STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **8**

to

Contract Number **071B4300128**

CONTRACTOR		STATE		
NELNET SERVICING LLC		Program Manager	Various	TREA
121 S 13th St, Suite 201				
Lincoln, NE 68508				
Dan Prendergast		Contract Administrator	Jennifer May	DTMB
518-640-0443			(517) 242-6664	
dan.prendergast@nelnet.net			mayj7@michigan.gov	
CV0065186				

CONTRACT SUMMARY			
STUDENT FINANCIAL AID SYSTEM			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
June 23, 2014	June 30, 2019	5 - 1 Year	June 22, 2022
PAYMENT TERMS		DELIVERY TIMEFRAME	

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		June 22, 2022
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
$5,230,729.50	$62,500.00	$5,293,229.50		

DESCRIPTION
Effective 3/19/2021, this contract is hereby increase by $62,500.00, per the attached Statement of Work. All other terms, conditions, specifications, and pricing remain the same. Per (DTMB) Contractor (request/proposal) and Agency agreement, and DTMB Procurement approval.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
TREA	Diann Cosme	517-335-1790	cosmed@michigan.gov
DTMB	Lucy Pline	517-636-5052	plinel@michigan.gov

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

Project Title: Department of Treasury Student Financial Aid System, Reconnect	Period of Coverage: 10/1/2020-9/30/2021
Requesting Department: Treasury	Date: 1/5/2021
Agency Project Manager: Diann Cosme	Phone: 517-335-1790
DTMB Contract Administrator: Jennifer May	Phone: 517-242-6664

Brief Description of Services to be provided:

BACKGROUND:
The State of Michigan (State), through the Michigan Department of Technology, Management & Budget (DTMB), and the Michigan Department of Treasury, issued this contract for a configured COTS solution for a new Student Financial Aid System to administer scholarships and grants. The scholarships and grants application is known as MiSSG and was implemented in 2015. This SOW is to implement the new Reconnect scholarship program. Phase I of the Reconnect program was to develop the initial intake application for students to be able to apply for the Reconnect scholarship – this work was completed under PO 200000004349. This SOW is to issue a new PO to complete the Michigan Reconnect program which includes fully integrating Reconnect into the MiSSG application. The estimate to complete the Reconnect program is 500 hours x $125/hr = $62,500.

PROJECT OBJECTIVE:
Implement the Michigan Reconnect program which is an economic growth/workforce development program that will provide a pathway to an in-demand industry certificate or associates degree for Michigan adults age 25 or older. This program is modelled after a similar program offered by the State of Tennessee.

SCOPE OF WORK:
Work includes requirements definition and a software requirements specification document, development of the program within the scholarships & grants application (MiSSG), delivery of the program into the UAT environment for testing by Treasury staff, testing of the interface to SIGMA to verify payments are made correctly using the proper funding codes, extracts of data for Labor and Economic Opportunity (LEO) and implementation of the Reconnect program into production.

TASKS:
Technical support is required to assist with the following tasks:

DELIVERABLES:
A Software Requirements Specification (SRS) document for the MiSSG Enhancement – Issue 62593 for the Michigan Reconnect program.

System development to implement the requirements specified in the SRS document for the MiSSG Enhancement – Issue 62593 for the Michigan Reconnect program.

Delivery of the Michigan Reconnect program into the UAT (BETA) environment for testing by the Treasury staff.

Extracts of data for LEO.

A minimum of two successful test cycles of payment files through SIGMA.

Implementation of the Michigan Reconnect program into the production environment when approved by the Treasury SSG staff.

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them.

ACCEPTANCE CRITERIA:

Treasury Student Scholarships & Grants signoff of the Software Requirements Specification (SRS) document for the MiSSG Enhancement – Issue 62593 for the Michigan Reconnect program.

Treasury Student Scholarships & Grants signoff of the UAT (BETA) testing cycles.

A minimum of two successful test cycles of payment files through SIGMA.

Completion of data extracts for LEO.

Successful implementation of the Michigan Reconnect program into production.

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

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

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

3. **Funds**: Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:
Agency standards, if any, in addition to DTMB standards.

PAYMENT SCHEDULE:
Payment will be made according to the not-to-exceed cost estimate of 500 hours provided by Nelnet. As defined in the contract, enhancement hours are billed at $125 per hour so the total cost is not to exceed $62,500.

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

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

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

PROJECT CONTACTS:
The designated Agency Project Manager is:

Name Diann Cosme
Department Treasury
Area Student Scholarships & Grants

Building/Floor Austin Bldg, 2nd floor
Address 430 W. Allegan
City/State/Zip Lansing, MI 48922
Phone Number
Fax Number
Email Address CosmeD@michigan.gov

The designated DTMB Project Manager is:

Name Amy Dinstbier
Department DTMB
Area Customer Service for Treasury
Building/Floor Operations Center, 2nd Floor
Address 7285 Parsons Dr.
City/State/Zip Lansing, MI 48913
Phone Number
Fax Number
Email Address dinstbiera@michigan.gov

The DTMB Contract Administrator for this project is:

Michigan Department of Technology, Management and Budget
DTMB Purchasing Operations – Constitution Hall
530 W. Allegan Street
Lansing, MI 48933
517-284-7030
Fax:
Email:

AGENCY RESPONSIBILITIES:
- Provide subject matter experts for requirements validation.
- Provide subject matter experts for interfaces to State agency systems
- Provide subject matter experts for user acceptance testing.
- Review and approve deliverables.
- Review and approve invoices.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Consultants will work at Nelnet in Albany, NY.

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

No overtime will be permitted.

This purchase order is a release from Contract Number 071B4300128. This purchase order, statement of work, and the terms and conditions of Contract Number 071B4300128 constitute the entire agreement between the State and the Contractor.

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **7**

to

Contract Number **071B4300128**

	CONTRACTOR		STATE		
	NELNET SERVICING LLC		Program Manager	Various	TREA
	121 S 13th St, Suite 201				
	Lincoln, NE 68508				
	Dan Prendergast		Contract Administrator	Mike Breen	DTMB
	518-640-0443			(517) 249-0428	
	dan.prendergast@nelnet.net			breenm@michigan.gov	
	CV0065186				

CONTRACT SUMMARY			
STUDENT FINANCIAL AID SYSTEM			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
June 23, 2014	June 30, 2019	5 - 1 Year	June 22, 2022
PAYMENT TERMS		**DELIVERY TIMEFRAME**	

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No
MINIMUM DELIVERY REQUIREMENTS				

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		June 22, 2022
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$5,158,073.25	$72,656.25	$5,230,729.50		

DESCRIPTION
Effective with mutual siganture the contract is amended based upon the attached statement of work with added funding of $72,656.25 to support this request. All other terms and conditons remain the same.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
TREA	Anne Wohlfert	517-335-7347	wohlferta@michigan.gov
TREA	Kristen Robel	517-636-6815	RobelK@michigan.gov

IT SERVICES STATEMENT OF WORK
Michigan Department of Technology, Management and Budget
DTMB-1040a Revised 5/212018

SECTION 1. PROJECT INFORMATION

1. Project Title **Department of Treasury Student Financial Aid, Futures for Frontliners**	5. DTMB Contract Administrator **Jennifer Bronz**
2. Requesting Department **Treasury**	6. DTMB Contract Administrator Phone **517-249-0493**
3. Agency Project Manager **Diann Cosme**	7. Period of Coverage **6/1/2020 - 12/31/2020**
4. Agency Project Manager Phone **517-335-7311**	8. Date **7/15/2020**

SECTION 2. STATEMENT OF WORK

Brief description of services to be provided:

BACKGROUND

The State of Michigan through the Michigan Department of Technology, Management & Budget (DTMB), and the Michigan Department of Treasury, Student Scholarships and Grants, issued contract 071B4300128 for a configured COTS solution for a new Student Financial Aid System to administer scholarships and grants. This SOW adds a 7th iteration to add the Futures for Frontliners program. The Futures for Frontliners program will provide a tuition-free pathway to college or a technical certificate to COVID-19 essential workers who do not have a college degree. The Futures for Frontliners program is the first of its kind in the country, and was inspired by the federal government's support of soldiers returning from World War II by providing educational opportunities. Frontline workers who take advantage of this program will help us reach Governor Whitmer's goal to increase the number of working-age adults with a technical certificate or college degree from 45% to 60% by 2030.

PROJECT OBJECTIVE

Implement the Futures for Frontliners program into the Michigan Student Scholarships and Grants (MiSSG) application.

SCOPE OF WORK

Iteration 7 – Implementation of Futures for Frontliners using the requirements provided by Michigan Department of Labor and Economic Opportunity (LEO) and Michigan Department of Treasury. Work includes requirements definition and a software requirements specification document, development of the program within the scholarships & grants application (MiSSG), delivery of the program into the UAT environment for testing by Treasury staff, testing of the interface to SIGMA to verify payments are made correctly using the proper funding codes and implementation into production.

TASKS

Technical support is required to assist with the following tasks:

DELIVERABLES

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

A Software Requirements Specification (SRS) document for the MiSSG Enhancement – Issue 62748 – Futures for Frontliners.

System development to implement the requirements specified in the SRS document for the MiSSG Enhancement – Issue 62748 – Futures for Frontliners.

Delivery of the Futures for Frontliners program into the UAT (BETA) environment for testing by the Treasury/LEO staff.

A minimum of two successful test cycles of payment files through SIGMA.

Implementation of the Futures for Frontliners program into the production environment.

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them.

ACCEPTANCE CRITERIA

Treasury Student Scholarships & Grants signoff of the Software Requirements Specification (SRS) document for the MiSSG Enhancement – Issue 62748 Futures for Frontliners.

Treasury Student Scholarships & Grants signoff of the UAT (BETA) testing cycles.

A minimum of two successful test cycles of payment files through SIGMA.

Successful implementation of the Futures for Frontliners program into production

PROJECT CONTROL AND REPORTS

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

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

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

3. **Funds**: Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS

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

PAYMENT SCHEDULE

Payment will be made according to the not-to-exceed cost estimate of 500 hours provided by Nelnet. As defined in the contract, enhancement hours are billed at $125 per hour so the total cost is not to exceed $62,500. DTMB will pay CONTRACTOR upon receipt of properly completed invoices which shall be submitted to the billing address on the State issued purchase order not more often than monthly. DTMB Contracts area will coordinate obtaining Agency Project Manager and DTMB Project Manager approvals. All invoices should reflect actual work completed by payment date, and must be approved by the Agency Project Manager and DTMB Project Manager prior to payment. The invoices shall describe and document to the State's satisfaction a description of the work performed, the progress of the project, and fees. When expenses are invoiced, receipts will need to be provided along with a detailed breakdown of each type of expense.
Payment shall be considered timely if made by the DTMB within forty-five (45) days after receipt of properly completed invoices.

EXPENSES

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

PROJECT CONTACTS

The designated Agency Project Manager is:

Diann Cosme
Treasury
Office of Postsecondary Financial Planning
Austin Building
430 W. Allegan
Lansing, MI 48922
CosmeD@michigan.gov

The designated DTMB Project Manager is:

Amy Dinstbier
DTMB
Agency Services
Operations Center
7285 Parsons Dr.
Dimondale, MI 48913
Dinstbiera@michigan.gov

> Jennifer Bronz
> Michigan Department of Technology, Management and Budget
> DTMB Procurement, Stevens T. Mason Building, 2nd Floor
> 525 W. Allegan Street
> Lansing, MI 48909
> Email: BronzJ@michigan.gov**AGENCY RESPONSIBILITIES**

- Provide subject matter experts for requirements validation.
- Provide subject matter experts for interfaces to State agency systems
- Provide subject matter experts for user acceptance testing.
- Review and approve deliverables.
- Review and approve invoices.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED

Consultants will work at Nelnet in Albany, NY.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS

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

No overtime will be permitted.

SUBMIT TO: Attach to SIGMA Request

MEMORANDUM OF UNDERSTANDING
BETWEEN
MICHIGAN DEPARTMENT OF LABOR & ECONOMIC OPPORTUNITY
AND
MICHIGAN DEPARTMENT OF TREASURY

I. **Purpose:** This Memorandum of Understanding (MOU) identifies an inter-agency billing process for funds currently allocated in work project 68290/2213 held within the department of Labor and Economic Opportunity (LEO) for the purpose of implementation of the Futures for Frontliners program within the Department of Labor and Economic Opportunity (LEO). The Department of Treasury (MDT) requests an amount of $69,656.25 for work already completed and modification of data systems to implement the program. In addition, LEO will reimburse MDT in the amount of $3,000 for additional technology needs associated with this program.

This implementation will be the 6th iteration to add the new program to the configured COTS solution for the existing Student Financial Aid System delivery system. Work includes requirements definition and a software requirements specification document, development of the program within the scholarships and grants application (MiSSG), delivery of the program into the UAT environments for testing by Treasury staff, testing of the interface to SIGMA to verify payments are made correctly using the proper funding codes and implementation into production.

The requested amount includes funds for modification of systems to implement the Futures for Frontliners program which will provide Michiganders who worked in essential frontline industries during the state coronavirus shutdown and put their lives on the line and lack college degrees, with tuition-free access to state community colleges to pursue associate degrees or occupational certificates.

II. **Period of Agreement:** Beginning on the date the parties sign this agreement until funds identified have been spent in compliance with the above Acts, under the terms of this Agreement unless a new agreement has been approved.

III. **Authority:** The program is currently funded through the Governor's Emergency Education Relief Fund, however costs associated with the technology needs above will be funded through work project 68290/2213 currently within LEO.

IV. **Work Statement of Each Party**

LEO shall:

Provide expenditure credit on a monthly basis, based on the expenditure reports submitted by MDT. The expenditure credit transaction will be made to the Department of Technology, Management and Budget for IT expenditures billed to

MDT through the interagency billing process. LEO will provide expenditure credit to MDT based on expenditure reports submitted by MDT.

MDT shall:

Implement the identified systems in Sec. VI within the amounts specified.   Any cost overages of the project shall be funded by LEO.

V.   Amount & Source of Financing

The total amount which may be billed pursuant to this agreement is $72,656.25.

Payments will be charged to Implementation of Futures for Frontliners through work project 68290/2213 budget line item and shall be financed from general fund/general purpose at a rate of 100%.

VI.   Responsibilities: MDT agrees that the funds requested under this Agreement will be used for the following projects:

1. $7,156.25 for Reconnect work already completed.
2. $62,500 for completion of IT changes needed to implement Futures for Frontliners.
3. $3,000 for additional anticipated technology needs.

VII.   Reporting

MDT shall submit an expenditure report to LEO on a monthly basis. This expenditure report shall indicate actual expenditures and outstanding authorizations to implement system changes. Expenditure credit will be made through the interagency voucher process. This report shall be submitted to LEO within 30 days from the end of the billing period. For the month of September, billings shall be submitted as reasonably directed by the grant manager to meet fiscal year end closing deadlines.

Reports and payment requests shall be submitted to:
   MOU Administrator: Brian Carpenter
   Bureau/Program: Administrative Services
   Address: 105 West Allegan, Lansing MI 48933

VIII.   Termination of Agreement: Either LEO or MDT may terminate this MOU upon written notice, in which case termination shall be effective no sooner than 30 days after the date of that notice. This MOU may be terminated immediately upon mutual agreement between LEO and MDT.

IX.   Modification of Agreement: This Agreement may be modified by mutual written agreement signed by both parties.

X. **Agency Contacts (List individuals having oversight from both agencies):**

1. Robin R. Lott, Executive Director, Office of Postsecondary Financial Planning
2. Ken Osborne, Administrator, Budget Division, Michigan Department of Treasury
3. Michelle Richard, Deputy to the Senior Advisor for Michigan Prosperity, LEO
4. Brian Carpenter, Chief Operating Officer, LEO

XI. **Signatories:** In witness whereof, the parties sign their names as evidence of their approval of this Agreement.

Robin R. Lott
_____
Robin R. Lott, Executive Director
Michigan Department of Treasury
Office of Postsecondary Financial Planning

08/31/20
_____
Date

Brian Carpenter
_____
Brian Carpenter, Chief Operating Officer
Department of Labor and Economic Opportunity
Administrative Services

Date   8-31-2020

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **6**

to

Contract Number **071B4300128**

CONTRACTOR	NELNET SERVICING LLC	
	121 S 13th St, Suite 201	
	Lincoln, NE 68508	
	Dan Prendergast	
	518-640-0443	
	dan.prendergast@nelnet.net	
	CV0065186	

Program Manager	Various	TREA
Contract Administrator	Jennifer May	DTMB
	517-242-6664	
	mayj7@michigan.gov	

CONTRACT SUMMARY

STUDENT FINANCIAL AID SYSTEM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
June 23, 2014	June 30, 2019	5 - 1 Year	June 22, 2022

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		June 22, 2022

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$5,150,917.00	$7,156.25	$5,158,073.25

DESCRIPTION

Effective 6/10/2020, the following amendment is hereby incorporated into the contract per attached Statement of Work. This change includes the following: A configured COTS solution for a new Student Financial Aid System to administer scholarships and grants. This SOW adds a 6th iteration to add the Michigan Reconnect program. This contract is increased by $7,156.25.

Program Manager has been changed to Diann Cosme.

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

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
TREA	Diann Cosme	517-335-7311	CosmeD@michigan.gov
TREA	Kristen Robel	517-636-6815	RobelK@michigan.gov

Project Title:	Period of Coverage:
Department of Treasury Student Financial Aid System, Reconnect phase 1	1/24/2020-12/31/2020
Requesting Department:	Date:
Treasury	4/28/2020
Agency Project Manager:	Phone:
Diann Cosme	517-335-7311
DTMB Contract Administrator:	Phone:
Jennifer May	517-242-6664

Brief Description of Services to be provided:

BACKGROUND:
The State of Michigan (State), through the Michigan Department of Technology, Management & Budget (DTMB), and the Michigan Department of Treasury, Student Scholarships and Grants Division, issued this contract for a configured COTS solution for a new Student Financial Aid System to administer scholarships and grants. This SOW adds a 6th iteration to add the Michigan Reconnect program. Reconnect is an economic growth/workforce development program that will provide a pathway to an in-demand industry certificate or associates degree for Michigan adults age 25 or older. This program is modelled after a similar program offered by the State of Tennessee.

This SOW covers only phase 1 of the Michigan Reconnect project which covers the application process. Future phases will be determined as funding allows in future fiscal years.

PROJECT OBJECTIVE:
Development of the application for Michigan Reconnect which will allow citizens to apply for Reconnect when funded. The Michigan Department of Labor and Economic Opportunity (LEO) provided the requirements for this application (see attachments). For now, work will remain in the Development environment until additional funding is determined for future fiscal years.

SCOPE OF WORK:
Iteration 6 – Michigan Reconnect. Work includes development of an online application for Michigan Reconnect using the requirements provided by LEO which will allow citizens to apply for the scholarship program. This application will remain in the Development environment and will not be implemented into production until Michigan Reconnect is funded in future fiscal years. Due to COVID-19, funding has been halted.

DELIVERABLES:

Delivery of the Michigan Reconnect application into the DEV environment and a demo given to Treasury staff.

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them.

ACCEPTANCE CRITERIA:

Successful development of the Michigan Reconnect application in the DEV environment and approval of a demo given to Treasury staff.

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

the following:

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

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

3. **Funds**: Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

PAYMENT SCHEDULE:
Payment will be made according to the not-to-exceed cost estimate of 57.25 hours provided by Nelnet. As defined in the contract, enhancement hours are billed at $125 per hour so the total cost is not to exceed $7,156.25. This is for the application process only. Any future work on Michigan Reconnect will be done with a new SOW and new estimate of hours.

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

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

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

PROJECT CONTACTS:
The designated Agency Project Manager is:

Name Diann Cosme
Department Treasury
Area Student Scholarships & Grants
Building/Floor Austin Bldg, 2nd floor
Address 430 W. Allegan
Lansing, MI 48922
Phone Number 517-335-7311
Fax Number
Email Address cosmed@michigan.gov

The designated DTMB Project Manager is:

Name Amy Dinstbier
Department DTMB
Area Customer Service for Treasury
Building/Floor Operations Center, 2nd Floor
Address 7285 Parsons Dr.
City/State/Zip Lansing, MI 48913
Phone Number 517-636-5046
Fax Number 517-636-5032
Email Address dinstbiera@michigan.gov

The DTMB Contract Administrator for this project is:

Michigan Department of Technology, Management and Budget
DTMB Purchasing Operations – Constitution Hall

530 W. Allegan Street
Lansing, MI 48933
517-284-7030
Fax:
Email:

AGENCY RESPONSIBILITIES:
- Provide subject matter experts for requirements validation.
- Provide subject matter experts for interfaces to State agency systems
- Provide subject matter experts for user acceptance testing.
- Review and approve deliverables.
- Review and approve invoices.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Consultants will work at Nelnet in Albany, NY.

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

No overtime will be permitted.

This purchase order is a release from Contract Number 071B4300128. This purchase order, statement of work, and the terms and conditions of Contract Number 071B4300128 constitute the entire agreement between the State and the Contractor.

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **5**

to

Contract Number **071B4300128**

CONTRACTOR		STATE	
NELNET SERVICING LLC		Anne Wohlfert	TREA
121 S 13th St, Suite 201		517-335-7347	
Lincoln, NE 68508		wohlferta@michigan.gov	
Dan Prendergast		James Wilson	DTMB
518-640-0443		517-243-0434	
dan.prendergast@nelnet.net		wilsonj40@michigan.gov	
CV0065186			

CONTRACT SUMMARY

STUDENT FINANCIAL AID SYSTEM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
June 23, 2014	June 30, 2019	5 - 1 Year	June 22, 2022

PAYMENT TERMS		DELIVERY TIMEFRAME	

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINORITY OWNED/SERVICE DISABLED VETERAN				

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		June 22, 2022

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
$5,150,917.00	$0.00	$5,150,917.00	

DESCRIPTION

Effective 1/01/2020, please note the Program Manager has been changed to Anne Wohlfert. All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement Services approval.

