If not, the response will be returned to the requester as is the current process.

The response to the original LIC plate query will be scanned to locate the OLN. Once the OLN is located, the system will then format a query by OLN as if submitted by the original station. The system will then process according to established and existing edits and rules. For the OLN query the header info, ORI, operator (scan line 55) and "for" (scan line 56) parameters from the first query will be used in this query.

The type of query generated to SOS will be controlled by the existence or absence of a specially formatted XREF station pointing to/associated to the originating device. The XREF station contains the type of query to be used to SOS within the PLA field. The entry in the PLA field must be formatted correctly. Refer to section 0 for information.

The system will then lookup a special station in a two-step process to determine if the spawning process should be followed. The first level will be for the station originating the query. The system will look up a derived station name combining "SOS" with the station name (max 15 char). If that station exists, this would indicate that this device (in general) desires the spawning mechanism. The second level would be a lookup for a special station matching a derived name combining "SOS" and the station ORI from which the transaction originated.

Example: LEVEL 1 Check "SOSWXSHCOMP2"

- Meaning: Station "WXSHCOMP2" may use this spawning depending upon level 2 criteria

Example: LEVEL 2 Check "SOSMI8318306"

- This check would only be attempted if the LEVEL 1 check were successful. If this check is successful, then the spawning would be completed.

See section 0.

If either of the special XREF stations are not present, then the derivative spawning (a.k.a. drill down) will NOT take place.

If BOTH the special XREF stations exist, the OLN query to SOS will be configured according to the content of the PLA for the XREF station. (example: 47:35/42 or 47:36).

Example – Derivative Spawn OLN Query:

Q.MI630043N.47:35/43.11:A9999999999999.55:SMITH.56:SMITH/SO.

Query routing will be determined by the configuration of the "Q" message key and the specific query parameters.

## **NAM Query**

Upon receiving a response from SOS, the system will scan the response and lookup the original query. If the original query was a query by LIC plate, the derivative spawn process will continue. If not, the response will be returned to the requester as is the current process.

The response to the original OLN query will be scanned to locate the NAM (scan line 1), DOB (scan line 7), SEX/RAC (scan line 2) of the driver. Once the NAM information is located, the system will then format a query by NAM, DOB, SEX, RAC as if submitted by the original station. The system will then process according to established and existing edits and rules. For the NAM query the header info, ORI, operator (scan line 55) and “for” (scan line 56) parameters from the first query will be used in this query.

As in the first spawn the type of query generated to SOS will be controlled by the existence or absence of a specially formatted XREF station pointing to/associated to the originating device.

Example – Derivative Spawn NAM Query:

Q.MI630043N.47:35/43.1:MAXWELL/JUSTIN/JAE/.2:UM.7:19820107.  
55:SMITH.56:SMITH/SO.77.1

Query routing will be determined by the configuration of the “Q” message key and the specific query parameters.

### **NAM Query – QCCW**

The derivative spawn process will be expanded to include a query to the CCW system. In order to do so the scan lines indicated below have been added to the QCCW transaction definition.

As in section 0, once the NAM information is located, the system will then process the data in order to format a QCCW query by NAM, DOB, SEX, RAC as if submitted by the original station.

In this case, if the scan-lines 262 and 263 and possibly 264 are not present, the QCCW transaction will NOT be spawned. The rules governing these scan-lines are as follows:

Scan-line 262 (CPLP) – numeric, values of 1-6

Scan-line 263 (CPLA) – alpha, value of “Y”

Scan-line 264 (CPLR) – 50 character text – optional field, required if CPLP=6

1. All queries to CCW require scan-line 262 (CPLP),
2. all queries by NAM/RAC/SEX/DOB must require scan-lines 262 (CPLP) AND 263(CPLA)
3. Whenever 262 (CPLP) = 6, 264 (CPLR) must not be null.

If the scan-lines above are present according to the defined rules, the system will then process the QCCW according to established and existing edits and rules. For the NAM query the header info, ORI, operator (scan line 55) and “for” (scan line 56) parameters from the first query will be used in this query as well.

Example – Derivative Spawn NAM Query to CCW:

QCCW.MI630043N.1:MAXWELL/JUSTIN/JAE/.2:UM.7:19820107.262:1.263:A.  
55:SMITH.56:SMITH/SO.77.1

Example – Derivative Spawn NAM Query to CCW:

QCCW.MI630043N.1:MAXWELL/JUSTIN/JAE/.2:UM.7:19820107.262:6.263:A.  
264:xxxxxxxxxxxxxxxxxxxxxxxxxxxx.55:SMITH.56:SMITH/SO.77.1

Query routing will be determined by the configuration of the “QCCW” message key and the specific query parameters.

## Valid Query Type Table

<i>SOS INQUIRIES – PERSONS</i>		
DRIVER/OPERATOR RECORDS		
SOS CODES	SOS RESPONSE	IDENTIFIERS
47:35	Current Driver Status (eligibility to drive).	NAME (1), RACESEX (2), & DOB (7) <b>NOT ALLOWED</b>
47:36	Complete Driving Record (edited)	NAME (1), RACESEX (2), & DOB (7) and/or OLN (11)
47:42	Complete Driving History Record (unedited).	NAME (1), RACESEX (2), & DOB (7) and/or OLN (11)
47:35/42	Current Driver Status and Driver History (unedited).	NAME (1), RACESEX (2), & DOB (7) and/or OLN (11)
47:35/42C	Current Driver Status and Certified Driver History.	NAME (1), RACESEX (2), & DOB (7) and/or OLN (11)
47:39	License Information (Previous/Alias Name).	NAME (1), RACESEX (2), & DOB (7) and/or OLN (11)
47:40	Current Address.	NAME (1), RACESEX (2), & DOB (7) and/or OLN (11)
47:43	History of all Convictions.	NAME (1), RACESEX (2), & DOB (7) and/or OLN (11)
47:27	Watercraft/Snowmobile Operator Status.	NAME (1), RACESEX (2), & DOB (7) and/or OLN (11)
47:28	Watercraft/Snowmobile Complete Operator History Record.	NAME (1), RACESEX (2), & DOB (7) and/or OLN (11)

## XREF Naming Convention

The XREF station to be created will use the naming convention as follows:

- Char 1,2,3 = "SOS"
- Remaining char = ORI from transaction. Example: "SOSMI630043N" (cannot exceed 15 char)

This will allow MSP to configure the derivative spawn indicated for each XDAC or any other originating station.

Example of XREF Station:

```
SOSMI630043N CLS=XREF NBR=11111 AUT=0 BAR, PSU
PLA=47:35/43
```

## Deliverables and Responsibilities

### CPI Deliverables

CPI will provide the following deliverables for the MSP:

- Project management
- Coding to accomplish the derivative spawns
- Testing
- Move to production
- Post production support

### Michigan State Police Responsibilities

- Provide system access

- Provide information as may be requested
- Testing as required
- Approval to move to production

## **Project Timeline**

CPI will schedule the work upon receipt of PO if monetary charges, or upon agreement to proceed if using maintenance hours. CPI will work to complete this within 60 days if agreed to by MSP and a PO or authorization to use contract funds is provided by September 30, 2014.

## Pricing

The following table presents the pricing associated with the tasks for this statement of work. The SOW has been assigned the following CPI quote # **MI-002-2014**. Please include this number on all purchase order documents.

Item Description	Initial Cost	Year 2 Maintenance
Derivative Spawn #1: Spawn DRIVER query by OLN from VEHICLE Registration query by LIC plate response	\$4,240.00	n/a
Derivative Spawn #2: Spawn DRIVER query by NAM/DOB/RAC/SEX from OLN query response, to include SOS		
Derivative Spawn #3: Spawn QCCW query by NAM/DOB/RAC/SEX from OLN query response to include CPL fields	\$1,600.00	
Testing	\$1060.00	n/a
Project Management	\$1,920.00	n/a
<b>Total</b>	<b>\$8,820.00</b>	<b>n/a</b>

\*ALL CPI PRODUCTS AND SOFTWARE COME WITH A WARRANTY LASTING UNTIL THE NEXT ANNIVERSARY DATE OF THE CPI OPENFOX™ MESSAGE SWITCHING SYSTEM SUPPORT AND MAINTENANCE CONTRACT. THE MAINTENANCE CHARGES FOR THE ABOVE QUOTED PRODUCTS AND SERVICES WILL THEN BE ADDED TO THE CURRENT MSP SYSTEM MAINTENANCE AND SUPPORT.

