

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

September 13, 2013

NOTICE
OF
CONTRACT NO. 071B3200143
between
THE STATE OF MICHIGAN
and

| NAME & ADDRESS OF CONTRACTOR: | PRIMARY CONTACT | EMAIL |
|---|-----------------|--|
| Deloitte & Touche LLP 200 Renaissance Center, Suite 3900 Detroit, MI 48243-1895 | Vikas Bansal | VBansal@deloitte.com |
| | TELEPHONE | CONTRACTOR #, MAIL CODE |
| | 312-486-4430 | |

| STATE CONTACTS | AGENCY | NAME | PHONE | EMAIL |
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| CONTRACT COMPLIANCE INSPECTOR: | DTMB | Carmen Redwine | 517-241-2925 | redwineC1@michigan.gov |
| BUYER: | DTMB | Reid Sission | 517-241-1638 | sissonr@michigan.gov |

| CONTRACT SUMMARY: | | | |
|--|--------------------|-------------------------|---|
| DESCRIPTION: Enterprise Identity | | | |
| INITIAL TERM | EFFECTIVE DATE | INITIAL EXPIRATION DATE | AVAILABLE OPTIONS |
| 5 Years | September 13, 2013 | September 12, 2018 | 5 , 1 Year Options |
| PAYMENT TERMS | F.O.B | SHIPPED | SHIPPED FROM |
| N/A | N/A | N/A | N/A |
| ALTERNATE PAYMENT OPTIONS: | | | AVAILABLE TO MiDEAL PARTICIPANTS |
| <input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other | | | <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO |
| MINIMUM DELIVERY REQUIREMENTS: | | | |
| N/A | | | |
| MISCELLANEOUS INFORMATION: | | | |
| The terms and conditions of this Contract are those of solicitation # 084R3200022 and this Contract Agreement. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence. | | | |
| ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION: | | | \$43,221,173.49 |

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THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation #084R3200022. 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:

Deloitte & Touche LLP

Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Genevieve Hayes, Acting IT Division Director

Name/Title

DTMB Procurement

Enter Name of Agency

Date



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Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 PROJECT REQUEST

The State of Michigan (SOM, State), through the Department of Technology, Management & Budget (DTMB), and the Department of Community Health (DCH) has issued this Contract to provide Michigan with an Enterprise solution for Identity, Credential and Access Management; Michigan Identity, Credential, and Access Management (MICAM.)

The MICAM solution will enable user identity authentication, establishment, management and federation for identified user types within the solutions below. The MICAM solution will support access management of State of Michigan systems and services. The MICAM solution will also provide centralized administration and synchronization of user identities to enable user provisioning and de-provisioning of identity and access for state systems.

The project goal is to implement the MICAM solution architecture which offers a Single Sign-On (SSO) solution and identity federation capabilities (IDFED) for managing identities for web-based applications and other applications that can be exposed over the web. This MICAM solution will be the standard for the State of Michigan and may be leveraged for new applications.

The State and Contractor (Deloitte & Touche LLP) will determine and implement either the mandatory solution or the non-mandatory solution listed below at a mutual agreed upon milestone date between the State and Contractor.

Solution One - MANDATORY

- SOM Internally hosted for State of Michigan workers and Non-Person Entities (NPE) and Trusted 3rd Parties
- Contractor Externally hosted and/or Software-as-a-Service (SaaS) for Citizens
- Operate and manage the solution on a daily basis

Solution Two – NON-MANDATORY

- SOM Internally hosted for State of Michigan workers and Non-Person Entities (NPE) and Trusted 3rd Parties
- SOM Internally hosted for Citizens
- Operate and manage the solution on a daily basis

The MICAM solution will be designed and implemented using the requirements in Appendix D and E listed in this document. At a high level, the solution will support a Lightweight Directory Access Protocol (LDAP) source for internal-only access and external public access. Specific design aspects of the LDAP environment for MICAM include:

- MICAM LDAP Server will be in the 3rd Zone (Restricted Zone) of the network.
- IBM Security Identity Manager (ISIM) will only be deployed in the SOM data center for both Workers and Citizens.
- ISIM LDAP has the majority of data on users (Name, UserID, Password, other) whereas IBM Security Access Manager for eBusiness (ISAM) will have a limited amount of this data (UserID and Password).
- LDAP servers are replicated from the SOM data center outbound to the Hosted data center for Citizens (in the case of the Mandatory option) which enables the solution to propagate only the required data for Citizens to login to MICAM (ISAM Account data = UserID, Password).
- Experian Precise ID Solution will be used for identity-proofing of citizens.



These services will include Contractor management of user accounts for citizens, state employees, and trusted 3rd parties password reset, problem resolution etc. Possible use cases will include State management identities for restricted agencies.

It is the State's intention to leverage this MICAM solution in subsequent iterations across other state systems. The intent of the contract is not to retrofit existing state applications to an MICAM solution. The State will determine in consultation with the Contractor which applications will utilize the MICAM Solution for other State agencies existing and future SOM applications as well as Trusted 3rd Party applications. If additional State agencies besides DTMB, and DCH choose to use this Contract the State will obtain a fixed price proposal that is derived from the hourly rates provided in Appendix B, and the State will seek additional spending authority through the Administrative Board when required. The selected Contractor will not be obligated or authorized to commence work to implement a statement of work until authorized via a purchase order issued against this contract.

1.002 BACKGROUND

Identity Management at the State of Michigan Today

The State currently has deployed two reverse proxy portal implementations that manage secure access for web-based applications and other applications that can be exposed over the web; the Michigan State Police portal (NetIQ Access Manager and Identity Manager) and multiple Agency portal (IBM Tivoli Identity Manager and Tivoli Access Manager). The specific components of these portals are:

- A list of applications available to a user and specific to the user.
- A common Uniform Resource Locator (URL) to access a group of applications at the portal site.
- One login page to access MICAM protected applications available to the user.
- One username and password, as applicable.
- Support for two factor authentication where needed.

These portals serve both internal and external users requiring secure access.

Internal Users are defined as: A user with State supplied credentials accessing State resources from a trusted security zone. That covers employees and contractors both on site and connecting via VPN.

External Users are defined as: Any user accessing State resources who does not meet the definition of Internal User, above.

For the State Police, the external population includes individuals throughout the state involved in criminal justice. The State Police users in NetIQ are auto created from a specific identity source. Users in the Tivoli SSO solution are also external and internal, focusing on multiple application including, but not limited to the Michigan Care Improvement Registry and CHAMPS (Medicaid Claims Processing System), Michigan Business One-Stop, HRMN Self-Service, CEPI Student Data System, and multiple applications from the Department of Transportation (MDOT) currently in production. Both of these portal implementations required differentiating external and internal users and associated privileges.

The State currently has 55,000 internal users on its network. The State estimates a need to support 500,000 external users for this solution, including MiHIN, State Police LEIN, and other applications.

Once a user is logged in, applications behind the portal will use the authentication provided by the portal. This creates a common use case path for security and simplifies the process of enabling login functionality of all applications behind the portal. Authorization is split depending on the application, meaning for some applications roles are managed by the portal, while other applications manage roles within the application. The specific advantages to this approach include the following:



- One URL for all applications on the portal regardless of user.
- A common user management service for all applications and portal users.
- Simplified development and maintenance for all applications using the portal.
- Reduced costs for administration and management of users.

State of Michigan Security Network Zone Architecture

The State of Michigan security network zone architecture is as follows:

Zone 0 – Un-trusted. In the state's architecture, Zone 0 represents the public Internet. This network is not controlled by DTMB so it is considered un-trusted.

Zone 1 - Semi-Trusted. These are DMZ networks with DTMB implemented security controls, but the networks are not fully trusted. Services used by systems in these zones are restricted to those built for the zone. Access to and from these zones will be approved (default access is deny any). There is a DMZ network dedicated for connections to business partners that require access to the State. Access from business partners to State systems is strictly enforced.

Zone 2 – Trusted. These are protected internal networks that are under DTMB management and have controls in place to manage access.

Zone 3 – Restricted. Systems in this zone require additional protection over what can be provided in Zone 2. Zone 3 servers are restricted from consuming services from other zones (for example, the Active Directory implementation in Zone 2 is not accessible from Zone 3).

In the State's security architecture, the zone transitions require dedicated layer 3 physical security devices (firewalls). All communication between zones is subject to approval and strictly controlled.

1.100 Scope of Work and Deliverables

1.101 IN SCOPE

This Contract is for a Commercial-off-the-Shelf (COTS) enterprise solution and services for Identity, Credential and Access Management; Michigan Identity, Credential, and Access Management (MICAM) for use by State of Michigan workers, Trusted 3rd Parties, Citizens and Non-Person Entities (NPE).

Contractor will use IBM's Security Identity Manager (ISIM), IBM Security Access Manager for web (ISAM), IBM Tivoli Federated Identity Manager (TFIM), and IBM WebSphere DataPower. Experian Precise Identity Proofing service will be integrated with the IBM Security Identity Manager technology for use in online citizen registration.

The MICAM solution will provide Single Sign-On (SSO) and identity federation capabilities (IDFED) for the existing and new internal and external Line of Business systems that can be integrated on a cost-effective basis. Once in Production, MICAM will be the default Identity management solution for new systems.

The State has broken the Project into two phases, as outlined here. Phase one (1) is to set up the MICAM architecture to be used for the Enterprise solution and to conduct the identified pilots. Once both Pilots have been effectively completed and accepted by the State, Phase two (2) will migrate the in scope SSO applications in a time frame that the State and Contractor agree upon.

The following lists the Phases and the high-level stages for the support of the MICAM project as well as additional services:

I. Planning

- 1.104.1 Project Initiation & Planning



II. **Phases**

- **Phase 1:** MICAM Architecture – Implementation for the foundational framework of the MICAM solution

Phase 1 will consist of the following stages:

- 1.104.2 Requirements & Design
- 1.104.3 Construction & Testing
- MICAM Pilots (as described in 1.104.4 Implementation)
 - Federation Pilot –Identity Federation with Michigan Health Information Network (MiHIN)
 - Migration Pilot – One application (TBD) from the current Tivoli solution
- **Phase 2:** Existing SSO Application Migrations (as described in 1.104.4 Implementation)
 - Migration of existing Tivoli SSO applications
 - Migration of existing NetIQ SSO applications

III. **Additional Services**

- 1.104.5 Training Services
- 1.104.6 Operational Services
- 1.104.7 Maintenance & Support Services
- 1.104.8 Transition Services (optional)
- 1.104.9 Future Projects

The State reserves the right to purchase solution hardware and related software through this contract or through other State contracts.

1.102 OUT OF SCOPE

The following are out of the scope of this contract:

- Application design and development not related to the services described in this Contract.
- Operation of and management of State of Michigan's Active Directory (s).
- Integration or federation with non-business or untrusted systems (e.g., Facebook, Google, Yahoo, YouTube, etc.).
- Anything not specifically listed in this Contract as in scope and agreed to by Contractor is deemed out of scope.

1.103 ENVIRONMENT

The solution will support industry, State Identity, Credential and Access Management (SICAM) standards and Federal Identity, Credential and Access Management (FICAM) standards;

The applicable State's Enterprise information technology (IT) policies, standards and procedures which includes security policy and procedures, IT strategic plan, eMichigan web development are included in Appendix F.

Enterprise IT Policies, Standards and Procedures:

Software Deliverables provided by the Contactor will be run on and be compatible with the Michigan Department of Technology, Management and Budget (DTMB) Standard Information Technology Environment. Additionally, the State will be able to maintain software Deliverables and other Deliverables produced as the result of the Contract. Therefore, non-standard development tools, i.e. (other than those not listed in this contract) may not be used unless approved by DTMB. The Contractor will request, in writing, approval to use non-standard software development tools, providing justification for the requested change and costs associated with any change. The DTMB Project Manager will approve any tools, in writing, before use on any information technology project.



Enterprise IT Security Policies and Procedures are detailed in Appendix F.

Security Audit Requirements:

Contractor shall adhere to and take into consideration as needed State's Security Policies, State and Federal statutory and regulatory requirements, and rules; State's baseline business requirements e.g., Payment Card Industry (PCI) Data Security Standards, applicable National Institute of Standards and Technology (NIST) such as publications 800-53 only, Criminal Justice Information System (CJIS) and Internal Revenue Service (IRS), Control Objectives for Information and Related Technology (COBIT) and leading practices and requirements herein. Contractor will document information relevant to these requirements over the course of the project. Prior to the commencement of the work, the State will provide the specific requirements for the aforementioned policies, requirements, rules and baseline business requirements mentioned above. If these requirements incur substantial additional time to implement, the Contractor and State will agree to the additional work in a mutually agreed upon Change Order.