Program Managers
for
Multi-Agency and Statewide Contracts

Anne Wohlfert	517-335-7347	wohlferta@michigan.gov

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **4**

to

Contract Number **071B4300128**

<table>
<tr><td rowspan="7">CONTRACTOR</td><td colspan="2">NELNET SERVICING LLC</td><td rowspan="7">STATE</td><td>Program Manager</td><td>Carla Foltyn</td><td>TREA</td></tr>
<tr><td colspan="2">121 S 13th St, Suite 201</td><td colspan="3">517-335-1790</td></tr>
<tr><td colspan="2">Lincoln, NE 68508</td><td colspan="3">FoltynC@michigan.gov</td></tr>
<tr><td colspan="2">Dan Prendergast</td><td rowspan="3">Contract Administrator</td><td>James Wilson</td><td>DTMB</td></tr>
<tr><td colspan="2">518-640-0443</td><td colspan="2"></td></tr>
<tr><td colspan="2">dan.prendergast@nelnet.net</td><td colspan="2">wilsonj40@michigan.gov</td></tr>
<tr><td colspan="2">CV0065186</td></tr>
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<tr><td colspan="4" align="center">CONTRACT SUMMARY</td></tr>
<tr><td colspan="4">STUDENT FINANCIAL AID SYSTEM</td></tr>
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<tr><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td colspan="3" align="center">ALTERNATE PAYMENT OPTIONS</td><td align="center">EXTENDED PURCHASING</td></tr>
<tr><td>☐ P-Card</td><td>☐ PRC</td><td>☐ Other</td><td>☒ Yes   ☐ No</td></tr>
<tr><td colspan="4">MINIMUM DELIVERY REQUIREMENTS</td></tr>
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<tr><td>☒</td><td>3 Years</td><td>☐</td><td></td><td>June 22, 2022</td></tr>
<tr><td align="center">CURRENT VALUE</td><td align="center">VALUE OF CHANGE NOTICE</td><td colspan="3" align="center">ESTIMATED AGGREGATE CONTRACT VALUE</td></tr>
<tr><td align="center">$3,684,099.00</td><td align="center">$1,466,818.00</td><td colspan="3" align="center">$5,150,917.00</td></tr>
<tr><td colspan="5" align="center">DESCRIPTION</td></tr>
<tr><td colspan="5">Effective 06/19/2019, this Contract is exercising 3 option years, and is increased by $1,466,818.00. The revised contract expiration is 06/22/2022. All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Procurement approval, and State Administrative Board approval on 06/11/2019.</td></tr>
</table>

Michigan - GrantPro Pricing

Annual Cost Summary

	2019	2020	2021	2022	TOTAL
Usage Fee	$ 213,990	$ 432,046	$ 440,255	$ 222,199	$ 1,308,490
Hosting Fee	$ 25,893	$ 52,278	$ 53,271	$ 26,886	$ 158,328
Total Costs	**$ 239,883**	**$ 484,324**	**$ 493,526**	**$ 249,085**	**$ 1,466,818**

Annual Cost Detail

2019

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Usage Fee							$ 35,665	$ 35,665	$ 35,665	$ 35,665	$ 35,665	$ 35,665	**213,990**
Hosting Fee							$ 4,316	$ 4,316	$ 4,316	$ 4,316	$ 4,316	$ 4,316	**25,893**
Total Cost							$ 39,981	$ 39,981	$ 39,981	$ 39,981	$ 39,981	$ 39,981	**239,883**

2020

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Usage Fee	35,665	35,665	35,665	35,665	35,665	35,665	$ 36,343	$ 36,343	$ 36,343	$ 36,343	$ 36,343	$ 36,343	**432,046**
Hosting Fee	4,316	4,316	4,316	4,316	4,316	4,316	$ 4,398	$ 4,398	$ 4,398	$ 4,398	$ 4,398	$ 4,398	**52,278**
Total Cost	$ 39,981	$ 39,981	$ 39,981	$ 39,981	$ 39,981	$ 39,981	$ 40,740	$ 40,740	$ 40,740	$ 40,740	$ 40,740	$ 40,740	**484,324**

2021

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Usage Fee	$ 36,343	$ 36,343	$ 36,343	$ 36,343	$ 36,343	$ 36,343	$ 37,033	$ 37,033	$ 37,033	$ 37,033	$ 37,033	$ 37,033	**440,255**
Hosting Fee	$ 4,398	$ 4,398	$ 4,398	$ 4,398	$ 4,398	$ 4,398	$ 4,481	$ 4,481	$ 4,481	$ 4,481	$ 4,481	$ 4,481	**53,271**
Total Cost	$ 40,740	$ 40,740	$ 40,740	$ 40,740	$ 40,740	$ 40,740	$ 41,514	$ 41,514	$ 41,514	$ 41,514	$ 41,514	$ 41,514	**493,526**

2022

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Usage Fee	$ 37,033	$ 37,033	$ 37,033	$ 37,033	$ 37,033	$ 37,033						$	**222,199**
Hosting Fee	$ 4,481	$ 4,481	$ 4,481	$ 4,481	$ 4,481	$ 4,481						$	**26,886**
Total Cost	$ 41,514	$ 41,514	$ 41,514	$ 41,514	$ 41,514	$ 41,514	$ -	$ -	$ -	$ -	$ -	$ -	**249,085**

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **3**

to

Contract Number **071B4300128**

CONTRACTOR			STATE			
NELNET SERVICING LLC			Program Manager	Carla Foltyn	TREA	
121 S 13th St, Suite 201				517-335-1790		
Lincoln, NE 68508				FoltynC@michigan.gov		
Dan Prendergast			Contract Administrator	James Wilson	DTMB	
518-640-0443				517-243-0434		
dan.prendergast@nelnet.net				wilsonj40@michigan.gov		
CV0065186						

CONTRACT SUMMARY

STUDENT FINANCIAL AID SYSTEM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
June 23, 2014	June 30, 2019	5 - 1 Year	June 22, 2019

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		June 22, 2019

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$3,684,099.00	$112,125.00	$3,796,224.00

DESCRIPTION

Effective 5/20/2019 the following amendment(s) is (are) incorporated into this Contract per attached Statement of Work. This change includes the following: adding the Talent for Tomorrow Scholarship document to the Nelnet system, as well as authorizing the Project Close Out payment which is referenced in this Contract. This contract is increased by $112,125 for Treasury use to accommodate the additional 897 hours for Iteration 5. All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, and DTMB Procurement approval.

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

Project Title: **Department of Treasury Student Financial Aid System, Iteration 5**	**Period of Coverage:** 8/1/2018-6/30/2019
Requesting Department: **Treasury**	**Date:** 2/15/2019
Agency Project Manager: **Carla Foltyn**	**Phone:** 517-335-1790
DTMB Contract Administrator: **James Wilson**	**Phone:** 517-243-0434

Brief Description of Services to be provided:

BACKGROUND:
The State of Michigan (State), through the Michigan Department of Technology, Management & Budget (DTMB), and the Michigan Department of Treasury, Student Scholarships and Grants Division, issued this contract for a configured COTS solution for a new Student Financial Aid System to administer scholarships and grants. The original contract called for 8 scholarship/grant programs to be implemented over 4 iterations which is now complete. This SOW adds a 5th iteration for the Talent for Tomorrow Scholarship.

PROJECT OBJECTIVE:
As part of the Marshall Plan for Talent (P.A. 227), the objective is to develop the Talent for Tomorrow Scholarship to assist low income students with the cost of obtaining a qualifying degree or credential in a high-demand field from an approved Michigan postsecondary institution.

SCOPE OF WORK:

Iteration 5 – the Talent for Tomorrow Scholarship. Work includes requirements definition and a software requirements specification document, development of the program within the scholarships & grants application (MiSSG), delivery of the program into the UAT environment for testing by Treasury staff, testing of the interface to SIGMA to verify payments are made correctly using the proper funding codes and implementation into production.

In addition, the contract calls for a Project Close Out payment of $334,374 to be paid out after iteration 4 is complete. Iteration 4 is now complete so we are including this payment on the PO.

TASKS:

Technical support is required to assist with the following tasks:

DELIVERABLES:

A Software Requirements Specification (SRS) document for the MiSSG Enhancement – Issue 61970 for the Talent for Tomorrow Scholarship (TTS) Program.

System development to implement the requirements specified in the SRS document for the MiSSG Enhancement – Issue 61970 for the Talent for Tomorrow Scholarship (TTS) Program.

Delivery of the Talent for Tomorrow Scholarship Program into the UAT (BETA) environment for testing by the Treasury staff.

A minimum of two successful test cycles of payment files through SIGMA.

Implementation of the Talent for Tomorrow Scholarship Program into the production environment. At this time, the Talent for Tomorrow Scholarship will be moved to production but the menu options that invoke the new program will be turned off. The Talent for Tomorrow Scholarship is on hold per the new administration but the program code will be preserved and may be repurposed into another new scholarship program if the program requirements are similar.

Deliverables for the Project Close Out payment are described in the contract.

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them.

ACCEPTANCE CRITERIA:

Treasury Student Scholarships & Grants signoff of the Software Requirements Specification (SRS) document for the MiSSG Enhancement – Issue 61970 for the Talent for Tomorrow Scholarship (TTS) Program.

Treasury Student Scholarships & Grants signoff of the UAT (BETA) testing cycles.

A minimum of two successful test cycles of payment files through SIGMA.

Successful implementation of the Talent for Tomorrow Scholarship into production with the menu options that invoke the new program turned off.

Acceptance criteria for the Project Close Out payment are described in the contract.

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

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

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

3. **Funds**: Indicate the amount of funds expended during the current reporting period, and the cumulative total to date for the project.

SPECIFIC DEPARTMENT STANDARDS:

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

PAYMENT SCHEDULE:

Payment will be made according to the Cost Estimate of 897 hours provided by Nelnet. As defined in the contract, enhancement hours are billed at $125 per hour so the total cost is $112,125.00. In addition, the Project Close Out payment of $334,374 due at the end of iteration 4 will be paid out according to the contract terms.

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

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

EXPENSES:

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

PROJECT CONTACTS:

The designated Agency Project Manager is:

Name Carla Foltyn
Department Treasury
Area Student Scholarships & Grants
Building/Floor Austin Bldg, 2nd floor
Address 430 W. Allegan
City/State/Zip Lansing, MI 48922
Phone Number 517-335-1790
Fax Number
Email Address foltync@michigan.gov

The designated DTMB Project Manager is:

Name Amy Dinstbier
Department DTMB
Area Customer Service for Treasury
Building/Floor Operations Center, 2nd Floor
Address 7285 Parsons Dr.
City/State/Zip Lansing, MI 48913
Phone Number 517-636-5046
Fax Number 517-636-5032
Email Address dinstbiera@michigan.gov

The DTMB Contract Administrator for this project is:

Michigan Department of Technology, Management and Budget
DTMB Purchasing Operations – Constitution Hall
530 W. Allegan Street
Lansing, MI 48933
517-284-7030
Fax:
Email:

AGENCY RESPONSIBILITIES:
- Provide subject matter experts for requirements validation.
- Provide subject matter experts for interfaces to State agency systems
- Provide subject matter experts for user acceptance testing.
- Review and approve deliverables.
- Review and approve invoices.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work at Nelnet in Albany, NY.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

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

No overtime will be permitted.

This purchase order is a release from Contract Number 071B4300128. This purchase order, statement of work, and the terms and conditions of Contract Number 071B4300128 constitute the entire agreement between the State and the Contractor.

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **2**

to

Contract Number **071B4300128**

<table>
<tr>
<td rowspan="7">CONTRACTOR</td>
<td colspan="3">NELNET LOAN SERVICES INC</td>
<td rowspan="3">STATE</td>
<td rowspan="3">Program Manager</td>
<td>Carla Foltyn</td>
<td>TREA</td>
</tr>
<tr>
<td colspan="3">121 S 13th St, Suite 201</td>
<td colspan="2">517-335-1790</td>
</tr>
<tr>
<td colspan="3">Lincoln, NE 68508</td>
<td colspan="2">FoltynC@michigan.gov</td>
</tr>
<tr>
<td colspan="3">Dan Prendergast</td>
<td rowspan="3">Contract Administrator</td>
<td>Jennifer Bronz</td>
<td>DTMB</td>
</tr>
<tr>
<td colspan="3">518-640-0443</td>
<td colspan="2">(517) 249-0493</td>
</tr>
<tr>
<td colspan="3">dan.prendergast@nelnet.net</td>
<td colspan="2">bronzj@michigan.gov</td>
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<td>☐ P-Card</td>
<td>☐ Direct Voucher (DV)</td>
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<td colspan="4">MINIMUM DELIVERY REQUIREMENTS</td>
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<tr><td colspan="5" align="center">DESCRIPTION</td></tr>
<tr>
<td colspan="5">Effective May 7, 2018 the parties have agreed to update the Contract Administrator to Carla Foltyn, Analyst to Jennifer Bronz and Contractor Contact information to Dan Prendergast. All other terms, conditions, specifications and pricing remain the same. Per contractor, agency and DTMB Procurement approval.</td>
</tr>
</table>

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **1**
to
Contract Number **071B4300128**

<table>
<tr>
<td rowspan="6">CONTRACTOR</td>
<td>NELNET SERVICING LLC</td>
<td rowspan="6">STATE</td>
<td rowspan="3">Program Manager</td>
<td>Kristen Robel</td>
<td>TREA</td>
</tr>
<tr>
<td>121 S 13th St, Suite 201</td>
<td>517-636-6815</td>
<td></td>
</tr>
<tr>
<td>Lincoln, NE 68508</td>
<td>robelk@michigan.gov</td>
<td></td>
</tr>
<tr>
<td>Denis Blaine</td>
<td rowspan="3">Contract Administrator</td>
<td>Jarrod Barron</td>
<td>DTMB</td>
</tr>
<tr>
<td>518-640-0440</td>
<td>(517) 284-7045</td>
<td></td>
</tr>
<tr>
<td>denis.blaine@nelnet.net</td>
<td>BarronJ1@michigan.gov</td>
<td></td>
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<tr>
<td>*******8903</td>
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<td align="center">INITIAL AVAILABLE OPTIONS</td>
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<td>☐ Direct Voucher (DV)</td>
<td>☐ Other</td>
<td>☒ Yes   ☐ No</td>
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<tr>
<td colspan="2" align="center">$3,684,099.00</td>
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DESCRIPTION: Effective August 29, 2016, the parties add the attached statement of work modifying the Iteration 4 tasks in the existing contract. This change reflects the fact that the Gear Up 1 and Gear Up 2 programs are being replaced with Dual Enrollment and Fostering Futures Scholarship. There will be no difference in cost. All other terms, conditions, specifications and pricing remain the same. Per contractor, agency and DTMB Procurement approval.

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

Project Title: Department of Treasury Student Financial Aid System, Iteration 4	Period of Coverage: 6/1/2016-12/31/2017
Requesting Department: Treasury	Date: 6/1/2016
Agency Project Manager: Carla Foltyn	Phone: 517-335-1790
DTMB Contract Administrator: Jarrod Barron	Phone: 517-284-7045

Brief Description of Services to be provided:

BACKGROUND:
Contractor is providing the Michigan Department of Treasury, Student Scholarships and Grants Division, a configured COTS solution for a new Student Financial Aid System to administer scholarships and grants. When complete, the solution will encompass the following 8 programs and is being implemented in iterations.

- Iteration 1 - Michigan Competitive Scholarship (MCS)
- Iteration 1 - Michigan Tuition Grant (MTG)
- Iteration 2 - Tuition Incentive Program (TIP)
- Iteration 3 - Children of Veterans Tuition Grant (CVTG)
- Iteration 3- Police Officers and Firefighters Survivors Tuition Grant (STG)
- Iteration 4 - Gear Up 1 – Michigan Scholarship
- Iteration 4 - Gear Up 2 – College Day Scholarship
- Iteration 4 - Gear Up 3 – MI Gear UP

PROJECT OBJECTIVE:
This Statement of Work is specific to Iteration 4 and reflects the fact that the Gear Up 1 and Gear Up 2 programs are being replaced with Dual Enrollment and Fostering Futures Scholarship programs. Other than replacing these two programs, all tasks, project processes and costs for Iteration 4 will remain unchanged. **This revision will be done at no added cost to the State of Michigan. The previously defined cost for Iteration 4 of $187,500 will still apply as defined in Attachment E Cost Tables in the original contract 071B4300128:**

- Dual Enrollment is a program which allows high school students to earn college credits while still in high school. The program is administered by the Michigan Department of Education (MDE) but payment to the colleges is made by the Michigan Department of Treasury, Student Scholarships & Grants (SSG). MDE will provide a file of students to be paid and the amounts to be paid.

- Fostering Futures Scholarship is a program which provides scholarships to young adults who have experienced foster care. The Michigan Department of Health and Human Services (DHHS) validates the foster care status of the student but the Michigan Department of Treasury, Student Scholarships & Grants issues payment to the colleges.

SCOPE OF WORK:
Iteration 4 – Implementation of the Gear Up 3, Dual Enrollment and Fostering Futures Scholarship programs**.**

TASKS AND DELIVERABLES:
This iteration will implement the Gear Up 3, Dual Enrollment and Fostering Futures Scholarship programs. This iteration will augment the newly established system from Iteration 1 and updates from Iterations 2 and 3 with the implementation of Gear Up 3, Dual Enrollment and Fostering Futures. The Deliverables for this

iteration will include documents to facilitate the Requirements, Design, Construction, Testing and Implementation of the Gear Up 3, Dual Enrollment and Fostering Futures programs. This will include conversion of data from Gear Up3, Dual Enrollment and Fostering Futures into the new system and implementation of any interfaces specific to Gear Up 3, Dual Enrollment and Fostering Futures.

Deliverables will not be considered complete until the Agency Project Manager has formally accepted them.

Iteration 4 Deliverables will remain as defined in the contract 071B4300128, updated only to reflect the replaced programs:

The Contractor shall work jointly with the State to submit the following to the Project Manager:
1. Requirements Specifications Document (SEM-0402) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
2. Requirements Traceability Matrix (SEM-0401) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
3. Functional Design Document (SEM-0501) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
4. Use Cases, multiple (SEM-0502) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
5. Test Plan (SEM-0602) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
6. Test Type Approach and Report, multiple (SEM-603) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
7. Conversion Plan ((SEM-0601) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
8. System Design (SEM-0604) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
9. System Design Checklist (SEM-0605) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
10. Test Case (multiple) (SEM-0606 or equivalent) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
11. Installation Plan (SEM-0702) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
12. Training Plan and Checklist (SEM-0703 and SEM-0204) – updated for Gear Up 3, Dual Enrollment and Fostering Futures
13. Updated Issue Log– as needed or requested by the State
14. Updated Security Plan and Assessment (DTMB-0170)
15. Updated Maintenance Plan (SEM-0301) – as needed or requested by the State
16. Updated Defect Tracking List (SEM-0186)
17. Structured Walkthrough (SEM-0187)
18. Stage Exit (SEM-0189)

ACCEPTANCE CRITERIA:
Per existing contract.

PROJECT CONTROL AND REPORTS:
Per existing contract.

PROJECT AND PAYMENT SCHEDULE:
Per existing contract.

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

PROJECT CONTACTS:

The designated Agency Project Manager is:
Carla Foltyn
Treasury
Student Scholarships & Grants
Austin Bldg, 2nd floor
430 W. Allegan
Lansing, MI 48922

517-335-1790
foltync@michigan.gov

The designated DTMB Project Manager is:
Amy Dinstbier
DTMB
Customer Service for Treasury
Operations Center, 2nd Floor
7285 Parsons Dr.
Lansing, MI 48913
517-636-5046
517-636-5032
dinstbiera@michigan.gov

The DTMB Contract Administrator for this project is:
Michigan Department of Technology, Management and Budget
DTMB Purchasing Operations – Constitution Hall
530 W. Allegan Street
Lansing, MI 48933
517-284-7030

AGENCY RESPONSIBILITIES:
Per existing contract.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Contractor to work remotely at Contractor's facilities.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:
Per existing contract.

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

NOTICE OF
CONTRACT NO. 071B4300128
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Nelnet Servicing LLC **121 S. 13th Street, Suite 201** **Lincoln, NE 68508**	**Denis Blaine**	DBlaine@5280solutions.com
	TELEPHONE	**CONTRACTOR #, MAIL CODE**
	518-640-0440	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM ADMIINISTRATOR	**Treasury**	**Kristen Robel**	**517-636-6815**	**robelk@michigan.gov**
CONTRACT ADMINSTRATOR/BUYER	**DTMB**	**Whitnie Zuker**	**517-284-7030**	**zukerw@michigan.gov**

CONTRACT SUMMARY:

DESCRIPTION:

Department of Treasury Student Financial Aid System			
INITIAL TERM	**EFFECTIVE DATE**	**INITIAL EXPIRATION DATE**	**AVAILABLE OPTIONS**
5 years	**June 23, 2014**	**June 22, 2019**	**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**
☐ P-card ☐ Direct Voucher (DV) ☐ Other			☒ YES ☐ NO
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:	**$ 3,684,099.00**		

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
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CONTRACT NO. 071B4300128
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☐ P-card	☐ Direct Voucher (DV)	☐ Other	☒ YES	☐ NO

MINIMUM DELIVERY REQUIREMENTS:
N/A

MISCELLANEOUS INFORMATION:
N/A

ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:	**$ 3,684,099.00**

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation # 0071141113B0000016. Orders for delivery will be issued directly by the Department of Technology, Management & Budget through the issuance of a Purchase Order Form.

Table of Contents

Article 1 – Statement of Work (SOW)

1.001   PROJECT REQUEST

The State of Michigan (State), through the Michigan Department of Technology, Management & Budget (DTMB), and the Michigan Department of Treasury, Student Scholarships and Grants Division, has issued this contract for a configured COTS solution for a new Student Financial Aid System to administer scholarships and grants. It is expected that 75% of the COTS package will be ready to implement. The remaining 25% will be for interfaces, customization, data conversion and migration, training and maintenance and support. Services for future enhancements will also be included.

1.002   BACKGROUND

The Michigan Department of Treasury - Bureau of State and Authority Finance (Bureau) encompasses the Student Scholarships and Grants (SSG) Division. The mission of SSG is to determine eligibility and deliver funds for state administered student financial aid programs on behalf of Michigan students. The division also provides support to our high school, family, community and postsecondary partners with the overall goal of providing access to education beyond high school for all students.

The Student Scholarships and Grants Division of the Michigan Department of Treasury administers eight unique programs and delivers funds to students attending Michigan's 82 colleges and universities. Currently, these programs are managed using a variety of different methods and database platforms including SQL, Oracle and Microsoft Access. There is also a real-time Web based system that provides on-line access to some data for external users.

Treasury needs to replace these old legacy systems with a consolidated system that will move all programs onto one Web based system.

The new system will have four groups of users. The new system will include web-based portals to accommodate the needs of each group:

- Internal staff in Treasury Student Scholarships & Grants
- Financial Aid Officers in Michigan's public and private colleges/universities
- Counselors in Michigan's high schools
- Students/parents.

The new system will encompass the 8 programs listed below.   The system must have the flexibility to easily configure new programs and/or remove programs if no longer funded.

Information on these programs with the exception of Gear Up 3 can be found on
http://www.michigan.gov/mistudentaid/0,4636,7-128-60969_61016---,00.html

- Michigan Competitive Scholarship (MCS)
- Michigan Tuition Grant (MTG)
- Tuition Incentive Program (TIP)
- Children of Veterans Tuition Grant (CVTG)
- Police Officers and Firefighters Survivors Tuition Grant (STG)
- Gear Up 1 – Michigan Scholarship
- Gear Up 2 – College Day Scholarship
- Gear Up 3 – MI Gear UP

SSG's goals are to:
- Consolidate all programs onto one robust supportable system.
- Meet Treasury's goals for Business Process Review and Improvement (BPRI) initiative by deleting non-value added processes and by using automation to improve efficiency.

- Provide a central location for staff, high school counselors, families and college financial aid officer users to access award information.
- Simplify the process for higher education institutions.
- Provide access portals for user groups to provide on-line customer service and reduce phone calls.

Locations will be in Lansing area for state government offices and statewide for colleges and high schools

All SSG program fact sheets and procedures manuals and flow charts, SSG web site at
- http://www.michigan.gov/mistudentaid/0,4636,7-128-60969---,00.html
- https://fafsa.ed.gov/
- http://studentaid.ed.gov/

1.100   Scope of Work and Deliverables

1.101   IN SCOPE

This project consists of the following scope:

The Contractor will provide the following services for the complete and successful implementation of the new System(s):

- Business Requirements
  - Facilitated Sessions
  - Validation and Verification
- Project Management
- System Configuration
- System Testing and Implementation
- Implementation
  - Data Conversion
  - Data Migration
  - Configuration
  - Interfaces/Integration
  - Testing
- Training
  - End user, both internal and external users of the system
  - Web training
- Provide complete technical documentation, database layouts, and user manuals.
- Software, Software Maintenance and support
- Hosting Services
- Other
  - Reserve bank of hours for future enhancements and/or legislative mandates
  - Annual FAFSA changes

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

1.102   OUT OF SCOPE

Hardware, hardware installation or hardware maintenance, security administration within SOM's LAN/WAN networks and desktop support are out of the scope of this contract.