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

**CHANGE NOTICE NO. 1**  
 to  
**CONTRACT NO. 071B3200068**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:		PRIMARY CONTACT		EMAIL
Computer Projects of Illinois, Inc. (CPI) 475 Quadrangle Drive, Suite A Bolingbrook, IL 60440		Lorne Sawatzky		<a href="mailto:LSawatzky@openfox.com">LSawatzky@openfox.com</a>
		TELEPHONE		CONTRACTOR #, MAIL CODE
		(630) 754-8820		
STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Gordon Mayes	(517) 241-2257	mayesgs@michigan.gov
BUYER:	DTMB	Steve Motz	(517) 241-3215	motzs@michigan.gov
CONTRACT SUMMARY:				
DESCRIPTION:				
Law Enforcement Information Network (LEIN) Disaster Recovery Software, Maintenance, Support, and Installation Services				
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS	
5 Years	January 1, 2013	December 31, 2017	Three One-Year	
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM	
Net 45	Shipment	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:				
N/A				

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	EXERCISE CONTRACT OPTION YEAR(S)	EXTENSION BEYOND CONTRACT OPTION YEARS	LENGTH OF OPTION/EXTENSION	EXPIRATION DATE AFTER CHANGE
<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		12/31/2017
COST OF CHANGE NOTICE:			ESTIMATED REVISED AGGREGATE CONTRACT VALUE:	
\$50,000.00			\$1,156,196.52	
Effective 12/30/2014, Contract value is hereby increased by \$50,000.00 to provide adequate funds for the attached Statement of Work and pricing schedule for analysis of interface transition requirements for XML. This is allowable per the existing contract terms. All other terms, conditions, current pricing and specifications remain the same.				



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

<b>Project Title:</b> LEIN XML Conversion Discovery	<b>Period of Coverage:</b>
<b>Requesting Department:</b> Michigan State Police	<b>Date:</b> Oct. 21, 2014
<b>Agency Project Manager:</b> Kevin Collins	<b>Phone:</b> 517-241-0641
<b>DTMB Project Manager:</b>	<b>Phone:</b>

**Brief Description of Services to be provided:**

**BACKGROUND:**

**PROJECT OBJECTIVE:**

The objective of this project is the first step of the larger LEIN XML Conversion project. This first step, LEIN XML Conversion Discovery, is for the LEIN message switch vendor, Computer Products of Illinois (CPI), to examine each LEIN interface to determine which of them may be capable of conversion to XML. For each interface, CPI will determine the work needed to convert each interface and provide a quote.

**SCOPE OF WORK:**

See Computer Projects of Illinois (CPI), Interface Conversion to XML Discovery State of Work (SOW), version 2 (October 6, 2014) (MI-001-2014)

**TASKS:**

Technical support is required to assist with the following tasks:

- Contract change (not included in scope of current contract).
- Any relevant knowledge transfer to CPI.

**DELIVERABLES:**

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them. Deliverables for this project include:

- An additional SOW and quote which identifies all interfaces capable of being converted to XML.

**ACCEPTANCE CRITERIA:**

**PROJECT CONTROL AND REPORTS:**

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

7. **Hours:** Indicate the number of hours expended during the past two weeks, and the cumulative total to date for the project. Also state whether the remaining hours are sufficient to complete the project.
8. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
9. **Funds:** Indicate the amount of funds expended during the current reporting period, and the

cumulative total to date for the project.

**SPECIFIC DEPARTMENT STANDARDS:**

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

**PAYMENT SCHEDULE:**

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

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

**EXPENSES:**

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

**PROJECT CONTACTS:**

The designated Agency Project Manager is:

Name [Kevin Collins](#)  
Department [Michigan State Police](#)  
Area [Criminal Justice Information Center](#)  
Building/Floor [MSP HQ, 2<sup>nd</sup> floor](#)  
Address [333 S. Grand Ave.](#)  
City/State/Zip [Lansing, MI 48933](#)  
Phone Number [517-241-0641](#)  
Fax Number [517-241-0865](#)  
Email Address [collinsk@michigan.gov](mailto:collinsk@michigan.gov)

The designated DTMB Project Manager is:

Name  
Department  
Area  
Building/Floor  
Address  
City/State/Zip  
Phone Number  
Fax Number  
Email Address

**AGENCY RESPONSIBILITIES:**

??

**LOCATION OF WHERE THE WORK IS TO BE PERFORMED:**

All work will be performed by the vendor remotely.

**EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:**

The quote for this SOW is a flat fee of \$50,000. Therefore, there are no requirements regarding the number of hours worked on this project by the vendor (i.e. total number of hours, hours per day, working hours).

**Michigan State Police  
Interface Conversion to XML  
Discovery  
Statement of Work**

October 6, 2014  
Version 2



**Computer Projects of Illinois, Inc.**  
475 Quadrangle Drive  
Bolingbrook, IL 60440  
(630) 754-8820

**Contents**

**1 INTRODUCTION.....4**

1.1 Assumptions..... 4

**2 BUSINESS PROCESS .....4**

**3 DELIVERABLES AND RESPONSIBILITIES.....5**

3.1 CPI Deliverables..... 5

3.2 Michigan State Police Responsibilities ..... 5

**4 PROJECT TIMELINE.....5**

**5 PRICING .....5**

**6 SIGNATURE OF ACCEPTANCE .....7**

## 1 Introduction

The Michigan State Police has requested that CPI review each interface within the system to determine which interfaces may be capable of conversion to XML. This document is for the discovery effort and will result in an additional statement of work and quote for the related effort for interfaces identified.

### 1.1 Assumptions

- All work will be performed remotely.
- No additional hardware or software is required for this effort.
- The results of this effort will be an additional SOW and quote for the identified interfaces that may potentially be converted to XML.
- Interfaces identified may also require work, which may be significant, by MSP to complete.

## 2 Business Process

Each interface identified by auto-route file will be reviewed to determine the type of input and output currently being processed by the system. If the interface is currently exchanging text (i.e. non-xml), that interface will be listed and the potential for conversion will be identified.

After all interfaces have been reviewed, interfaces that are capable of being converted will be identified along with the suggested XML structure and a price will be set for each interface. A statement of work and a total quote will be created which will include all of the identified interfaces. At that point discovery effort will be complete.

Interface	Purpose
FILE01	NLETS
FILE02	NCIC PROPERTY AND WANTED
FILE03	NCIC CRIMINAL HISTORY
FILE04	NCIC NICS TRANSACTION
FILE05	SECRETARY OF STATE
FILE06	DEPARTMENT OF CORRECTIONS (OMNI)
FILE07	MSP MAINFRAME
FILE08	OPENFOX HOT FILES
FILE09	LEIN GATEWAY - SOR APPLICATION
FILE10	CRIMINAL HISTORY SYSTEM - LEIN/CCH
FILE11	DEPARTMENT OF CORRECTIONS (CMIS)
FILE12	CRIMINAL HISTORY SYSTEM - CCH/CCW
FILE13	CRIMINAL HISTORY SYSTEM - CCH/HOT FILES
FILE14	CRIMINAL HISTORY SYSTEM - CCH/MDOC
FILE15	WEATHER FILE
FILE16	CRIMINAL HISTORY SYSTEM - CCH/NLETS

Michigan State Police  
MI-001-2014

Interface	Purpose
FILE17	CRIMINAL HISTORY SYSTEM - CCH/NCIC
FILE18	MSP MAINFRAME #2
FILE19	OPENFOX VALIDATIONS
FILE20	ICHAT DB INTERFACE
FILE21	MSP MAINFRAME FOR QCCW
FILE22	VALIDATION - NCIC APPLICATION
FILE23	LGW BREATH FILE
FILE24	LEIN GATEWAY CCW
FILE25	LEIN GATEWAY PPO
FILE26	LEIN GATEWAY APRS
FILE28	OPENFOX HOT FILES (QW COMMON NAME, QWAR, QHIT)
FILE29	LEIN GATEWAY GUNS
FILE30	NLETS - FOR SPAWN IPQ
FILE31	LGW MMJ STATION
FILE32	LGW MORI
FILE35	PROTECS SCANNED IMAGE REPOSITORY
FILE36	DRIVER IMAGE REPOSITORY

### 3 Deliverables and Responsibilities

#### 3.1 CPI Deliverables

CPI will provide the following deliverables for the MSP:

- Project management
- Interface research and discovery effort
- Final SOW and quote, identifying the following:
  - Targeted interfaces and identification of changes required within the system for each conversion
  - Discussion on changes required within MSP changes to implement XML, if required.
  - Estimated timeline for conversion for each interface

#### 3.2 Michigan State Police Responsibilities

- Provide system access
- Provide information as may be requested

### 4 Project Timeline

CPI will schedule the work upon receipt of PO. It is believed this could be completed within 60 days if agreed to by October 31, 2014.