If Contractor-hosting is implemented, Contractor will, on an annual basis, provide the State an updated report of Contractor's Statement on Standards for Attestation Engagements No. 16 (SSAE 16), or recognized equivalent document, for externally-hosted systems and environments on which State data, including citizen identities, resides.

The solution will accommodate systems using NSTIC Levels of Assurance 1 to 3, Please refer to Appendix F.

The State's security environment includes:

DTMB Single Login

DTMB provided SQL security database

Secured Socket Layers

SecureID (State Security Standard for external network access and high risk Web systems)

IT Strategic Plan:

<http://www.michigan.gov/itsstrategicplan>

IT eMichigan Web Development Standard Tools: Please see Appendix F.

The State Unified Information Technology Environment (SUITE):

The State 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 – will be followed as applicable

Current Environment

The Contractor solution will be suitable for integration with the SOM's IT environment, migration of current SSO applications and integration of new applications with two-factor authentication or risk based authentication services based on the IBM software and provide Credentialing, Access and Identity Management integration with the State Intranet Portal environment.

1. IBM Tivoli Identity Manager and Tivoli Access Manager
2. NetIQ Access Manager and Identity Manager
3. Microsoft Forefront IDM
4. AD federation services 2.0

Currently the State has two non-LDAP targets: - Microsoft Active Directory and Oracle Table. The State's HR system will need to be integrated and the protocols for the HR system will need to be identified during requirements gathering.

Any component proposed to be run on VMWare will be able to operate on VMWare



Solution Platform(s)

The State requires the Contractor to support four (4) environments suitable to address the Contractor's proposed implementation strategy:

- Sandbox:** The environment used for experimental activities including patch evaluation, new functionality, new Identity adapters, OS changes, etc.
- Development:** The environment used by the developers to develop, customize and extend the solution required.
- QA/Staging:** The environment is where the State shall conduct UAT activities.
- Production:** The State's end user or final environment. The critical nature of the MICAM environment controlling access to integrated application requires this environment operate 24 hours per day, 7 days per week. The system will be engineered and implemented so that system maintenance and upgrades can be performed with minimal impact to a service outage. Reduced capacity and performance on a limited basis, to support system maintenance will be acceptable.

The State has a Virtual-First Standard for implementation of new servers. New servers will be implemented within DTMB's Virtual Center of Excellence (VCOE), unless an approved exception is granted. Therefore, these environments are required to reside within the VCOE, unless an exception is granted. The Contractor may include other environments as deemed appropriate for proper use and deployment of the proposed solution, with approval by the State.

The Contractor shall be given access to maintain the environments as needed. This includes the required security access to the data centers, servers, files, software, and other components of the architecture on a 24x7 schedule in keeping with current State of Michigan policies and standards. The Contractor may also request access for selected hardware and software as required to support the environments.

The Contractor may include other environments as deemed appropriate for proper use and deployment of the proposed solution, with approval by the State.

1.104 WORK AND DELIVERABLES

The purpose of this section is to describe the work and deliverables required to provide the functionality for each phase. State agencies will have the discretion of leveraging the MICAM Solution for their existing and future SOM and Trusted 3rd Party applications.

The information presented in this section describes the Work and Deliverables required to be performed by the Contractor.

Conceptual Environment

The DTMB MICAM Strategy team has identified four high-level categories of users or consumers of State of Michigan applications: 1) State of Michigan workers, 2) Trusted 3rd Parties (other State of Michigan units of government, local municipalities, intermediate school districts, approved contractors, etc.), 3) Citizens and 4) Non-Person Entities (NPE). Each user type requires different security capabilities and different modes of access management as part of an enterprise identity and access management solution. As an example, the following outlines how the different targeted user groups may break out into sub-groups.

State of Michigan Workers may include:

- Permanent Employees
- Temporary Employees
- Contractors/Staff Augmentation working on or off site



Trusted 3rd parties may include:

- External Law Enforcement and Emergency Responders
- Local Units of Government
- State Retirees and School Retirees
- License Holders and Authorized Agent Relationships
- Medical and Health Services Providers
- State or Federal Tax Number Identified Individual or Entity
- Authorized users at Schools
- Contractors/Vendors

Citizen Users and Public Users may include:

- Identified Citizens
- Registered Voters
- Residents of other states and countries as applicable
- Identified Information Seekers (provide a personalized for user's specific Web experience)

Non-Person Entities may include:

- Machine to machine communications (such as: SOAP, EDI, XML, REST, Web Services)
- Automated secure messaging using National and Global standard protocols (such as: HL7, XML, EDI)

Note: An identity may be a member of more than one role provided they are within the same sub group user type. The MICAM Solution will provide an NPE identity and access management solution to provide security for web services.

The proposed solution will manage the account lifecycle of each of the four user categories including the registration/creation, provisioning, modification, de-provisioning of the accounts. While the lifecycle of each user class does vary, the lifecycle of each account is a closed-loop process where an entity is registered with the State, an account is created, and access provisioning occurs to give the account access to system resources. As a result of an end users' change in system access, modifications may occur where access to some resources is granted while access to other resources may be revoked and access credentials may be reset. The cycle ends when the user no longer needs access and the de-provisioning process removes access to resources, suspends accounts, and eventually deletes the accounts and the user from the systems. Users accessing sensitive systems will require more stringent controls, such as those described in the General and Technical System and Functional requirements (Section 1.104 – II A and B.) than those who are accessing less secure resources such as customized portal pages for public information.

There are some fundamental concepts that will be defined as part of an enterprise solution. The first is the Identity Vault, which is also known as the meta-directory or the managing directory for an identity management solution. For simplicity, this document will use the term Identity Vault to refer to the master directory of users and attributes. Events in the life cycle of the Identity Management drive the execution of the workflow that changes the status of the account.

For state employees, the authoritative source will be the State's human resource system (HRMN). As state contractors and Trusted 3rd Parties do not reside in the human resource system, the identity vault would act as an authoritative source for their records. In the case of citizens, MICAM will provide self-registration and password management processes that allow the user to self-register and self-manage their accounts, with some constraints. However, as access becomes more secure or sensitive, self-management will be more limited. Engagements rules for Non-person Entities will be handled on a system by system basis.

The MICAM solution will support integrated workflows. The solution will provide the ability to gather approvals, provide efficiencies in the time it takes to create and provision a new account and complete the account creation process. The solution will support the ability to assign security attributes based on



the user's context. In addition, default policies with preset values will be used by the solution to automatically create an account correctly. The solution will include validation processes allowing accounts to comply with enterprise rules (for example, account names are structured consistently).

Active Directory (AD) Identities will be used for enterprise SSO for state employees, approved contractors, and other relevant ID entities (NPE, machine to machine, etc.). AD will be integrated with MICAM. User and account provisioning and de-provisioning within AD will continue using current State processes.

The solution will support an access control solution for resource (people, platforms, and applications), to provide a consistent way to grant access to resources and control what access users have to resources.

The solution will have a web interface that allows for the management and administration of identity management systems. The solution will also allow the State to manage and enforce security and business policies.

MICAM will allow the State to have a single account name and password for an individual. The account name and password will be managed centrally and allow the State to implement a central password strength policy, password expiration policy; standard naming of account names and a central password reset policy. The solution will support the ability of the user to reset a forgotten password. Both self-password reset and the ability to call a central help desk to reset the password will be supported. To determine the security of the password reset process, the solution will support advanced authentication and challenge-response.

The solution will support the delegation of authority for day-to-day management of users to authorized administrators in the business organization based on a business role which is otherwise known as "delegated administration." The solution will support the ability of the individual to manage some features such as demographic information and self-reset of passwords where appropriate.

This solution will support centralized auditing and reporting of lifecycle events. It will also support a number of standardized reports available natively within IBM software for MICAM solution and ad-hoc reports. Configuration of ad-hoc reports will be accomplished by using native capability within IBM software for MICAM solution.

As part of this contract the State is establishing the MICAM (State of Michigan Enterprise Identify Management (IDM)) solution. The State anticipates that Michigan Health Information Network (MIHIN) will have its own IDM solution. The pilot requires the Contractor to establish federation between SOM MICAM and MIHIN IDM. The MICAM will be the Identity Provider and MIHIN will be the Service Provider in this federation. Specific details of this implementation will be defined with MIHIN by the Contractor during the requirements Stage.

The security and integrity of the proposed solution is critical to the State of Michigan. As a result, the solution will support the General and Technical System and Functional requirements listed within the; Section 1.104 – II A and B. Requirements.

A. Services and Deliverables To Be Provided

The following section includes the work and deliverables that the Contractor will be required to perform and/or submit during the contract term.

1.104.1 Project Initiation and Planning

**Objective:**

The objective of the Project Initiation and Planning Stage is for the project management team to develop the project definition and planning tools and artifacts.

Description

The following activities and within Section 1.300 Project Plan is performed during initiation and planning and continue through the project execution, as appropriate and required to control and report on the project.

Tasks

- 1.1 Project Planning: Contractor will provide project planning services to assist the State. Aspects of Project Planning will include the following:

- 1.1.1 Project Charter, which communicates the existence of a project. It contains vital information about the project and its leadership. The State – with Contractor input – will create this deliverable.
- 1.1.2 Project Plan, which creates a consistent, coherent document that is used to guide both Project execution and Project control. The State is responsible for establishing and maintaining the overall Project Management Plan. The Contractor is responsible for creating these plans, as they relate to their project activities.

At a minimum, the Project Plan shall include: General Project Information (points of contact, phone numbers, etc.), Project Executive Summary, Detailed Project Scope Statement, Resource Plan, Project Budget Estimate, Communications Plan, Quality Plan, Risk Plan, and Change Management Plan.

The Contractor will also provide a Configuration Management (CM) Plan as part of the project plan:

- Describing how configurations for MICAM environments will be managed
- Describing how configurations will be confirmed and promoted
- The State has two approved configuration management tools – Michigan configuration management database management (MiCMDB), Service Management and Monitoring System (SMMS), Visual Studio 2008.

DTMB will designate the required State of Michigan repository environment during the planning phase of the project. The Contractor may make use of its own internal CM tool, but anything that is to be promoted to production environment will be checked into a repository managed and controlled by DTMB. This includes such things as source codes, master configuration files, migration scripts for software upgrades, and other CM utilities.

- 1.1.3 Project Kick-off Meeting, which will recognize the start of the project formally, will provide project participants an opportunity to meet, will communicate a shared view of the project, will foster understanding of the approved project charter, and will clarify next steps for staff. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor.

- 1.2 General Timeline: The Contractor will be responsible to manage the Project's general timeline. This will include:

- 1.2.1 Establishment of the Project Schedule. The project schedule will detail the tasks and resources (including State and Contractor staff) loads, as detailed in Section 1.301.



1.3 Confirm Infrastructure: the Contractor will collaborate with the State to determine that the project infrastructure is in place. This includes location, network, hardware, development software, and associated logistics. This will allow the DTMB Office of Enterprise Architecture to evaluate the proposed solution for standards compliance, TCO (Total Cost of Ownership), and suitability for integration with the SOM's IT environment. The Technical Architecture Plan artifact is created. This will include:

1.3.1 Completion of the Enterprise Architecture Solution Assessment (EASA): the Contractor will complete and will also be required to update over the course of the engagement. This worksheet documents the Contractor's proposed software and provides the number of licenses needed for the project team. Any exceptions to the preferred software/tools listed in Contractor's EASA Worksheet require documented justification from the Contractor.

1.3.2 Completion of the Hosting and Security Environment Plan for the MICAM for Citizen solution only: the Contractor will provide a Hosting and Security Environment Plan including the following:

- Provide a full description of the hosting center/data center, including, but not limited to, geographic location(s) and specific relevant environmental factors such as power, HVAC, floor space, proposed layout, user accessibility, network configuration and level of redundancy and security.
- Provide a description of the service offerings at the hosting facility. This must include, but not limited to:
 - The use of dedicated and/or shared servers,
 - Platforms supported,
 - Installed software
 - Available storage space,
 - Information pertaining to monthly data transmission allowances (if applicable),
 - Reliability and performance boosting efforts and the range of services available (including application management, system integration, benchmarking, and high-availability configurations).
 - System monitoring and maintenance
 - Disaster prevention and recovery site;

1.3.3 Completion of the Solution Security Plan & Assessment: the Contractor will provide input to the DTMB Michigan Cyber Security (MCS) to support the Security Plan and Assessment. In this task, the Contractor will engage the Project's Security Liaison, review State and Agency Security Policies, and comply with the process to complete the Security Plan and Assessment, including Data Classification and System Criticality sections. When establishing the Security Plan, identify security risks, and describe how those risks will be mitigated. Successful completion of this task will include a State approved Security Assessment for the integration with the Active Directory (AD).