1.103   ENVIRONMENT

The links below provide information on the State's Enterprise information technology (IT) policies, standards and procedures which includes security policy and procedures, IT strategic plan, eMichigan web development and the State Unified Information Technology Environment (SUITE).

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

applicable State IT policies and standards. Contractor is required to review all applicable links provided below and state compliance in their response.

Enterprise IT Policies, Standards and Procedures:
http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html

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

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

Enterprise IT Security Policy and Procedures:
http://www.michigan.gov/documents/dmb/1310_183772_7.pdf
http://www.michigan.gov/documents/dmb/1310.02_183775_7.pdf
http://www.michigan.gov/documents/dmb/1325_193160_7.pdf
http://www.michigan.gov/documents/dmb/1335_193161_7.pdf
http://www.michigan.gov/documents/dmb/1340_193162_7.pdf

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)

DTMB requires that its single - login security environment be used for all new client-server software development. Where software is being converted from an existing package, or a client-server application is being purchased, the security mechanism must be approved in writing by the State's Project Manager and DTMB Office of Enterprise Security.

IT eMichigan Web Development Standard Tools:
http://www.michigan.gov/documents/som/Look_and_Feel_Standards_302051_7.pdf

The State Unified Information Technology Environment (SUITE):
Includes standards for project management, systems engineering, and associated forms and templates – must be followed: http://www.michigan.gov/suite

Agency Specific Technical Environment
The Bureau makes use of a variety of hardware and software to support their business process. The current IT infrastructure is comprised of client server, a web-based application, hosted applications, and various other Commercial Off the Shelf (COTS) applications that reside on specific PC's. Local Area Networks (LAN), Wide Area Networks (WAN), Intranet and Internet connections are utilized to facilitate communication, information sharing and system access. E-mail is used to disseminate information, share data, schedule meetings, submit and answer questions. In addition, the Bureau also manages a few listserv for various areas to disseminate information to the customers. The Bureau accesses the MAIN accounting system and generates various reports for account reconciliation, cash management projections, and other areas.

Current Operating Environment
The following software is common across the Bureau:

Base Operating System and Included Applications

- Microsoft Windows 7 Enterprise
- Internet Explorer 8
- Java(TM) 6 Update 2 (1.6.0.20)
    - Java Platform, Standard Edition 6, Version 1.6.0 (build 1.6.0_02-b06)
- LiveUpdate 3.3 (Symantec Corporation (3.3.0.92)
- Microsoft Office Professional Edition 2010
- Symantec Endpoint Protection (11.0.5002.333)
- EdConnect 8.3

Current Applications in Student Scholarships and Grants:
- Michigan Scholarships Online (MISO) – MS-SQL server based web application to be replaced by the new system. This application encompasses MCS and MTG.
- Tuition Incentive Program (TIP) – MS-SQL server & MS-Access based application to be replaced by the new system.
- Several smaller programs administered on MS-Access and/or MS-Excel including CVTG, STG, and Gear Up1, Gear Up 2 and Gear Up 3. All to be replaced by the new system.

Treasury-Specific Security Requirements:
- See Safeguard Requirements of Confidential Data (**Exhibit 1**)

1.104   WORK AND DELIVERABLES

I. Services and Deliverables To Be Provided

The system must be installed and fully operational including the programs included in Iteration 1 for testing within 9 months of execution of contract. The programs included in Iteration 1 will be in full operation for use within 12 months of execution of contract. These Deliverables are not all inclusive and will be agreed upon by the State and the Contractor.

Four Iterations of Work & Deliverables

The implementation approach will be iterative, phasing out each of the existing MISO, Excel, and Access systems serially, so as to minimize risk to the SSG while providing for customization of each program to the SSG's specifications. The Contractor will complete Phases I - VI for all programs listed below at a firm-fixed cost (see Attachment E – Cost Tables).

The project is broken into four (4) iterations, each with six (6) phases defined:

Iteration	Programs to be implemented in production (per the SSG's specifications)
1	GrantPro Base System Michigan Competitive Scholarship (MCS) Michigan Tuition Grant (MTG)
2	Tuition Incentive Program (TIP)
3	Children of Veterans Tuition Grant (CVTG) Police Officers and Firefighters Survivors Tuition Grant (STG)
4	Gear Up 1 – Michigan Scholarship Gear Up 2 – College Day Scholarship Gear Up 3 – MI Gear UP

Each iteration will follow the six (6) phases defined below:

- Phase I – Project Initiation and Planning
    - Develop Project Plan and Charter
- Phase II – Requirements Gathering
    - Document program functional requirements, technical requirements, and conversion requirements

- Phase III – Design/Build
  - Prepare screen and report mock-ups, environment setup, build system, and perform data conversion
- Phase IV – Configuration of system
  - Install system in QA environment
- Phase V - User Acceptance Testing
  - System testing, program testing, and conversion testing
- Phase VI – Documentation, Training, and Transition to Production

All iterations and phases will incorporate the SUITE processes for Requirements, Design, Construction, Testing and Implementation.   Iteration 1, Implementation of MCS and MTG, will establish the initial versions of the SUITE documentation.   Later iterations will update these documents as the additional scholarship and grant programs are implemented so the end result will be one set of SUITE documentation detailing all of the SSG programs.

Each of these four (4) iterations has corresponding Deliverables and milestone payments.

Usage Fees, Hosting and Future Enhancements are priced and paid for separately from these phases. All In Scope items are discussed in greater detail in the section below.

Delivery, review, and approval of the Deliverables in each phase of the corresponding iteration will follow the processes detailed in Section 2.250 – Approval of Deliverables. If the Deliverable documents for each phase are in accordance with the SUITE methodology and templates (see section 1.103) and are acceptable to the State Contract Compliance Inspector (CCI), in coordination with the Project Manager, the CCI will provide written acceptance. Contractor shall not commence work on any successive phase in the corresponding iteration until receiving written acceptance from the State for the current phase, except that Phase V (Testing) will conform to the additional UAT requirements identified in the Acceptance Criteria for Iteration 2, and occur simultaneously with Phase VI (Documentation, Training, and Transition to Production). Once the State has provided Contractor with acceptance of all phases of a particular iteration, User Acceptance Tests will commence.

Upon completion of an iteration's specified User Acceptance Testing Period ("UAT Period") and State approval of all Deliverables required in that iteration, including Project Close Out, as set forth in this Statement of Work and in Section 2.250 of Article 2, the CCI will provide written acceptance. Contractor, after receipt of such acceptance, shall submit an invoice for the milestone payment associated with each completed iteration and, ultimately, Project Close Out. The State is entitled to withhold 15% of each milestone payment, which shall not be remitted to Contractor until the State accepts the Deliverables identified in Project Close Out. Unless the CCI grants permission, Contractor shall not commence work on a subsequent iteration before the acceptance of a prior iteration.

All Deliverables referenced below prefixed by PMM (Project Management Methodology) or SEM (Systems Engineering Methodology) are part of the State's SUITE methodology.

I (a) Iteration I – Implementation of the GrantPro base system, Michigan Competitive Scholarship (MCS), and Michigan Tuition Grant (MTG)

This phase will implement the base GrantPro system, the Michigan Competitive Scholarship (MCS), and the Michigan Tuition Grant (MTG) which are two of the largest programs and represent two of the three flagship programs for the SSG.

Phase I, Iteration 1 – MCS/MTG Project Initiation and Planning

The Work Description for Iteration 1, MCS/MTG Implementation

This iteration will establish the new system for the SSG with the implementation of the MCS and the MTG.   The Deliverables for this iteration will include documents to facilitate the Requirements, Design, Construction, Testing, Training and Implementation of the MCS and MTG programs.   This will include conversion of MCS and MTG data into the new system and implementation of any interfaces needed for MCS and MTG.

Upon receipt of the CCI's written acceptance of all Iteration I work Deliverables, the Contractor may submit an invoice for the milestone payment associated with this Iteration.

The Work Description for Phase I, Iteration 1, MCS/MTG Initiation and Planning:

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

Contractor will work with State staff to perform the following Project Planning activities below in correlation and /or addition to section 1.103.

   Conduct one (1) face-to-face project kickoff meeting with State representatives within 30 calendar days from execution of the Contract. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the SOM and the Contractor

- Develop the Project Charter and Project Management Plan.   The Project Management Plan will also provide an estimate of hours and timing of work required of the SOM staff for this project. See sections 1.200, 1.300 and 1.400 for further information. A preliminary Project Plan will be submitted to the Project Manager a minimum of five (5) business days prior to the kickoff meeting.
- Provide a Project Schedule using MS Project (or equivalent) with all work steps related to the services required. The Project Schedule will also include review and revision time frames for documentation (e.g., schedules, plans, and new system(s) documentation) and application testing. For the purposes of the initial project schedule that will be provided by the Contractor with the proposal, the Contractor should include ten (10) business days for the various reviews by the Bureau and DTMB. This may be adjusted as agreed upon between the Contractor and the CCI.
- Additional planning and other documents initiated in this phase include the Security Plan and Assessment, Maintenance Plan, Software Configuration Management Plan, Enterprise Architecture Solution Assessment, and Defect Tracking List. Planning for hosting and production of the application and database, including review of the data migration plan to ensure a clear understanding of the tasks and sequencing of tasks.
- Each phase will include a Structured Walkthrough of Deliverable documents and a Stage Exit signifying the State's acceptance of Deliverables in this phase and approval to proceed to the next phase.

Deliverables for Phase I, Iteration 1, MCS/MTG Initiation and Planning

The Contractor shall work jointly with the State to submit the following to the State Project Manager:
1. Project Charter (PMM-0101)
2. Project Management Plan (PMM-0102)
3. Project Schedule in MS-Project or equivalent
4. Initial Security Plan and Assessment (DTMB-0170)
5. Initial Maintenance Plan (SEM-0301)
6. Initial Software Configuration Management Plan (SEM-0302)
7. Enterprise Architecture Solution Assessment
8. Defect Tracking List (SEM-0186)
9. Structured Walkthrough (SEM-0187)
10. Stage Exit (SEM-0189)

Phase II, Iteration 1 – MCS/MTG Requirements
Attachment B (**Technical Requirements**), **Attachment C** (**Functional Requirements**) and **Attachment D** (**Service Level Agreements**) will be utilized by the Contractor to implement the new Student Financial Aid System. These documents and lists shall be validated to determine if there are further functional or technical requirements necessary for the new system(s). The validation process should also include the review of the import and export of data from Bureau to and from other systems. The Contractor will be responsible for interfaces to/from other systems, State Agencies and other external entities as detailed in Attachment C.

The Deliverables for this phase are as follows:
See section 1.104 II for details pertaining to Attachment B (Technical Requirements), Attachment C (Functional Requirements)

1) Requirements Document - Requirements of the proposed new system(s) based on the Contractor's analysis of the existing system, the requirements identified in Attachment B, C & D and the Contractor's experience with similar systems.

This will include, but is not limited to:
- detailed description of how business rules will be achieved and enforced
- validations and verification of the business rules presented herein
- description of the proposed application processes and flow
- application data flow including appropriate diagrams and data formats
- detailed description of application interaction with the database and any middle-tier objects
- detailed description of on-line and server based data validations
- detailed description of error handling, logging and error recovery

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

2) Technical Requirements Documents - Technical requirements of the proposed new system(s) including:
- description of the software, hardware, hosting, back-up and disaster recovery
- integration and operation with the SOM network.

Contractor will work with State staff to perform the following Requirements Verification and Validation activities below.

- Hold Joint Application Development (JAD) sessions to verify and validate the documentation on the current system(s) and to document potential enhancements for the new system(s). The JAD sessions will be held as agreed upon by the State either by Vendor WebEx or in the Lansing area at a State facility, Monday to Friday during the hours of 8 am to 5 pm. The Project Manager will have authority to change the number and timing of the JAD sessions.
- Initiate the Requirements Specifications Document and Requirements Traceability Matrix.
- Initiate an Infrastructure Service Request to obtain DTMB services
- Initiate a web review with e-Michigan
- Update Deliverables as needed or requested from Phase I
- Update the project plan and schedule to include a work plan for the design effort that will be based on the work priorities determined by the Project Manager
- Identify any new functionality/enhancements that can delay the implementation of the new system(s).

Phase III, Iteration 1 – MCS/MTG Design
- The Student Financial Aid System solution design document, including:
  - A detailed description of the new system's functionality, in accordance with the Requirements Document, the Requirements Traceability Matrix and the Technical Requirements Document.
  - Detailed specifications of the software and hardware to be used.
  - Connectivity to other applicable systems and/or data bases
  - A full description of changes in functionality and enhancements proposed and how they will be incorporated into the new design.
- Software configuration details and changes.
- Mock-ups of all screens, including their functionality.
- Use-case document with all business rules and calculations identified by data element and table
- A list and mock-up of all canned reports in the Bureau report application with all business rules and calculations identified by data element and table.
- A description of all data flows to and from the new system(s) including the output to desktop software such as Excel.
- Documentation of all interfaces to other data systems
- Metadata and database design - A detailed description of the database and any changes to be made to the existing database and tables. This will include documents illustrating:
  - detailed description and plan for any database modifications
  - tables showing columns, data types and defaults
  - views showing tables being combined
  - relationship between tables and views

        ○   stored procedures, triggers and user functions primary keys, foreign keys and constraints

PHASE IV, Iteration 1 – MCS/MTG Configuration of System

- Provide configuration guides for the new software
- Initial data migration for MCS/MTG.
- Software testing within QA.
- Provide a software configuration map for all modules within the application, versioning standards used, libraries/directories, database objects, and code dependencies.
- System test plan.
- Develop data conversion programs to convert the data in the current active databases so that it matches the data structure of the data base in the new Bureau system.
- Develop test scripts to thoroughly test the workings of the new Bureau system

PHASE V, Iteration 1 – MCS/MTG Testing

The User Acceptance Testing Phase involves the parties' joint creation of test acceptance scenarios, and the State staff (business users) testing the system for user acceptance in the environment in each Iteration's Acceptance criteria.

Contractor shall utilize the test scripts to perform uniform system-wide testing. All changes to the application(s) shall result in testing the entire system (regression testing) to be sure all software functionality is maintained.

Contractor will work with State staff to perform the testing activities identified below. Contractor should plan to have access to eight State staff, part-time, during this phase.

- Provide a User Acceptance testing environment.
- Produce a test results document which records the test events, the dates of the events, the unit and system test results and the analysis of the results.
- Develop User Acceptance Test scenarios that would allow the State to confirm acceptability of the Deliverables and a test plan that will test all business processes through a complete business cycle.
- Create test data records and other configuration required to allow each Iteration's Acceptance criteria..
- Establish and maintain a method for logging of all reported issues and their resolutions that is easily searchable.
- Rectification of issues reported during User Acceptance Testing.
- Provide documentation of system performance during testing.
- The Bureau system will be maintained by the Contractor and the system will have the ability to document the following:
    - a) Production volume
    - b) Load balancing
    - c) Response time
    - d) Up time and down time of the Bureau system
    - e) System/application errors
    - f) Errors in data transmission
    - g) Application functionality during this Phase of production
    - h) Analysis of errors and corrective action taken

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

PHASE VI, Iteration 1 – MCS/MTG Documentation, Training, Transition to Production

Training will involve hands-on training and providing documentation in accordance with the training plan and training schedule as approved by the Project Manager at no additional cost. The Training sessions should occur before the new Bureau application goes into production. All training manuals, training plans and other training documentation provided as Deliverables become the property of the SOM.

Conduct training, with the following considerations:

- Conduct a Training session for DTMB, Bureau Project Coordinators and subject area experts. The Training sessions should occur before the new Bureau application goes into production. This will include:

  - Two day live or WebEx training session covering all GrantPro and GrantPro Student Portal functionality to be conducted in the UAT environment at the beginning of the UAT cycle.
  - System users external to SOM, including school and other auxiliary users, will be provided a half day live or WebEx training session covering applicable GrantPro functionality. This training will be conducted in the UAT environment one week prior to implementation.
  - Ongoing Web training for SOM, including school and other auxiliary users
  - A one day live Report Builder training session is provided to support ad-hoc queries and reports. This training will be conducted in the UAT environment prior to implementation as agreed upon by the State.
  - Electronic manuals for End User Training.

MCS/MTG Implementation

Based on the project schedule, the application will be loaded onto the production platform and the data in the current systems will be converted and loaded onto the production version of the database. The Contractor will be responsible for the entire conversion effort including developing a conversion plan, mapping the data, developing processes to extract the data, developing processes to convert data into the new system, testing the conversion processes, executing the conversion, and reconciliation.   A Disaster Recovery plan will be prepared and enacted for the new system. The new Bureau application will be run in the production environment for ninety (90) calendar days to verify that it performs in accordance with the requirements. The Contractor and the SOM staff will monitor the new Bureau system during the ninety (90) calendar days of production. A performance log will be maintained during this period.

Contractor will work with State staff to perform the following Implementation activities below.

- Load the new system into the production environment in accordance with the approved development document.
- Data conversion and migration.
- System migration and switch-over.
- System performance monitoring.
- Document system performance, for the initial ninety days as a weekly report, including:
    a) User Logins
    b) Production volume
    c) Resource usage
    d) Load balancing
    e) System Response Time
    f) Up time and down time of the Bureau system
    g) System/application errors in data entry
    h) Errors in data transmission
    i) Analysis of errors and corrective action taken
    j) Application functionality during this Iteration of production
    k) Dates and times of these events
- Document, investigate and resolve any data processing problems, errors, or questions.

Deliverables for Iteration 1

Each Deliverable below will be initiated in this iteration to reflect the implementation of MCS and MTG and then will be updated during each subsequent iteration to reflect the implementation of each of the remaining SSG programs.

The Contractor shall work jointly with the State to submit the following to the Project Manager:
1. Requirements Specifications Document (SEM-0402)
2. Requirements Traceability Matrix (SEM-0401)
3. Functional Design Document (SEM-0501)
4. Use Cases, multiple (SEM-0502)
5. Test Plan (SEM-0602)
6. Test Type Approach and Report, multiple (SEM-603)
7. Conversion Plan ((SEM-0601)
8. System Design (SEM-0604)
9. System Design Checklist (SEM-0605)
10. Test Case (multiple) (SEM-0606 or equivalent)
11. Installation Plan (SEM-0702)
12. Training Plan and Checklist (SEM-0703 and SEM-0204)
13. Infrastructure Service Request (DTMB-0184)
14. Initiate a Web Review with e-Michigan
15. Updated Issue Log– as needed or requested by the State
16. Updated Security Plan and Assessment (DTMB-0170)
17. Updated Maintenance Plan (SEM-0301) – as needed or requested by the State
18. Updated Software Configuration Management Plan (SEM-0302) – as needed or requested by the State
19. Initial Business Continuity and Disaster Recovery Plan
20. Updated Defect Tracking List (SEM-0186)
21. Structured Walkthrough (SEM-0187)
22. Stage Exit (SEM-0189)

Acceptance Criteria for Iteration 1 - MCS/MTG Implementation

Upon completion and State acceptance of the first four phases in Iteration 1, a ninety (90) day User Acceptance Testing Period shall commence (in coordination with Phase V) to ensure that all Deliverables conform to the requirements of this Contract, which will take place in a production environment. Contract must remove all test data and ensure that outside clients (i.e. schools and colleges) do not have access to the system prior to receiving the State's written consent. Contractor's performance of, participation in and observation of User Acceptance Testing shall be at Contractor's sole cost and expense. In addition, Contractor shall perform, at its sole cost and expense, all internal testing it deems necessary to provide Deliverables that conform to the requirements of this Contract and to limit UAT issues, as set forth in Section 2.250.

The State may suspend User Acceptance Tests and the corresponding UAT Period by written notice to Contractor if the State discovers a material non-conformity in the tested Deliverables or part or feature of such Deliverables. In such event, Contractor will immediately, and in any case within ten (10) Business Days, correct such non-conformity, whereupon the User Acceptance Tests and UAT Period will resume for the balance of the UAT Period.

Within five (5) business days following the expiration of the UAT Period, the State will provide written notice indicating the State's approval or rejection of the Iteration 1 Deliverables. If at any time during the UAT Period, the performance or the interaction of all Iteration 1 components are not acceptable to the State, the State shall give the Contractor written notice stating why the product is unacceptable and Contractor must correct such unacceptability, as set forth in Article 2 Section 2.250.

Contractor shall not commence work on Iteration 2 until the State has provided it with written acceptance of all Deliverables required under Iteration 1.

Upon receipt of the CCI's written acceptance of all Iteration 1 Deliverables, the Contractor may submit an invoice for the milestone payment associated with Iteration 1.

I (b) Iteration 2: Implementation of the Tuition Incentive Program (TIP)

This iteration will implement the Tuition Incentive Program which is the third of the three flagship programs for the SSG. Iteration 2 will follow all items described above in Iteration 1 to implement TIP.

This iteration will augment the newly established system from Iteration 1 with the implementation of the TIP. The Deliverables for this iteration will include documents to facilitate the Requirements, Design, Construction, Testing and Implementation of the TIP program. This will include conversion of TIP data into the new system and implementation of any interfaces specific to TIP.

Deliverables for Iteration 2

The Contractor shall work jointly with the State to submit the following to the Project Manager:
1. Requirements Specifications Document (SEM-0402) – updated for TIP
2. Requirements Traceability Matrix (SEM-0401) – updated for TIP
3. Functional Design Document (SEM-0501) – updated for TIP
4. Use Cases, multiple (SEM-0502) – updated for TIP
5. Test Plan (SEM-0602) – updated for TIP
6. Test Type Approach and Report, multiple (SEM-603) – updated for TIP
7. Conversion Plan ((SEM-0601) – updated for TIP
8. System Design (SEM-0604) – updated for TIP
9. System Design Checklist (SEM-0605) – updated for TIP
10. Test Case (multiple) (SEM-0606 or equivalent) – updated for TIP
11. Installation Plan (SEM-0702) – updated for TIP
12. Training Plan and Checklist (SEM-0703 and SEM-0204) – updated for TIP
13. Updated Issue Log– as needed or requested by the State
14. Updated Security Plan and Assessment (DTMB-0170)
15. Updated Maintenance Plan (SEM-0301) – as needed or requested by the State
16. Updated Business Continuity and Disaster Recovery Plan
17. Updated Defect Tracking List (SEM-0186)
18. Structured Walkthrough (SEM-0187)
19. Stage Exit (SEM-0189)

Acceptance Criteria for Iteration 2 – TIP Implementation

Upon completion and State acceptance of the first four phases in Iteration 2, a sixty (60) day User Acceptance Testing Period shall commence (in coordination with Phase V) to ensure that all Deliverables conform to the requirements of this Contract, which will take place in a Contractor-created beta environment that mirrors the State's production environment. Contractor's performance of, participation in and observation of User Acceptance Testing shall be at Contractor's sole cost and expense. In addition, Contractor shall perform, at its sole cost and expense, all internal testing it deems necessary to provide Deliverables that conform to the requirements of this Contract and to limit UAT issues, as set forth in Section 2.250.

The State may suspend User Acceptance Tests and the corresponding UAT Period by written notice to Contractor if the State discovers a material non-conformity in the tested deliverables or part or feature of such deliverables. In such event, Contractor will immediately, and in any case within ten (10) Business Days, correct such non-conformity, whereupon the User Acceptance Tests and UAT Period will resume for the balance of the UAT Period.