### 5 Pricing

Michigan State Police  
MI-001-2014

The following table presents the pricing associated with the tasks for this statement of work. In order for CPI to deliver the follow-up SOW and quote within the required time frames, all parties must work closely together to insure that all required facilities are provided in a timely manner. The SOW has been assigned the following CPI quote # **MI-001-2014. Please include this number on all purchase order documents.**

<b>Item Description</b>	<b>Initial Cost</b>	<b>Year 2 Maintenance</b>
Discovery	\$50,000.00	n/a
Project Management - Included	\$0.00	n/a
<b>Total</b>	<b>\$50,000.00</b>	<b>n/a</b>

\*ALL CPI PRODUCTS AND SOFTWARE COME WITH A WARRANTY LASTING UNTIL THE NEXT ANNIVERSARY DATE OF THE CPI OPENFOX™ MESSAGE SWITCHING SYSTEM SUPPORT AND MAINTENANCE CONTRACT. THE MAINTENANCE CHARGES FOR THE ABOVE QUOTED PRODUCTS AND SERVICES WILL THEN BE ADDED TO THE CURRENT MSP SYSTEM MAINTENANCE AND SUPPORT.

**6 Signature of Acceptance**

CPI Name \_\_\_\_\_

MSP Name \_\_\_\_\_

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

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

January 10, 2013

**CONTRACT NO. 071B3200068**  
 between  
**THE STATE OF MICHIGAN**  
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Computer Projects of Illinois, Inc. (CPI) 475 Quadrangle Drive, Suite A Bolingbrook, IL 60440	Lorne Sawatzky	<a href="mailto:LSawatzky@openfox.com">LSawatzky@openfox.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(630) 754-8820	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Gordon Mayes	(517) 241-2257	mayesgs@michigan.gov
BUYER:	DTMB	Steve Motz	(517) 241-3215	motzs@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION:			
Law Enforcement Information Network (LEIN) Disaster Recovery Software, Maintenance, Support, and Installation Services			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
5 Years	January 1, 2013	December 31, 2017	Three One-Year
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	Shipment	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:			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:			\$1,106,196.52

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

**CONTRACT NO. 071B3200068**  
 between  
**THE STATE OF MICHIGAN**  
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Computer Projects of Illinois, Inc. (CPI) 475 Quadrangle Drive, Suite A Bolingbrook, IL 60440	Lorne Sawatzky	<a href="mailto:LSawatzky@openfox.com">LSawatzky@openfox.com</a>
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(630) 754-8820	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB	Gordon Mayes	(517) 241-2257	mayesgs@michigan.gov
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CONTRACT SUMMARY:			
<b>DESCRIPTION:</b>			
<b>Law Enforcement Information Network (LEIN) Disaster Recovery Software, Maintenance, Support, and Installation Services</b>			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
5 Years	January 1, 2013	December 31, 2017	Three One-Year
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
Net 45	Shipment	N/A	N/A
<b>ALTERNATE PAYMENT OPTIONS:</b>			<b>AVAILABLE TO MiDEAL PARTICIPANTS</b>
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
<b>MINIMUM DELIVERY REQUIREMENTS:</b>			
N/A			
<b>MISCELLANEOUS INFORMATION:</b>			
N/A			
<b>ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:</b>			<b>\$1,106,196.52</b>

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation #C20120815-121126. Orders for delivery will be issued directly by the Department of Technology, Management & Budget through the issuance of a Purchase Order Form.

---

---

**FOR THE CONTRACTOR:**

**Computer Projects of Illinois, Inc. (CPI)**

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

---

---

**FOR THE STATE:**

Signature

**Greg Faremouth, IT Division Director**

Name/Title

**DTMB, Procurement**

Enter Name of Agency

Date



**STATE OF MICHIGAN**  
**Department of Technology, Management and Budget**  
**DTMB Procurement**

Contract No.071B3200068

[MSP Law Enforcement Information Network \(LEIN\) Software, Maintenance and Support](#)

Buyer Name: [Steve Motz](#)

Telephone Number: [517-241-3215](#)

E-Mail Address: [motzs@michigan.gov](mailto:motzs@michigan.gov)



**Table of Contents**

<b>Article 1 – Statement of Work (SOW)</b>	<b>47</b>
<b>1.000 Project Identification</b>	<b>47</b>
1.001 Project Request	47
<b>1.100 Scope of Work and Deliverables</b>	<b>47</b>
1.101 In Scope	47
1.102 Intentionally Deleted	47
1.103 Environment	47
<b>1.200 Roles and Responsibilities</b>	<b>49</b>
1.201 Contractor Staff, Roles, And Responsibilities	49
1.202 State Staff, Roles, And Responsibilities	50
<b>1.300 Project Plan</b>	<b>51</b>
1.301 Project Plan Management	51
1.302 Reports	51
<b>1.400 Project Management</b>	<b>51</b>
1.401 Issue Management	51
1.402 Intentionally Deleted	52
1.403 Change Management	52
<b>1.500 Acceptance</b>	<b>52</b>
1.501 Criteria	52
1.502 Final Acceptance	52
<b>1.600 Compensation and Payment</b>	<b>52</b>
1.601 Compensation And Payment	52
<b>Article 2, Terms and Conditions</b>	<b>57</b>
<b>2.000 Contract Structure and Term</b>	<b>57</b>
2.001 Contract Term	57
2.002 Options to Renew	57
2.003 Legal Effect	57
2.004 Attachments & Exhibits	57
2.005 Ordering	57
2.006 Order of Precedence	57
2.007 Headings	58
2.008 Form, Function & Utility	58
2.009 Reformation and Severability	58
<b>2.010 Consents and Approvals</b>	<b>58</b>
2.011 No Waiver of Default	58
2.012 Survival	58
<b>2.020 Contract Administration</b>	<b>58</b>
2.021 Issuing Office	58
2.022 Contract Compliance Inspector	58
2.023 Project Manager	59
2.024 Change Requests	59
2.025 Notices	60
2.026 Binding Commitments	60
2.027 Relationship of the Parties	61
2.028 Covenant of Good Faith	61
2.029 Assignments	61
<b>2.030 General Provisions</b>	<b>61</b>
2.031 Media Releases	61
2.032 Contract Distribution	61
2.033 Permits	61
2.034 Website Incorporation	62
2.035 Future Bidding Preclusion	62
2.036 Freedom of Information	62
2.037 Disaster Recovery	62



<b>2.040</b>	<b>Financial Provisions</b>	<b>62</b>
2.041	Fixed Prices for Services/Deliverables	62
2.042	Adjustments for Reductions in Scope of Services/Deliverables	62
2.043	Services/Deliverables Covered	62
2.044	Invoicing and Payment – In General	62
2.045	Pro-ration	63
2.046	Antitrust Assignment	63
2.047	Final Payment	63
2.048	Electronic Payment Requirement	63
<b>2.050</b>	<b>Taxes</b>	<b>63</b>
2.051	Employment Taxes	63
2.052	Sales and Use Taxes	64
<b>2.060</b>	<b>Contract Management</b>	<b>64</b>
2.061	Contractor Personnel Qualifications	64
2.062	Contractor Key Personnel	64
2.063	Re-assignment of Personnel at the State’s Request	65
2.064	Contractor Personnel Location	65
2.065	Contractor Identification	65
2.066	Cooperation with Third Parties	65
2.067	Contract Management Responsibilities	65
2.068	Contractor Return of State Equipment/Resources	65
<b>2.070</b>	<b>Subcontracting by Contractor</b>	<b>66</b>
2.071	Contractor full Responsibility	66
2.072	State Consent to delegation	66
2.073	Subcontractor bound to Contract	66
2.074	Flow Down	66
2.075	Competitive Selection	66
<b>2.080</b>	<b>State Responsibilities</b>	<b>66</b>
2.081	Equipment	66
2.082	Facilities	67
<b>2.090</b>	<b>Security</b>	<b>67</b>
2.091	Background Checks	67
2.092	Security Breach Notification	67
2.093	PCI DATA Security Requirements	67
<b>2.100</b>	<b>Confidentiality</b>	<b>68</b>
2.101	Confidentiality	68
2.102	Protection and Destruction of Confidential Information	68
2.103	Exclusions	68
2.104	No Implied Rights	69
2.105	Respective Obligations	69
<b>2.110</b>	<b>Records and Inspections</b>	<b>69</b>
2.111	Inspection of Work Performed	69
2.112	Examination of Records	69
2.113	Retention of Records	69
2.114	Audit Resolution	69
2.115	Errors	69
<b>2.120</b>	<b>Warranties</b>	<b>70</b>
2.121	Warranties and Representations	70
2.122	Warranty of Merchantability	71
2.123	Warranty of Fitness for a Particular Purpose	71
2.124	Warranty of Title	71
2.125	INTENTIONALLY DELETED	71
2.126	INTENTIONALLY DELETED	71
2.127	INTENTIONALLY DELETED	71
2.128	INTENTIONALLY DELETED	71
<b>2.130</b>	<b>Insurance</b>	<b>71</b>
2.131	Liability Insurance	71
2.132	Subcontractor Insurance Coverage	73
2.133	Certificates of Insurance and Other Requirements	73
<b>2.140</b>	<b>Indemnification</b>	<b>74</b>