1.3.4 Completion of the Technical Architecture Plan: the Contractor will provide a Technical Architecture Plan containing technical architectural diagrams with textual support describing the solution, its function, software deployed to it, base line security environment and how the MICAM interacts with the other systems contained in the overall architecture. This information will be provided for each of the four (4) environments required for the project' refer to Section 1.103 Environment. The Technical Architecture Plan will be kept up to date throughout the project if any changes are made to the technical architecture.

The Technical Architecture Plan will include:

1. Overall detailed architectural diagrams, including size of network and general network topology, protocols and features, such as encryption, security scheme



- for the network, connection types, and transport employed and transfer rates where appropriate. Include detailed architectural diagrams with textual support for the environments proposed. Include graphics and displaying the listed hardware and its relative placement in the architecture.
2. Include environments proposed for the project and their rationale for proper use and deployment of the proposed solution.
3. Describe how and where multiple environments will be supported on the same hardware.
4. Any constraints or limitations with respect to the physical proximity of system components to one another or to user locations.
5. Required servers and their general specifications per server, identifying each server by its purpose, security zone, and environment.
6. Required software for each server, including number of licenses, versions, pricing structure and usage of the licenses. This includes plug-ins, utilities, or add-ons required for the solution.
7. Explanation for required hardware and software that are modified, added, or upgraded.
8. Clearly illustrate relevant telecommunications circuits and mark the communication channels between hardware units.
9. Encryption for sensitive data in transit and at rest.
10. Integration interfaces to other systems.
11. Current State Security Policy, Access Control and Auditing
12. Proposed security devices.
13. Explanation of any obfuscation of sensitive data and session security.
14. Major system components, data flows and how they are installed in each server environment.
15. Other software required, such as client licensing, including the total number of licenses and the structure of pricing and usage of the licenses (floating vs. workstation).
16. Include MICAM environments proposed for the project and their rationale for proper use and deployment of the proposed solution.
17. Describe system components, including hardware components (servers, storage devices, back-up storage system, back-up or redundant servers, etc.), software platforms, network components and middleware.
18. Describe the process and methodology to duplicate the various environments, i.e. sandbox, development, Q/A /staging, and production.

1.3.5 Capacity Plan, which the Contractor will provide to document details on how the Contractor will plan, manage, report and add or remove IT capacity across servers, applications and networks. The Capacity Plan will include:

- Planning and sizing estimates for environments, including:
- Expected storage requirements
- Storage growth rates
- Network bandwidth
- Backup media consumption
- Anticipated load
- Expected maintenance activities
- Ongoing updates to the plan throughout the project

The Capacity Plan will be kept up to date throughout the project if changes are made to the IT Capacity by the Contractor.

1.3.6 Software Development Plan, in which the Contractor will describe the administrative and technical procedures to be used throughout the software development life cycle (SDLC) to control modifications and releases of the software.



- 1.3.7 Equipment/Technology Acquisition Plan, in which the Contractor will describe the specific equipment and technology acquisition activities, by project processes (i.e., Planning, Design, Development, Implementation, Maintenance and Transition).

Contractor Activities, Roles and Responsibilities in conjunction to those stated in Section 1.104.1: Project Initiation and Planning:

1. Establish the Governance Model
2. The Contractor will provide input for the Project Charter and establish common understanding of the accepted project charter
3. Conduct stakeholder interviews/workshops
4. Draft Risk Management Plan
5. Establish Project Budget
6. Create Communication Plan
7. Prepare Quality Review Plan
8. Establish Change Management
9. Establish Resource Plan
10. Prepare Configuration Management Plan
11. Provide input for the Project Plan and its subcomponents
12. Facilitate Project Kick Off orientation
13. Establish and manage Project Schedule
14. Analyze Interface Requirements
15. Analyze Resilience Requirements
16. Capture Scalability Requirements
17. Understand Security Considerations
18. Conduct clarifications sessions with DTMB Subject Matter Specialists (SMSs) on the above areas

Contractor Deliverables in conjunction to those stated in Section 1.104.1: Project Initiation and Planning:

- Provide input for the Project Charter
- Project Plan and its subcomponents; creating these plans, as they relate to their project activities.
- Kick Off Deck
 - Upon 15 business days after the contract start date, the Contractor will be required to facilitate an orientation meeting to discuss the content and procedures of the Contract
- Refine Project Schedule
 - Upon 15 business days after the Project Kick-off Meeting, the Contractor will submit the updated project schedule to the State project manager for final approval. The project schedule will details the tasks and resources (including State and Contractor staff) loads, as detailed in Section 1.301.
- Enterprise Architecture Solution Assessment (EASA)
- Hosting and Security Environment Plan
- Solution Security Plan & Assessment
- Technical Architecture Plan
- Capacity Plan
- Software Development Plan
- Equipment/Technology Acquisition Plan

- 1.4 Software: for purposes of this section, the term Software means software, the software media, and software technical and user manuals, the which, for Software Deliverables, the Contractor



will provide any combination at the State's request. The Contractor will purchase, as payee agent, for resale to the State, a license to Experian's Identity proofing software.

Software that the publisher has not made available as Generally Available (beta- or earlier releases) may not be sold under this Contract.

Contractor or the vendor shall provide prior to purchase a copy of any software's applicable License Agreement.

Contractor shall not provide software to the State except when done in compliance with this Contract, including, without limitation, Section 2.314 of Article 2. Contractor shall only provide installable copies of software Deliverables for which the State has obtained license or rights in accordance with this Contract. For software Deliverable installations where separately licensed functions or features are bundled in the same executable file, Contractor shall be responsible to provide control of access to the separately licensed features, through issue of a license authorization key or equivalent method. Contractor shall not have any audit rights as respects the software Deliverables.

1.104.2: Requirements & Design

Objective

The objective of the Requirements & Design stage is to develop a mutual understanding between the MICAM business owners/users and the project team with regard to the business requirements for all phases.

Requirements are listed within Appendix D - General and Technical System Requirements and Appendix E – Functional Requirements.

The Contractor will map the 'what to do' of the requirements specification into the 'how to do' of the design specifications. Finally, the user-oriented functional design specifications are translated into a set of technical system design specifications.

Description

Requirements & Design stage begins the execution of the Phase 1. Project Teams are defined and the Contractor completes the definition sessions to understand the State's requirements and overall functionality of the MICAM. The following tasks are performed during Phase 1 and continue through the project execution, as appropriate and required to control and report on the project.



Tasks

2.1 Requirements Definition, which develops a basis of mutual understanding between the business owner/users and the project team with regard to the business requirements. The result of this understanding is a mutually agreed upon Requirements Specification – which becomes the initial baseline for MICAM. The General and Technical Requirements and Functional Requirements for the solution are reviewed and confirmed by DTMB and the Agency. The design shall, include but not limited to:

- Translate requirements into a set of deliverables that can be used to drive and support the building of software artifacts; such as code, configuration data, and rules
- Restrictions based on the underlying application framework will be clearly identified and explained
- The design documents will be concise and correct
- Include the following items:
 - Proposed LDAP schema
 - Business process diagrams
 - Descriptions of common user interface objects such as menus and other navigational items

Contractor Activities, Roles and Responsibilities in conjunction to those stated in Section 1.104.2: Requirements and Design::

- Examine existing General and Technical System requirements documented in Article 1, Section 1.104 – Work and Deliverables section A;II
- Examine existing Functional requirements documented in Article 1, Section 1.104 – Work and Deliverables section B; II
- Capture Authoritative Source Integration requirements
- Capture Requirements for the Pilot Application Integration
- Capture Requirements for the Pilot Federation Service with Michigan Health Information Network (MIHIN)
- Develop System Test Requirements
- Develop Acceptance Test Requirements

Contractor Deliverables in conjunction to those stated in Section 1.104.2: Requirements and Design:

- Compile and Document System Requirements
- Develop System Test Requirements
- Develop Acceptance Test Requirements

2.2 Functional Design, in which the ‘what to do’ of the requirements specification are mapped into the ‘how to do it’ of the design specifications. During this activity, the overall structure of the solution is defined from a functional viewpoint. The functional design describes the logical system flow, data organization, system inputs and outputs, and processing rules. The goal of this activity is to define and document the functions of the technical solution to the extent required to obtain the system owner and users’ approval to the level of detail required to configure the solution. The functional design requirements for the solution are reviewed and confirmed by the Agency.

Contractor Activities, Roles and Responsibilities in conjunction to those stated in Section 1.104.2: Requirements and Design::

- Determine Existing System Structure
- Design Upgrade components
- Design Content of System Inputs & Outputs
- Design System Security Controls (ISIM/ISAM/TFIM)
- Design System Integration (e.g. ISIM Provisioning, TDI Integration, Authentication for TFIM)



Contractor Deliverables in conjunction to those stated in Section 1.104.2: Requirements and Design:

- Develop Functional Design
- Develop Test Cases

1.104.3 Construction & Testing

Objective

The objective of the Construction and Testing Stage is to configure the system to conform to the solution design specifications for all phases. Where any modification of source code may be required, this work is performed within this stage, as well.

Description

The tasks and activities of this stage result in the transformation of the system design into the executable representation of the solution. Functionality is tested to determine the solution addresses predetermined functionality, performance, quality, and security requirements. System testing is conducted to validate the solution will operate in its intended environment, operates as specified by the requirements and design specifications agreed upon by Contractor and SOM during the Requirements & Design Stage, and is supported with documentation on how to operate the system. User Acceptance Testing (UAT) follows system testing, and solicits feedback from users for the Contractor to make final adjustments before releasing the solution for implementation.

In collaboration with SOM, the Contractor will provide a detailed plan for Unit Testing, System Testing, Migration/Integration Testing, User Acceptance Testing, Quality Assurance, Performance, and Operations Testing. The Test Plan Deliverable shall contain the following, at a minimum:

- Description of testing approach
- Definition of test cases or processes, in corroboration with SOM
- Resources from the State and Contractor
- Schedule
- Summary of the test results
- Corrective action approach

Tasks

- 3.1 Construction and Testing Plan: The Contractor is responsible for completing the Construction and Testing Plan to configure the system to conform to the solution design specifications which contains the essentials for test reporting and State acceptance of the tested solution.
- 3.2 Environment Installation and Installation Plan: The Contractor is responsible for working with the State to perform the initial Solution Environment Installations, and also is responsible for developing the Environment Installation Plan that will include the following:
 - 3.2.1 Environment Installations, in which the Contractor is responsible for working with the State to install the required hardware and software in accordance with the environment installation plans. The Contractor will assess to determine the proper installation of the operating systems, services, security controls, and software. The Contractor will document the results of each environment build when installed, as per the approved project schedule. The Contractor will have sole responsibility for configuring and developing software, configuring data with respect to frameworks, rules for the rules engine, and the batch schedule. The Contractor shall unit test the



resulting artifacts. The Contractor will follow the agreed upon procedures to modify, test, and implement code and provide services required for this milestone.

- Provide required source code (if any), including scripts, in a version control environment
- Installation scripts and update
- Provide documentation for quality assurance and implementation of system releases and patches

3.2.2 Completion of the Environment Installation Testing, on which, upon completion of the installation of the environment, the Contractor will execute their installation tests to validate that the system components were installed in the environment and operates as specified by the requirements and design specifications agreed upon by Contractor and SOM during the Requirements & Design Stage. .

The installation testing will include testing the connectivity to the State network infrastructure, as well as testing of the security access appropriate to the security zone that the environment is installed within. The Contractor will define and document the plan for Logical and Physical testing failure points and the appropriate mitigation strategies. The Contractor is expected to work with State to conduct these runs and review the results.

For a contractor hosted solution, the Contractor will provide a back-up system that will support the State computing environment. Back-up recovery time objective (RTO) and recovery point objective (RPO) will be based on systems criticality. The Contractor will also provide off-site storage of back-up tapes for this hosted solution.

3.3 System Testing: The Test Plan is executed for system testing. Once the solution is fully installed and configured, system testing is conducted to validate that the solution operates as specified by the requirements and design specifications agreed upon by Contractor and SOM during the Requirements & Design Stage, and is supported with documentation on how to operate the system. Anomalies identified at this step are recorded and tracked to resolution.

The Contractor will schedule, coordinate, and perform system testing activities. The Contractor is responsible for generating test data for the system testing activities. The State will provide assistance and input to assist Contractor with the development of appropriate test data.

The Contractor will also correct defects discovered during system testing – modifying the appropriate configuration items in the development environment, unit and integration testing the change, and promoting the configuration and new development items to the testing environment.

The State is responsible for supporting the Contractor in system testing.

The Contractor will lead periodic problem review meetings with the State, to analyze defects and failed scenarios. The Contractor will review common defects and failed scenarios reported in system testing and collaborate with the State to improve configuration, development and testing processes with the objective of minimizing the occurrence of these issues and improving the efficiency.