Within five (5) business days following the expiration of the UAT Period, the State will provide written notice indicating the State's approval or rejection of the Iteration 2 Deliverables. If at any time during the UAT Period, the performance or the interaction of all Iteration 2 components, and their interoperability with Iteration 1 components, are not acceptable to the State, the State shall give the Contractor written notice stating why the product is unacceptable and Contractor must correct such unacceptability, as set forth in Article 2 Section 2.250.

Prior to placing Iteration 2 into a production environment, Contractor must remove all test data and ensure that outside clients (i.e. schools and colleges) do not have access to the system prior to receiving the State's written consent. The Contractor shall not commence work on Iteration 3 until the State has provided it with written

acceptance of all Deliverables required under Iteration 2. Upon receipt of the CCI's written acceptance of all Iteration 2 Deliverables, the Contractor may submit an invoice for the milestone payment associated with Iteration 2.

I (c) Iteration 3 – Implementation of the Children of Veterans Tuition Grant (CVTG) and Survivors Tuition Grant (STG)

This phase will augment the newly established system from Iterations 1 and 2 with the implementation of the CVTG and STG.   The Deliverables for this phase will include documents to facilitate the Requirements, Design, Construction, Testing and Implementation of the CVTG and STG programs.   This will include conversion of CVTG and STG data into the new system and implementation of any interfaces specific to CVTG and/or STG. Iteration 3 will follow all items described above in Iteration 1 to implement CVTG and STG.

Deliverables for Iteration 3

The Contractor shall work jointly with the State to submit the following to the Project Manager:
1. Requirements Specifications Document (SEM-0402) – updated for CVTG and STG
2. Requirements Traceability Matrix (SEM-0401) – updated for CVTG and STG
3. Functional Design Document (SEM-0501) – updated for CVTG and STG
4. Use Cases, multiple (SEM-0502) – updated for CVTG and STG
5. Test Plan (SEM-0602) – updated for CVTG and STG
6. Test Type Approach and Report, multiple (SEM-603) – updated for CVTG and STG
7. Conversion Plan ((SEM-0601) – updated for CVTG and STG
8. System Design (SEM-0604) – updated for CVTG and STG
9. System Design Checklist (SEM-0605) – updated for CVTG and STG
10. Test Case (multiple) (SEM-0606 or equivalent) – updated for CVTG and STG
11. Installation Plan (SEM-0702) – updated for CVTG and STG
12. Training Plan and Checklist (SEM-0703 and SEM-0204) – updated for CVTG and STG
13. Updated Issue Log– as needed or requested by the State
14. Updated Security Plan and Assessment (DTMB-0170)
15. Updated Maintenance Plan (SEM-0301) – as needed or requested by the State
16. Updated Defect Tracking List (SEM-0186)
17. Structured Walkthrough (SEM-0187)
18. Stage Exit (SEM-0189)

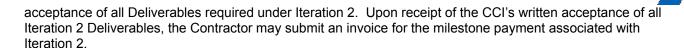### Acceptance Criteria for Iteration 3- CVTG and STG Implementation

Upon completion and State acceptance of the first four phases in Iteration 3, a forty-five (45) day User Acceptance Testing Period shall commence (in coordination with Phase V) to ensure that all Deliverables conform to the requirements of this Contract, which will take place in a Contractor-created beta environment that mirrors the State's production environment. Contractor's performance of, participation in and observation of User Acceptance Testing shall be at Contractor's sole cost and expense. In addition, Contractor shall perform, at its sole cost and expense, all internal testing it deems necessary to provide Deliverables that conform to the requirements of this Contract and to limit UAT issues, as set forth in Section 2.250.

The State may suspend User Acceptance Tests and the corresponding UAT Period by written notice to Contractor if the State discovers a material non-conformity in the tested deliverables or part or feature of such deliverables. In such event, Contractor will immediately, and in any case within ten (10) Business Days, correct such non-conformity, whereupon the User Acceptance Tests and UAT Period will resume for the balance of the UAT Period.

Within five (5) business days following the expiration of the UAT Period, the State will provide written notice indicating the State's approval or rejection of the Iteration 3 Deliverables. If at any time during the UAT Period, the performance or the interaction of all Iteration 3 components, and their interoperability with Iteration 1 and 2 components, are not acceptable to the State, the State shall give the Contractor written notice stating why the product is unacceptable and Contractor must correct such unacceptability, as set forth in Article 2 Section 2.250.

Prior to placing Iteration 3 into a production environment, Contractor must remove all test data and ensure that outside clients (i.e. schools and colleges) do not have access to the system prior to receiving the State's written consent. The Contractor shall not commence work on Iteration 4 until the State has provided it with written acceptance of all Deliverables required under Iteration 3. Upon receipt of the CCI's written acceptance of all Iteration 3 Deliverables, the Contractor may submit an invoice for the milestone payment associated with Iteration 3.

I (d) Iteration 4 – Implementation of GEAR UP 1, GEAR UP 2 and GEAR UP 3

This phase will augment the newly established system from Iterations 1, 2, and 3 with the implementation of Gear Up 1, Gear Up 2 and Gear Up 3. The Deliverables for this phase will include documents to facilitate the Requirements, Design, Construction, Testing and Implementation of Gear Up 1, Gear Up 2 and Gear Up 3. This will include conversion of Gear Up 1, Gear Up 2 and Gear Up 3 data into the new system and implementation of any interfaces specific to Gear Up 1, Gear Up 2 and Gear Up 3. Iteration 4 will follow all items described above in Iteration 1 to implement Gear Up 1, Gear Up 2, and Gear Up 3.

Deliverables for Iteration 4

The Contractor shall work jointly with the State to submit the following to the Project Manager:
1. Requirements Specifications Document (SEM-0402) – updated for Gear Up 1, 2 and 3
2. Requirements Traceability Matrix (SEM-0401) – updated for Gear Up 1, 2 and 3
3. Functional Design Document (SEM-0501) – updated for Gear Up 1, 2 and 3
4. Use Cases, multiple (SEM-0502) – updated for Gear Up 1, 2 and 3
5. Test Plan (SEM-0602) – updated for Gear Up 1, 2 and 3
6. Test Type Approach and Report, multiple (SEM-603) – updated for Gear Up 1, 2 and 3
7. Conversion Plan ((SEM-0601) – updated for Gear Up 1, 2 and 3
8. System Design (SEM-0604) – updated for Gear Up 1, 2 and 3
9. System Design Checklist (SEM-0605) – updated for Gear Up 1, 2 and 3
10. Test Case (multiple) (SEM-0606 or equivalent) – updated for Gear Up 1, 2 and 3
11. Installation Plan (SEM-0702) – updated for Gear Up 1, 2 and 3
12. Training Plan and Checklist (SEM-0703 and SEM-0204) – updated for Gear Up 1, 2 and 3
13. Final Security Plan and Assessment (DTMB-0170)
14. Final Web Review with e-Michigan
15. Updated Issue Log– as needed or requested by the State
16. Updated Maintenance Plan (SEM-0301) – as needed or requested by the State
17. Recovery of Files from Backup
18. Full Disaster Recovery
19. Updated Defect Tracking List (SEM-0186)
20. Structured Walkthrough (SEM-0187)
21. Stage Exit (SEM-0189)

Acceptance Criteria for Iteration 4 - Gear Up 1, 2 and 3 Implementation
Upon completion and State acceptance of the first four phases in Iteration 4, a forty-five (45) day User Acceptance Testing Period shall commence (in coordination with Phase V) to ensure that all Deliverables conform to the requirements of this Contract, which will take place in a Contractor-created beta environment that mirrors the State's production environment. Contractor's performance of, participation in and observation of User Acceptance Testing shall be at Contractor's sole cost and expense. In addition, Contractor shall perform, at its sole cost and expense, all internal testing it deems necessary to provide Deliverables that conform to the requirements of this Contract and to limit UAT issues, as set forth in Section 2.250.

The State may suspend User Acceptance Tests and the corresponding UAT Period by written notice to Contractor if the State discovers a material non-conformity in the tested deliverables or part or feature of such deliverables. In such event, Contractor will immediately, and in any case within ten (10) Business Days, correct such non-conformity, whereupon the User Acceptance Tests and UAT Period will resume for the balance of the UAT Period.

Within five (5) business days following the expiration of the UAT Period, the State will provide written notice indicating the State's approval or rejection of the Iteration 4 Deliverables. If at any time during the UAT Period,

the performance or the interaction of all Iteration 4 components, and their interoperability with Iteration 1, 2 and 3 components, are not acceptable to the State, the State shall give the Contractor written notice stating why the product is unacceptable and Contractor must correct such unacceptability, as set forth in Article 2 Section 2.250.

Prior to placing Iteration 4 into a production environment, Contractor must remove all test data and ensure that outside clients (i.e. schools and colleges) do not have access to the system prior to receiving the State's written consent. The Contractor shall not commence work on Project Close Out until the State has provided it with written acceptance of all Deliverables required under Iteration 4. Upon receipt of the CCI's written acceptance of all Iteration 4 Deliverables, the Contractor may submit an invoice for the milestone payment associated with Iteration 4.

I (e) - Project Close Out

Documentation

Documentation will involve drafting, editing, and finalizing all documentation related to this project at no additional cost. All documentation shall be submitted in acceptable electronic format on a DVD (Microsoft Word). If there are any discrepancies with the documents submitted in earlier phases, they will be completed and corrected as part of this phase. This will include revisions or create of new Bureau documentation for all documents listed below in the Deliverables section for this Phase.

Deliverables for Project Close Out

The Contractor shall work jointly with the State to submit the following to the Project Manager:
1. Project Lessons Learned (PMM-0103)
2. Project Closure Report (PMM-0104)
3. Final Security and Assessment Plan (DTMB-170)
4. Performance log for the ninety (90) day production period
5. Updated Defect Tracking List (SEM-0186)
6. Structured Walkthrough (SEM-0187)
7. Stage Exit (SEM-0189)
8. Documentation includes (A minimum of two (2) copies each of the documentation in electronic format and in hard copy must be provided), including updated versions of:
   - Separate User Guides for
     - Bureau staff
     - State of Michigan
   - Administration Guide
   - Glossary
   - Complete system documentation
   - Updated Bureau Technical documents
   - Draft Frequently Asked Questions (FAQ)
   - Operations Guide
   - Training manuals
   - Updated Service Level Agreement

Acceptance Criteria for Project Close Out - MCS, MTG, TIP, CVTG, STG, Gear Up 1, Gear Up 2 and Gear Up 3 Implementation

Upon Contractor's provision of the Deliverables for project closeout, the State will have 30 days to provide Acceptance of Project Close Out. The State will provide written notice indicating the State's approval or rejection of the Project Close Out Deliverables. If the Project Close Out Deliverables are not acceptable to the State, the State shall give the Contractor written notice stating why the Deliverables are unacceptable and Contractor must correct such unacceptability, as set forth in Article 2 Section 2.250.

I (f) Maintenance and Support/User Support

The maintenance period shall begin upon final written acceptance of Iteration 1, MCS/MTG implementation.

Contractor is fully responsible to manage and administer its system. In that regard, the Contractor shall supply annual software maintenance and support services that provide systems management (e.g., develop and provide corrections, changes, or workarounds for any defects, errors, or malfunctions in the Contractor software and that also provide new versions, updates and/or enhancements to the software), Help Desk Services (e.g., provide access to Help Desk personnel both via telephone and e-mail on an as needed basis), Disaster Recovery (e.g., take all reasonable steps to have data anomalies repaired and data loss in the software minimized), Security Administration (e.g., provide a means to monitor and authorize limited access to the system on an as needed basis), and Storage Services (e.g., provide for the repository and retrieval of data accumulated by the Agency users).

Deliverables:
Contractor shall provide the levels of support set forth below and in Article 2.380 of the Contract for the Software,

1. Maintenance and Support Services
2. Server update and patching schedule; Software update schedule
3. For the first year and all subsequent Contract years, the following services are provided for the current version and one previous version of any software provides with the Deliverable, commencing upon installation of the Deliverables or delivery of the software:
   a. **Error Correction.** Upon notice by State of a problem with the software (which problem can be verified), reasonable efforts to correct or provide a working solution for the problem.
   b. **Material Defects.** The State will be notified of any material errors or defects in the Deliverables known, or made known to Contractor from any source during the Contract term that could cause the production of inaccurate, or otherwise materially incorrect, results and shall initiate actions as may be commercially necessary or proper to effect corrections of any such errors or defects.
   c. **Updates.** All new releases and bug fixes (collectively referred to as "Changes") for any software Deliverable developed or published by Contractor and made available to the State at no additional charge.
4. The software maintenance program includes all future software updates and system enhancements applicable to system modules licensed without further charge to all licensed users maintaining an annually renewable software support contract

I (g) Hosting

In addition to the hosting and Service Availability and Credits requirements identified in Article 2.370, the Contractor will provide all necessary hardware and equipment as part of the hosted environment and adhere to all of the DTMB Standard Information Technology requirements and Hosting terms.

Furthermore, The Contractor's hosted solution will be at Secure-24 hosting location that is NIST compliant. The Contractor will work with the SOM to provide backup and restore capabilities and documentation, as agreed upon by the State. The Contractor will also provide off-site storage of back-up tapes for this hosted solution.

Deliverables:

- Report of annual NIST certification
- Report of Authority to Operate as a TIVAS (Title IV Alternative Servicer)
- Annual Capacity Planning Review
- Documented Information Security Program
- SSAE16 report
- Current Business Continuity Plan
- Current Disaster Recovery Plan

I (h) Future Enhancements

The Contractor shall commit to providing professional services to implement enhancements for the duration of the contract as it may be amended. The Contractor shall commit to provide personnel in the staffing categories shown in Table 8 of Attachment E. The State intends to establish funding for up to 1200 hours for enhancements.

Actual funding for enhancements will occur on a yearly basis, and there is no guarantee as to the level of funding, if any, available to the project. Any work exceeding the established 1200 hours will required a Change Order to the Contract.

Future enhancements shall be implemented as follows: The SOM will prepare a statement of work that describes the enhancement and present this to the Contractor. The Contractor will respond with a proposal of their work plan to implement the enhancement and the number of hours by staffing category to carry out that work. The SOM will review the proposal and, if acceptable, will issue a Purchase Order as approved by SOM.

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

<u>1.200 Roles and Responsibilities</u>

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

A. Contractor Staff
The Contractor will provide sufficient qualified staff, including subcontractors, who will be assigned to the Contract, to satisfy the Deliverables of this Contract.

The Contractor has concluded that no subcontractors will be used in support of this agreement.

The Contractor must replace all employees whose work was found to be unsatisfactory as determined by the DTMB project manager within five (5) business days of notification.

The Contractor will update when changed, an organizational chart/responsibility matrix indicating lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the firm as requested by the State. This chart must also show lines of authority to the next senior level of management and indicate who within the firm will have prime responsibility and final authority for the work.

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

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

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

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

- Project Manager – **Norma Lannaman** will be 100% allocated to the project
- System Architect - **Thomas Bloss** will be 100% allocated to the project
- Lead Business Analyst - **Rebecca Graham** will be 100% allocated to the project
- Lead Programmer/Developer - **Derrick Crozzoli** will be 100% allocated to the project

- Database Administrator - **Matt Reasoner** will be allocated as necessary to the project

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

- Manage all defined Contractor responsibilities in this Scope of Services.
- Manage Contractor's subcontractors, if any
- Develop the project plan and schedule, and update as needed
- Serve as the point person for all project issues
- Coordinate and oversee the day-to-day project activities of the project team
- Assess and report project feedback and status
- Escalate project issues, project risks, and other concerns
- Review all project Deliverables and provide feedback
- Proactively propose/suggest options and alternatives for consideration
- Utilize change control procedures
- Prepare project documents and materials
- Manage and report on the project's budget
-

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

B. On Site Work Requirements
   1. Location of Work
   The work is to be performed, completed, and managed at the following locations:
      a. SOM Austin Building, Lansing, MI and/or
      b. SOM Operations Center, Dimondale, MI

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

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

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

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

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

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES
The State will provide the following resources for the Contractor's use on this project:
- Work space
- Minimal clerical support

- Desk
- Telephone
- Printer
- Access to copiers and fax machine

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

Executive Subject Matter Experts
The Executive Subject Matter Experts representing the business units involved will provide the vision for the business design and how the application shall provide for that vision. They shall be available on an as needed basis. The Executive SME's will be empowered to:
- Resolve project issues in a timely manner
- Review project plan, status, and issues
- Resolve deviations from project plan
- Provide acceptance sign-off
- Utilize change control procedures
- Ensure timely availability of State resources
- Make key implementation decisions, as identified by the Contractor's project manager, within 48-hours of their expected decision date.

Name	Agency/Division	Title	
Amy Dinstbier	DTMB	IT Application Manager	
Carla Folyton	Treasury		

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

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

Name	Agency/Division	Title
Amy Dinstbier	DTMB	Project Manager
Carla Foltyn	Agency	Project Manager

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

Name	Agency/Division	Title
Whitnie Zuker	DTMB	Contract Administrator

1.301   PROJECT PLAN MANAGEMENT

Preliminary Project Plan
Contractor will provide a Preliminary Project Plan to the Project Manager a minimum of five (5) business days prior to the kickoff meeting. It will include, but not limited to the necessary time frames and Deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State.
1. In particular, the Preliminary Project Plan will include a MS Project plan or equivalent (check the SUITE/PMM standard):
    a. A description of the Deliverables to be provided under this contract.
    b. Target dates and critical paths for the Deliverables.
    c. Identification of roles and responsibilities, including the organization responsible. Contractor is to provide a roles and responsibility matrix.
    d. The labor, hardware, materials and supplies required to be   provided by the State in meeting the target dates established in   the Preliminary Project Plan.
    e. Internal milestones
    f. Task durations
2. The Preliminary Project Plan shall include the following Deliverable/milestones for which payment shall be made.
    a. Payment to the Contractor will be made upon the completion and acceptance of the Deliverable or milestone, not to exceed contractual costs of the phase. A milestone is defined as complete when all of the Deliverables within the milestone have been completed.
    b. Failure to provide Deliverable/milestone by the identified date may be subject to liquidated damages as identified in Article 2.

Note: A Final Project Plan will be required as stated in Article 1, Section 1.301 (C) Project Control.

Orientation Meeting
Upon (10) calendar days from execution of the Contract, the Contractor may be required to attend an orientation meeting to discuss the content and procedures of the Contract. The meeting may be held in Lansing, Michigan, at a date and time mutually acceptable to the State and the Contractor. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

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

Project Control
1. The Contractor will carry out this project under the direction and control of the CCI.
2. Within (20) working days of the execution of the Contract, the Contractor will submit to the CCI for final approval of the project plan. This project plan must be in agreement with Article 1, Section 1.104 Work and Deliverables, and must include the following:
    • The Contractor's project organizational structure.
    • The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
    • The project work breakdown structure (WBS) showing sub-projects, activities and tasks, and resources required and allocated to each.
    • The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the WBS.
3. The Contractor will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology, which includes standards for project management, systems engineering, and associated forms and templates which is available at http://www.michigan.gov/suite

a. Contractor will use an automated tool for planning, monitoring, and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract. The tool shall have the capability to produce:
- Staffing tables with names of personnel assigned to Contract tasks.
- Project plans showing tasks, subtasks, Deliverables, and the resources required and allocated to each (including detailed plans for all Services to be performed within the next (30) calendar days, updated semi-monthly).
- Updates must include actual time spent on each task and a revised   estimate to complete.
- Graphs showing critical events, dependencies and decision points during the course of the Contract.

b. Any tool(s) used by Contractor for such purposes must produce information of a type and in a manner and format that will support reporting in compliance with the State standards.

1.302   REPORTS

Reporting formats must be submitted to the State's Project Manager for approval within (30) business days after the execution of the contract. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract.

- *Weekly Project status*
- *Updated project plan*
- *Summary of activity during the report period*
- *Accomplishments during the report period*
- *Deliverable status*
- *Schedule status*
- *Action Item status*
- *Issues*
- *Change Control*
- *Repair status*
- *Maintenance Activity*

School and SSG users can use the GrantPro system to easily generate and print canned reports. The system provides a multitude of display and sort criteria to provide many different options for generating the output.

The following reports are currently available as reports delivered with the system (canned reports). During the process of requirements gathering and development, the bureau will be provided with mock reports to indicate format and content:
- ISIR Exception report – lists exception errors found during the ISIR download process.
- Certification Roster report – includes all students for the selected program, institution and term that are ready to certify.
- Audit Roster report – includes all students for the selected program, institution and term that are certified and ready to pay.
- Payment Roster report – includes all students for the selected program, institution and term that are paid.
- Daily Payment Roster Report – includes a summary of all payments in the payment file for the date entered.
- Reconciliation Roster report – includes paid payments and adjustments by term for all students for the selected program and institution.
- Awards by Institution report – includes number of students paid and the total paid to each institution.
- School Totals report – includes all students that received awards and the award amount paid by term to each institution.
- Eligible Students report – includes eligible students for the selected program and Institution.
- Ineligible Students report – includes ineligible students for the selected program and institution.
- Application Status report – includes students that applied for a program grouped by application status.
- Transaction History report – includes all transactions to school profiles, award rules, or student records within a specified date or date range.

1.401   ISSUE MANAGEMENT

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

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

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

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

Level 1 – Business leads
Level 2 – Project Managers
Level 3 – Executive Subject Matter Experts (SME's)

1.402   RISK MANAGEMENT

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

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

A risk management plan format shall be submitted to the State for approval within twenty (20) business days after the effective date of the contract. The risk management plan will be developed during the initial planning phase of the project, and be in accordance with the State's PMM methodology. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract. The plan must be updated bi-weekly, or as agreed upon.

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

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

1.403   CHANGE MANAGEMENT

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

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

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

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

1.500   Acceptance

1.501   CRITERIA

See the Acceptance Criteria identified in Section 1.104, Work and Deliverables for the four Iterations of this project and Project Close Out. Acceptance Criteria is based upon the work agreed upon and the plan(s) developed for the work.

1.502   FINAL ACCEPTANCE

Along with the acceptance criteria identified in Section 1.104 and 2.250, Work and Deliverables, the following requirements of final acceptance apply:
- Documents are dated and in electronic format, compatible with SOM of Michigan software
- Requirements documents are reviewed and updated throughout the development process to assure requirements are delivered in the final product
- Draft documents are not accepted as final Deliverables
- The documents will be reviewed and accepted in accordance with the requirements of the Contract
- DTMB and the Bureau will review documents within a mutually agreed upon timeframe
- Approvals will be written and signed by the CCI
- Issues will be documented and submitted to the Contractor
- After issues are resolved or waived, the Contractor will resubmit documents for approval within 30 days of receipt

Final acceptance is expressly conditioned upon completion of all Deliverables and/or milestones, completion of all tasks and phases in the project plan as approved, completion of all applicable inspection and/or testing procedures, and the certification by the CCI that the Contractor has met the defined requirements of a successfully operating the new System.

1.600   Compensation and Payment

1.601   COMPENSATION AND PAYMENT

Method of Payment
See Cost Table (Attachment E)
The project will be paid (firm fixed price based on completion and State acceptance of Deliverables/milestones).

A Reserved Bank of Hours for services and specifying not-to-exceed hourly rates based on skill sets that can be utilized for future work projects. The State reserves the right to determine whether payment shall be made on a not to exceed firm fixed-hourly rate basis, or on completion and acceptance of specified Deliverables for future enhancements. **Future enhancement services may only be initiated upon mutually agreed and executed individual Statement(s) of Work (SOW) between the Contractor and the State**. Once agreed to, the Contractor must not be obliged or authorized to commence any work to implement a SOW until authorized via a purchase order issued against this contract. The State shall have the right to hold back an amount equal to percent 15% of all amounts invoiced by Contractor for specified Deliverables for future enhancements.