2.141	General Indemnification	74
2.142	Code Indemnification	74
2.143	Employee Indemnification	74
2.144	Patent/Copyright Infringement Indemnification	74
2.145	Continuation of Indemnification Obligations	75
2.146	Indemnification Procedures	75
<b>2.150</b>	<b>Termination/Cancellation</b>	<b>75</b>
2.151	Notice and Right to Cure	75
2.152	Termination for Cause	76
2.153	Termination for Convenience	76
2.154	Termination for Non-Appropriation	76
2.155	Termination for Criminal Conviction	77
2.156	Termination for Approvals Rescinded	77
2.157	Rights and Obligations upon Termination	77
2.158	Reservation of Rights	77
<b>2.160</b>	<b>Termination by Contractor</b>	<b>78</b>
2.161	Termination by Contractor	78
<b>2.170</b>	<b>Transition Responsibilities</b>	<b>78</b>
2.171	Contractor Transition Responsibilities	78
2.172	Contractor Personnel Transition	78
2.173	Contractor Information Transition	78
2.174	Contractor Software Transition	78
2.175	Transition Payments	78
2.176	State Transition Responsibilities	79
<b>2.180</b>	<b>Stop Work</b>	<b>79</b>
2.181	Stop Work Orders	79
2.182	Cancellation or Expiration of Stop Work Order	79
2.183	Allowance of Contractor Costs	79
<b>2.190</b>	<b>Dispute Resolution</b>	<b>79</b>
2.191	In General	79
2.192	Informal Dispute Resolution	80
2.193	Injunctive Relief	80
2.194	Continued Performance	80
<b>2.200</b>	<b>Federal and State Contract Requirements</b>	<b>80</b>
2.201	Nondiscrimination	80
2.202	Unfair Labor Practices	81
2.203	Workplace Safety and Discriminatory Harassment	81
2.204	Prevailing Wage	81
<b>2.210</b>	<b>Governing Law</b>	<b>81</b>
2.211	Governing Law	81
2.212	Compliance with Laws	81
2.213	Jurisdiction	81
<b>2.220</b>	<b>Limitation of Liability</b>	<b>82</b>
2.221	Limitation of Liability	82
<b>2.230</b>	<b>Disclosure Responsibilities</b>	<b>82</b>
2.231	Disclosure of Litigation	82
2.232	Call Center Disclosure	83
2.233	Bankruptcy	83
<b>2.240</b>	<b>Performance</b>	<b>83</b>
2.241	Time of Performance	83
2.242	Service Level Agreement (SLA)	83
2.243	Liquidated Damages	84
2.244	Excusable Failure	84
<b>2.250</b>	<b>Approval of Deliverables</b>	<b>85</b>
2.251	Delivery of Deliverables	85
2.252	Contractor System Testing	85
2.253	Approval of Deliverables, In General	85
2.254	Process for Approval of Written Deliverables	86
2.255	INTENTIONALLY DELETED	87



2.256	Final Acceptance	87
<b>2.260</b>	<b>Ownership</b>	<b>87</b>
2.261	Ownership of Work Product by State	87
2.262	Vesting of Rights	87
2.263	Rights in Data	87
2.264	Ownership of Materials	87
<b>2.270</b>	<b>State Standards</b>	<b>88</b>
2.271	Existing Technology Standards	88
2.272	Acceptable Use Policy	88
2.273	Systems Changes	88
<b>2.280</b>	<b>Extended Purchasing</b>	<b>88</b>
2.281	INTENTIONALLY DELETED	88
2.282	INTENTIONALLY DELETED	88
<b>2.290</b>	<b>Environmental Provision</b>	<b>88</b>
2.291	Environmental Provision	88
<b>2.300</b>	<b>Deliverables</b>	<b>89</b>
2.301	Software	89
2.302	INTENTIONALLY DELETED	90
<b>2.310</b>	<b>Software Warranties</b>	<b>90</b>
2.311	Performance Warranty	90
2.312	No Surreptitious Code Warranty	90
2.313	Calendar Warranty	90
2.314	Third-party Software Warranty	91
2.315	Physical Media Warranty	91
<b>2.320</b>	<b>Software Licensing</b>	<b>91</b>
2.321	INTENTIONALLY DELETED	91
2.322	INTENTIONALLY DELETED	91
2.323	INTENTIONALLY DELETED	91
2.324	License Retained by Contractor	91
2.325	Pre-existing Materials for Custom Software Deliverables	91
<b>2.330</b>	<b>Source Code Escrow</b>	<b>92</b>
2.331	Definition	92
2.332	Delivery of Source Code into Escrow	92
2.333	Delivery of New Source Code into Escrow	92
2.334	Verification	92
2.335	Escrow Fees	92
2.336	Release Events	92
2.337	Release Event Procedures	92
2.338	License	93
2.339	Derivative Works	93
<b>Glossary</b>		<b>94</b>



## **Article 1 – Statement of Work (SOW)**

### **1.000 Project Identification**

#### **1.001 PROJECT REQUEST**

The Contractor will provide the State with support for the Law Enforcement Information Network (LEIN). The Michigan State Police will continue to use the OpenFox Message Switch System Software in the production LEIN system, the test LEIN system, and the LEIN Disaster Recovery system. This Contract includes maintenance and support, implementation of mandated changes, and testing of the OpenFox Message Switch used by LEIN, and the Hot Files System used to store wanted persons and vehicles. This Contract includes the initial funding for additional in scope change controls which include services related to changes or new features for LEIN requested by MSP as well as additional software and maintenance.

### **1.100 Scope of Work and Deliverables**

#### **1.101 IN SCOPE**

This project consists of the following scope:

- A. Maintenance and Support
- B. Hardware Refresh
- C. Web Service Interface to new MDOS System
- D. Optional Bank of Hours
- E. Additional Software
- F. Warranty

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

#### **1.102 INTENTIONALLY DELETED**

#### **1.103 ENVIRONMENT**

The bidder must follow the standards for project management, systems engineering, and associated forms and templates found at <http://www.michigan.gov/suite>.

#### **1.104 Work And Deliverable**

##### **I. Services and Deliverables To Be Provided**

These deliverables are not all inclusive. The Contractor may propose other deliverables during the Contract.

##### **A. Maintenance and Support**

The Contractor shall provide maintenance and support of the software and interfaces used in the MSP Production LEIN system, Test LEIN system, and Disaster Recovery LEIN system. Pricing shall include five (5) years of maintenance and support, and an additional three (3) one year options to extend support. Hardware support will be provided by the State.