3.4 Completion of User Acceptance Testing is executed for User Acceptance Testing. Anomalies identified at this step are recorded and tracked to resolution. User Acceptance Testing begins upon completion of System Testing.

- The Contractor will schedule, coordinate, and monitor UAT activities. The State is responsible for providing end users and SMEs to perform UAT.
- The Contractor is responsible for generating test data for the UAT and Training activities. The State will provide assistance and input to assist Contractor with the development of appropriate test data.



- The Contractor will provide support for the duration of UAT.
- The Contractor will also correct defects discovered during UAT by following normal application development procedures – modifying the appropriate configuration items in the development environment, unit and integration testing the change, and promoting the configuration and new development items to the testing environment. Promotions to the testing environment will occur on a regularly scheduled basis (e.g., daily) unless it is an emergency (e.g., UAT cannot continue until the problem is resolved).
- The State will take the lead on conducting UAT. The Contractor is responsible for participating and supporting the State users in UAT of the MICAM Project. This activity includes specifying dates and time for end users to conduct testing, training on tools to assist end users on how test results will be produced, viewed, and reported.
- The Contractor will train the State UAT team in the functionality and capabilities of the MICAM Solution before conducting the UAT task. The State will lead periodic problem review meetings with the Contractor, to analyze defects and failed scenarios.
- The Contractor will review common defects and failed scenarios reported in UAT testing and collaborate with the State to improve configuration, development and testing processes with the objective of minimizing the occurrence of these issues and improving the efficiency.

Contractor Activities, Roles and Responsibilities in conjunction to those stated in Section 1.104.3: Construction & Testing:

- Infrastructure readiness for MICAM for citizens (if Contractor hosted).
- Build/Upgrade ISIM and TDI (Environments: Sandbox/Development/Staging/ Production)
- Build/Upgrade ISAM and TFIM (Environments: Sandbox/Development/Staging/Production)
- Unit Testing (Environments: Sandbox/Development/Staging)
- System Integration Testing (Environments: Development/Staging)
- Performance Testing (Environments: QA/Staging) This includes load testing to provide for a complete test of the lifecycle of cases.
-
- Support UAT efforts of DTBM Staff

Additionally, for MICAM for Citizens

- Deploy MICAM for external users (citizens of State of Michigan) at Secure-24 hosting location (if Contractor-hosted). Secure-24 provides the infrastructure for the MICAM for citizens environment.
- Integrate with Identity Proofing
 - Identity Proofing will be required for external users only. It will be provided at a sufficient level of provenance to satisfy LOA3 (Refer to Appendix C). It may not be required for all external users.

Contractor Deliverables and work products in conjunction to those stated in Section 1.104.3: Construction & Testing:

- Construction and Testing plan
- Environment Installation and Plan
- Updated Functional Design Documentation
- Test scripts
- Integration Test results



1.104.4 Implementation

Objective

The objective of the Implementation Stage is to prepare the solution for deployment in Phase 2 and ongoing operations of the MICAM solution.

Implementation will be effected gradually over the following phases. Both pilots of Phase 1 will be completed and accepted before Phase 2 is initiated. The tasks listed under Implementation will apply to both Phase 2 and Operational services, and will be separately affected according to phase and pilot. Also, the tasks listed within Implementation will apply to the integration of new applications as identified in section 1.104.6 Operational Services.

Description

The Implementation Stage involves confirmation that the production environment hardware and software is production ready. The solution security plan is finalized to determine the production environment addresses the security requirements for the system and data, including data at rest and data in transit. The disaster recovery procedures for the system are added to the State business continuity plan for the State.

Once the preparation is complete, a detailed cutover task list and schedule are prepared. Each step to be performed is included, along with checkpoints and rollback procedures. The production software goes live, and the system data and functionality is tested. The results of this confirmation will drive a “go/no go” decision from the State. If there are significant issues, the system deployment may be rolled back, per procedures.

MICAM PILOTS

Contractor will conduct activities that are required to implement the two pilots listed below:

1. Federation Pilot Implementation – MICAM Identity Federation with Michigan Health Information Network (MiHIN):

Pilot Background:

The Michigan Health Information Exchange (HIE) community is aggressively pursuing the potential of a federated identity management solution to obtain economies of scale, incorporate industry leading practices, and achieve increased efficiency through distributed identity proving and maintenance. The current MiHIN statement of work describes the specific requirements to employ a single enterprise system, initially installed for use by the MiHIN community and by state systems requiring secure access and authentication. There are several benefits to this approach:

- The ability to establish and manage user identity (both internal to the State and external)
- A *single source* of truth and management for all user identity authentications
 - The centralized synchronization and provisioning/de-provisioning of users of the SOM systems
 - The ability to confirm the credentials of users who are requesting access to SOM systems and restrict them to areas to which they have been granted access

The MiHIN is a joint effort among DCH, DTMB and a broad group of stakeholders from across the state of Michigan. The MiHIN is a Michigan nonprofit entity, functioning as a public and private collaboration dedicated to improving the healthcare experience, increasing quality and decreasing cost for Michigan's people by supporting the statewide exchange of health information and making accurate and timely health care data available at the point of care. MiHIN's Health Information Exchange Platform is the official state designated infrastructure for health information exchange across Michigan and the future integration with the eHealth Exchange.

Pilot Objective

As part of this contract the State is establishing the MICAM (SOM Enterprise Identity Management solution). It is the State's understanding that MiHIN will have its own Identity Management solution. The pilot requires the Contractor to establish federation between SOM MICAM and MIHIN IDM. State of Michigan MICAM will be the Identity Provider and MIHIN will be



the Service Provider in this federation. Specific details of this implementation will be defined with MIHIN by the Contractor during the requirements Stage.

2. **Migration Pilot Implementation** – One application (TBD) from the current Tivoli solution

The application chosen for the Pilot will be an MDCH Application. The specific details including type will be identified at a time frame that both the State and Contractor agree upon.

Selection of the migration pilot application will be limited to either:

- a. Java application residing in JBoss or OC4J;
- b. Oracle Forms and Reports application.

Either way, the MICAM solution will need only to authenticate State users and pass the users on to the application URL.

Contractor Activities, Roles and Responsibilities in conjunction to those stated in Section 1.104.4: Implementation:

- a. Application Migration:
- b. Cut-over activities (Initial Data Load, access redirect to MICAM)
- c. Pilot Application account Reconciliation
- d. Federation:
- e. Cut-over activities (Identify Pilot Users, Initial Data Load, Establish Authentication with ISAM)
- f. Service Request to MIHIN

Contractor Deliverables in conjunction to those stated in Section 1.104.4: Implementation:

- UAT Results

PHASE 2: Migration of Existing SSO Applications

Contractor will conduct activities required to provide Requirements and Design, Construction and Testing, and Implementation of Phase 2.

The Contractor and the State will work together to define the data requirements for what data needs to be migrated, data mapping requirements, and how the migration will occur for existing SOM systems/applications to use the MICAM solution.

- The Contractor will be expected to provide a Migration Plan for the following existing systems based on the State defined Types listed in Appendix C.
 1. IBM Tivoli Identity Manager and Tivoli Access Manager
 - a. There is no requirement to integrate with the existing Tivoli solution, but the Contractor needs to provide a migration strategy that may involve some integration during migration.
 2. NetIQ Access Manager and Identity Manager
- The Contractor is responsible to provide a Data Conversion Plan to determine the data conversion requirements and to develop scripts for actual conversion. The quality of the data conversion shall be the Contractor's responsibility. This activity includes, importing or loading data from existing systems. The Data Conversion Plan shall include, but not limited to:
 - The extent of data and files to be converted, sources of this information, and any unique issues
 - Description of conversion process



- How and when data cleansing will be performed
- Indication of State resources needed
- Scope of conversion effort, including how many years of data to be converted to the new system and the data validation process
- The Contractor is responsible for documenting, development and testing the migrations to MICAM. The data requirements and communication protocols for each will be defined. The migration to be developed along with the communication protocol will be based on the approved Initiation, Requirements and Design Plan. The State anticipates that the communication protocol will be a mutually agreed upon in discussion with the Contractor.
- The scope of this task includes migration with identified middleware or other communication methods, and testing these migration points.

Tasks

- 4.1 Completion of Production Testing, which will follow the same approach as Installation testing as described in 1.104.3. Production Testing will also include the following:

These tests will:

- Determine environments are properly installed and configured
- Determine the MICAM Solution is completely functional
- Determine data is promoted to the production environment
- Determine components of the solution are functioning
- Identify defects or problems in the environments against expected results for tests

Testing will include:

- Performance testing
- Operations testing:
 - Identification of operations areas requiring testing
 - Sequence of activities for operations test
 - State participants
 - Results and implications for overall MICAM operation
 - Deficiencies, corrective action, and required training

- 4.2 Execution of Production Cutover, in which the System goes live. Desk-side support is provided to end users and operations are carefully monitored. The Contractor will provide a Cutover Plan which provides the list of interrelated steps and activities that will be coordinated for a production rollout. A high-level checklist is prepared for general consumption within the agency to communicate the general schedule. A detailed, step-by-step checklist is prepared for the project team to follow. The Cutover Plan is followed during the Production Cutover Phase. The Contractor will provide the required resources to install the MICAM Solution onto the production hardware per the Installation Plan. Issues will be resolved during the installation procedures prior to cutover to the new software.

- 4.3 Completion of a Post-Implementation Performance Period for each pilot, in which the system will conform with the defined requirements as set out in the accepted deliverables.

- This Post-Implementation Performance period will not be less than ninety (90) calendar days for each pilot and will not close if defects with a severity level of Critical or High are unresolved. For the purpose of this project, "Defect" means an error in the MICAM Solution that prevents the MICAM Solution from performing in compliance with the required functionality.



- If within the Post-Implementation Performance Period the MICAM fails to comply with approved availability and performance requirements, Contractor will repair defects as necessary at no cost to bring the system into alignment with the requirements.
- For defects related to the MICAM solution (i.e. ISIM, ISAM, DataPower), the Contractor shall define the root cause of problems, recommend solutions and repair defects. The system errors will be logged and fixed. The State will be responsible for analyzing and fixing defects associated with the applications integrated with the MICAM solution.
- The Hosting Solution will run for thirty (30) days before the State will consider this deliverable accepted.
- The State is responsible for notifying the Contractor of the failure in writing, describing the correct operation, providing the Contractor with requisite documentation and evidence to reproduce the failure, and, when necessary, demonstrating the failure so that the cause of the failure may be traced and corrected.
- The Contractor will make such maintenance repairs following written notification.
- The Contractor will create the Post Implementation Plan which will include:
 - How the Contractor will provide MICAM software performance tuning, defect repair and service pack releases
 - How the Contractor will provide continuity of existing operational functionalities
 - How the Contractor will provide post-implementation services such as:
 - Service packs are installed
 - Upgrades are installed
 - Defects with core code are resolved
 - Defects resulting from configurations are resolved

4.4 Completion of the Post-Implementation Evaluation Report (PIER), in which the Contractor is responsible – with input from the State – for completing the Post-Implementation Evaluation Report.

Contractor Activities, Roles and Responsibilities in conjunction to those stated in Section 1.104.4: Implementation:

- Migrate Existing Applications to MICAM Infrastructure
- Requirements rationalization for individual application to be Migrated (to conduct design workshop with State Owner for the Application)
- Documenting, development and testing the migrations to MICAM

Contractor Deliverables in conjunction to those stated in Section 1.104.4: Implementation, as required:

- Migration Plan (includes System migration requirements and cut over strategy for individual applications)
- Updated Design and Infrastructure Documentation

1.104.5 TRAINING

Objective

The objective of the Training Stage is for State staff to be effectively trained on how to operate those aspects of the MICAM solution that are the State's responsibility.

Description

Contractor will provide training to State staff. Training materials will include Web-Based Tutorials (WBTs), CDs, videos, and virtual classrooms.



For planning purposes, Contractor will provide three (3) sessions of four (4) hours each in three (3) months period for training the staff identified by the State of Michigan for conducting the User Acceptance Testing (UAT) of the MICAM solution.

It is the State of Michigan's responsibility to coordinate with its staff to make them available for these training sessions. These training sessions will be focused on the MICAM solution to help enable State of Michigan staff perform UAT and does not include product related trainings. Contractor will provide additional MICAM solution training, IAM product training, or transition services, upon execution of a change request for these activities.

End User communication with respect to application integration and migration roll out, such as frequently asked questions (FAQ), is included with the UAT training.

1.104.6: Operational Services **Objective**

The Contractor will provide operational services until the end of the Contract.

The State reserves the right to solely operate the solution in the State see section 1.104.8: Transition Services for more details.

Description

Operational Services include solution hosting and day to day Administration operations as well as the integration of new applications to the MICAM solution.