Each Statements of Work (SOW) 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. Cost/Rate
9. Payment Schedule
10. Project Contacts
11. Agency Responsibilities
12. Location of Where the Work is to be performed
13. Expected Contractor Work Hours and Conditions

The Contractor will not be paid for any costs attributable to corrections of any errors or omissions that have been determined by the CCI to be caused by the Contractor.

Payments will be paid no more than monthly.

Prices quoted will be firm for the entire length of the Contract. For any options to renew (see Section 2.002), prices may not be increased by more than the previous year's Consumer Price Index (CPI) or 3%, whichever is lower.

Notification of Price Reductions
If Contractor reduces its prices for any of the software or services during the term of this Contract, the State shall have the immediate benefit of such lower prices for new purchases. Contractor shall send notice to the State's DTMB Contract Administrator with the reduced prices within fifteen (15) Business Days [or other appropriate time period] of the reduction taking effect.

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

Issuance of Purchase Orders (PO)
Contractor shall not be obliged or authorized to commence any work orders until authorized via a PO issued against this Contract. Contractor shall perform in accordance with this Contract, including the Statements of Work/Vendor Proposal/Purchase Orders executed under it.

Invoicing
Contractor will submit properly itemized invoices to

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

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

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

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

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

1.602 HOLDBACK

The State shall have the right to hold back an amount equal to 15% of all amounts invoiced by Contractor for each milestone payment associated with each iteration, and project closeout. The amounts held back shall be released to Contractor after the State has granted Final Acceptance.

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 June 23, 2014 through <mark>June 22, 2019</mark>. 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(s) 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 (1) year periods.

2.003 LEGAL EFFECT

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

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

2.004 ATTACHMENTS & EXHIBITS

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

2.005 ORDERING

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

2.006 ORDER OF PRECEDENCE

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

In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work shall take precedence (as to that Statement of Work only).

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 the meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

2.009 REFORMATION AND SEVERABILITY

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

2.010 Consents and Approvals

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

2.011 NO WAIVER OF DEFAULT

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

2.012 SURVIVAL

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

2.020 Contract Administration

2.021 ISSUING OFFICE

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

Whitnie Zuker
Buyer
Procurement
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
zukerw@michigan.gov
517-335-5306

2.022 CONTRACT COMPLIANCE INSPECTOR (CCI)

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

Michigan Department of Treasury

7285 Parsons Drive
Lansing, MI 48909
Email RobelK@michigan.gov
Phone 517-636-6815

2.023   PROJECT MANAGER

The following individual will oversee the project:

Amy Dinstbier, Application Manager
Department DTMB
7285 Parsons Drive
Lansing, MI 48909
Email dinstbiera@michigan.gov
Phone 517-636-5046
Fax 517-636-5032

2.024   CHANGE REQUESTS

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

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

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

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

(1)   Change Request at State Request
      If the State requires Contractor to perform New Work, Additional Services or make changes to the Services that would affect the Contract completion schedule or the amount of compensation due Contractor (a "Change"), the State shall submit a written request for Contractor to furnish a proposal for carrying out the requested Change (a "Change Request").
(2)   Contractor Recommendation for Change Requests:
      Contractor shall be entitled to propose a Change to the State, on its own initiative, should Contractor believe the proposed Change would benefit the Contract.
(3)   Upon receipt of a Change Request or on its own initiative, Contractor shall examine the implications of the requested Change on the technical specifications, Contract schedule and price of the Deliverables and Services and shall submit to the State without undue delay a written proposal for carrying out the Change. Contractor's proposal shall include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change is to be performed on a time and

materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.

(4) By giving Contractor written notice within a reasonable time, the State shall be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under this Contract, describing the Change and its effects on the Services and any affected components of this Contract (a "Contract Change Notice").

(5) No proposed Change shall be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Technology, Management and Budget, Procurement.

(6) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of this Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

2.025   NOTICES

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

State:
State of Michigan
Procurement
Attention: Whitnie Zuker
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor:
5280 Solutions LLC
Attention: Denis Blaine
3 Columbia Circle
Suite 205
Albany, NY 12203

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

2.026   BINDING COMMITMENTS

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

2.027   RELATIONSHIP OF THE PARTIES

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

2.028   COVENANT OF GOOD FAITH

Each party shall act reasonably and in good faith. Unless stated otherwise in the Contract, the parties shall not unreasonably delay, condition or withhold the giving of any consent, decision or approval that is either

requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

2.029 ASSIGNMENTS

Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is licensed to conduct business in the State of Michigan and Contractor remains responsible for performance, and ensures the performance of the assignee affiliate, following such assignment. The State may withhold consent from proposed assignments, subcontracts, or novations with respect to non-affiliates 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. The State consents to assignment or delegation of Contractor's duties and obligations under this Agreement to one or more of the following affiliates (collectively, the "Designated Affiliates"): Nelnet Diversified Solutions, LLC; 5280 Solutions LLC; and Nelnet Servicing, LLC.

Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract, provided that Contractor may assign such right to an affiliate without the prior consent of the State so long as the affiliate is licensed to conduct business in the State of Michigan. 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 to a non-affiliate, 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, other than an affiliate of Contractor, 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 ADMINISTRATIVE FEE AND REPORTING

The Contractor must remit an administrative fee of one percent (1%) on all payments remitted to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions), MiDEAL members, and other states (including governmental subdivisions and authorized entities). Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales.

Itemized purchasing activity reports should be mailed to DTMB-Procurement and the administrative fee payments shall be made by check payable to the State of Michigan and mailed to:

The Department of Technology, Management and Budget
Financial Services – Cashier Unit
Lewis Cass Building
320 South Walnut St.
P.O. Box 30681
Lansing, MI 48909

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each quarter.

2.032 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.

2.033   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.

2.034   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.

2.035   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.

2.036   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

2.037   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").

2.038   DISASTER RECOVERY

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

2.040   Financial Provisions

2.041   FIXED PRICES FOR SERVICES/DELIVERABLES

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

2.042   ADJUSTMENTS FOR REDUCTIONS IN SCOPE OF SERVICES/DELIVERABLES

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

2.043   SERVICES/DELIVERABLES COVERED

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

2.044 INVOICING AND PAYMENT – IN GENERAL

(a) Each Statement of Work issued under this Contract shall list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.

(b) Each Contractor invoice shall show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis shall show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.600**.

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

(d) All invoices should reflect actual work done. Specific details of invoices and payments shall be agreed upon between the Contract Administrator and the Contractor after the proposed Contract Agreement has been signed and accepted by both the Contractor and the Director of Procurement, Department of Management & Budget. This activity shall occur only upon the specific written direction from DTMB-Procurement.

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

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

2.045 PRO-RATION

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

2.046 ANTITRUST ASSIGNMENT

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

2.047 FINAL PAYMENT

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

2.048 ELECTRONIC PAYMENT REQUIREMENT

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

2.050 Taxes

2.051   EMPLOYMENT TAXES

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

2.052   SALES AND USE TAXES

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

2.060   Contract Management

2.061   CONTRACTOR PERSONNEL QUALIFICATIONS

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

2.062   CONTRACTOR KEY PERSONNEL

(a)   The Contractor must provide the Contract Compliance Inspector with the names of the Key Personnel.

(b)   Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.

(c)   The State shall have the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor shall notify the State of the proposed assignment, shall introduce the individual to the appropriate State representatives, and shall provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State shall provide a written explanation including reasonable detail outlining the reasons for the rejection.

(d)   Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation or for cause termination of the Key Personnel's employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements, and appropriate transition planning will be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.

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

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

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

2.064   CONTRACTOR PERSONNEL LOCATION

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

2.065   CONTRACTOR IDENTIFICATION

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

2.066   COOPERATION WITH THIRD PARTIES

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

2.067   CONTRACT MANAGEMENT RESPONSIBILITIES

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

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

2.068   CONTRACTOR RETURN OF STATE EQUIPMENT/RESOURCES

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

2.070   Subcontracting by Contractor

2.071   CONTRACTOR FULL RESPONSIBILITY

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

2.072 STATE CONSENT TO DELEGATION

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

2.073 SUBCONTRACTOR BOUND TO CONTRACT

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

2.074 FLOW DOWN

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

2.075 COMPETITIVE SELECTION

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

2.080 State Responsibilities
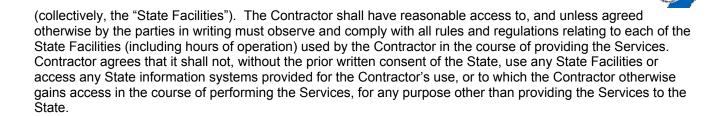
2.081 EQUIPMENT

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

2.082 FACILITIES

The State must designate space as long as it is available and as provided in the Statement of Work, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities

(collectively, the "State Facilities"). The Contractor shall have reasonable access to, and unless agreed otherwise by the parties in writing must observe and comply with all rules and regulations relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor agrees that it shall not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

2.090   Security

2.091   BACKGROUND CHECKS

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

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

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

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

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

2.110   Records and Inspections

2.111   INSPECTION OF WORK PERFORMED

The State's authorized representatives, at reasonable times and with 10 days prior notice, have the right to enter the Contractor's premises or any other places where work is being performed in relation to this Contract. The representatives may inspect, monitor, or evaluate the work being performed, to the extent the access will not reasonably interfere with or jeopardize the safety or operation of Contractor's systems or facilities. The Contractor must provide reasonable assistance for the State's representatives during inspections.

2.112   RETENTION OF RECORDS

(a) The Contractor must retain all financial and accounting records related to this Contract for a period of 7 years after the Contractor performs any work under this Contract (Audit Period).

(b) If an audit, litigation, or other action involving the Contractor's records is initiated before the end of the Audit Period, the Contractor must retain the records 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

(a) The State, upon 10 days notice to the Contractor, may examine and copy any of the Contractor's records that relate to this Contract any time during the Audit Period. The State does not have the right to review any information deemed confidential by the Contractor if access would require the information to become publicly available. This requirement also applies to the records of any parent, affiliate, or subsidiary organization of the Contractor, or any Subcontractor that performs services in connection with this Contract

(b) In addition to the rights conferred upon the State in paragraph (a) of this section and in accordance with MCL 18.1470, DTMB or its designee may audit the Contractor to verify compliance with the Contract. The financial and accounting records associated with the Contract shall be made available to DTMB or its designee and the auditor general, upon request, during the term of the Contract and any extension of the Contract and for 3 years after the later of the expiration date or final payment under 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

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

(b) In addition to other available remedies, if the difference between the State's actual payment and the correct invoice amount, as determined by an audit, is greater than 10%, the Contractor must pay all reasonable audit costs.

2.120   Warranties

2.121   WARRANTIES AND REPRESENTATIONS

The Contractor represents and warrants:
(a)   It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.
(b)   The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.
(c)   It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State shall infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(d) If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in this Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.

(e) The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this Contract, on behalf of Contractor.

(f) It is qualified and registered to transact business in all locations where required.

(g) Neither the Contractor nor any Affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.

(h) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.

(i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.

(j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other Bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other Bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.

(k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor.

(l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.

(m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract.

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

2.122   WARRANTY OF MERCHANTABILITY

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

2.123   WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE

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

2.124   WARRANTY OF TITLE

Contractor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by Contractor shall be delivered free from any security interest, lien, or encumbrance

of which the State, at the time of contracting, has no knowledge. Goods provided by Contractor, under this Contract, shall be delivered free of any rightful claim of any third person by of infringement or the like.

2.125   EQUIPMENT WARRANTY

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

The Contractor represents and warrants that the equipment/system(s) are in good operating condition and operates and performs to the requirements and other standards of performance contained in this Contract, when installed, at the time of Final Acceptance by the State, and for a period of (1) one year commencing upon the first day following Final Acceptance.

Within ten (10) business days of notification from the State, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

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

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

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

2.126   EQUIPMENT TO BE NEW

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

2.127   PROHIBITED PRODUCTS

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

2.128   CONSEQUENCES FOR BREACH

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

2.130   Insurance

2.131   LIABILITY INSURANCE

For the purpose of this Section, "State" includes its departments, divisions, agencies, offices, commissions, officers, employees, and agents.

(a) The Contractor must provide proof that it has obtained the minimum levels of insurance coverage indicated or required by law, whichever is greater. The insurance must protect the State from claims that may arise out of, or result from, or are alleged to arise out of, or result from, the Contractor's or a Subcontractor's performance, including any person directly or indirectly employed by the Contractor or a Subcontractor, or any person for whose acts the Contractor or a Subcontractor may be liable.

(b) The Contractor waives all rights against the State for the recovery of damages that are covered by the insurance policies the Contractor is required to maintain under this Section. The Contractor's failure to obtain and maintain the required insurance will not limit this waiver.

(c) All insurance coverage provided relative to this Contract is primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State.

(d) The State, in its sole discretion, may approve the use of a fully-funded self-insurance program in place of any specified insurance identified in this Section.

(e) Unless the State approves otherwise, any insurer must have an A.M. Best rating of "A" or better and a financial size of VII or better, or if those ratings are not available, a comparable rating from an insurance rating agency approved by the State. All policies of insurance must be issued by companies that have been approved to do business in the State.

(f) Where specific coverage limits are listed in this Section, they represent the minimum acceptable limits. If the Contractor's policy contains higher limits, the State is entitled to coverage to the extent of the higher limits.

(g) The Contractor must maintain all required insurance coverage throughout the term of this Contract and any extensions. However, in the case of claims-made Commercial General Liability policies, the Contractor must secure tail coverage for at least three (3) years following the termination of this Contract.

(h) The Contractor must provide, within five (5) business days, written notice to the Director of DTMB-Procurement if any policy required under this section is cancelled. The notice must include the applicable Contract or Purchase Order number.

(i) The minimum limits of coverage specified are not intended, and may not be construed, to limit any liability or indemnity of the Contractor to any indemnified party or other persons.

(j) The Contractor is responsible for the payment of all deductibles.

(k) If the Contractor fails to pay any premium for a required insurance policy, or if any insurer cancels or significantly reduces any required insurance without the State's approval, the State may, after giving the Contractor at least 30 days' 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 require the Contractor to pay that cost upon demand.

(l) 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 Michigan Attorney General.

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

☑   **(i) Commercial General Liability**

Minimal Limits:
$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; and
$1,000,000 Each Occurrence Limit.

Deductable maximum:
$50,000 Each Occurrence

Additional Requirements:
The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that the insurance policy contains a waiver of subrogation by the insurance company.

The Products/Completed Operations sublimit requirement may be satisfied by evidence of the manufacturer's Commercial General Liability Insurance. The manufacturer must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the Commercial General Liablity certificate and must provide evidence that the policy contains a waiver of subrogation by the insurance company.

☑   **(iii) Motor Vehicle**
Minimal Limits:
If a motor vehicle is used in relation to the Contractor's performance, the Contractor must have vehicle liability insurance on the motor vehicle for bodily injury and property damage as required by law.

☑ **(v) Workers' Compensation**

<u>Minimal Limits:</u>

The Contractor must provide Workers' Compensation coverage according to applicable laws governing work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, the Contractor must provide proof of an approved self-insured authority by the jurisdiction of domicile.

For employees working outside of the state of the Contractor's domicile, the Contractor must provide certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

<u>Additional Requirements:</u>

The Contractor must provide the applicable certificates of insurance and a list of states where the coverage is applicable. Contractor must provide proof that the Workers' Compensation insurance policies contain a waiver of subrogation by the insurance company, except where such a provision is prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

☑ **(vi) Employers Liability**

<u>Minimal Limits:</u>

$100,000 Each Incident;
$100,000 Each Employee by Disease
$500,000 Aggregate Disease

<u>Additional Requirements:</u>

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate.

☑ **(vii) Employee Fidelity (Crime)**

<u>Minimal Limits:</u>

$1,000,000 Employee Theft Per Loss

<u>Deductible Maximum:</u>

$250,000 Per Loss

<u>Additional Requirements:</u>

Insurance must cover Forgery and Alteration, Theft of Money and Securities, Robbery and Safe Burglary, Computer Fraud, Funds Transfer Fraud, Money Order and Counterfeit Currency.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as Loss Payees on the certificate.

☑ **(viii) Professional Liability (Errors and Omissions)**

<u>Minimal Limits:</u>

$3,000,000 Each Occurrence
$3,000,000 Annual Aggregate

<u>Deductible Maximum:</u>

$500,000 Per Loss

☑ **(ix) Cyber Liability**

<u>Minimal Limits:</u>

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

<u>Additional Requirements:</u>

Insurance should 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 Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents as additional insureds on the certificate.

☑ **(x) Property Insurance**

Property Insurance covering any loss or damage to the State-owned office space used by Contractor for any reason under this Contract, and the State-owned equipment, software and other contents of the office space, including 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 State must be endorsed on the policy as a loss payee as its interests appear.

2.132   SUBCONTRACTOR INSURANCE COVERAGE

Except where the State has approved a subcontract with other insurance provisions, the Contractor must require any Subcontractor to purchase and maintain the insurance coverage required in Section 2.13.1, Liability Insurance. Alternatively, the Contractor may include a Subcontractor under the Contractor's insurance on the coverage required in that Section. The failure of a Subcontractor to comply with insurance requirements does not limit the Contractor's liability or responsibility.

2.13.3   CERTIFICATES OF INSURANCE

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 of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents are listed as additional insureds as required. The Contractor must provide DTMB-Procurement with all applicable certificates of insurance verifying insurance coverage or providing, if approved, satisfactory evidence of self-insurance as required in Section 2.13.1, Liability Insurance. Each certificate must be on the standard "Accord" form or equivalent and MUST IDENTIFY THE APPLICABLE CONTRACT OR PURCHASE ORDER NUMBER.

2.140   Indemnification

2.141   GENERAL INDEMNIFICATION

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

2.142   CODE INDEMNIFICATION

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

2.143   EMPLOYEE INDEMNIFICATION

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

2.144   PATENT/COPYRIGHT INFRINGEMENT INDEMNIFICATION

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including

reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

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

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

2.145   CONTINUATION OF INDEMNIFICATION OBLIGATIONS

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation , provided however, that the State shall bring an action for indemnification or any other claim under the Contract within one (1) year of having actual knowledge of the incident to which such claim or action relates, or shall be barred from bringing any action thereafter.

2.146   INDEMNIFICATION PROCEDURES

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

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

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

with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

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

2.150   Termination/Cancellation

2.151   NOTICE AND RIGHT TO CURE

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

2.152   TERMINATION FOR CAUSE

(a)   The State may terminate this contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State

(b)   If this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by this Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.

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

(d)   If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in this Contract for a termination for convenience.

2.153   TERMINATION FOR CONVENIENCE

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

2.154   TERMINATION FOR NON-APPROPRIATION

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

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

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

2.155   TERMINATION FOR CRIMINAL CONVICTION

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

2.156   TERMINATION FOR APPROVALS RESCINDED

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

2.157   RIGHTS AND OBLIGATIONS UPON TERMINATION

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

(b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for services and deliverables provided under this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 RESERVATION OF RIGHTS

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

2.160   Termination by Contractor

2.161 TERMINATION BY CONTRACTOR

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

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

2.170   Transition Responsibilities

2.171 CONTRACTOR TRANSITION RESPONSIBILITIES

If the State terminates this contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor shall comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If this Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed thirty (30) days. These efforts must include, but are not limited to, those listed in **Section 2.150.** The State shall compensate the Contractor for all such services for support of transition at the professional service rates in Attachment E.

2.172 CONTRACTOR PERSONNEL TRANSITION

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

2.173 CONTRACTOR INFORMATION TRANSITION

The Contractor shall provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment for such Deliverables by the State. Under no circumstances, however, will the State be obligated to pay Contractor for any State Data. All State Data must be provided to the State upon request and without charge as provided in Section 2.343.

2.174 CONTRACTOR SOFTWARE TRANSITION

The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This must include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses

to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

2.175   TRANSITION PAYMENTS

If the transition results from a termination for any reason, the termination provisions of this Contract must govern reimbursement. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176   STATE TRANSITION RESPONSIBILITIES

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

2.180   Stop Work

2.181   STOP WORK ORDERS

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

2.182   CANCELLATION OR EXPIRATION OF STOP WORK ORDER

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

2.183   ALLOWANCE OF CONTRACTOR COSTS

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

2.190   Dispute Resolution

2.191   IN GENERAL

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or

the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

2.192   INFORMAL DISPUTE RESOLUTION

(a)   All disputes between the parties shall be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any dispute after compliance with the processes, the parties must meet with the Director of 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 shall not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is that the damages to the party resulting from the breach shall be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

2.194   CONTINUED PERFORMANCE

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

2.200   Federal and State Contract Requirements

2.201   NONDISCRIMINATION

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

2.202 UNFAIR LABOR PRACTICES

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

2.203 WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

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

2.204 PREVAILING WAGE - 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 attorneys' fees awarded by a court in addition to damages after litigation based on this Contract.

2.230 Disclosure Responsibilities

2.231 DISCLOSURE OF LITIGATION

Contractor shall disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under

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

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

2.232   CALL CENTER DISCLOSURE

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

2.233   BANKRUPTCY

The State may, without prejudice to any other right or remedy, terminate this Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:
(a)   the Contractor files for protection under the bankruptcy laws;
(b)   an involuntary petition is filed against the Contractor and not removed within 30 days;
(c   the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;
(d)   the Contractor makes a general assignment for the benefit of creditors; or
(e)   the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under this Contract.

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

2.240   Performance

2.241   TIME OF PERFORMANCE

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

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

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

2.242   SERVICE LEVEL AGREEMENT (SLA)

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

(1) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.

(2) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.

(3) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.

(4) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:

(i)   Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.

(ii) Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

(b) Chronic Failure for any Service(s) will be defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service will not affect any tiered pricing levels.

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

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

2.243   LIQUIDATED DAMAGES

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

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

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

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

2.244   EXCUSABLE FAILURE

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

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

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

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

Notwithstanding the foregoing or any other provisions of this Contract:

  (a)   in no event will any of the following be considered a Force Majeure Event:

    (i)   shutdowns, disruptions or malfunctions of Contractor Systems or any of Contractor's telecommunication or internet services other than as a result of general and widespread internet or telecommunications failures that are not limited to Contractor Systems; or

(ii)   the delay or failure of any Contractor Personnel to perform any obligation of Contractor hereunder unless such delay or failure to perform is itself by reason of a Force Majeure Event; and

(b)   no Force Majeure Event will modify or excuse Contractor's obligations under Article 2.370 (Service Availability and Service Availability Credits), **Section 2.340** (State Data), **Section 2.350** (Confidential Information), **Section 2.360** (Data Privacy and Information Security), or any Availability Requirement, Support Service Level Requirement, or Service Availability Credit obligations under this Contract.

2.250   Approval of Deliverables

2.251   DELIVERY OF DELIVERABLES

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

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

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

2.252   CONTRACTOR SYSTEM TESTING

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

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

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

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

Within five (5) Business Days following the completion of System Testing pursuant to this **Section**, Contractor shall provide to the State a testing matrix establishing that testing for each condition identified in the System

Testing plans has been conducted and successfully concluded. To the extent that testing occurs on State premises, the State shall be entitled to observe or otherwise participate in testing under this Section as the State may elect.