The following maintenance and Support requirements are applicable during the contract period:

- a. The Contractor will provide 24/7 support to address any problems with the system.
- b. The Contractor will provide thorough, ongoing technical system support.
- c. The Contractor will provide online technical system documentation.
- d. The Contractor will provide telephone technical support with 24/7 support.
- e. The Contractor will provide email technical system support with a maximum 24-hour turnaround on questions.
- f. The Contractor will provide maintenance and support of the following existing interfaces to LEIN:
  - i. CHR (via IBM Message Queuing)
  - ii. PPO



- iii. SOR
  - iv. Core Multibridge
  - v. Core Secure Tunnel
  - vi. Corrections
  - vii. SNAP
  - viii. Secretary of State Vehicle Registration Systems
  - ix. Secretary of State Business Application Modernization (BAM) systems
  - x. NCIC
  - xi. NLETS
- g. The Contractor will provide an escalation process for technical support.
  - h. The Contractor will provide an 800 number with a single point of contact 24 hours per day, 7 days per week to accept remedial maintenance requests from the State.
  - i. Telephone Assistance. The Contractor shall provide the State MSP-CJIS database administrator with telephone access to technical support engineers for assistance in the proper installation and use of the applications, and to report and resolve system problems, with 24/7 support.
  - j. The Contractor shall respond to the telephone requests for maintenance service, within two (2) hours, for calls made at any time.
  - k. The Contractor, with the State's approval, may provide remedial maintenance off-site via telephone or secure connection to the system.
  - l. The Contractor's maintenance program will commence at the end of the warranty period.
  - m. All maintenance will be performed by qualified personnel who are familiar with the system.
  - n. The Contractor will provide backup maintenance resources.
  - o. The Contractor will provide for escalation of maintenance issues to ensure critical issues are resolved.
  - p. The Contractor will provide remote diagnostic capabilities.
  - q. The Contractor will provide one point of contact to report system malfunction whether malfunction is due to software or is of unknown origin. The Contractor will then be responsible for providing the appropriate remedy.
  - r. The Contractor will make maintenance of the system available from the Contractor on an annually renewable Contract basis.
  - s. The Contractor will provide Help Desk hours and a process for prioritizing requests for assistance.
  - t. For the first year and all subsequent Contract years, the Contractor will provide the following services for the system, commencing upon installation of the deliverable(s):
    - i. **Error Correction:** Upon notice by State of a problem with the system (that can be verified), the Contractor shall use reasonable efforts to correct or provide a working solution for the problem.
    - ii. **Material Defects:** The Contractor shall notify the State of any material errors or defects in the deliverables known, or made known to the Contractor from any source during the Contract term that could cause the production of inaccurate or otherwise materially incorrect, results.
      - 1. The Contractor shall initiate actions, as may be commercially necessary or proper to effect corrections of any such errors or defects.
    - iii. **Updates:** All new releases and bug fixes (collectively referred to as "Changes") for any software deliverable developed or published by Contractor and made generally available to its other customers at no additional charge will be provided to the State at no additional charge. Updates required by the FBI and published as TOUs shall be provided to the State a no additional charge.
  - u. The Contractor will provide training for upgrades and new versions of the system that affect end-user functionality at no additional cost (e.g. classroom or online training, training flier, release features, etc.)
  - v. All training manuals, training plans and other documentation shall be provided in electronic format and will become the property of the State.



## B. Hardware Refresh

The current hardware that hosts the LEIN system is end-of-life and is in need of replacement. The Contractor will provide pricing for engineering time and support to assist the MSP in the implementation of the OpenFox™ Message Switch onto new servers. New Servers to be provided by MSP.

## C. Web Service Interface to new MDOS System

The Contractor shall provide pricing to modify MSP's Law Enforcement Information Network (LEIN) to interface with MDOS's new Business Application Modernization (BAM) system. This new interface will use modern web services instead of the current legacy, mainframe-style, interface.

## D. Reserved Funding for in Scope Change Controls

- a) The State may purchase additional services for enhancements or training, as necessary, using this Contract.
- b) Dollars allocated for optional services may include a combination of hourly rate and fixed fee enhancements.
- c) The representative position names are provided in **1.601, Table D**.
- d) The State may utilize this funding for additional software, maintenance and support and related travel costs.

## E. Additional Software and Maintenance

The State reserves the right to procure additional software and software maintenance through this Contract that are necessary to support the Law Enforcement Information Network (LEIN). The State may utilize funds that are allocated for the Reserved Funding for in Scope Change Controls to make these purchases.

## F. Warranty

The Contractor will provide a warranty provision for the products and services resulting from this Contract commencing on the first day following formal written acceptance by the State for a particular phase or software component.

- a. The Contractor shall provide a one (1) year warranty no additional cost to the State.
- b. During the warranty period, Contractor must correct any element of the system which fails to perform in accordance with the requirements of this Contract and/or published specifications.
  - i. Corrective action by the Contractor may include, but is not limited to, redesigning, repairing or replacing the nonconforming element.
- c. The warranty shall provide that all hardware, software and firmware is free from imperfections in design and free from any and all defects and is able to perform continuously and satisfactorily under normal operating conditions.
- d. The one year warranty following acceptance must include all parts, labor and travel expenses. Coverage and response time for remedial maintenance requests during the warranty period must be as defined in the remedial maintenance requirements of this section.
- e. The Contractor shall assign all applicable third party warranties for deliverables to the State.

Warranty, Maintenance and Support include 24X7 telephone support with software engineer back-up through system access via the currently installed VPN or Nlets System. NCIC and NLETS application changes and interface and Schema updates are included under warranty and maintenance; Interface and Schema replacements are NOT included.

## Deliverable(s)

- 1) *One (1) year warranty following final acceptance at no cost to the State*

### 1.200 Roles and Responsibilities

## 1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

### A. Contractor Staff

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



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

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

The CPI SPOC for this Contract is: P.R. Cappelletti

**B. On Site Work Requirements**

**1. Location of Work**

The Contractor shall perform work at various State facilities during Installation and at Contractor’s Facility during other project phases.

**2. Hours of Operation:**

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

**3. Travel: Travel is included in the firm fixed pricing for activities A, B and C.**

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

**4. Additional Security and Background Check Requirements:**

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

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

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

**1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES**

The Project Manager is identified in Section 2.023:

The Project Manager will provide the following services:

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



The State will provide a Contract Administrator whose duties shall include, but not be limited to, supporting the management of the Contract. This individual is identified in Section 2.022

### **1.300 Project Plan**

#### **1.301 PROJECT PLAN MANAGEMENT**

##### **Project Schedule**

Upon request by the State, Contractor will provide a Project Schedule including necessary time frames and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State.

1. In particular, the Project Schedule will include:
  - a. Target dates and critical paths for the deliverables.
  - c. Internal milestones
  - f. Task durations
2. The Project Schedule shall include the following deliverable/milestones for which payment shall be made.
  - a. Payment to the Contractor will be made upon the completion and acceptance of the deliverable or milestone, not to exceed contractual costs of the phase. A milestone is defined as complete when all of the deliverables within the milestone have been completed.

The Contractor, with approval from the State will update the Project Schedule throughout implementation as required.

##### **Performance Review Meetings**

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

##### **Project Control**

1. The Contractor will carry out this project under the direction and control of MDTMB.
2. Within ten (10) working days of the execution of the Contract, the Contractor will submit to the State project manager(s) for approval of the project schedule.
3. The Contractor will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology, which includes standards for project management, systems engineering, and associated forms and templates which is available at <http://www.michigan.gov/suite>
  - a. Contractor will use an automated tool for planning, monitoring, and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract.
  - b. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State standards.

#### **1.302 REPORTS**

Reporting formats must be submitted to the State's Program Manager for approval within ten (10) business days after the effective date of the contract. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract.

The required reports may vary depending on the phase of the project (ie: implementation, maintenance, etc.). The State and Contractor will mutually agree on the reports and specific content and frequency.

### **1.400 Project Management**

#### **1.401 ISSUE MANAGEMENT**

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



The Contractor shall maintain an issue log for issues relating to the provision of services under this Contract. The issue management log must be communicated to the State's Project Manager on an agreed upon schedule, with email notifications and updates. The issue log must be updated and must contain the following minimum elements:

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

#### **1.402 INTENTIONALLY DELETED**

#### **1.403 CHANGE MANAGEMENT**

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

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

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

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

#### **1.500 Acceptance**

##### **1.501 CRITERIA**

The State will accept milestones following confirmation that all deliverables described within the milestone have met the requirements of Article 1, Section 1.104.

##### **1.502 FINAL ACCEPTANCE**

Final acceptance is expressly conditioned upon completion of all delivery of software, completion of all tasks in the project plan as approved, delivery of services, and the certification by the State that the solution meets the defined requirements.