Integration of 200 new applications to the MICAM solution will be included in Operational Services that the Contractor provides.

It will be agreed upon by the State and Contractor how many of what type of the new applications will be integrated within the annual period. Each integration work request will be customized to the specific request. The Contractor will complete and identify tasks that State and Contractor resources will complete to allow flexibility for future integrations defined by type listed in Appendix C.

The Contractor is responsible for documenting, development and testing the integrations to MICAM. The data requirements and communication protocols for each will be defined. The integrations to be developed along with the communication protocol will be based on the accepted Initiation, Requirements and Design Plan. The State anticipates that the communication protocol will be a mutually agreed upon in discussion with the Contractor.

Tasks

6.1 Hosting Operations include:

- Activities to operate MICAM for Citizens and provide the service for.
 - Reducing disruption of the MICAM for Citizens Solution
 - Hosting and Site Security
 - Equipment Maintenance and Support
 - Disaster Recovery operations
- Provisions for redundancy of data and processing components to reduce single points of failure.
- Update required patches in a timely manner to the software used, to effectively run the Contractor-hosted the Solution. This will include operating system and database support.
- Hardware refreshes will take into consideration impact to system performance or user access.



- Responsible for documenting system functional and performance errors and providing remediation
- Responsible for logging, reporting, and fixing defects related to the system.

6.2 Day to day Operational Services include:

- Help Desk for Citizens
Helpdesk personnel will be able to take help calls from the user population (possible user count starting at 400,000 and growing up to millions). Help desk support personnel will be English-speaking and Spanish-speaking and be available via a toll-free number.
 - I. The Contractor will provide live business support hours between 8:00 a.m. and 5:00 p.m. Eastern Standard Time (EST) Monday through Friday.
 - II. Emergency User Support – experienced technical support which may include email, pager, or callback during off-hours, 24x7x365, with intended response times as set forth below:
 - a. Severe – within 4 hours
 - b. High – within 6 hours
 - c. Medium – next business day
 - d. Low – 2 to 3 business days.
 - III. Contractor will provide a web-enabled help desk interface.
- Technical Support for Workers will be addressed through the State's IT Client Service Center (CSC) processes, and then will be addressed with the Contractor as applicable, per Sub-section 1.104.7: Maintenance and Support, below.

6.3 Integration of 200 new applications services including the following:

- Provide technical integration document to application owners,
- Provide assistance to application owners in application integration
- Provisioning of the new application in various MICAM environments (DEV, QA and PROD)
- Testing of newly integrated application
- Attend meetings for requirement gathering for integrating new applications into MICAM
- Design and Implement Risk Based Authentication (RBA) for 5 applications only identified by the State. SOM defines RBA as a solution that monitors several characteristics of the attempted authentication and compares those characteristics against a known profile.
- Design and Implement Captcha for MICAM for Citizens.

Completion of Integration Testing, which will follow the same approach as Installation Testing as described in 1.104.4

Contractor Activities, Roles and Responsibilities in conjunction to those stated in Section 1.104.6: Operational Services:

- Infrastructure Hosting of the MICAM for Citizens solution
- Data Synchronization
- Ongoing System Monitoring
- Troubleshooting and Bug Fixing
- Minor Enhancements
- Integrate New Applications to MICAM Infrastructure (work with Application owners for requirements/design, move through various environments, testing)



Contractor Deliverables in conjunction to those stated in Section 1.104.6: Operational Services:

- New applications will be available with the MICAM DR environment, provided each integrated application has respective DR deployment.
- MICAM Auditing and security reports
- Usage and performance reporting
- Updated Design Document and MICAM Infrastructure Architecture Documents

1.104.7: Maintenance and Support

Objective

The Contractor will provide maintenance and support from the end of Phase 1 until the end of the Contract.

Description

The Contractor will provide maintenance and support which includes items such as, but not limited to:

- Access to service packs
- Access to new and revised documentation
- Defect fix for defects reported in the MICAM solution

Tasks

- 7.1 System Maintenance/Support: The Contractor is required to develop a System Maintenance Plan. The Contractor will include a description of their maintenance and support services. For the duration of the contract, the Contractor will keep the new system current on service packs .
- . The frequency and rollout of service pack schedule will be mutually agreed between the State and the Contractor. The upgrade associated with new versions and / or major releases will need to be assessed for overall impact to Solution functionality and architecture, and resulting level of effort to deploy, and will be addressed through a Change request.

The Contractor will include support services during the maintenance and support period for the following, for MICAM-related software (which does not include the OS, Database, or WebSphere):

- Application support for the MICAM integrated applications
- Security reports as requested by various entities in the State of Michigan based on the approved requirements and design and supported by the MICAM solution
- Usage and performance reporting
- Synchronize MICAM user repository with State's AD integrated with MICAM
- Special assistance for urgent or unusual mass user loads
- Integration of provisioning, maintenance of IDs, de-provisioning in the MICAM environment
- Service to assist with provisioning, maintenance of IDs, de-provisioning, including bulk load capability
- Service packs are installed
- Apply security patches
- Upgrades are installed
- Hot fixes are installed
- Defects with code are resolved
- Defects resulting from configurations are resolved
- Perform performance tuning
- For hardware related to MICAM for Citizens provided under this Contract, repair and replacement



- The Contractor will provide business support hours between 8:00 a.m. and 5:00 p.m. Eastern Standard Time (EST) Monday through Friday, according to the following SLA's:
 - Severe – within 4 hours
 - High – within 6 hours
 - Medium – next business day
 - Low – 2 to 3 business days.

Contractor will provide on-call support for after-hours and weekends.

I. System Maintenance:

- a. Refers to regular and routine work performed by the Contractor on the MICAM solution, and ancillary systems or interfaces run by the Contractor under this contract.
 - i. Includes work required to correct defects in the system operation as required to meet Contract requirements.
- b. The Contractor will perform system maintenance at the direction of the State, for the component parts of the solution after its implementation.
- d. Provide support to the State of Michigan in response to changes in the production operating system/server environment and system performance and other maintenance support as needed to keep the system operational.
- e. For mission critical issue(s): Mission critical issues: are (1) the system errors that, if not resolved, will cause the system to a total failure, or significantly impair the State clients to continue using the system, or (2) system errors determined by the States project manager (with reasonable judgment) to be critical to meeting program area requirements.
- f. The Contractor will initiate the work promptly and keep the State apprised of the progress through resolution. The Response Time for Support is as follows:
 - i. **Critical** (System Outage) – Contractor response within 30 minutes after Contractor is made aware of the system outage and outage is declared Critical, 24 hours per day 7 days a week, plan of action within 2 hours, resolved within 4 hours, if possible
 - ii. **High** (Major modules down, some services available) – Contractor response within 2 hours, plan of action within 4 hours, resolved within one day, if possible.
 - iii. **Moderate** (Majority of application is up, some services down) – Contractor response within 4 hours, plan of action within 8 hours resolved within 48 hours, if possible.
 - iv. **Low** (Limited problem with no major disruptive ramifications) – Contractor response by next day, resolved within 72 hours, if possible.

II. Adaptive and Preventive Maintenance Activities

- a. Adaptive and preventive maintenance addresses upgrades to the system due to technical changes to system components to keep the system maintainable, including the following services:
 - i. Upgrades or patches of the MICAM software solution.
 - ii. Software modifications and upgrades required because of expiring Contractor support.
 - iii. Hardware, database, or application conversions that do not modify user functionality.
 - iv. One-time loads or reformats of user data.
 - v. Disaster recovery plan activities.
- b. The changes will be transparent to the user to the extent possible and practical.
- c. Risk based authentication release changes will be performed in a quarterly patch release if needed.
- d. For major upgrades requiring a more significant amount of time to develop, test, and implement, the changes should be completed as part of a development release or a quarterly release.

III. Performance Maintenance Activities - Performance maintenance addresses activities to improve the performance of the application.



- a. Performance maintenance, which includes factors and parameters within the MICAM Solution changes (if applicable) will be performed in a monthly patch release or, for major changes requiring significantly more time to develop, test, and implement, the changes should be completed as part of a development release or quarterly release.

- IV. Minor System Enhancement Activities - Minor system enhancements that require De minimis effort per enhancement request based on the Contractor's assessment. These enhancements will need to follow the established MICAM Change Management process.

Contractor Activities, Roles and Responsibilities in conjunction to those stated in Section 1.104.7: Maintenance and Support:

- System patch management
- Adaptive and Preventive Maintenance
- Minor System Enhancement Activities
- Technical Support
- Performance Maintenance

Contractor Deliverables in conjunction to those stated in Section 1.104.7: Maintenance and Support:

- Configuration Management documents
- Defect Logs
- Reports related to System Health/Performance

1.104.8: Transition Services

Objective

In the event the State elects to support the MICAM solution after the implementation of external hosting, the Contractor will work with the State to perform a knowledge transfer on the MICAM solution through a change request. This knowledge transfer shall include involving State personnel in ongoing configuration activities.

Description

The Contractor will provide transition support planning and services as listed below.

In the event the State elects to support the MICAM solution, the Contractor agrees to make reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 120 days, unless delays are caused by the State.

The plan to complete the operations transition will be documented by the Contractor in the Transition Plan. This plan shall include, at a minimum:

- Transition schedules and tasks
- Hardware and software deployment strategy
 - Hardware network, storage, database, communication, capacity and planning
- Personnel requirements
 - Resources from both Contractor and State
 - Time commitments
- Facilities
- Training
 - Training and knowledge transfer duties, event, activities and responsibilities
- Risk Mitigation Strategies
- Management Controls
- Reporting
- Acceptance Criteria



The Contractor's technical staff provides knowledge transfer and formal training and "Hands-On" experience in the system software, pursuant to the agreed upon plans.

Contractor Activities, Roles and Responsibilities in conjunction to those stated in Section 1.104.8: Transition Services:

- Transition Plan
- Hardware and software deployment strategy
- Risk Mitigation Strategies
- Prepare and conduct handover sessions with DTMB team
- Handover of MICAM functionalities
- Conduct project phase closure tasks

Contractor Deliverables in conjunction to those stated in Section 1.104.8: Transition Services:

- MICAM Transition Plan and related documents

1.104.9: Future Projects

Objective

This section is intended to facilitate the handling of Change requests so that those with a solid business case can be efficiently incorporated into the project. It is the State's intention to leverage this MICAM solution in subsequent iterations across other state systems. The State will have the discretion of leveraging the MICAM Solution for their existing and future SOM applications as well as Trusted 3rd Party applications. If additional State agencies choose to use this Contract the State will obtain a fixed price proposal that is derived from the hourly rates provided in Appendix B, and the State will seek additional spending authority through the Administrative Board when required. The Contractor will not be obligated or authorized to commence work to implement a statement of work until authorized via a purchase order issued against this contract.

Description

For changes in functionality or services, the Contractor will perform an impact analysis, including changes to security, to determine the functional areas impacted by the change, and the associated requirements and deliverables that will be modified to incorporate the change. Once the impact analysis has been completed, the Contractor will submit a change request detailing the proposed changes to incorporate the new/changed functionality. A change request will additionally include impact to the project schedule, and the FTEs required to incorporate and to implement the change. The change request will follow the defined and accepted process.

The Contractor will provide an as-needed reserve bank of approximately 50,000 hours available during the contract term. The funding that is allocated towards change requests will be available for future development activities, scope modifications, enhancements, or other work that does not fall under the definition of "maintenance" as defined in the contract..

The rates for the reserve bank have been scheduled over the length of the contract. The SOM will issue separate Statements of Work to the Contractor for the work requested and the Contractor will provide a written price proposal based on the Contract's hourly rates. Upon review and approval of the DTMB Project Manager, a Purchase Order release will be issued to the Contractor for the project to begin. Hourly rates will be as contained in the Proposal Labor Rates Table (Appendix B)

This reserve bank will be for future development services to meet new requirements resulting from, but not limited to:

- Future enhancements will be required based on federal and state requirements. A separate Statement of Work will be written for required enhancements. The Contractor will be able to respond to requests to modify the system to meet future needed functionality, including permission from the proprietary software Contractor if needed



- Application Adjustments & New Development - Contractor will provide the ability to request changes or new development work of the Systems. New functionality will be supported under a maintenance agreement, or at prevailing market rates
- Interoperability Development with Other Applications - Contractor will provide the ability to request integrations or interoperability with other products or services of the system. New functionality will be supported under a maintenance agreement, or at prevailing market rates
- Systems Interface Development and Adjustments- Contractor will provide the ability to request changes or customizations to the application user interface of the System. New functionality will be supported under the existing maintenance agreement

The reserve bank of hours may also be used for, but not limited to:

- New interfaces and/or integrations which includes documentation
- Data integration scripting and services outside of the normal migrations and integrations
- Additional and/or updated training of SOM users
- Help Desk
 - Additional Help Desk support
 - Help Desk in Additional Languages
- Transition services

The Change Management Plan will be followed if the Contractor requests the use of Supplemental Services, which are part of this contract. Enhancements will not affect the schedule, service level, or cost of the other activities and tasks of this contract without the express acknowledgement and consent of the State.