2.253   APPROVAL OF DELIVERABLES, IN GENERAL

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

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

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

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

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

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

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

2.254   PROCESS FOR APPROVAL OF WRITTEN DELIVERABLES

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Written Deliverable (failing which the State

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

2.255   PROCESS FOR APPROVAL OF CUSTOM SOFTWARE DELIVERABLES

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

Within ninety (90) days (or such other number of days as agreed to in Article 1) prior to Contractor's delivery of any Custom Software Deliverable to the State for approval, Contractor shall provide to the State a set of proposed test plans, including test cases, scripts, data and expected outcomes, for the State's use (which the State may supplement in its own discretion) in conducting UAT of the Custom Software Deliverable. Contractor, upon request by the State, shall provide the State with reasonable assistance and support during the UAT process.

For the Custom Software Deliverables listed in Article 1, the State Review Period (also known as the UAT Period) for conducting UAT will be as indicated in Article 1. For any other Custom Software Deliverables not listed in an attachment, the State Review Period shall be the number of days agreed in writing by the parties (failing which it shall be ninety (90) days by default). The State Review Period for each Custom Software Deliverable will begin when the Custom Software Deliverable has been put into production accompanied by the certification required by this **Section** and the State's inspection of the Deliverable has confirmed that all components of it have been delivered.

The State's UAT will consist of executing test scripts from the proposed testing submitted by Contractor, but may also include any additional testing deemed appropriate by the State. If the State determines during the UAT that the Custom Software Deliverable contains any deficiencies, the State will notify Contractor of the deficiency by making an entry in an incident reporting system available to both Contractor and the State. Contractor will modify promptly the Custom Software Deliverable to correct the reported deficiencies, conduct appropriate System Testing (including, where applicable, Regression Testing) to confirm the proper correction of the deficiencies and re-deliver the corrected version to the State for re-testing in UAT. Contractor will coordinate the re-delivery of corrected versions of Custom Software Deliverables with the State so as not to disrupt the State's UAT process. The State will promptly re-test the corrected version of the Software Deliverable after receiving it from Contractor.

Within five (5) business days after the end of the State Review Period, the State will give Contractor a written notice indicating the State's approval or rejection of the Custom Software Deliverable according to the criteria and process set out in this **Section**.

2.256   FINAL ACCEPTANCE

"Final Acceptance" shall be considered to occur when the Custom Software Deliverable to be delivered has been approved by the State and has been operating in production without any material deficiency for ninety (90) consecutive days. If the State elects to defer putting a Custom Software Deliverable into live production for its own reasons, not based on concerns about outstanding material deficiencies in the Deliverable, the State shall nevertheless grant Final Acceptance of the Project.

2.261 OWNERSHIP OF WORK PRODUCT BY STATE

The Contractor shall retain all rights of any nature to all Deliverables and the Contractor owns all Deliverables, subject to the limited, nonexclusive grant to the State of a license to use the Deliverables during the term of this Contract. The Contractor shall retain ownership, subject to such license granted to the State, of all United States and international copyrights, trademarks, patents or other proprietary rights in the Deliverables.

2.262 RESERVED

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, as set forth in Section 2.340, State Data. No employees of the Contractor, other than those on a strictly need-to-know basis, will have access to State Data.

The State may use the data provided by the Contractor for any purpose. The State will not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information received from Contractor 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 https://www.michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,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 https://www.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).

2.281   EXTENDED PURCHASING PROGRAM

The Agreement will be extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal. Upon mutual written agreement between the State of Michigan and the Contractor, this Agreement may be extended to (a) State of Michigan employees, or (b) other states (including governmental subdivisions and authorized entities).

If extended, the Contractor must supply all goods and services at the established Agreement prices and terms. The State reserves the right to negotiate additional discounts based on any increased volume generated by such extensions.

The Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis

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

2.302   HARDWARE

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

2.310   Software Warranties

2.311   PERFORMANCE WARRANTY

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

2.312   NO SURREPTITIOUS CODE WARRANTY

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

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

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

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

2.313   CALENDAR WARRANTY

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

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

2.314   THIRD-PARTY SOFTWARE WARRANTY

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

2.315   PHYSICAL MEDIA WARRANTY

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

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

2.322 DELIVERABLES AND DERIVATIVE WORK, RIGHTS OF CONTRACTOR

The Contractor reserves and retains the right to grant world-wide, non-exclusive rights and licenses under any Deliverable and/or Derivative Work now or in the future created by Contractor, together with all rights 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, during the term of this Contract, the irrevocable, nonexclusive, worldwide, royalty-free right and license to use Derivative Works based upon all preexisting works. Notwithstanding any provision in this Contract to the contrary, the State shall not, at any time, during or after the term of this Contract, license, sublicense, reproduce, display, distribute, make or sell copies or derivatives of, any Deliverables or Derivative Works, or authorize others to do any of the foregoing.

2.324 LICENSE RETAINED BY CONTRACTOR

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

The State may not modify the Software or combine such with other programs or materials to form a derivative work. The Contractor will own and hold all copyright, trademarks, patent and other intellectual property rights in any derivative work, excluding any rights or interest granted in this Contract.

The State may not copy any item of Software to multiple hard drives or networks unless otherwise agreed to in writing 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.

The license granted to the State shall terminate in full upon termination of this Contract for any reason, subject to any transition period exercised in accordance with Section 2.171.

2.325 PRE-EXISTING MATERIALS FOR CUSTOM SOFTWARE DELIVERABLES

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

_2.330_ _Source Code Escrow_

2.331 DEFINITION

"Source Code Escrow Package" shall mean:

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

(b) A complete copy of any existing design documentation and user documentation, including any updates or revisions; and/or

(c) Complete instructions for compiling and linking every part of the source code into executable code for purposes of enabling verification of the completeness of the source code as provided below. Such instructions shall include precise identification of all compilers, library packages, and linkers used to generate executable code.

2.332   DELIVERY OF SOURCE CODE INTO ESCROW

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

2.333   DELIVERY OF NEW SOURCE CODE INTO ESCROW

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

2.334   VERIFICATION

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

2.335   ESCROW FEES

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

2.336   RELEASE EVENTS

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

(a) The Contractor becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under bankruptcy or insolvency law, whether domestic or foreign;

(b) The Contractor has wound up or liquidated its business voluntarily or otherwise and the State has reason to believe that such events will cause the Contractor to fail to meet its warranties and maintenance obligations in the foreseeable future;

(c) The Contractor voluntarily or otherwise discontinues support of the provided products or fails to support the products in accordance with its maintenance obligations and warranties.

2.337   RELEASE EVENT PROCEDURES

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

(a) The State shall comply with all procedures in the Escrow Contract;

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

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

2.338   LICENSE

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

2.339   DERIVATIVE WORKS

Any Derivative Works to the source code released from escrow that are made by or on behalf of the State shall be the sole property of the State. The State acknowledges that its ownership rights are limited solely to the Derivative Works and do not include any ownership rights in the underlying source code. All rights of the State in such license, Derivative Works or Source Code Escrow Package shall terminate upon termination of this Agreement.

2.340 State Data

2.341 OWNERSHIP.

The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Services; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Services, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section 2.341 survives termination or expiration of this Contract.

2.342 CONTRACTOR USE OF STATE DATA.

Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Services, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Services. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Services, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section 2.342 survives termination or expiration of this Contract.

2.343 EXTRACTION OF STATE DATA.

Contractor must, within three (3) Business Days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of State Data in the following format:

Comma-separated values (.csv)

2.344 BACKUP AND RECOVERY OF STATE DATA.

Unless otherwise specified in the Statement of Work, Contractor is responsible for maintaining a backup of State Data and providing for an orderly and timely recovery of such data. Unless otherwise described in the Statement of Work, Contractor must maintain a contemporaneous backup of State Data that can be recovered within four (4) hours at any point in time.

2.345 LOSS OF DATA.

In the event of any act, error or omission, negligence, misconduct, or breach that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within ten (10) calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery.   This Section 2.345 survives termination or expiration of this Contract.

2.350 Confidential Information

2.351 ACKNOWLEDGEMENT.

Each party acknowledges that it may be exposed to or acquire communication or data of the other party that is confidential in nature and is not intended to be disclosed to third parties. This Section 2.350 operates in addition to Exhibit 1 – Safeguard Requirements of Confidential Data. Both this Section and Exhibit 1 survive termination or expiration of this Contract.

2.352 MEANING OF CONFIDENTIAL INFORMATION.

    The term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should

reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was or is: (a)subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). Notwithstanding the above, in all cases and for all matters, State Data is deemed to be Confidential Information.

2.353 OBLIGATION OF CONFIDENTIALITY.

The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to the Contractor's subcontractor is permissible where: (a) the subcontractor is approved in writing by the State or is an affiliate ("**Permitted Subcontractor**"); (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Permitted Subcontractor's responsibilities; and (c) Contractor obligates the Permitted Subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any of the Contractor's Representatives may be required to execute a separate agreement to be bound by the provisions of this Section 2.353.

2.354 COOPERATION TO PREVENT DISCLOSURE OF CONFIDENTIAL INFORMATION.

Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract. Each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

2.355 REMEDIES FOR BREACH OF OBLIGATION OF CONFIDENTIALITY.

Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.

2.356 SURRENDER OF CONFIDENTIAL INFORMATION UPON TERMINATION.

Upon termination or expiration of this Contract or a Statement of Work, in whole or in part, each party must, within five (5) calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. If Contractor or the State

determine that the return of any non-State Data Confidential Information is not feasible, such party must destroy the non-State Data Confidential Information and certify the same in writing within five (5) calendar days from the date of termination to the other party.

2.360 Data Privacy and Information Security

2.361 UNDERTAKING BY CONTRACTOR.

Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all Contractor Representatives comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available at http://www.michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html.

2.362 RIGHT OF AUDIT BY THE STATE.

Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Services and from time to time during the term of this Contract. During the providing of Services, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within forty-five (45) calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.

2.363 AUDIT FINDINGS.

With respect to State Data, Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.

2.364 STATE'S RIGHT TO TERMINATION FOR DEFICIENCIES.

The State reserves the right, at its sole election, to immediately terminate this Contract or the Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section 2.360.

2.370   Service Availability and Service Availability Credits

2.371 AVAILABILITY REQUIREMENT.

Contractor shall make the Hosted Services Available, as measured over the course of each calendar month beginning with the production implementation of Iteration 1 and continuing through the term of the Contract, and any additional periods during which Contractor does or is required to perform any Hosted Services (each such calendar month, a "**Service Period**"), at least ninety nine percent (99.0%) of the time, excluding only the time the Hosted Services are not Available solely as a result of one or more Exceptions as set forth in **Section 2.372**

(the "**Availability Requirement**"). The Hosted Services are not considered Available in the event of any performance degradation or inoperability of the Hosted Services, in whole or in part.

(a)   The GrantPro system, which is utilized by state agency personnel, high schools, and colleges, will be Available for online processing between the hours of 7:00 a.m. and 7:00 p.m. Eastern Standard Time ("GrantPro Processing Hours") weekdays, Monday through Friday, other than holidays. The GrantPro system will be Available 99 percent, or more during the GrantPro Processing Hours. The Availability is calculated on a monthly basis based on the number of minutes per month the system is unavailable during the Processing Hours. Outages that reduce Availability below 99 percent during a one month period shall be considered a Critical Service Error. The calculation of Availability shall be the quotient determined by dividing (i) total minutes Available during GrantPro Processing Hours for the applicable one-month period, less total minutes during which any of the Exceptions exist, by (ii) total minutes of GrantPro Processing Hours in such one-month period, less total minutes during which any of the Exceptions exist.

(b)   Web based applications (the GrantPro student portal, which is used by aid recipients only) shall be Available 24 hours per day, 7 days per week with at least 99 percent Availability on a monthly basis. The calculation of availability shall be the quotient determined by dividing (i) total minutes for the applicable one-month period, less total minutes during which any of the Exceptions exist, divided by (ii) total minutes within such one-month period, less total minutes during which any of the Exceptions exist.

2.372 Exceptions. No period of Hosted Services degradation or inoperability will be included in calculating Availability to the extent that such downtime or degradation is due to any of the following ("**Exceptions**"):

(a) Failure of the State's or End Users' internet connectivity;

(b) Internet or other network traffic problems other than problems arising in or from networks actually or required to be provided or controlled by Contractor or its subcontractor(s); or

(c)   Scheduled Downtime as set forth in **Section 2.373**.

(d)   Emergency Downtime as set forth in **Section 2.374**.

2.373 SCHEDULED DOWNTIME.

Contractor must notify the State at least a week in advance of all scheduled outages of the Hosted Services in whole or in part ("**Scheduled Downtime**"). All such scheduled outages will: (a) last no longer than four (4) hours; (b) be scheduled between the hours of 12 a.m. and 4 a.m., Monday, Eastern Standard Time; and (c) occur no more frequently than twice per month; provided that Contractor may request the State's approval for extensions of Scheduled Downtime above four (4) hours and such approval by the State may not be unreasonably withheld or delayed.

2.374 EMERGENCY DOWNTIME.

Contractor must notify the State at least 24 hours in advance of all emergency outages of the Hosted Services in whole or in part ("**Emergency Downtime**"). All such emergency outages will: (a) last no longer than five (5) hours; (b) be scheduled between the hours of 12 a.m. and 5 a.m. Eastern Standard Time; and (c) occur no more frequently than twice per month, provided that Contractor may request the State's approval for extensions of Emergency Downtime above five (5) hours and such approval by the State may not be unreasonably withheld or delayed.

2.375 SERVICE AVAILABILITY REPORTS.

Within thirty (30) days after the end of each Service Period, Contractor will provide to the State a report describing the Availability and other performance of the Hosted Services during that calendar month and the calendar year-to-date as compared to the Availability Requirement. The report must be in electronic or such other form as the State may approve in writing and shall include, at a minimum: (a) the actual performance of the Hosted Services relative to the Availability Requirement; and (b) if Hosted Services performance has failed in any respect to meet or exceed the Availability Requirement during the reporting period, a description in sufficient detail to inform the State of the cause of such failure and the corrective actions Contractor has taken and will take to ensure that the Availability Requirement is fully met.

2.376 REMEDIES FOR SERVICE AVAILABILITY FAILURES.

(a)   If the actual Availability of the Hosted Services is less than the Availability Requirement for any Service Period, such failure shall constitute a Service Error for which Contractor will issue to the State the corresponding service availability credits as set forth below ("**Service Availability Credits**"):

Availability	Credit
≥99.0%	None
<99.0% but ≥95.0%	10%
<95.0% but ≥90.0%	25%
<90.0%	100%

(b)   Any Service Availability Credits due under this **Section 2.376** will be applied in accordance with **Section 2.377.**

(c)   If the actual Availability of the Hosted Services is less than the Availability Requirement in any three consecutive Service Periods, then, in addition to all other remedies available to the State, the State may terminate this Contract for cause pursuant to **Section 2.152.**

2.377 SERVICE AVAILABILITY CREDITS.

Contractor acknowledges and agrees that each of the Service Availability Credits assessed pursuant to this **Section 2.377**: (a) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the corresponding Service Error, which would be impossible or very difficult to accurately estimate; and (b) may, at the State's option, be credited or set off against any Fees or other charges payable to Contractor under this Contract for the affected Service Period. The State may exercise such option to obtain such credit or set off by giving written notice to Contractor of the State's intent to exercise within forty-five (45) days following the Service Period during which the Service Error(s) occurred. No Service Availability Credits for any Service Period shall exceed the total amount of Fees that would be payable for that Service Period if the Services were fully provided in accordance with this Contract.

2.380   TRAINING, SUPPORT AND MAINTENANCE SERVICES.

Contractor will provide training, maintenance and support services (collectively, "**Support Services**") in accordance with the provisions of this **Section 2.380** et seq0. The Support Services are included in the Hosted Services, and Contractor shall not assess any additional Fees, costs or charges for such Support Services.

2.381 SUPPORT SERVICE RESPONSIBILITIES.

Contractor will:

(a)   provide the State with a telephone number for Contractor's live technical support facility, which will be available from 8:30 a.m. until 5:00 p.m. Eastern Standard Time Monday through Friday, excluding Contractor's observed holidays;

(b)   provide the State with one or more email addresses to which State may submit routine or non-critical support requests, which Contractor will address during its regular business hours;

(c)   provide the State with training as set forth in the Statement of Work. All training set forth in the Statement of Work will be provided at no additional charge to the State, it being acknowledged and agreed that the Usage and Hosting Fees include full consideration for such services;

(d)   provide remote assistance to State via any other mutually-acceptable remote communications method;

(e)   provide the State with access to technical information in Contractor's online support databases, which are continuously available;

(f)   provide revisions of maintained software products to the State as such updates are generally-released by Contractor;

(g)   respond to and Resolve Support Requests as specified in this **Section 2.381**; and

(h)   correct all Service Errors in accordance with the Support Service Level Requirements, including by providing defect repair, programming corrections and remedial programming.

2.382 SERVICE MONITORING AND MANAGEMENT.

Contractor will continuously monitor and manage the Hosted Services to optimize Availability that meets or exceeds the Availability Requirement. Such monitoring and management includes:

(a)   proactively monitoring on a twenty-four (24) hour by seven (7) day basis all Hosted Services functions, servers, firewall and other components of Hosted Services security;

(b)   if such monitoring identifies, or Contractor otherwise becomes aware of, any circumstance that is reasonably likely to threaten the Availability of the Hosted Services, taking all necessary and reasonable remedial measures to promptly eliminate such threat and ensure full Availability;

(c)   if Contractor receives knowledge that the Hosted Services or any Service Software function or component is not Available (including by written notice from the State pursuant to the procedures set forth herein):

(i)   confirming (or disconfirming) the outage by a direct check of the associated facility or facilities;

(ii)   if Contractor's facility check in accordance with clause (i) above confirms a Hosted Services outage in whole or in part: (A) notifying the State in writing pursuant to the procedures set forth herein that an outage has occurred, providing such details as may be available, including a Contractor trouble ticket number, if appropriate, and time of outage; and (B) working all problems causing and caused by the outage until they are Resolved as Critical Service Errors in accordance with the Support Request Classification set forth in **Section 2.384**; and

(iii) notifying the State that Contractor has fully corrected the outage and any related problems, along with any pertinent findings or action taken to close the trouble ticket.

2.383 SERVICE MAINTENANCE.

Contractor will continuously maintain the Hosted Services to optimize Availability that meets or exceeds the Availability Requirement. Such maintenance services includes providing to the State and its End Users:

(a) all updates, bug fixes, new releases, new versions and other improvements to the Hosted Services that Contractor provides at no additional charge to its other similarly situated customers; and

(b) all such services and repairs as are required to maintain the Hosted Services or are ancillary, necessary or otherwise related to the State's or its End Users' access to or use of the Hosted Services, so that the Hosted Services operate properly in accordance with this Contract and all associated Statements of Work.

2.384 SUPPORT SERVICE LEVEL REQUIREMENTS.

Contractor will correct all Service Errors and respond to and Resolve all Support Requests in accordance with the required times and other terms and conditions set forth in this **Section 2.384** ("**Support Service Level Requirements**").

(a) <u>Support Requests</u>. The State will classify its requests for Service Error corrections in accordance with the descriptions set forth in the chart below (each a "**Support Request**"). The State's CCI will notify Contractor of Support Requests by email, telephone or such other means as the parties may hereafter agree to in writing.

Support Request Classification	Description: **Any Service Error Comprising or Causing any of the Following Events or Effects**
Critical Service Error	- Issue affecting entire system or single critical production function; - System down or operating in materially degraded state; - Data integrity at risk; or - Widespread access interruptions.
High Service Error	- Primary component failure that materially impairs its performance; or - Data entry or access is materially impaired on a limited basis.

Medium Service Error	• Hosted Services are operating with minor issues that can be addressed with a work around.
Low Service Error	• Request for assistance, information, or services that are routine in nature.

(b)   <u>Response and Resolution Time Service Levels</u>. Response and Resolution times will be measured from the time Contractor receives a Support Request until the respective times Contractor has (i) responded to, in the case of response time and (ii) will use commercially reasonable efforts to Resolve such Support Request, in the case of Resolution time. "**Resolve**" (including "**Resolved**", "**Resolution**" and correlative capitalized terms) means that, as to any Service Error, Contractor has provided the State the corresponding Service Error correction and the State has confirmed such correction and its acceptance thereof. Contractor will respond to and Resolve all Service Errors within the following times based on the severity of the Service Error:

Support Request Classification	Service Level Metric (Required Response Time)	Service Level Metric (Required Resolution Time)
Critical Service Error	Thirty (30) minutes	Four (4) hours
High Service Error	One (1) hour	One (1) Business Day
Medium Service Error	Two (2) hours	Two (2) Business Days
Low Service Error	One (1) Business Day	Five (5) Business Days

(c)   <u>Escalation</u>. With respect to any Critical Service Error Support Request, until such Support Request is Resolved, Contractor shall escalate that Support Request within sixty (60) minutes of the receipt of such Support Request to the appropriate Contractor support personnel, including, as applicable, Contractor's Project Manager and Contractor's management or engineering personnel, as appropriate.

(d)   <u>Failure to Satisfy Required Resolution Time</u>. Notwithstanding any provision in this Agreement to the contrary, a failure of Contractor to timely satisfy a required Resolution Time shall be deemed to be noncompliance or a breach of this Agreement subjecting Contractor to liability, termination or other sanctions only if such failure is solely the result of negligence or willful misconduct on the part of Contractor.

2.385 SUPPORT SERVICE LEVEL FAILURE.

If Contractor fails to achieve Support Service Level Requirements with respect to Critical and High Service Errors in any three consecutive Service Periods, then, in addition to all other remedies available to the State, the State may terminate this Contract for cause pursuant to **Section 2.152.** Further, if Contractor fails to remedy a Critical Service Error within three (3) business days, the State may terminate this Contract for cause pursuant to **Section 2.152.**

2.390 REDUNDANCY, DATA BACKUP AND DISASTER RECOVERY.

Contractor must, in accordance with the provisions of this **Section 2.390**0, maintain or cause to be maintained disaster avoidance procedures designed to safeguard State Data and other State Confidential Information, Contractor's Processing capability and the availability of the Hosted Services, in each case throughout the Term and at all times in connection with its actual or required performance of the Services under this Contract. The Excusable Failure provisions of **Section 2.24** do not limit Contractor's obligations under this **Section 2.390**.

2.391 REDUNDANT HOSTING AND CONNECTIVITY.

Contractor will support a Disaster Recovery system at a location in the United States that is geographically remote from the primary system on which the Hosted Services are hosted. Except for its location, the Disaster Recovery system will: (a) be identical in all respects to the primary system; (b) have hardware and software, network connectivity, power supplies, backup generators and other similar equipment and services that operate independently of the primary system; (c) have fully current backups of all State Data stored on the primary system; and (d) have the ability to provide the Hosted Services in accordance with this Contract and all associated Statements of Work during the performance of routine and remedial maintenance or any outage or failure of the primary system fails. Contractor will operate, monitor and maintain such Disaster Recovery system so that it may be activated within twenty-four (24) to forty-eight (48) hours of any failure of the Hosted Services to be Available.