#### **1.600 Compensation and Payment**

##### **1.601 COMPENSATION AND PAYMENT**

###### **Method of Payment**

The Contractor will be paid upon the completion of project milestones base on the firm fixed deliverable model provided below. The Bidder must provide pricing using the tables below:



**Summary Cost Table:**

Cost Category	Summary Cost
<b>A) Maintenance and Support</b>	<b>\$593,309.74</b>
<b>B) Hardware Refresh</b>	<b>\$51,480.00</b>
<b>C) Web Service Interface to new MDOS System</b>	<b>\$151,251.60</b>
<b>D) Reserved Funding for in Scope Change Controls</b>	<b>\$310,155.18</b>
<b>TOTAL COST</b>	<b>\$1,106,196.52</b>

Year – 1 Combined OpenFox™ product suite maintenance including:

**A) Maintenance and Support**

Maintenance Product Description	Quantity	Period	Yearly Maintenance	Monthly Maintenance
OpenFox™ Message Switching System Maintenance and Support Includes: <ul style="list-style-type: none"> <li>• Primary System</li> <li>• Test System</li> <li>• LEIN Archive System</li> </ul>	1 year	1/1/2013 – 12/31/2013	\$88,075.08	\$7,339.59
OpenFox™ Message Switching System Maintenance and Support Includes: <ul style="list-style-type: none"> <li>• Primary System</li> <li>• Test System</li> <li>• LEIN Archive System</li> <li>• DR</li> <li>• Protects</li> </ul>	1 year	1/1/2014 – 12/31/2014	\$111,478.80	\$9,289.90
OpenFox™ Message Switching System Maintenance and Support Includes: <ul style="list-style-type: none"> <li>• Primary System</li> <li>• Test System</li> <li>• LEIN Archive System</li> <li>• DR</li> <li>• Protects</li> <li>• DL Photo*</li> <li>• Dept. of State Interface*</li> </ul>	1 year	1/1/2015 – 12/31/2015	\$124,902.72	\$10,408.56
OpenFox™ Message Switching System Maintenance and Support Includes: <ul style="list-style-type: none"> <li>• Primary System</li> <li>• Test System</li> <li>• LEIN Archive System</li> <li>• DR</li> <li>• Protects</li> <li>• DL Photo</li> <li>• Dept. of State Interface</li> </ul>	1 year	1/1/2016 – 12/31/2016	\$131,147.88	\$10,928.99



OpenFox™ Message Switching System Maintenance and Support Includes: <ul style="list-style-type: none"> <li>• Primary System</li> <li>• Test System</li> <li>• LEIN Archive System</li> <li>• DR</li> <li>• Protects</li> <li>• DL Photo</li> <li>• Dept. of State Interface</li> </ul>	1 year	1/1/2017 – 12/31/2017	\$137,705.28	\$11,475.44
<b>MAINTENANCE TOTAL</b>			<b>\$593,309.76</b>	

\* These items include a one year warranty which begins upon system acceptance. Recurring Maintenance charges for these items may need to be applied to previous or subsequent years depending upon actual final implementation date.

**B) Hardware Refresh**

Engineering time and support to assist the MSP in the implementation of the OpenFox™ Message Switch onto new servers provided by MSP.

Product Description	Quantity	Unit price	Total
Engineering time and Support in the following efforts:  Production System A/B copy the /CPI and /Archive files - Oracle and MQ clients are installed under these files and install the remaining needed files	1	\$39,000.00	\$39,000.00
Testing	1	\$3,900.00	\$3,900.00
Project Management	1	\$8,580.00	\$8,580.00
<b>TOTAL</b>			<b>\$51,480.00</b>

**C) Web Service Interface to new MDOS System**

Design, development, testing and implementation of a new interface to the MDOS system to update and query vehicle and driver information.

Product Description	Quantity	Unit price	Total
1. Discovery and Design	1	1	\$60,000.00
2. Services to document, develop, and install the Web Services Client Interface	1	1	\$42,000.00
3. Stylesheet work	1	1	\$15,000.00
4. TP and Switch modifications	1	1	\$12,000.00
5. Testing and fixes	1	1	\$10,350.00
6. Services for CPI Project Management	1	1	\$11,901.60
7. Maintenance and Support	1 <sup>st</sup> year	Included in A	Included in A
<b>TOTAL</b>			<b>\$151,251.60</b>



**Travel**

The State will not pay for any travel expenses, including hotel, mileage, meals, parking, etc related to the following cost categories:

- A) Maintenance and Support
- B) Hardware Refresh
- C) Web Service Interface to new MDOS System

Travel time will not be reimbursed. All pricing shall be fully loaded for the above categories.

All travel associated with cost category D below will be quoted on a time and materials basis at the allocated State of Michigan Per Diem amount.

**D) Reserved Funding for in Scope Change Controls**

Estimated Reserved Funding for in Scope Change Controls (additional software, maintenance and support, services and related travel costs)	<b>\$310,155.18</b>
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The estimated funding allocated to cost category D is available for the procurement of additional software, maintenance and support, services and related travel costs. If new work arises during the life of the contract, the MSP will provide additional Job specifications to CPI. CPI will return a Statement of Work to include a price quote to MSP for the amount of hours and total price to be charged to the Optional Bank of Hours. CPI will use the following personnel chart in determining the hourly rate to be applied to all new work requests under this contract:

Position Title	Hourly Rate
Project Manager Administrator	\$140.00
Project Manager	\$105.00
Database Administrator	\$130.00
Database Programmer	\$95.00
Software Architect	\$140.00
Senior Software Developer	\$130.00
Software Developer	\$95.00
Technical Support Administrator	\$93.00
Technical Support Specialist	\$70.00
Hardware Specialist	\$93.00

The following pricing for optional items is available to the State. The optional items listed below are for software license purchase price and support and maintenance costs. Additional services work for each item will be quoted at the hourly rates listed above in Section D.

**Other Optional Products**

Product Description	Quantity	Unit Amount	Total	Annual Maintenance
OpenFox™ Messenger LEIN/NCIC Desktop Workstation	Enterprise License	\$156,078.00	\$156,078.00	\$156,078.00
OpenFox™ Computerized Criminal History (CCH) database	1	\$85,000.00	\$85,000.00	\$12,750.00
OpenFox™ CCH Desktop Workstation	Per station	\$624.00	\$624.00	\$156.00



### Statements of Work and Issuance of Purchase Orders

- Unless otherwise agreed by the parties, each Statement of Work will include:
  1. Background
  2. Project Objective
  3. Scope of Work
  4. Deliverables
  5. Acceptance Criteria
  6. Project Control and Reports
  7. Specific Department Standards
  8. Payment Schedule
  9. Travel and Expenses
  10. Project Contacts
  11. Agency Responsibilities and Assumptions
  12. Location of Where the Work is to be performed
  13. Expected Contractor Work Hours and Conditions
  
- The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract. Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.

### Invoicing

Contractor will submit properly itemized invoices to

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

[DTMB-Accounts-Payable@michigan.gov](mailto:DTMB-Accounts-Payable@michigan.gov)

- Invoices must provide and itemize, as applicable:
  - Contract number;
  - Purchase Order number
  - Contractor name, address, phone number, and Federal Tax Identification Number;
  - Description of any commodities/hardware, including quantity ordered;
  - Date(s) of delivery and/or date(s) of installation and set up;
  - Price for each item, or Contractor's list price for each item and applicable discounts;
  - Maintenance charges;
  - Net invoice price for each item;
  - Shipping costs;
  - Other applicable charges;
  - Total invoice price; and
  - Payment terms, including any available prompt payment discount.

The State may pay maintenance and support charges on a monthly basis, in arrears. Payment of maintenance service/support of less than one (1) month's duration shall be prorated at 1/30th of the basic monthly maintenance charges for each calendar day.

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



## **Article 2, Terms and Conditions**

### **2.000 Contract Structure and Term**

#### **2.001 CONTRACT TERM**

This Contract is for a period of 5 years beginning (1/1/2013) through (12/31/2017). All outstanding Purchase Orders must also expire upon the termination for any of the reasons listed in **Section 2.150** of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, shall remain in effect for the balance of the fiscal year for which they were issued.

#### **2.002 OPTIONS TO RENEW**

This Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to 3 additional 1 year periods.

#### **2.003 LEGAL EFFECT**

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

Except as otherwise agreed in writing by the parties, the State shall not be liable for costs incurred by Contractor or payment under this Contract, until Contractor is notified in writing that this Contract or Change Order has been approved by the State Administrative Board (if required), signed by all the parties and a Purchase Order against the Contract has been issued.

#### **2.004 ATTACHMENTS & EXHIBITS**

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

#### **2.005 ORDERING**

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

#### **2.006 ORDER OF PRECEDENCE**

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

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



## 2.007 HEADINGS

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

## 2.008 FORM, FUNCTION & UTILITY

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

## 2.009 REFORMATION AND SEVERABILITY

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

### **2.010 Consents and Approvals**

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

## 2.011 NO WAIVER OF DEFAULT

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

## 2.012 SURVIVAL

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

### **2.020 Contract Administration**

## 2.021 ISSUING OFFICE

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

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

## 2.022 CONTRACT COMPLIANCE INSPECTOR

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



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

Peggy Hines  
Michigan State Police  
333 S. Grand Ave.  
Lansing MI 48933  
hinesp@michigan.gov  
517-241-0702

### **2.023 PROJECT MANAGER**

The following individual will oversee the project:

Gordon Mayes  
Department of Technology, Management and Budget  
Email: MayesGS@Michigan.gov  
Phone: 517-241-2257

### **2.024 CHANGE REQUESTS**

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

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

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

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

#### **(1) Change Request at State Request**

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

#### **(2) Contractor Recommendation for Change Requests:**

Contractor shall be entitled to propose a Change to the State, on its own initiative, should Contractor believe the proposed Change would benefit the Contract.