B. Requirements

The following section includes the General and Technical System and Functional Requirements that the Contractor is required to meet.

I. General and Technical System Requirements

The General and Technical System Requirements in Appendix D identify what the solution will run on or integrate with, including standards that will be met, security requirements, service levels and interfaces. The General and Technical System Requirements also identify the general framework in which the solution will work, such as: capacity requirements (number of users, concurrent users, number of transactions to be handled, peak usage), documentation, and backup and recovery.

II. Functional Requirements

The Functional Requirements in Appendix E identify what the solution will do to enable performance of work tasks and applicable service levels.



1.200 Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

A. Contractor Staff

The Contractor's Specific Personnel who will be assigned to the Contract are included in Attachment 1 Organizational Chart.

Contractor must provide a list of all subcontractors, including firm name, address, contact person, and a complete description of the work to be contracted.

The Contractor will provide:

1. Personnel with the ability to work professionally with the users, administrators, DTMB and other State agencies serving the citizens of the State of Michigan.
2. Personnel with abilities to work with state and local agency personnel that have a wide range of application and computer-related knowledge.
3. Personnel with the ability to train and/or educate while assisting DTMB personnel.
4. Personnel with the ability to document and act on customer suggestions and complaints.
5. Personnel with the ability to document problems, fixes, resolutions and preventative measures for the future.
6. Personnel with the ability to troubleshoot problems and provide timely resolutions in order to prevent downtime.

Single Point of Contact (SPOC) for this project will be defined in Appendix A. The duties of the SPOC will include:

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

The SOM reserves the right to require a change in the current SPOC in accordance with Section 2.603 of this Contract.

All Key Personnel may be subject to the State's interview and approval process in accordance with Section 2.602 of this Contract. The SOM has identified the following as key personnel for this project:

- A Project Manager to work closely with the designated personnel from the SOM to manage the project effectively in accordance to the State. The project manager and/or technical lead will coordinate the activities of the Contractor personnel assigned to the project and create reports required by SOM.
- A Technical Lead for the more technical aspects of the project, including getting the environments set up and ready.
- Identity Management Specialist for providing strategic consulting for Identity, Credential and Access Management (ICAM). They will be the Specialist (SMS) for Identity, Credential and Access Management (ICAM).
- Security Analyst/Specialist for understanding all aspects of the project for security considerations. They are responsible to determine that the State, Federal, and National security policies and standards are followed.



- Software/Integration Architect to work with the SOM team to understand and document current state, identify improvement opportunities and steward the client through the transition to the future state. They will bring to the table the vast client experiences of the Deloitte & Touche LLP client base. They will also provide support for the design, development, and integration of applications throughout the project
- Testing Coordinator for overseeing the testing procedures includes scheduling, managing and directing test procedures of systems to help ensure the MICAM solution meets MDCH's business needs.
- Training Lead to develop and execute the training plan.

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

B. On Site Work Requirements

1. Location of Work:

No Michigan-specific work will be performed offshore. On-Site Work will be performed, completed, and managed at the SOM offices in Lansing, Michigan.

2. Hours of Operation:

- a. Normal State working hours are 8:00 a.m. to 5:00 p.m. EST, Monday through Friday. 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. Additional Security and Background Check Requirements – Refer to Section 2.091.

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The State will provide the following resources for the Contractor's use on this project, as agreed upon:

- Work space
- Minimal clerical support, including access to fax and copy machines
- Desk
- State network and Internet access
- State PC's
- VPN access
- Administrative access and permissions to install and configure MICAM components in the target environments.

The SOM project team will consist of Executive Sponsors, Executive Subject Matter Experts (SMEs), a DTMB project manager, and project support personnel.

Executive Sponsors and Executive Subject Matter Experts

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

- Resolve project issues in a timely manner.



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

| Name | Role | Agency/Division | Title |
|-----------------------|-------------------|-----------------|--|
| Linda Pung | Executive Sponsor | DTMB | General Manager |
| Rodney Davenport | Executive Sponsor | DTMB | Chief Technology Officer |
| Cynthia Green-Edwards | Executive Sponsor | DCH | Director of the Office of Medicaid Health Information Technology |
| Carmen Redwine | Executive SME | DTMB | DTMB DCH Business Relationship Manager |
| Scot Ellsworth | Executive SME | DTMB | Chief Enterprise Architect |
| Tina Scott | Executive SME | DCH | DCH Business Owner |

SOM Project Manager

DTMB will provide a Project Manager. DTMB will be responsible for the SOM's infrastructure and work together with the Contractor in determining the system configuration.

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

- Provide SOM facilities, as needed.
- Coordinate the SOM resources required for the project across agencies.
- Facilitate coordination between various external contractors.
- Facilitate communication between different SOM departments/divisions.
- Provide acceptance and sign-off of deliverable/milestone.
- Acts as single point of contact for review and sign-off of timesheets and invoices.
- Obtains approvals from agency contacts prior to approval of timesheets and invoices.
- Resolve project issues.
- Escalate outstanding/high priority issues.
- Utilize change control procedures.
- Conduct regular and ongoing review of the project to confirm that it addresses original objectives and requirements.
- Document and archive important project decisions.
- Arrange, schedule, and facilitate SOM staff attendance at project meetings

| Name | Agency/Division | Title |
|--------------|-----------------|-----------------|
| Debbie Miros | DTMB | Project Manager |

SOM Contract Administrator

DTMB shall provide a Contract Administrator whose duties shall include, but not be limited to, supporting the management of the Contract.

In connection with performing the services described in this engagement letter, Contractor shall be entitled to rely on all decisions and approvals of the State. the State shall be solely responsible for, among other things: (i) making all management decisions and performing all management functions; (ii) designating a competent management member to oversee Contractor's services hereunder; (iii) evaluating the adequacy and results of such services; (iv) accepting responsibility for the results of such services; and (v) establishing and maintaining internal controls, including, without limitation, monitoring ongoing activities.



Contractor will not provide any legal advice regarding our Services nor will we provide any assurance regarding the outcome of any future audit or regulatory examination or other regulatory action; the responsibility for all legal issues with respect to these matters, such as reviewing all deliverables and work product for any legal implications to the State, will be the State's.

1.203 OTHER ROLES AND RESPONSIBILITIES

The State will provide a total of six (6) additional equivalent FTE IT State staff members to support the entire project. The State will assign other State staff to support the project as needed.

1.300 Project Plan

Project Planning covers those activities that require ongoing administrative oversight throughout the Project's implementation processes, from initiation to completion of the project. Planning also includes a number of plan documents that guide and govern the project from requirements confirmation and refinement through deployment, as well as for preparing for the eventual assumption of responsibilities by the State.

Performance Review Meetings

The State will require the Contractor to attend weekly meetings, to review the Contractor's performance under the Contract. The meetings will be held in Lansing, Michigan, or by teleconference, as mutually agreed by the State and the Contractor.

Project Control

1. The Contractor will carry out this project under the direction and control of the State for implementation.
2. Within **15** business days of the Project Kick-off Meeting, the Contractor will submit the updated project plan to the State project manager for final approval.
 - a. This project plan will be in agreement with Article 1, Section 1.104 Work and Deliverables, and will include the following:
 - i. The Contractor's project organizational structure.
 - ii. The Contractor's staffing table with names and title of personnel assigned to the project. This will be in agreement with staffing of accepted proposal. Required substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the SOM.
 - iii. The project work breakdown structure (WBS) showing sub-projects, activities and tasks, and resources required and allocated to each.
 - iv. Include a project schedule with the following date-related information:
 1. The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the WBS.
 2. Originally scheduled start and end dates for tasks, subtasks, and activities (including milestones and deliverables)
 3. Anticipated start dates for future tasks, subtasks, and activities
 4. Anticipated end dates for current and future tasks, subtasks, and activities
 5. Be provided in Microsoft Project, or equivalent project management tool, where milestones and tasking can be uploaded and annotated in Microsoft Project.
 6. Identify Contractor and State resources for tasks, subtasks, and activities
 - v. The location of all data-processing storage (physical and digital), processing, production, server room, backup facilities etc., used to fulfill this Contract, will be provided to the state.
3. The Contractor will manage the project in accordance with the SOM SUITE methodology and Deloitte & Touche LLP IAM Methods Implementation Methodology gates that will not conflict with, but enhance the project activities. This includes standards for project management, systems engineering, and associated forms and templates which is available at: <http://www.michigan.gov/dmb/0,4568,7-150-56355-95218--,00.html>



- a. Contractor will use Microsoft Project Plan for planning, monitoring, and tracking the progress for this project.
- b. Tool(s) used by Contractor for such purposes will produce information of a type and in a manner and format that will support reporting in compliance with the SOM standards.

1.302 REPORTS

Reporting formats will be submitted to the State for approval within ten (10) business days after the project start date. Once both parties have agreed to the format of the report and the reporting time duration, it shall become the standard to follow for the duration of the contract. The following reports will be provided, together with reports identified in Section 1.104, Work and Deliverables, and the following requirements met:

The Contractor is responsible for updating the Contractor's detailed project schedule (at a minimum) on a weekly basis, and providing changes to the State, for incorporation into the master project schedule, to maintain correct status and reporting. The most current project schedules will be available for distribution and review with each Weekly Status report.

- A. Written summaries or progress reports that outline work accomplished during the reporting period, work to be accomplished during the subsequent reporting period, if known; problems, real or anticipated, which will be brought to the attention of the DTMB Project Manager and notification of significant deviation from the previously agreed upon work plans. Areas of decision-making that pertain to this contract will be reviewed in detail with the DTMB Project Manager prior to a final decision. Each progress report will contain the following:
 1. Project schedule status.
 - a. Identify if the project is on schedule or if there is a deviation from the previously agreed upon schedule.
 - b. If the project has deviated from the previously agreed upon schedule, identify the reason for the deviation and the affected areas.
 - c. Identify in detail the steps that will be taken to resolve the deviation.
 - d. Specify schedule adjustments that have resulted from the deviation.
 2. Activities of the past time duration - Summarize the actions taken and progress made on the project during the past time duration.
 3. Activities for the following time duration - Summarize the actions planned for the following time duration in order to meet the project delivery and performance schedule requirements.
 4. Deliverables - Identify deliverables delivered to DTMB and impacted State Agencies in the past month and deliverables planned for delivery to DTMB and impacted State Agencies in the following time duration.
 5. Issues - Identify problems, difficulties, either anticipated or encountered, and suggested solutions.
 6. Resolution of prior issues - Identify resolutions to issues identified in previous progress reports.
 7. Percentage completed. Indicate the percentage completed for each task defined in the work plan during the past time duration, the total percentage completed for each task, total percentage completed for the development stage, and the total percentage completed for the project stage.
- B. The Contractor will maintain progress and resource schedules for tasks under this contract. This documentation will include, as appropriate, progress Gantt charts, resource schedule reports, and progress reports. The Contractor is responsible for tracking hours expended on each task.
- C. Documentation prepared by the Contractor will be submitted to DTMB as both a printed hard copy and in Microsoft Word electronic format. DTMB and the Contractor will mutually agree upon alternative electronic formats.
- D. The Contractor's name, logo, or other company identifier may not appear on documentation delivered to the State without written authorization from the Contract Administrator. An exception to this will be transmittal of cover letters showing delivery of said documents and invoices.
- E. Documentation submitted to DTMB by the Contractor will contain a title page with the following information:



- Contract Number
- Contract Expiration Date
- Task Name (if applicable)
- Deliverable Name
- Name of Contractor
- Contractor Project Manager
- Date of Deliverable or Report
- Time Period of Deliverable or Report

F. Reports and deliverables to be furnished by the Contractor, as described in Section 1.104, Work and Deliverables, will be delivered to the DTMB Project Manager for their approval.

G. The Contractor will inspect reports and deliverables for correctness prior to delivery.

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.

Issue Management will follow the SOM SUITE methodology. The Contractor will 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.

1.402 RISK MANAGEMENT

A risk is an unknown circumstance or event that, if it occurs, may have a positive or negative impact on the project.

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

1.403 CHANGE MANAGEMENT

Change management is defined as the process to communicate, assess, monitor, and control all changes to project scope and the contract. Contractor will follow the SOM SUITE Methodology for Change Management.