2.392 DISASTER RECOVERY.

Throughout the duration of the Contract and at all times in connection with its actual or required performance of the Services hereunder, Contractor must:

(a) maintain a Disaster Recovery Plan for the Hosted Services (the "**Disaster Recovery Plan**"), and implement such Disaster Recovery Plan in the event of any unplanned interruption of the Hosted Services. Contractor's current Disaster Recovery Plan, revision history, and any reports or summaries relating to past testing of or pursuant to the Disaster Recovery Plan are attached as **Schedule C**. Contractor will actively test, review and update the Disaster Recovery Plan on at least an annual basis using industry best practices as guidance. Contractor will provide the State with copies of all such updates to the Disaster Recovery Plan promptly within five (5) Business Days of its adoption by Contractor. All updates to the Disaster Recovery Plan are subject to the requirements of this **Section 2.392**; and

(b) provide the State with copies of all reports resulting from any testing of or pursuant to the Disaster Recovery Plan promptly within five (5) Business Days after Contractor's receipt or preparation thereof. If Contractor fails to fully reinstate the Hosted Services within the periods of time set forth in the Disaster Recovery Plan, the State may, in addition to any other remedies available hereunder, in its sole discretion, immediately terminate this Contract for cause pursuant to **Section 2.152.**

Glossary

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

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

ATTACHMENT A – Vendor, Contractor or Subcontractor Confidentiality Agreement

Michigan Department of Treasury
3337 (Rev. 01-12)

Vendor, Contractor or Subcontractor Confidentiality Agreement

The Revenue Act, Public Act 122 of 1941, MCL 205.28(1)(f), makes all information acquired in administering taxes confidential. The Act holds a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury, or who access Treasury data, to the strict confidentiality provisions of the Act. Confidential tax information includes, but is not limited to, information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Michigan Department of Treasury for a tax administered by the department.

INSTRUCTIONS. Read this entire form before you sign it. If you do not complete this agreement, you will be denied access to Michigan Department of Treasury and federal tax information. After you and your witness sign and date this form, keep a copy for your records. Send the original to the address listed below.

Company Name and Address (Street or RR#, City, State, ZIP Code)		Last Name	First Name
		Driver License Number/Passport Number	Telephone Number
State of Michigan Department	Division	Subcontractor Name if Product/Service Furnished to Contractor	
Describe here or in a separate attachment the product or service being provided to the State of Michigan Agency (Required).			

Confidentiality Provisions. It is illegal to reveal or browse, except as authorized:

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.

- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be needed to perform official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a **need-to-know** basis only. Before you disclose returns or return information to other employees in your organization, they must be authorized by Michigan Department of Treasury to receive the information to perform their official duties.

- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC, R 2005.1004(1).

Violating confidentiality laws is a felony, with penalties as described:

Michigan Penalties
MCL 205.28(1)(f) provides that you may not willfully browse any Michigan tax return or information contained in a return. Browsing is defined as examining a return or return information acquired without authorization and without a need to know the information to perform official duties. Violators are guilty of a felony and subject to fines of $5,000 or imprisonment for five years, or both. State employees will be discharged from state service upon conviction.

Any person who violates any other provision of the Revenue Act, MCL 205.1, et seq., or any statute administered under the Revenue Act, will be guilty of a misdemeanor and fined $1,000 or imprisonment for one year, or both, MCL 205.27(4).

Federal Penalties
If you willfully disclose federal tax returns or tax return information to a third party, you are guilty of a felony with a fine of $5,000 or imprisonment for five years, or both, plus prosecution costs according to the Internal Revenue Code (IRC) §7213, 26 USC 7213.

In addition, inspecting, browsing or looking at a federal tax return or tax return information without authorization is a felony violation of IRC §7213A subjecting the violator to a $1,000 fine or imprisonment for one year, or both, plus prosecution costs. Taxpayers affected by violations of §7213A must be notified by the government and may bring a civil action against the federal government and the violator within two years of the violation. Civil damages are the greater of $1,000 or actual damages incurred by the taxpayer, plus the costs associated with bringing the action, 26 USC 7431.

Failure to comply with this confidentiality agreement may jeopardize your employer's contract with the Michigan Department of Treasury.

Certification		
By signing this Agreement, I certify that I have read the above confidentiality provisions and understand that failure to comply is a felony.		
Print name of employee signing this agreement	Signature of person named above	Date signed
Print Witness Name (Required)	Signature of Witness (Required)	Date signed

Submit your form to the following address:
Office of Privacy and Security/ Disclosure Unit
Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922

Questions, contact the **Office of Privacy and Security** by telephone, (517) 636-4239; fax, (517) 636-5340; or email: Treas_Disclosure@michigan.gov

ATTACHMENT B – Technical Requirements

For each requirement, the vendor shall respond in the vendor response column.
Items followed by (M) are considered mandatory.
Items followed by (A) are applied and recommended
Items followed by (O) are considered optional.

COTS package - The Contractor responded to each requirement by selecting one of the following choices and entering it in the vendor response column.
FS=Fully Supported. The function is currently available in the current product.
PS=Partially Supported. The function is partially supported in the current product. Explanation is required in the Vendor Explanation area.
FE=Free Enhancement. The function is not currently supported but will be fully supported without any additional charges to the current proposed price by the implementation date.
PE=Paid Enhancement. The function is not currently supported, but will be developed and implemented and will incur additional charges to the current proposed price. The bidder shall identify all additional charges for paid enhancements in Attachment E.
NS=Not Supported. The function is not currently supported, and the vendor does not intend to develop or implement this function.

The Contractor provided, when applicable, an explanation in the vendor explanation column demonstrating their understanding of the requirement and how they will meet it.

1. Client / Workstation

These technical requirements apply to a user's computer device. The intent is to ensure that applications operate successfully on State-owned and managed personal computing devices, including desktops, laptops, handheld, and mobile devices. DTMB's Office Automation Services may need to be consulted for the latest standard desktop/laptop components and versions.

#	Requirement	RFP	Response	Vendor Response
1.1	The Application must function within a approved EA (Enterprise Architecture) Roadmap.	A	FS	The customized COTS solution proposed by NGS runs on the Microsoft Windows platform and easily fits into the SOM's current technical infrastructure. A customized COTS solution allows the SOM to avoid building a customized software tool unique to their needs and allows the SOM to focus development resources where they are the greatest value to the state.
1.2	The Application must function with the following web browser(s) in an INTRANET environment: • Microsoft IE 8.0 or above	M	FS	The customized COTS solution proposed by NGS is a Web-based client server solution. Our solution is currently supported on Microsoft IE 8 and 9, and we will support new releases as they are distributed.
1.3	The Application must function with the following web browser(s) in an INTERNET environment: • Microsoft IE 8.0 or above	M	FS	The customized COTS solution proposed by NGS is a Web-based client server solution. Our solution is currently supported on Microsoft IE 8 and 9, and we will support new releases as they are distributed.
1.4	The Application must function with the following desktop Operating System (OS): - Windows XP SP3 - Windows 7 or higher	M	FS	The customized COTS solution proposed by NGS currently supports Windows XP and Windows 7. Our system is not OS-version dependent, but instead relies on the Microsoft .NET framework.
1.5	The Application's desktop client install must function on the following standard SOM desktop hardware: Link to SOM Desktop Standard: http://www.michigan.gov/dmb/0,1607,7-150-56355-108233--,00.html	M	N/A	The customized COTS solution proposed by NGS does not require a client install.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

2. Documentation and Standards

These technical requirements apply to software and hardware which will be purchased and/or used by the State. Documentation is critical for long-term support and maintenance.

#	Requirement	RFP	Response	Vendor Response
2.1	Provide a logical network diagram that describes how the infrastructure components will meet the functional requirements.	A	FS	See Attached
2.2	Provide conceptual and logical data-flow diagrams.	A	FS	Conceptual and logical data-flow diagrams will be heavily dependent on a corresponding aid program. At the agency's request, NGS will provide a data-flow diagram uniquely detailing how data will flow into, through, and out of the solution proposed by NGS.
2.3	Provide a complete installation and configuration documentation library.	A	FS	Agency hosted solution: Documentation will be provided to the agency upon request should the agency choose to host the solution. NGS Hosted Solution: N/A
2.4	Provide a high-level architecture diagram, including logical and physical components.	A	FS	See Attached
2.5	System documentation must describe error logging and how to access the error logs.	M	FS	Documentation will be made available as necessary and upon agency request.
2.6	System documentation must describe Disaster Recovery capabilities (including Hot and Cold standby options, licensing implications, and critical vs. non-critical functionality and data).	A	FS	Documentation will be made available as necessary and upon agency request.
2.7	System documentation must describe any batch processing requirements for the application.	A	FS	Documentation will be made available as necessary and upon agency request.
2.8	Provide a logical network diagram that describes how the infrastructure components will meet the functional requirements.	A	FS	See Attached
2.9	Provide conceptual and logical data-flow diagrams.	A	FS	Conceptual and logical data-flow diagrams will be heavily dependent on a corresponding aid program. At the agency's request, NGS will provide a data-flow diagram uniquely detailing how data will flow into, through, and out of the solution proposed by NGS.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

3. Installation

These technical requirements apply to software and hardware installation procedures and methods on both user devices and servers. DTMB's Agency Services, Office Automation Services, Field Services, and Infrastructure Services may need to be consulted to ensure availability of resources and compliance with supported end-user processes.

#	Requirement	RFP	Response	Vendor Response
3.1	Provide a detailed work plan (in hours) and duration (in days) of a typical installation of the base package, including all modules. Include both SOM and vendor effort. Refer to Section 1.300 Project Plan.	A	FS	See attached proposed project plan.
3.2	Provide a high-level project plan outlining activity descriptions, work effort, duration and resources for a typical base-package installation. Refer to Section 1.300 Project Plan.	A	FS	See attached proposed project plan.
3.3	Provide a description of the skill sets of all resources required for a typical install of the base package, per Exhibit B Contractor Information.	A	FS	See attached resumes for key personnel.
3.4	Provide a list of functional issues encountered by other users during a typical implementation of your software.	A	N/A	As NGS is proposing a customized COTS solution, functional issues encountered by other users are driven by the specific requirements of that client and therefore, are not typical to an implementation.
3.5	Provide a list of technical issues encountered by other users during a typical implementation of your software.	A	N/A	As NGS is proposing a customized COTS solution, technical issues encountered by other users are driven by the specific requirements of that client and therefore, are not typical to an implementation.
3.6	Provide a detailed list of any browser plug-ins (e.g., ActiveX, Java, Flash) required by the application.	A	N/A	The solution proposed by NGS does not required browser plug-ins.
3.7	Provide a detailed list of client components (e.g. ODBC, JDBC, Java Beans, other) required by the application, including permission(s) levels.	M	N/A	The solution proposed by NGS does not require custom client software installations.
3.8	All agents and bots used for monitoring or maintenance of servers and software must be listed including function, install location, permission level, and resource usage.	A	FS	NGS is responding with a hosted solution and as such, any monitoring packages are provided by our partner, CoSentry as part of our overall standard offering. If the SOM were to choose to host this solution, the SOM would choose what monitoring they would choose to leverage.
3.9	Provide a detailed list of any third-party tools required by the application and how they will be supported over the System Development Life Cycle (SDLC).	M	N/A	The solution proposed by NGS does not required any third party tooling beyond the development tools needed for enhancing and modifying the proposed customized COTS solution.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

4. Product Development

These technical requirements apply to software development and the tools needed to support it. Development includes purchase of ready-to-install commercial products to those designed, coded and tested by vendors and/or DTMB Agency Services staff.

#	Requirement	RFP	Response	Vendor Response
4.1	Provide a report of all known current application defects and the timeline for mitigation efforts.	M	N/A	As NGS is proposing a customized COTS solution, functional issues encountered by other users are driven by the specific requirements of that client and therefore, are not typical to an implementation.
4.2	Provide a roadmap for all platform / application enhancements that are planned for the next three years.	A	N/A	As NGS is proposing a customized COTS solution, enhancements to the system are largely driven by client requests or regulatory changes.
4.3	The application must follow the SUITE testing processes and documentation of testing and testing types/levels must be provided. Refer to Section 1.103 Environment,	M	FS	NGS will adhere to the SUITE testing processes as required by the agency,
4.4	Application development must be done in the following development framework: .NET Framework 3.5 and 4.0 • J2EE 5.x and 6.x	A	FS	The solution proposed by NGS is built on the .NET Framework 4.0.
4.5	Programming must be done in the following language(s): • ASP.Net 2008 (standard)	A	FS	The solution proposed by NGS utilizes ASP.NET.
4.6	Commercial Off The Shelf (COTS) third-party libraries included within the application must be owned and supportable by the State. Inclusion of any third-party code library or tool must be approved by the SOM Contract Manager or Project Manager.	A	FS	NGS is proposing a customized COTS solution.
4.7	Custom-developed third-party libraries included within the application must be owned and supportable by the State. Inclusion of any 3rd party code library or tool must be approved by the SOM Contract Manager or Project Manager.	A	N/A	As NGS is proposing an existing product currently under contract to other customers, it is not a work for hire and therefore we do not anticipate transferring ownership rights.
4.8	Software developed under contract to SOM must be able to provide a complete change/history log upon request.	A	FS	NGS will meet this requirement.
4.9	Software development must use the following source code version control repositories: • Serena Dimensions CM 8.3 and 12.1	A	N/A	NGS utilizes Microsoft Team Foundation Server (TFS) for source code version control.
4.10	Software development must adhere to the System Engineering Methodology (SEM) described in the State Administrative Guide (Section 1360): http://www.michigan.gov/documents/dmb/1360.00_28142 9_7.pdf	M	FS	NGS will support adherence to the SEM documentation provided by the SOM.
4.11	System documentation must clearly describe the type of caching, if any, the system employs.	A	FS	Documentation is available upon agency request.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

5. Reporting

These technical requirements apply to all technologies and the tools needed to support them.

#	Requirement	RFP	Response	Vendor Response
5.1	The reporting product technology must be compatible with n-Tier architecture (client-server & web).	A	FS	The solution proposed by NGS utilizes SSRS.
5.2	The reporting product technology must be compatible with the following Server Operating Systems: • (see requirement 10.2)	A	FS	The solution proposed by NGS utilizes SSRS.
5.3	The reporting tool/system must be certified for use with the VMWare x86 based virtualization platform.	A	FS	The solution proposed by NGS utilizes SSRS.
5.4	The reporting product technology must be compatible with desktop virtualization.	A	FS	The solution proposed by NGS utilizes SSRS.
5.5	The reporting product technology must not require any installed component on the user desktop.	A	FS	The solution proposed by NGS utilizes SSRS and does not require client software installation.
5.6	The reporting product technology must not require any installed component in the user browser other than the following: • Adobe Acrobat Reader	A	FS	The solution proposed by NGS utilizes SSRS.
5.7	The reporting product technology must be compatible with the following Job Scheduling tools: • Tidal Enterprise Scheduler 5.3.1	A	N/A	NGS is responding to this with a hosted solution, and therefore will not rely on Tidal Enterprise Scheduler 5.3.1. If NGS were to win this bid and the SOM choose to host the solution, NGS will work with the SOM to setup GrantPro to work with the scheduler of their choice. The proposed solution by NGS would need to be configured to be executed by the desired job scheduling agent. However, the current jobs and batch processes in use are not tied to any specific job scheduling platform and would be easily ported.
5.8	The reporting product technology must be compatible with the following Reporting tools: - Crystal Reports 11 (standard) - MSSQL 2008 Reporting Services (standard) - Oracle Reports 11g (standard)	A	FS	The solution proposed by NGS utilizes SSRS.
5.9	The reporting product technology must be compatible with the following Extract Transform Load (ETL) tool: - IBM Data Stage, Quality Stage, Information Analyzer	A	PS	NGS will work with the agency to ensure data can be provided for utilization in additional systems.
5.10	The reporting product technology must support ad-hoc reporting via custom-built queries.	A	FS	The solution proposed by NGS utilizes SSRS.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"

O = Requirement is "Optional"

6. Application Security

These technical requirements apply to security measures which are intended to protect both the application itself and the data handled by the application. Since application security is continually being improved, the agency OES Liaison and the DIT-0170 should be consulted for any changes/additions.

#	Requirement	RFP	Response	Vendor Response
6.1	The solution must have a completed DTMB Project Security Plan and Assessment (DIT-0170). Note 1: The DIT-170 should be started during the requirements gathering phase and be authored by DTMB staff. Note 2: Security requirements listed in this section are guidelines only and may be superseded by the DIT-0170.	A	FS	NGS will work with the agency to create a security plan and assessment.
6.2	The solution must have built-in security controls and meet or exceed current SOM security requirements as described in the State Administrative Guide.	M	FS	NGS's customized COTS solution has built-in security controls that can be reviewed by the SOM.
6.3	Application access must be loggable and have a viewable audit trail(s).	M	FS	
6.4	Changes to user permissions must be loggable and have a viewable audit trail(s).	M	PS	The solution proposed by NGS tracks changes to user permissions but does not currently provide the logs for viewing through the standard interface.
6.5	Access to audit trail logs must be able to be restricted to approved administrators.	M	FS	
6.6	Application access and changes to application access must log the following information: - Date/time - Nature of operation - Name of changed item - Name of who made the change - Before and after value of the changed item	M	FS	
6.7	The following application change event(s) must be logged: - Changes to individual permission level - Changes to role membership - Changes to role permissions - Changes to access to application functions	M	FS	
6.8	The System Administrator must be able to control access to audit trail logs.	M	FS	
6.9	Access to program libraries (e.g. base code) must be restricted and controlled.	M	FS	
6.10	Passwords and User ID's must be able to: - Protect sensitive data - Restrict access to only those intended - Meet State/Agency Security Standards - Be encryptable	M	FS	

#	Requirement	RFP	Response	Vendor Response
6.11	User authentication methods, based on risk and severity level, may include: - User ID and Passwords - Biometrics - Directories - Smart cards - Single sign-on solutions - Tokens - PKI and Certificates - Voice recognition - Shared secrets - Access control lists and files - Unique business process	A	FS	
6.12	Session State must be stored and maintained in an encrypted manner.	A	PS	Session data that has been persisted to a database can be encrypted upon agency request.
6.13	Session State must be stored and maintained in one or more of the following manners: - Cookie	A	FS	
6.14	A software solution must be accessible (and administrable) through the following Virtual Private Network (VPN) : - LGNET - Vendor Network - UTNet	A	FS	
6.15	A solution must comply with any of the following application and data processing standards: - HIPPA - Sarbanes-Oxley - PCI-DSS	M	FS	
6.16	Application and database communication must use the following port(s) and protocol(s): - Internet Assigned Number Authority (IANA) registered ports - Oracle - Microsoft SQL Server	A	FS	The solution proposed by NGS utilizes MS SQL Server.
6.17	Client application must support encryption of data both at rest and in motion, in accordance with the data classification.	M	N/A	The solution proposed by NGS does not require a client application.
6.18	Applications and systems must adhere to SOM Policy 1350.10 regarding Access to Networks, Systems, Computers, Databases, and Applications: http://www.michigan.gov/documents/dmb/1350.10_184594_7.pdf	M	FS	
6.19	Applications and systems must adhere to SOM Policy 1350.20 regarding Access to Protected Data Resources: http://www.michigan.gov/documents/dmb/1350.20_184600_7.pdf	M	FS	

#	Requirement	RFP	Response	Vendor Response
6.20	End-user software applications, or components thereof, must not require privileged, super-user or administrator mode in order to function properly.	A	FS	
6.21	A security assessment of the purchased application, and its components, must be provided that has been verified by an independent third party.	A	FS	NGS will work with the agency to provide a third party security assessment.
6.22	Applications and systems must adhere to Treasury's SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA. (see exhibit 1)	M	FS	

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

7. Identity Management

These technical requirements apply to security measures which are intended to restrict access to the application, system and the data. Since application security is continually being improved, the Michigan Cyber Security (MCS) Liaison and the DIT-0170 should be consulted for any changes/additions.

#	Requirement	RFP	Response	Vendor Response
7.1	The solution must have a completed DTMB Project Security Plan and Assessment (DIT-0170). Note 1: The DIT-170 should be started during the requirements gathering phase and be authored by DTMB staff. Note 2: Security requirements listed in this section are guidelines only and may be superseded by the DIT-0170.	A	FS	NGS will work with the agency to create a security plan and assessment.
7.2	The application must support the following authentication requirement: - LDAP v3 - Two factor authentication - User ID and Passwords - Biometrics - Directories - Single sign-on solutions - Tokens - PKI and Certificates	A	PS	*GrantPro* does not currently support biometrics or tokens.
7.3	Application authentication and authorization must be by individual user. User account information must be stored securely in a database. Users may belong to groups and roles.	M	FS	

7.4	The application must enforce the following rules on individual passwords for allowable characters, length and expiration period:
	    Standard Windows characters allowed
	    Minimum of 8 characters in length
	    Expires every 90 days
	    Cannot reuse password for 1 year
	Refer to Treasury Policy ET-03175 and DTMB Policy 1335.00.20 for information
		A	FS	NGS will work with the SOM to meet these requirements through *GrantPro's* built-in security controls.

7.5	The application must lock out users after three invalid login attempts due to bad passwords.	A	FS	
7.6	The application must provide the system administrators with the capabilities to define different roles with different privileges.	A	PS	An administrator can grant and revoke access to a set of predefined roles.
7.7	The application must provide the system administrators with the capabilities to create groups whose members can be either role-based or individual login account names.	A	PS	An administrator can grant and revoke access to a set of predefined roles.
7.8	Applications and systems must adhere to Treasury's SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA.	M	FS	

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

8. Network Security

These technical requirements apply to security measures which are intended to protect the SOM/DTMB network. As network security is continually being improved, the agency's MCS Liaison and the DIT-0170 should be consulted for any changes/additions.

#	Requirement	RFP	Response	Vendor Response
8.1	The solution must have a completed DTMB Project Security Plan and Assessment (DIT-0170). Note 1: The DIT-170 should be started during the requirements gathering phase and be authored by DTMB staff. Note 2: Security requirements listed in this section are guidelines only and may be superseded by the DIT-0170.	A	FS	NGS will work with the agency to create a security plan and assessment.
8.2	Network communication must use the following port(s) and protocol(s): - xxx using ADO.NET - xxxx using Protocol X - 443 using TCP - Internet Assigned Number Authority (IANA) registered ports.	A	FS	Communications over HTTP are done using SSL over port 443. Communications to the database (MS SQL Server) are established using ADO.NET using standard ports.
8.3	Client applications must adhere to SOM Policy 1340.00 regarding "Information Security": http://www.michigan.gov/documents/dmb/1340_193162_7.pdf	M	FS	
8.4	Applications and systems must adhere to SOM Policy 1350.10 regarding "Access to Networks, Systems, Computers, Databases, and Applications": http://www.michigan.gov/documents/dmb/1350.10_184594_7.pdf	M	FS	
8.5	Web interface or browser technology must use TCP/IP protocol through Ports 80 or 443.	A	FS	
8.6	Applications and systems must conform with SOM Policy 1345.00 regarding "Network and Infrastructure":	M	FS	
8.7	Application communication between users and system components over the network must be loggable and the log file accessible to the system administrator.	M	FS	
8.8	Applications and systems must adhere to SOM Policy 1350.20 regarding "Access to Protected Data Resources": http://www.michigan.gov/documents/dmb/1350.20_184600_7.pdf	M	FS	
	Applications and systems must adhere to Treasury's SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA.	M	FS	

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

9. Server Security

These technical requirements apply to security measures which are intended to protect SOM/DTMB hosted servers. As server security is continually being improved, the agency's MCS Liaison and the DIT-0170 should be consulted for any changes/additions.