- (3) Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal shall include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.
- (4) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").
- (5) No proposed Change shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Technology, Management and Budget, Procurement.
- (6) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

## 2.025 NOTICES

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

State:

### **State of Michigan**

DTMB-Procurement  
Attention: Steve Motz  
PO Box 30026  
530 West Allegan  
Lansing, Michigan 48909

### **Contractor:**

Name: Computer Projects of Illinois, Inc. (CPI)  
Address: 475-A Quadrangle Dr.  
Bolingbrook, IL 60440  
Attention: Lorne Sawatzky

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

## 2.026 BINDING COMMITMENTS

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



## **2.027 RELATIONSHIP OF THE PARTIES**

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

## **2.028 COVENANT OF GOOD FAITH**

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

## **2.029 ASSIGNMENTS**

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

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

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

## **2.030 General Provisions**

### **2.031 MEDIA RELEASES**

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

### **2.032 CONTRACT DISTRIBUTION**

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

### **2.033 PERMITS**

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



### **2.034 WEBSITE INCORPORATION**

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

### **2.035 FUTURE BIDDING PRECLUSION**

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

### **2.036 FREEDOM OF INFORMATION**

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

### **2.037 DISASTER RECOVERY**

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

## **2.040 Financial Provisions**

### **2.041 FIXED PRICES FOR SERVICES/DELIVERABLES**

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

### **2.042 ADJUSTMENTS FOR REDUCTIONS IN SCOPE OF SERVICES/DELIVERABLES**

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

### **2.043 SERVICES/DELIVERABLES COVERED**

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

### **2.044 INVOICING AND PAYMENT – IN GENERAL**

- (a) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.
- (b) Each Contractor invoice shall show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis shall show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's



invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.600**.

- (c) Correct invoices shall be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 Public Act No. 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.
- (d) All invoices should reflect actual work done. Specific details of invoices and payments shall be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Procurement, Department of Management & Budget. This activity shall occur only upon the specific written direction from DTMB Procurement.

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

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

#### **2.045 PRO-RATION**

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

#### **2.046 ANTITRUST ASSIGNMENT**

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

#### **2.047 FINAL PAYMENT**

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

#### **2.048 ELECTRONIC PAYMENT REQUIREMENT**

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

#### **2.050 Taxes**

#### **2.051 EMPLOYMENT TAXES**

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



## **2.052 SALES AND USE TAXES**

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

### **2.060 Contract Management**

## **2.061 CONTRACTOR PERSONNEL QUALIFICATIONS**

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

## **2.062 CONTRACTOR KEY PERSONNEL**

- (a) The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.
- (b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.
- (c) The State shall have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor shall notify the State of the proposed assignment, shall introduce the individual to the appropriate State representatives, and shall provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State shall provide a written explanation including reasonable detail outlining the reasons for the rejection.
- (d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor’s removal of Key Personnel without the prior written consent of the State is an unauthorized removal (“Unauthorized Removal”). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel’s employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.
- (e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.



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

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

### **2.064 CONTRACTOR PERSONNEL LOCATION**

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

### **2.065 CONTRACTOR IDENTIFICATION**

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

### **2.066 COOPERATION WITH THIRD PARTIES**

Contractor agrees to cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor shall provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with this Contract and shall not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this Contract with the requests for access.

### **2.067 CONTRACT MANAGEMENT RESPONSIBILITIES**

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

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

### **2.068 CONTRACTOR RETURN OF STATE EQUIPMENT/RESOURCES**

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



## **2.070 Subcontracting by Contractor**

### **2.071 CONTRACTOR FULL RESPONSIBILITY**

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

### **2.072 STATE CONSENT TO DELEGATION**

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

### **2.073 SUBCONTRACTOR BOUND TO CONTRACT**

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

### **2.074 FLOW DOWN**

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

### **2.075 COMPETITIVE SELECTION**

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

## **2.080 State Responsibilities**

### **2.081 EQUIPMENT**

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



## **2.082 FACILITIES**

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

### **2.090 Security**

#### **2.091 BACKGROUND CHECKS**

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

All Contractor personnel shall also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See <http://www.michigan.gov/dit>. Furthermore, Contractor personnel shall be expected to agree to the State's security and acceptable use policies before the Contractor personnel shall be accepted as a resource to perform work for the State. It is expected the Contractor shall present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff shall be expected to comply with all Physical Security procedures in place within the facilities where they are working.

#### **2.092 SECURITY BREACH NOTIFICATION**

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

#### **2.093 PCI DATA SECURITY REQUIREMENTS**

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

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

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



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

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

## **2.100 Confidentiality**

### **2.101 CONFIDENTIALITY**

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

### **2.102 PROTECTION AND DESTRUCTION OF CONFIDENTIAL INFORMATION**

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

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

### **2.103 EXCLUSIONS**

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



the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

#### **2.104 NO IMPLIED RIGHTS**

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

#### **2.105 RESPECTIVE OBLIGATIONS**

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

#### **2.110 Records and Inspections**

##### **2.111 INSPECTION OF WORK PERFORMED**

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

##### **2.112 EXAMINATION OF RECORDS**

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

##### **2.113 RETENTION OF RECORDS**

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

##### **2.114 AUDIT RESOLUTION**

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

##### **2.115 ERRORS**

If the audit demonstrates any errors in the documents provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or



refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount shall be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of the contract, whichever is earlier.

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

## **2.120 Warranties**

### **2.121 WARRANTIES AND REPRESENTATIONS**

The Contractor represents and warrants:

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



information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.

- (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.
- (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after contract award, the Contractor is required to report those changes immediately to the Department of Technology, Management and Budget, Procurement.

**2.122 WARRANTY OF MERCHANTABILITY**

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

**2.123 WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE**

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

**2.124 WARRANTY OF TITLE**

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

**2.125 INTENTIONALLY DELETED**

**2.126 INTENTIONALLY DELETED**

**2.127 INTENTIONALLY DELETED**

**2.128 INTENTIONALLY DELETED**

**2.130 Insurance**

**2.131 LIABILITY INSURANCE**

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

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



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

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

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

See [www.michigan.gov/dleg](http://www.michigan.gov/dleg).

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

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

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

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

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

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

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

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

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

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

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



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

### **2.132 SUBCONTRACTOR INSURANCE COVERAGE**

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

### **2.133 CERTIFICATES OF INSURANCE AND OTHER REQUIREMENTS**

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

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



## **2.140 Indemnification**

### **2.141 GENERAL INDEMNIFICATION**

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

### **2.142 CODE INDEMNIFICATION**

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

### **2.143 EMPLOYEE INDEMNIFICATION**

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

### **2.144 PATENT/COPYRIGHT INFRINGEMENT INDEMNIFICATION**

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

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

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



## **2.145 CONTINUATION OF INDEMNIFICATION OBLIGATIONS**

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

## **2.146 INDEMNIFICATION PROCEDURES**

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

- (a) After the State receives notice of the action or proceeding involving a claim for which it shall seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.
- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

## **2.150 Termination/Cancellation**

## **2.151 NOTICE AND RIGHT TO CURE**

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



## 2.152 TERMINATION FOR CAUSE

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

## 2.153 TERMINATION FOR CONVENIENCE

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

## 2.154 TERMINATION FOR NON-APPROPRIATION

- (a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).
- (b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under this Contract shall be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.



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

#### **2.155 TERMINATION FOR CRIMINAL CONVICTION**

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

#### **2.156 TERMINATION FOR APPROVALS RESCINDED**

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

#### **2.157 RIGHTS AND OBLIGATIONS UPON TERMINATION**

- (a) If the State terminates this Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.
- (b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.
- (c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

#### **2.158 RESERVATION OF RIGHTS**

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



## **2.160 Termination by Contractor**

### **2.161 TERMINATION BY CONTRACTOR**

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

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

## **2.170 Transition Responsibilities**

### **2.171 CONTRACTOR TRANSITION RESPONSIBILITIES**

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor shall comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 180 days. These efforts must include, but are not limited to, those listed in **Section 2.150**.