For proposed contract changes outside the scope of the current approved Purchase Order, the Contract Administrator (with approval of the State Senior Project Managers) must submit a change request to the Department of Technology, Management, and Budget (DTMB), Purchasing Operations Buyer, who must make recommendations to the Director of Purchasing Operations regarding ultimate approval or disapproval of the change request. If the DTMB Purchasing Operations Director agrees with the proposed modification, and all required approvals are obtained (including State Administrative Board), the Purchasing Operations Buyer must issue an addendum to the Contract, via a Contract Change Notice.

If products or services are provided prior to the issuance of a Contract Change Notice by the DTMB Purchasing Operations, the Contractor risks non-payment for out-of-scope pricing, products, or services.



1.500 Acceptance
1.501 Criteria

A. Delivery of Deliverables

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

B. Contractor System Testing

Contractor will be responsible for System Testing each Software Deliverable in Contractor's development environment prior to turning over the Software Deliverable to the State for User Acceptance Testing and approval. Contractor's System Testing will include the following:

- Contractor will be responsible for performing Unit Testing and incremental Integration Testing of the components of each Custom Software Deliverable.
- Contractor's System Testing will also include Integration Testing of each Software Deliverable designed to ensure proper inter-operation with all prior software Deliverables, interfaces and other components that are intended to inter-operate with such Software Deliverable, as such inter-operation is set forth in the applicable Statement of Work as a requirement therefor, and will include Regression Testing, volume and stress testing to designed to ensure that the Software Deliverables are able to meet the State's projected growth in the number and size of transactions to be processed by the Application and number of users, as such projections are set forth in the applicable Statement of Work.
- Contractor's System Testing will also include Business Function Testing and Technical Testing of each Application in a simulated production environment. Business Function Testing will include testing of full work streams that flow through the Application as the Application will be incorporated within the State's computing environment. The State will participate in and provide support for the Business Function Testing to the extent reasonably requested by Contractor. Within ten (10) days before the commencement of Business Function Testing pursuant to this Section or as otherwise agreed to by the parties, Contractor will provide the State for State review and written approval Contractor's test plan for Business Function Testing.
- Within ten (10) Business Days following the completion of System Testing pursuant to this Section, Contractor will provide to the State a testing matrix establishing that testing for each condition identified in the System Testing plans has been conducted and successfully concluded. To the extent that testing occurs on State premises, the State will be entitled to observe or otherwise participate in testing under this Section as the State may elect.

C. Approval of Deliverables, In General

All Deliverables (Written Deliverables and 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 without material deficiency, which, in the case of 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 acknowledges its receipt.

The State will approve in writing a Deliverable upon confirming that it conforms to and, in the case of a Software Deliverable, performs in accordance with, its specifications without material deficiency. The State may, but will 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.

D. Process for Approval, In General

The Deliverable acceptance process provides State with visibility through the deliverable development process. State will approve each Deliverable that conforms in material respects with the specifications therefore set forth in the Contract or as otherwise agreed by the parties in writing ("Specifications"). Within ten (10) business days (or such other period agreed upon in writing by the parties) from its receipt of a Deliverable, the State will provide Contractor with (i) written approval of such Deliverable or (ii) a written statement which identifies in reasonable detail, with references to the applicable Specifications, all of the deficiencies preventing approval (the "Deficiencies").

Contractor will have up to ten (10) business days (or such other period agreed upon in writing by the parties) from the date it receives the notice of Deficiencies to complete corrective actions in order for such Deliverable to conform in all material respects to the applicable Specifications. The State will complete its review of the corrected Deliverable and notify Contractor in writing of acceptance or rejection in accordance with the Deliverable acceptance process specified herein. Up to two (2) deliverable review cycles will be completed by the Contractor for a given deliverable. Up to two (2) deliverable review cycles will be completed by the Contractor for a given deliverable. If the agreement on a given deliverable is not reached after 2 review cycles then it will be resolved by the State and Contractor management teams through project escalation.

If, 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 will bear any excess expenditure incurred by the State in so doing beyond the contract price for such Deliverable; or (iii) terminate this Contract for Cause, 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 will 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.



Notwithstanding the foregoing, approval of a Deliverable will be deemed given by the State if the State has not delivered to Contractor a notice of Deficiencies for such Deliverable prior to the expiration of period for the State review thereof as set forth herein, or if the State uses the Deliverable in production.

To the extent that any Deliverable has been approved by the State at any stage of Contractor's performance under the Contract, Contractor will be entitled to rely on such approval for purposes of all subsequent stages of Contractor's performance under the Contract. The State agrees that, in the event an approved Deliverable differs from the Specifications for such Deliverable, the Specifications will be deemed modified to conform with such approved Deliverable.

E. 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, will be five (5) Business Days per Deliverable for Written Deliverables of one hundred (100) pages or less and ten (10) Business Days per Deliverable for Written Deliverables of more than one hundred (100) pages). Should the State fail to do so, based on the assessed delay impact to the project, Contractor may charge the State additional cost, per the Contract Rate Card. The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable prior to its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Written Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected prior to approval of the Written Deliverable (or at the State's election, subsequent to approval of the Written Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within five (5) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Written Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Written Deliverable to confirm that the identified deficiencies have been corrected.

The State and Contractor understand the timeline for the MICAM project and will make all reasonable efforts to accelerate the delivery and review timelines.

F. Process for Approval of Software Deliverables

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

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

For the Software Deliverables, the State Review Period for conducting UAT will be as indicated. For any other Software Deliverables not listed in an attachment, the State Review Period will be the number of days agreed in writing by the parties (failing which it will be thirty (30) days by default). The State Review Period for each Software Deliverable will begin when Contractor has delivered the Software Deliverable to the State, and the State acknowledges its receipt.

The State's UAT will consist of executing test scripts from the proposed testing submitted by Contractor, but may also include any additional testing as agreed by the State and the Contractor. If the State determines during UAT that the Software Deliverable contains any material deficiencies, the State will notify Contractor of the deficiency by making an entry in an incident reporting system available to both Contractor and the State. Contractor will modify promptly the Software Deliverable to correct the reported deficiencies, conduct



appropriate System Testing (including, where applicable, Regression Testing) to confirm the proper correction of the deficiencies and re-deliver the corrected version to the State for re-testing in UAT. Contractor will coordinate the re-delivery of corrected versions of Software Deliverables with the State so as not to disrupt the State's UAT process. The State will promptly re-test the corrected version of the Software Deliverable after receiving it from Contractor.

The State, may halt the UAT or approval process if such process reveals material deficiencies in 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 material deficiencies in such Deliverable in accordance with the Contract, as the case may be.

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

G. Acceptance Criteria:

The State of Michigan will evaluate each contracted deliverable against relevant existing standards;

- Project Management documentation will be evaluated against PMM standards
- Design will be evaluated to validate that known requirements are met and that the design is extensible to meet future requirements
- Architecture and implementation plans will be evaluated to validate State of Michigan enterprise standards are met
- Each deliverable will be evaluated per the mutually agreed requirements and design
- Each requirement will be required to be addressed in User Acceptance Testing, and a test plan put in place by the Contractor.
- All deliverables will be evaluated against the mutually agreed upon the acceptance criteria

H. 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.

(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.

(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.

1.502 Final Acceptance

Final acceptance of the MICAM Solution will be granted upon the following:

- Delivery and acceptance of all contracted deliverables through the implementation phase.

For future enhancements, final acceptance will be granted upon fourteen (14) calendar days after the Enhancement is implemented in production, according to the acceptance criteria as specified in the applicable Statement of Work.

1.600 Compensation and Payment

1.601 COMPENSATION AND PAYMENT

Method of Payment

The project will be paid (Firm Fixed Price). Appendix B – Cost Table, provides a detailed breakdown of the Contractor pricing.

Travel

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

Out-of-Pocket Expenses

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

Statements of Work and Issuance of Purchase Orders

1. 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. State Responsibilities
12. Location of Where the Work is to be performed
13. Expected Contractor Work Hours and Conditions



2. 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

The Contractor shall submit properly itemized invoices to the "Bill To" Address on the Purchase Order.

Invoices will provide and itemize, as applicable:

1. Contract number;
2. Purchase Order number
3. Contractor name, address, phone number, and Federal Tax Identification Number;
4. Description of any commodities/hardware, including quantity ordered;
5. Date(s) of delivery and/or date(s) of installation and set up;
6. Price for each item, or Contractor's list price for each item and applicable discounts;
7. Maintenance charges;
8. Net invoice price for each item;
9. Shipping costs;
10. Other applicable charges;
11. Total invoice price; and
12. Payment terms, including any available prompt payment discount.

The State will pay maintenance and support charges on a monthly basis per Appendix B – Cost Table (aggregate of cost specified in Table 3, 4, and 5), 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.

Administrative Fee

1. The Contractor will remit an administrative fee on all sales transacted under this Contract, and remit the fee within 30 days after the end of each quarter. The administrative fee equals one percent (1%) of the total quarterly sales reported.
2. The Contractor will pay the administrative fee by check payable to the State of Michigan. The Contractor will identify the check as an "Administrative Fee" and include the following information with the payment: the applicable Contract Number, the total quarterly sales by volume and dollar amount, and the quarter covered.
3. The Contractor will send the check to the following address:
 Department of Technology, Management and Budget
 Financial Services – Cashier Unit
 Lewis Cass Building
 320 South Walnut St.
 P.O. Box 30681
 Lansing, MI 48909

1.602 HOLDBACK

The State shall have the right to hold back an amount equal to ten percent (10 %) of amounts invoiced by Contractor for Services/Deliverables, specified in Appendix B – Cost section (Table 2). All amounts held back as of such date shall be released to Contractor when the State has accepted the relevant Deliverables as specified in Appendix B- Cost section (Table 2) as being tied to payment of the holdback, in accordance



with the Deliverable Acceptance Process described above in Section 1.501. Hold back payment will be made within 30 days of the invoice date. Any withheld amounts not previously paid shall also become immediately payable upon any termination hereof, subject to the State's rights and remedies hereunder and at law.



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 CONTRACT TERM

This Contract is for a period of five (5) years beginning 9/13/2013 through 9/12/2018. 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 five (5) additional one-year periods.

2.003 LEGAL EFFECT

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

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

2.004 ATTACHMENTS & EXHIBITS

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

2.005 ORDERING

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

2.006 ORDER OF PRECEDENCE

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



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

2.007 HEADINGS

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

2.008 FORM, FUNCTION & UTILITY

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

2.009 REFORMATION AND SEVERABILITY

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

2.010 Consents and Approvals

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

2.011 NO WAIVER OF DEFAULT

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

2.012 SURVIVAL

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

2.020 Contract Administration

2.021 ISSUING OFFICE

This Contract is issued by the Department of Technology, Management and Budget, Procurement (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:



Reid Sisson
Buyer
Procurement
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
SissonR@michigan.gov
517-241-1638

2.022 CONTRACT COMPLIANCE INSPECTOR – DELETED/NA

2.023 PROJECT MANAGER

The following individual will oversee the project and support management of the Contract:

Refer to Article 1, Section 1.202.

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 will 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 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 and/or a delivery schedule adjustment. 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, and the Contractor shall not be required to perform the additional services/deliverables in the absence of a mutually agreed Change Order or Contract Modification applicable to the additional services or deliverables.

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

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



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

2.025 NOTICES

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

State:

State of Michigan
Procurement
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor:

See Contract Cover Page

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.

Each party shall reasonably cooperate with the other party in the performance of the Contract, including provision by the State of timely access to data, information, and its personnel. The State shall be responsible for the performance of its obligations as set forth in the Statement of Work and for the accuracy and completeness of data and information provided to the Contractor. Contractor's performance is dependent upon the timely and effective satisfaction of the State's responsibilities hereunder.

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 will use reasonable efforts to 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.
- (d1) 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.

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, partners or principals of Contractor or its affiliates (directly or indirectly, at any tier) (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) Key Personnel must be dedicated as defined in the Statement of Work to the Project.
- (b) The State will have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any



Key Personnel position, Contractor will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State will not unreasonably reject any proposed Key Personnel.

- (c) Contractor must not remove any Key Personnel from their assigned roles on the Contract (unless such Personnel's role is complete as defined in the Statement of Work) without the prior written consent of the State.

The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, and resignation or for cause or other 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. The State will approve replacements of Key Personnel provided that such replacement is of a substantially similar skill-set and reasonably acceptable experience. 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.

- (d) The Contractor must notify the State project manager 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. If the State objects, the Contractor will work with the State to mutually agree on a resolution.
- (e) The Contractor shall not assign any personnel to work at a State facility prior to such personnel completing the State's required background checks.

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

2.064 CONTRACTOR PERSONNEL LOCATION

All staff assigned by Contractor to work on the Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel 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 reasonably cooperate with the State and its agents including the State's Quality Assurance personnel. As reasonably requested by the State in writing in advance, the Contractor will provide to the State's agents reasonable access to Contractor's Project personnel and facilities where the Services are being performed to the extent the access relates to activities specifically associated with this Contract and will not interfere or jeopardize the safety or operation of the 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 will 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 in material compliance with Contract requirements. 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 applicable terms of this Contract (including those listed in Section 2.074 below) 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 will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See http://www.michigan.gov/dmb/0,4568,7-150-56355_56579_56755---,00.html. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff shall be expected to comply with all Physical Security procedures in place within the facilities where they are working. To the extent any of these security requirements are modified by the State following execution of this Contract, and such modification impacts Contractor's costs or ability to comply with the requirements, Contractor shall either have a right to an equitable adjustment to cover such additional costs or shall be relieved of compliance with the additional requirements.

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 72 hours of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

2.093 PCI DATA SECURITY STANDARD

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

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

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

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, except for copies retained as part of its workpapers subject at all times to its confidentiality obligations.

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

2.112 RETENTION OF RECORDS

Contractor must maintain at least until the end of the Audit Period all pertinent records (including time sheets with respect to time-and-materials services, 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, or other substantially similar procedures. Records supporting the billings under the Contract must be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

2.113 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. The State must notify the Contractor 20 days before examining the Contractor's books and records. The State does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

2.114 AUDIT RESOLUTION

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

2.115 ERRORS

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

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



2.120 Warranties

2.121 WARRANTIES AND REPRESENTATIONS

The Contractor represents and warrants:

- (a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner.
- (b) reserved.
- (c) Except for third party hardware and software provided outside of this Contract, 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 third party equipment, or software Deliverable or other Deliverable from a subcontractor for the State (including any such 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) To Contractor's knowledge, neither the Contractor nor any Affiliates, nor any employee of either performing the services hereunder, 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, in violation of applicable law. Contractor must notify the State about the nature of the conflict or appearance of impropriety promptly of learning about it.
- (h) To Contractor's knowledge, 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) To Contractor's knowledge, 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) To the extent that any such information was provided, to Contractor's knowledge, all financial 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 such financial information. Since the respective dates or periods covered by the financial information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor. To Contractor's knowledge, all written information furnished to the State by Contractor in connection with this Contract, including its bid, is materially true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.



- (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) To Contractor's knowledge, 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 WARRANTIES FOR HARDWARE, SOFTWARE, AND SOFTWARE AS A SERVICE

In the event that Contractor acts as payee agent on behalf of its reseller subsidiary for such subsidiary to resell hardware, software, or software as a service to the State, through Contractor, the license or purchase agreement shall be directly between the State and the third party vendor such that all applicable warranties for such hardware, software, and software as a service are provided to the State directly under such agreements.

2.123 RESERVED

2.124 RESERVED

2.125 RESERVED

2.126 EQUIPMENT TO BE NEW

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

2.127 PROHIBITED PRODUCTS

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

2.128 CONSEQUENCES FOR BREACH

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

2.130 Insurance

2.131 LIABILITY INSURANCE

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims that may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether the services are performed by the



Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be legally 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 as respects to Contractor's activities hereunder.

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/lara

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the specification herein of such minimum acceptable limits is not intended to limit Contractor's liability.

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 include the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED 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 INSURED 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)
- ☐ 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 claim 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.
- ☒ 9. Cyber Liability, which must cover:
 - (a) unauthorized acquisition, access, use, physical taking, identity theft, mysterious disappearance, release, distribution or disclosures of personal and corporate information;
 - (b) Transmitting or receiving malicious code via the insured's computer system;
 - (c) Denial of service attacks or the inability to access websites or computer systems

The following minimum limits must apply:

- \$1,000,000 Each Occurrence
- \$1,000,000 Annual Aggregate

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 or its authorized representative. 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 included 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 for third party claims and resulting 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, in each case with respect to claims initiated against the State for bodily injury (including death) or damage to real or tangible personal property, in each case that are attributable to the negligence or tortious acts of the Contractor or any of its subcontractors. The State does not indemnify any other party.

2.142 RESERVED

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 reasonable 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, software, commodities, or services developed or performed based on written specifications of the State; (ii) use of the equipment, software, commodities, or services 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, software, commodities, or services 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 breach is curable, then the State will provide the Contractor with written notice of the breach and a time period (not less than 30 calendar days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive breaches (not less than three) or if the State determines 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, pursuant Section 2.151, 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 may be liable for all costs incurred by the State as a result of the breach giving rise to such termination, subject to Section 2.220 below, including but not limited to, the reasonable fees that the State is required to pay and actually pays to an alternative service provider to perform the services (or any portion thereof) not yet performed by Contractor as of such termination for cause, to the extent in excess of the fees that the State would otherwise have paid to Contractor pursuant to this Contract, which shall be construed as direct damages and not as incidental, special, consequential or indirect damages for purposes of Section 2.220.
- (c) If the State chooses to partially terminate this Contract for cause, charges payable under this Contract shall be equitably adjusted, pursuant to negotiations between the parties', 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 calendar 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, pursuant to negotiations between the parties', 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, pursuant to negotiations between the parties, 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) in accordance with the Contract's ownership and license rights provisions, and upon full payment for each such Deliverable, 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 reasonable 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, nothing shall preclude the State from contracting directly with any party 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 2.170** 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 120 days. These efforts must include, but are not limited to, those listed in **Section 2.150**. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the rates established in this Contract.



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 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 by providing it with any Development Tools required to use the Deliverables under this Contract for which it makes payment. 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 Procurement, DTMB, 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 Procurement, DTMB, 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 will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.194 CONTINUED PERFORMANCE

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

2.200 Federal and State Contract Requirements

2.201 NONDISCRIMINATION

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

2.202 UNFAIR LABOR PRACTICES

Under 1980 PA 278, MCL 423.321, et seq., the State 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 RESERVED



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 is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

The Contractor's liability for damages to the State, regardless of the form of action, shall be limited to the value of the Contract (excluding the costs of any hardware and software purchased or licensed under this Contract). 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 the Contract.

2.230 Disclosure Responsibilities

2.231 DISCLOSURE OF LITIGATION

Contractor shall disclose any material criminal litigation 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 each case to the extent Contractor believes such litigation, investigations or proceedings adversely impact Contractor's ability to perform the Services. 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 conviction for 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.

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

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

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 be located in Tulsa, Oklahoma.

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 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 RESERVED

2.243 LIQUIDATED DAMAGES

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, as its sole monetary remedy therefore.

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 and \$350,000 in the aggregate.

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 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 – See Section 1.500

2.251 RESERVED

2.252 RESERVED

2.253 RESERVED

2.254 RESERVED

2.255 RESERVED

2.256 RESERVED

2.260 Ownership

2.261 OWNERSHIP OF WORK PRODUCT BY STATE

Upon full payment by the State for each such Deliverable, the State owns all Deliverables and each such Deliverable shall be considered work made for hire by the Contractor for the State. Upon full payment, the State owns all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies developed outside the Contract and created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, and any derivative works thereof (collectively, the "Development Tools"), shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to use, for its internal purposes, any such Development Tools that are delivered, solely in connection with the Deliverables. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Deliverables, and the right to



authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.

The Contractor shall be free to use and employ its general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor acquires and applies such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Deliverables resulting from this Contract.

2.262 VESTING OF RIGHTS

With the sole exception of any (1) third party hardware and software' and (2) Development Tools identified in the SOW or identified by the Contractor during performance of the Contract, the Contractor assigns to the State, upon full payment for each such Deliverable, 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, will 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 an.

The State is the owner of all State-specific data under the Contract. The State may use the State data used 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 must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://www.michigan.gov/dmb/0,4568,7-150-56355-108233--,00.html>;

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://michigan.gov/cybersecurity/0,1607,7-217-34395_34476---,00.html. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

2.273 SYSTEMS CHANGES

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

2.274 ELECTRONIC RECEIPT PROCESSING STANDARD

All electronic commerce applications that allow for electronic receipt of credit/debit card and electronic check (ACH) transactions must be processed via the Centralized Electronic Payment Authorization System (CEPAS).

2.280 Extended Purchasing

2.281 RESERVED

2.282 RESERVED

2.283 RESERVED

2.290 Environmental Provision

2.291 ENVIRONMENTAL PROVISION

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

Environmental Purchasing Policy: The State of Michigan is committed to encouraging the use of products and services that impact the environment less than competing products. The State is accomplishing this by including environmental considerations in purchasing decisions, while remaining fiscally responsible, to promote practices that improve worker health, conserve natural resources, and prevent pollution.



Environmental components that are to be considered include: recycled content and recyclables; energy efficiency; and the presence of undesirable materials in the products, especially those toxic chemicals which are persistent and bioaccumulative. The Contractor should be able to supply products containing recycled and environmentally preferable materials that meet performance requirements and is encouraged to offer such products throughout the duration of this Contract. Information on any relevant third party certification (such as Green Seal, Energy Star, etc.) should also be provided.

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

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

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

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

Environmental Performance: Waste Reduction Program - Contractor shall establish a program to promote cost-effective waste reduction in all operations and facilities covered by this contract. The Contractor's



programs shall comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

2.300 Deliverables

2.301 SOFTWARE

A list of the items of software the State is required to purchase for Contractor's performance of the Contract is attached in Appendix A. The list includes all software required to be acquired by the State in order for Contractor to complete its obligations under the Contract and make the Deliverables operable; if any additional software is required in order for the Deliverables to thus 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 or where additional software is desired by the State, e.g. add-ons and updates). The attachment also identifies certain items of software to be provided by the State.

2.302 HARDWARE

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

2.310 Software Warranties

2.311 RESERVED

2.312 NO SURREPTITIOUS CODE WARRANTY

The Contractor represents and warrants that no Software Deliverable provided to the State negligently or intentionally 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 Deliverable prior to delivering it to the State.



2.313 CALENDAR WARRANTY

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

2.320 Software Licensing

2.321 CROSS-LICENSE, DELIVERABLES ONLY, LICENSE TO CONTRACTOR – DELETED/NA

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

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

2.323 LICENSE BACK TO THE STATE

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

**2.324 LICENSE RETAINED BY CONTRACTOR**

Contractor grants to the State a non-exclusive, royalty-free, site-wide, irrevocable, non-transferable, except to other State agencies, license to use the Software Deliverables 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 Reserved



Glossary

| Term | Definition |
|-------------------------------------|---|
| 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 Bidder with additional consideration. |
| Assurance Level | Assurance Level (or E-Authentication Assurance Level): A measure of trust or confidence in an authentication mechanism defined in OMB Memorandum M-04-04 and NIST Special Publication (SP) 800-63, in terms of four levels: [M-04-04] Level 1: LITTLE OR NO confidence Level 2: SOME confidence Level 3: HIGH confidence Level 4: VERY HIGH confidence |
| 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. |
| 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. |
| BYE | The Benefit Year Ending date (BYE) is the date a claimant's unemployment insurance claim ends and they can no longer collect benefits on that claim. |
| Chronic Failure | Defined in any applicable Service Level Agreements. |
| Data Mining | Process of discovering new patterns from large data sets involving methods from statistics, artificial intelligence and database management. The actual data mining task is the automatic or semi-automatic analysis of large quantities of data in order to extract previously unknown interesting patterns such as groups of data records (cluster analysis), unusual records (anomaly detection) and dependencies (association rule mining). |
| Deleted/NA | Section is not applicable or included in this RFP. This is used as a placeholder to maintain consistent numbering. |
| Deliverable | Physical goods and/or commodities as required or identified by a Statement of Work |
| DCH | Department of Community Health |
| 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. |
| 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. |
| IT | Information Technology. |
| 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. |
| MAIN | Michigan Administrative Information Network. The State's automated administrative management system that supports accounting, payroll, purchasing, and other activities. |
| PMM | Project Management Methodology. |



| Term | Definition |
|--|---|
| 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 Bidder with additional consideration. |
| 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. |
| 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. |
| SLA | Service Level Agreement. |
| SOM | State of Michigan |
| 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. |
| SOW | Statement of Work. |
| SPOC | Single Point of Contact. |
| State Location | Any physical location where the State performs work. State Location may include state-owned, leased, or rented space. |
| Subcontractor | A company Bidder delegates performance of a portion of the Services to, but does not include independent Bidders engaged by Bidder solely in a staff augmentation role. |
| SUITE | State Unified Information Technology Environment. The overall purpose of SUITE is to bring the Michigan Department of Information Technology (DTMB) systems development areas up to CMMI Level 3, which ensures consistent process usage throughout the organization. This includes using the same Project Management Methodology (PMM), Systems Engineering Methodology (SEM), Process Management, and Supporting Processes across all systems development areas within DTMB. |
| Unauthorized Removal | Contractor's removal of Key Personnel without the prior written consent of the State, as defined in Section 2.062. |
| 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 for delivery to the State as a result of and in furtherance of performing the services required by this Contract. |