### **2.172 CONTRACTOR PERSONNEL TRANSITION**

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

### **2.173 CONTRACTOR INFORMATION TRANSITION**

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

### **2.174 CONTRACTOR SOFTWARE TRANSITION**

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

### **2.175 TRANSITION PAYMENTS**

If the transition results from a termination for any reason, the termination provisions of this Contract must govern reimbursement. If the transition results from expiration, the Contractor will be reimbursed for all



reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

## **2.176 STATE TRANSITION RESPONSIBILITIES**

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

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

### **2.180 Stop Work**

## **2.181 STOP WORK ORDERS**

The State may, at any time, by written Stop Work Order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the Stop Work Order is delivered to Contractor, and for any further period to which the parties may agree. The Stop Work Order must be identified as a Stop Work Order and must indicate that it is issued under this **Section**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the Stop Work Order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the Stop Work Order as provided in **Section 2.182**.

## **2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER**

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

## **2.183 ALLOWANCE OF CONTRACTOR COSTS**

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

### **2.190 Dispute Resolution**

## **2.191 IN GENERAL**

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



## 2.192 INFORMAL DISPUTE RESOLUTION

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

- (1) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter at issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.
  - (2) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract shall be honored in order that each of the parties may be fully advised of the other's position.
  - (3) The specific format for the discussions shall be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.
  - (4) Following the completion of this process within 60 calendar days, the Director of DTMB Procurement, or designee, shall issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.
- (b) This Section shall not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under Section 2.193.
- (c) The State shall not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

## 2.193 INJUNCTIVE RELIEF

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

## 2.194 CONTINUED PERFORMANCE

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

### 2.200 Federal and State Contract Requirements

## 2.201 NONDISCRIMINATION

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



## **2.202 UNFAIR LABOR PRACTICES**

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

## **2.203 WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT**

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

## **2.204 PREVAILING WAGE**

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

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

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

### **2.210 Governing Law**

#### **2.211 GOVERNING LAW**

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

#### **2.212 COMPLIANCE WITH LAWS**

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

#### **2.213 JURISDICTION**

Any dispute arising from the Contract shall be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying



of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

### **2.220 Limitation of Liability**

#### **2.221 LIMITATION OF LIABILITY**

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

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

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

### **2.230 Disclosure Responsibilities**

#### **2.231 DISCLOSURE OF LITIGATION**

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

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

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



- (2) Contractor shall also notify DTMB Procurement within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
- (3) Contractor shall also notify Purchase Operations within 30 days whenever changes to company affiliations occur.

### **2.232 CALL CENTER DISCLOSURE**

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

### **2.233 BANKRUPTCY**

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

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

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

### **2.240 Performance**

#### **2.241 TIME OF PERFORMANCE**

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

#### **2.242 SERVICE LEVEL AGREEMENT (SLA)**

- (a) SLAs will be completed with the following operational considerations:
  - (1) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.
  - (2) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.
  - (3) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.



- (4) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:
- (i) Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
  - (ii) Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.
- (b) Chronic Failure for any Service(s) will be defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service will not affect any tiered pricing levels.
- (c) Root Cause Analysis will be performed on any Business Critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor will provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.
- (d) All decimals must be rounded to two decimal places with five and greater rounding up and four and less rounding down unless otherwise specified.

### 2.243 LIQUIDATED DAMAGES

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.152**, the State is entitled to collect liquidated damages in the amount of \$5,000.00 and an additional \$100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

#### Unauthorized Removal of any Key Personnel

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.152**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is \$25,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

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

### 2.244 EXCUSABLE FAILURE

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders;



strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

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

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

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

### **2.250 Approval of Deliverables**

#### **2.251 DELIVERY OF DELIVERABLES**

The Contractor shall provide deliverables as required in Article 1.

#### **2.252 CONTRACTOR SYSTEM TESTING**

The Contractor shall conduct system testing as required in Article 1.

#### **2.253 APPROVAL OF DELIVERABLES, IN GENERAL**

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

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



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

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

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

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

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

#### **2.254 PROCESS FOR APPROVAL OF WRITTEN DELIVERABLES**

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



## **2.255 INTENTIONALLY DELETED**

## **2.256 FINAL ACCEPTANCE**

Final acceptance is expressly conditioned upon completion of all delivery of software, completion of all tasks in the project plan as approved, delivery of services, and the certification by the State that the solution meets the defined requirements.

### **2.260 Ownership**

#### **2.261 OWNERSHIP OF WORK PRODUCT BY STATE**

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

#### **2.262 VESTING OF RIGHTS**

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

#### **2.263 RIGHTS IN DATA**

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

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

#### **2.264 OWNERSHIP OF MATERIALS**

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



## **2.270 State Standards**

### **2.271 EXISTING TECHNOLOGY STANDARDS**

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

### **2.272 ACCEPTABLE USE POLICY**

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

### **2.273 SYSTEMS CHANGES**

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

## **2.280 Extended Purchasing**

### **2.281 INTENTIONALLY DELETED**

### **2.282 INTENTIONALLY DELETED**

## **2.290 Environmental Provision**

### **2.291 ENVIRONMENTAL PROVISION**

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

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

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



- (a) The Contractor shall use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State and local laws. The State shall provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State shall advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor shall immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.
- (b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State shall order a suspension of Work in writing. The State shall proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State shall terminate the affected Work for the State's convenience.
- (c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor shall resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in a time as mutually agreed by the parties.
- (d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor shall bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

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

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

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

## **2.300 Deliverables**

### **2.301 SOFTWARE**

A list of the items of software the State is required to purchase for executing the Contract is attached in Article 1. The list includes all software required to complete the Contract and make the Deliverables operable; if any additional software is required in order for the Deliverables to meet the requirements of this Contract, such software shall be provided to the State by Contractor at no additional charge (except where agreed upon and specified in a Statement of Work or Contract Change Notice). The attachment also identifies certain items of software to be provided by the State.



## **2.302 INTENTIONALLY DELETED**

### **2.310 Software Warranties**

#### **2.311 PERFORMANCE WARRANTY**

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

#### **2.312 NO SURREPTITIOUS CODE WARRANTY**

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

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

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

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

#### **2.313 CALENDAR WARRANTY**

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

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



### **2.314 THIRD-PARTY SOFTWARE WARRANTY**

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

### **2.315 PHYSICAL MEDIA WARRANTY**

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

### **2.320 Software Licensing**

#### **2.321 INTENTIONALLY DELETED**

#### **2.322 INTENTIONALLY DELETED**

#### **2.323 INTENTIONALLY DELETED**

#### **2.324 LICENSE RETAINED BY CONTRACTOR**

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

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

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

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

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

#### **2.325 PRE-EXISTING MATERIALS FOR CUSTOM SOFTWARE DELIVERABLES**

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



to license to the State and has licensed to the State on terms and conditions approved by the State prior to using such pre-existing materials to perform the Services.

### **2.330 Source Code Escrow**

#### **2.331 DEFINITION**

“Source Code Escrow Package” shall mean:

- (a) A complete copy in machine-readable form of the source code and executable code of the Licensed Software, including any updates or new releases of the product;
- (b) A complete copy of any existing design documentation and user documentation, including any updates or revisions; and/or
- (c) Complete instructions for compiling and linking every part of the source code into executable code for purposes of enabling verification of the completeness of the source code as provided below. Such instructions shall include precise identification of all compilers, library packages, and linkers used to generate executable code.

#### **2.332 DELIVERY OF SOURCE CODE INTO ESCROW**

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

#### **2.333 DELIVERY OF NEW SOURCE CODE INTO ESCROW**

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

#### **2.334 VERIFICATION**

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

#### **2.335 ESCROW FEES**

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

#### **2.336 RELEASE EVENTS**

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

- (a) The Contractor becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under bankruptcy or insolvency law, whether domestic or foreign;
- (b) The Contractor has wound up or liquidated its business voluntarily or otherwise and the State has reason to believe that such events will cause the Contractor to fail to meet its warranties and maintenance obligations in the foreseeable future;
- (c) The Contractor voluntarily or otherwise discontinues support of the provided products or fails to support the products in accordance with its maintenance obligations and warranties.

#### **2.337 RELEASE EVENT PROCEDURES**

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

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



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

### **2.338 LICENSE**

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

### **2.339 DERIVATIVE WORKS**

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



**Glossary**

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



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