#	Requirement	RFP	Response	Vendor Response
9.1	The solution must have a completed DTMB Project Security Plan and Assessment (DIT-0170). *Note 1: The DIT-170 should be started during the requirements gathering phase and be authored by DTMB IT staff.* *Note 2: Security requirements listed in this section are guidelines only and may be superseded by the DIT-0170.*	A	FS	NGS will work with the agency to create a security plan and assessment.
9.2	Application servers must be hardened prior to placing in production. The hardening process is handled by DTMB Infrastructure Services, in conjunction with MCS.	A	FS	NGS hosted solution: NGS will follow standard hardening procedures as defined by Microsoft's standards for IIS. Agency hosted solution: NGS will work with the agency to ensure the solution continues to perform optimally in a hardened environment.
9.3	End-user software applications, or components thereof, must **not** require privileged, super-user or administrator mode in order to function properly.	A	FS	
9.4	Servers must have the most recent security patches applied to them and be configured in least privileged mode prior to placing in production in a non-secure environment.	A	FS	
9.5	All server-based agents, bots and monitoring components must be listed along with a description of their function, required permission level and resource usage.	A	FS	
9.6	Applications and systems must adhere to SOM Policy 1350.10 regarding "Access to Networks, Systems, Computers, Databases, and Applications": http://www.michigan.gov/documents/dmb/1350.10_184594_7.pdf	M	FS	
9.7	Applications and systems must adhere to SOM Policy 1350.20 regarding "Access to Protected Data Resources": http://www.michigan.gov/documents/dmb/1350.20_184600_7.pdf	M	FS	
9.8	Applications and systems must adhere to Treasury's SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA.	M	FS	

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

10. Application Server

These technical requirements apply to software and application servers. This includes any tools needed to support the software and application server(s). Development includes purchase of ready-to-install commercial products to those designed, coded and tested by vendors and DTMB Agency Services staff.

#	Requirement	RFP	Response	Vendor Response
10.1	The reporting product technology must be compatible with n-Tier architecture (client-server & web).	A	FS	The proposed solution by NGS is a Web-based client server application.
10.2	The application server must support the following Server Operating Systems (OS): - Microsoft Windows 2008 (standard) - VMWare vSphere 4 and vSphere 5 - Virtual Cloud Director	A	FS	The proposed solution by NGS runs on the Windows platform and is capable of running on a virtualized machine managed by VMWare and/or other virtualization platforms.
10.3	Application server software components must operate the same, without regard to the hosting platform or OS. They should expose the same functionality and API's regardless of OS.	A	N/A	The proposed solution by NGS is required to run on Windows.
10.4	Application server software component updates must occur at the same time without regard to the hosting platform or OS, unless an exception is granted.	A	FS	The proposed solution by NGS can be updated without the need for the underlying OS to be upgraded.
10.5	The application tier must be certified for use with the VMWare x86 based virtualization platform.	A	N/A	The proposed solution by NGS runs on a product that is already certified (Windows).
10.6	Systems running on the application server must support horizontal scaling.	A	FS	The proposed solution by NGS can be load balanced as required.
10.7	Systems running on the application server must support vertical scaling.	A	FS	The proposed solution by NGS will utilize any additional resources granted to it.
10.8	All Application components must use the following communication protocols: - ODBC - ADO.Net	A	FS	The proposed solution by NGS makes use of ADO.NET.
10.9	The Application tier must utilize the following job scheduling agents: <choose> - Tidal 3.0, 5.x, 6.x (standard)	A	N/A	With an NGS hosted solution: N/A With a SOM hosted solution: PS - The proposed solution by NGS would need to be configured to be executed by the desired job scheduling agent. However, the current jobs and batch processes in use are not tied to any specific job scheduling platform and would be easily ported.
10.10	The application must be capable of sharing the application server with multiple applications.	A	FS	Provided the correct configuration, the proposed solution by NGS can run alongside existing applications on the same server.

#	Requirement	RFP	Response	Vendor Response
10.11	The software running on the application tier must be coded in the following DTMB supported language: - ASP.Net (standard) - JavaScript (standard)	A	FS	The proposed solution by NGS utilizes ASP.NET technology.
10.12	End-user software applications, or components thereof, must not require privileged, super-user or administrator mode in order to function properly.	A	FS	The proposed solution by NGS can be run as any user account given sufficient rights. Traditionally, the solution is executed under the NETWORK SERVICE account.

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O = Requirement is "Optional"

11. Database Server

These technical requirements apply to database technologies and the tools needed to support databases.

#	Requirement	RFP	Response	Vendor Response
11.1	The database application must be compatible with the following server operating systems: - (see requirement 10.2)	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.2	The database tier must be certified for use with the VMWare x86 based virtualization platform.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.3	The application must use the following database management systems (DBMS) and version: - MSSQL Server 2008(standard) - Oracle 11g (standard)	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.4	The database server must support horizontal scaling by partitioning of tables and clustering of server instances.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.5	The database server must support log shipping to a separate log server.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.6	The database server must support replication and mirroring across multiple servers.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.7	The database server must support flashback capabilities for database, table, etc. for rapid recovery.	O	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.8	The database server must support vertical scaling by the addition of additional CPU's, CPU Cores, and RAM memory.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.

#	Requirement	RFP	Response	Vendor Response
11.9	The database server must support data compression.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.10	The database server must support table and index partitioning across multiple server instances.	O	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.11	The database server must support parallel indexing operations.	O	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.12	The database server must support manual tuning and configuration.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.13	The database server must support automatic tuning and configuration.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.14	The database tier must support a shared connection with connection pooling.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.15	The database must support single-record recovery processes.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.16	The database must support transactions and support transaction rollback.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.17	The database must support encryption at the database table/column level.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.18	The database must restrict access to data through the use of views, queries, roles and groups.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.19	The database must provide data archival functionality.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.20	The database must support assured record destruction by secure and permanent record deletion.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.21	The database must be able to operate in an n-Tier server architecture.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.22	The database structure must be extensible, allowing the addition of new tables, new columns and new objects.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.23	The database must support pessimistic and optimistic record-locking strategies.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.24	The database must support table and row level locking during read/write operations.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.25	The database server must support heterogeneous cross-DBMS and distributed transactions.	O	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.26	The database transaction strategies must be configurable, allowing growth, shrinkage and backup-recovery.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.

#	Requirement	RFP	Response	Vendor Response
11.27	The database must not require components that are not part of the default database licensing model for supporting any functionality.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.28	The database must allow full text indexing and search.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.29	The database must provide support for spatial data.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.30	The database must provide support for XML data.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.31	The database server must support the following application development frameworks: (see section 4.4 - Product Development)	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.32	The database server must support auditing and logging for DML events (insert, update, delete).	M	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.33	The database server must support auditing and logging for DCL events (grant, revoke, deny).	M	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.34	The reporting product technology must be compatible with n-Tier architecture (client-server & web).	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.
11.35	The database must not require users to have elevated database privileges/accounts for normal operation.	A	FS	The proposed solution by NGS uses MS SQL Server as the underlying DMBS.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

12. Web Server

These technical requirements apply to software and web servers. This includes any tools needed to support the software and web server. Development includes purchase of ready to install commercial products to those designed, coded and tested by vendors and DTMB Agency Services staff.

#	Requirement	RFP	Response	Vendor Response
12.1	The Web server must support the following Operating Systems (OS): - (see requirement 10.2)	A	FS	The proposed solution by NGS uses IIS as the Web Server.
12.2	The Web Server components must operate the same without regard to the hosting platform or OS.	A	FS	The proposed solution by NGS uses IIS as the Web Server.
12.3	The Web Server component updates must occur at the same time without regard to the hosting platform or OS.	A	FS	The proposed solution by NGS uses IIS as the Web Server.
12.4	The web server for this application must be: - MS IIS 2008 (standard)	A	FS	The proposed solution by NGS uses IIS as the Web Server.
12.5	The application must be capable of sharing a web server with multiple applications.	A	FS	The proposed solution by NGS uses IIS as the Web Server.
12.6	The Web Server must support horizontal scaling.	A	FS	The proposed solution by NGS uses IIS as the Web Server.
12.7	The Web Server must support vertical scaling.	A	FS	The proposed solution by NGS uses IIS as the Web Server.
12.8	The application tier must be certified for use with the VMWare x86 based virtualization platform.	A	FS	The proposed solution by NGS uses IIS as the Web Server.
12.9	The application should support clustering and/or load balancing across several servers.	A	FS	The proposed solution by NGS uses IIS as the Web Server.
12.10	The reporting product technology must be compatible with n-Tier architecture (client-server & web).	A	FS	The proposed solution by NGS uses SSRS for reporting purposes.
12.11	The application should support rendering through the following portal implementations: - IBM Web Content Management 6.x (standard) - IBM WebSphere Portal 6.x (standard)	A	PS	NGS does not have experience utilizing either IBM Web Content Management or IBM WebSphere Portal products. However, NGS will work with the SOM to integrate the proposed solution as required.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

13. Solution Architecture

These technical requirements are to assist in overall solution development.

#	Requirement	RFP	Response	Vendor Response
13.1	The application's minimum technology requirements, including Operating System (OS) versions, vendor versions, and release level of each product, must be provided.	M	FS	A detailed description of minimum technology requirements can be provided upon agency request.
13.2	A detailed network/server diagram must be provided illustrating the relative architecture of the proposed system. It should include: - Network security zones and firewalls - Server types and network components (e.g., switches) - Ports and protocols used to cross security zones - How users will access the system - Clustering of servers	A	FS	See attached
13.3	The solution/application must utilize the features and capabilities of the SOM enterprise data storage services for the following data storage needs: - Storage Area Network (SAN) - Network Attached Storage (NAS) - Content Addressable Storage (CAS)	A	N/A	If hosted by the SOM: FS – The customized COTS can be configured to use different storage services are required. If hosted by NGS: N/A
13.4	The solution/application must support installation and operation in one or more disparate hosting centers. Fail-over from one hosting center to another must be possible without exceeding parameters specified in the Service Level Agreement (SLA).	M	FS	Multiple instances of the proposed solution by NGS are not required to run on the same machine and can be hosted in multiple locations if required.
13.5	A Service Level Agreement (SLA) must be in effect for the solution/system specifying, at a minimum, the following: - Criticality Level (Critical, High, Medium) - Recovery Point Objective (time in hours) - Recovery Time Objective (time in hours)	A	FS	If awarded this bid, NGS will provide an SLA as agreed upon between NGS and the SOM.
13.6	The solution/application must support distributed deployment of application components and database tier components (n-Tier architecture).	A	FS	The proposed solution by NGS is an n-tier, Web-based, client server application with a separate data tier.
13.7	The solution/application must have an approved Enterprise Architecture (EA) Solution Assessment, prior to production.	A	FS	NGS will work with the SOM to ensure the solution adheres to the SOM EA prior to production deployment.
13.8	Provide a technology roadmap for the proposed system showing a five (5) year plan for migrating to new software versions and when to de- implement dated versions as they reach end of life.	A	FS	NGS will work with the agency to create a roadmap of requested implementations of enhancements.
13.9	Provide conceptual and logical application data-flow models.	A	FS	Conceptual and logical data-flow diagrams will be heavily dependent on a corresponding aid program. At the SOM's request, NGS will provide a data-flow diagram uniquely detailing how data will flow into, through, and out of the solution proposed by NGS.

#	Requirement	RFP	Response	Vendor Response
13.10	Provide a logical network diagram that describes how the infrastructure components will meet the functional requirements.	A	FS	See attached
13.11	Provide a technology roadmap for the proposed system showing a five (5) year plan for new software version releases, support window, and sun setting.	A	FS	NGS will enhance and maintain the proposed solution as needed. Supplemental technologies, such as the .NET platform, will follow their own predetermined technological roadmaps as defined by Microsoft.
13.12	Provide a high-level architecture diagram, including logical and physical components.	A	FS	See Attached
13.13	Systems operating on an application server must interoperate with CA Unicenter monitoring agents.	A	FS	The proposed solution by NGS utilizes IIS as an application server and can integrate with CA Unicenter monitoring agents.
13.14	Systems operating on an application server must interoperate with Veritas Backup and Recovery agents.	A	FS	The proposed solution by NGS runs on Microsoft Windows and will be capable of interoperations with Veritas Backup and Recovery agents.
13.15	The reporting product technology must be compatible with n-Tier architecture (client-server & Web).	A	FS	The proposed solution by NGS uses SSRS for reporting technology.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

14. Solution Integration

These technical requirements describe how the system communicates with other computer systems.

#	Requirement	RFP	Response	Vendor Response
14.1	System integration must support the following method(s): - API - Web Services - SOAP - ODBC - Plug-Ins	A	FS	The proposed solution by NGS has access to a plethora of integration methods through the .NET platform.
14.2	An Enterprise Application Integration (EAI) solution must be provided to the following services: <choose> - MQ Series (standard) - Message Broker (standard)	A	N/A	The proposed solution by NGS does not make use of middleware messaging technology. However, if required NGS will work with the SOM to provide messaging capabilities.
14.3	An Application Programming Interface (API) must be supplied and supported for the following technologies: - NET (standard)	A	FS	The proposed solution by NGS is built on the .NET framework.
14.4	Provide pre-defined connector(s) to the following industry standard data source(s): - Oracle - Microsoft - SAP	A	FS	The proposed solution by NGS will utilize ADO.NET for connections to required databases.
14.5	**Deleted**			
14.6	Connectivity to the following relational database(s) must be provided and supported:- - (see section 11.5)	A	FS	The proposed solution by NGS will utilize ADO.NET for connections to required databases.
14.7	The solution must be able to import and export data to and from the following external source(s): - Microsoft Office Professional 2010	A	FS	The proposed solution by NGS is built on the .NET platform and will be capable of utilizing document artifacts created using Microsoft Office Professional 2010.
14.8	The ability to export data in the following output formats must be available: <vendor choose> - HTML - XML - Text file	A	PS	The proposed solution by NGS has predefined output formats for different file types. If required, NGS will work with the SOM to provide files in a requested format.
14.9	The reporting product technology must be compatible with n-Tier architecture (client-server & Web).	A	FS	The proposed solution by NGS uses SSRS for reporting.
14.10	The solution must be able to make use of any of the following for external services: - web service - web site - FTP site	A	FS	The proposed solution by NGS currently hosts Web Services, exists as a Web site, and provides an FTP interface for file exchanges.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"

15. System Administration and Licensing

These technical requirements specify that the system is supportable by SOM and is compliant with vendor licensing requirements.

#	Requirement	RFP	Response	Vendor Response
15.1	Software licensing must be inclusive for all packages included in the solution, unless explicitly listed and detailed.	A	FS	Software licensing will be inclusive for all packages included in the solution.
15.2	Application/System documentation must provide access to FAQ and/or Support Information for frequent issues administrative staff may encounter.	A	FS	Documentation will be made available as necessary and upon agency request.
15.3	Documentation must indicate recommended staffing requirements to administer and support the system.	A	FS	Documentation will be made available as necessary and upon agency request.
15.4	Documentation must provide backup/recovery information using the SOM Veritas solution, including information on hot/online backups.	A	FS	NGS hosted solution: NGS will work with the SOM to provide backup and restore capabilities and documentation, as necessary. Agency hosted solution: NGS will work with the agency to create a backup / recovery plan using the agencies preferred technology.
15.5	A system maintenance window must be designed into the application which will allow the system to be taken off-line for updates, upgrades and maintenance.	A	FS	NGS will work with the SOM to design an acceptable system maintenance window.
15.6	Documentation describing how to take the system off-line for maintenance, updates and upgrades must be provided.	A	FS	Documentation will be made available as necessary and upon agency request.
15.7	Documentation must describe the level of effort and anticipated downtime for product upgrade installation.	A	FS	Documentation will be made available as necessary and upon agency request.
15.8	Documentation must provide the anticipated frequency and requirements of patches (releases, break-fix, 0-day), minor, and major releases.	A	FS	Documentation will be made available as necessary and upon agency request.
15.9	Documentation must provide information on certification/compatibility with OS patches, Service Pack, and upgrade paths.	A	FS	Documentation will be made available as necessary and upon agency request.
15.10	Documentation must address upgrade paths and procedures for each component/tier.	A	FS	Documentation will be made available as necessary and upon agency request.
15.11	Provide a complete configuration and set-up documentation library.	A	FS	NGS will provide configuration and set-up documentation if the agency chooses to host the solution.

#	Requirement	RFP	Response	Vendor Response
15.12	System documentation must clearly describe any special requirements (such as middleware, Operating System (OS), hardware, etc.) that could affect the capabilities or performance of the system.	M	FS	The solution proposed by NGS requires a Microsoft Windows OS, an IIS Web server, and a SQL Server DMBS.
15.13	System documentation must clearly describe all critical factors in sizing or configuring the application (e.g., number of concurrent users, specific transaction volumes, number of products, number of layers in the product hierarchy, etc.).	M	FS	Documentation will be made available as necessary and upon agency request. The recommended settings will change based on the scope set forth by the agency.

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A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

16. System Performance

These technical requirements are intended to ensure that applications and systems perform in a manner which guarantees a good user experience, carries the workload and performs as designed.

#	Requirement	RFP	Response	Vendor Response
16.1	The application must provide performance-optimization capabilities.	A	FS	The solution proposed by NGS can be modified to meet the agency's performance requirements.
16.2	The application must have the capability to handle large-volume batch processing via multi-threading.	A	FS	The solution proposed by NGS supports multithreading of user sessions and can be scaled both vertically and horizontally as needed.
16.3	The application must maintain optimum performance over both Wide Area Network (WAN) and Local Area Network (LAN).	A	FS	The solution proposed by NGS strives to optimize bandwidth usage as much as possible.
16.5	System documentation must clearly describe all versions of the package that are deployed for different scaling situations.	A	FS	Documentation is available as necessary and upon agency request.
16.6	System documentation must clearly describe any special requirements (such as middleware, Operating System (OS), hardware, etc.) that could affect the capabilities or performance of the system.	M	FS	Documentation is available as necessary and upon agency request.
16.7	The application must integrate with the CA Unicenter for capacity and performance monitoring.	A	FS	The solution proposed by NGS will run in an instance of IIS which is suitable for CA Unicenter integration.
16.8	System documentation must clearly describe what support will be provided to the State for performance optimization activities.	A	FS	Documentation will be made available as necessary and upon agency request.
16.9	System documentation must clearly describe the type of caching, if any, the system employs.	A	FS	Documentation will be made available as necessary and upon agency request.
16.10	System documentation must clearly describe all activities that affect optimum performance such as service recycling, rebooting, or batch jobs and their frequency.	A	FS	Documentation will be made available as necessary and upon agency request.
16.11	The system must meet performance benchmark times for: - Page refresh in under three seconds - Database query execution in under two seconds	A	FS	In regard to average user load and standard page or functional requests made to the application, the solution proposed by NGS meets the specified non-functional requirement for performance.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

17. **Application Configuration Management – (PCI-DSS) – Deleted/ Not Applicable**

18. **Application Development Management – (PCI-DSS) – Deleted/ Not Applicable**

19. **Application Password Management - (PCI-DSS) – Deleted/ Not Applicable**

20. COTS Software

These technical requirements apply to commercial off the shelf software (COTS) either directly purchased from a vendor or included in other software packages. The COTS software classification assumes that no changes to the program code base is needed for installation, operation and maintenance. DTMB's Agency Services. Michigan Cyber Security (MCS) and Enterprise Architecture may need to be consulted to ensure availability of standards and compliance with supported processes.

#	Requirement	RFP	Response	Vendor Response
20.1	Commercial Off The Shelf (COTS) third-party libraries included within the application must be owned and supportable by the State. Inclusion of any third-party code library or tool must be approved by the SOM Contract Manager or Project Manager.	A	N/A	NGS is proposing a customized COTS solution.
20.2	COTS software must have maintenance and support available from the developer, vendor or an approved 3rd party.	M	N/A	NGS is proposing a customized COTS solution.
20.3	COTS software providers must make available for inspection the End User License Agreement (EULA) as part of Proposal.	M	N/A	NGS is proposing a customized COTS solution.
20.4	End User License Agreements (EULA) must be approved by DMB Purchasing or DTMB Enterprise Project Management Office prior to purchase or contract signing.	M	N/A	NGS is proposing a customized COTS solution.
20.5	COTS software not already listed on the Enterprise Architecture Roadmaps must have an approved EA Solution Assessment completed prior to use or implementation.	M	N/A	NGS is proposing a customized COTS solution.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

21. Information Technology Network and Infrastructure

These technical requirements apply to all aspects of wired and wireless components associated with the State's data, voice and video communication network.

#	Requirement	RFP	Response	Vendor Response
21.1	The information technology network and infrastructure must conform with SOM Policy 1345.00 regarding "Network and Infrastructure": SOM Technical Policies	M	FS	
21.2	The solution must contain values for projected capacity and special needs requirements covering all aspects of data transport & security across the information technology network and infrastructure.	A	FS	The solution proposed by NGS supports multithreading of user sessions and can be scaled both vertically and horizontally to fulfill capacity requirements. Furthermore, information traveling through the system can be encrypted both in transit and at rest to meet or exceed the SOM network and infrastructure security standards.
21.3	The solution must address projected capacity requirements for all aspects of the information technology network and infrastructure.	A	FS	NGS will work with the agency to ensure all capacity requirements will be met.
21.4	The solution must conform with the SOM "DTMB State-wide Telecommunication Infrastructure Facility Standard": Telecom Infrastructure Facility Standard	M	N/A	If the SOM were to choose to host GrantPro, NGS would work with the SOM to ensure conformity with this standard.
21.5	The solution must conform with the SOM "DTMB State-wide management process for self installed Managed Local Area Network (LAN) cabling": Managed LAN Cabling Standard	M	N/A	If the SOM were to choose to host GrantPro, NGS would work with the SOM to ensure conformity with this standard.

M = Requirement is "Mandatory"
A = Requirement "Applies and is recommended"
O = Requirement is "Optional"

ATTACHMENT C – Functional Requirements

For each requirement, the vendor shall respond in the vendor response column.
Items followed by (M) are considered mandatory.
Items followed by (A) are applied and recommended
Items followed by (O) are considered optional.

COTS package - The Contractor responded to each requirement by selecting one of the following choices and entering it in the vendor response column.
FS=Fully Supported. The function is currently available in the current product.
PS=Partially Supported. The function is partially supported in the current product. Explanation is required in the Vendor Explanation area.
FE=Free Enhancement. The function is not currently supported but will be fully supported without any additional charges to the current proposed price by the implementation date.
PE=Paid Enhancement. The function is not currently supported, but will be developed and implemented and will incur additional charges to the current proposed price. The bidder shall identify all additional charges for paid enhancements in Attachment E.
NS=Not Supported. The function is not currently supported, and the vendor does not intend to develop or implement this function.

The Contractor provided, when applicable, an explanation in the vendor explanation column demonstrating their understanding of the requirement and how they will meet it.

#	Requirement	RFP	Response	Vendor Response
General Requirements				

#	Requirement	RFP	Response	Vendor Response
G 1	The new system will encompass the 8 programs listed below. Information on these programs (with the exception of Gear Up 3 can be found on http://www.michigan.gov/mistudentaid/0,4636,7-128-60969_61016---,00.html Requirements for each program are detailed by program in the sections below. • Michigan Competitive Scholarship (MCS) • Michigan Tuition Grant (MTG) • Tuition Incentive Program (TIP) • Children of Veterans Tuition Grant (CVTG) • Police Officers and Firefighters Survivors Tuition Grant (STG) • Gear Up 1 – Michigan Scholarship • Gear Up 2 – College Day Scholarship • Gear Up 3 – MI Gear UP	M	FS	NGS will deliver *GrantPro*, a comprehensive Web-based scholarship and grant management system built from existing software, database and communication platforms to support all 8 aid programs listed.
G 1.1	The new system will have four groups of users. The new system must provide web-based portals to accommodate the needs of each group. • Internal staff in Treasury Student Scholarships & Grants • Financial Aid Officers in Michigan's public and private colleges/universities • Counselors/Principals in Michigan's high schools • Students/parents.	M M A M	FS	The *GrantPro* system provides a secure environment to administer grant and scholarship programs for a variety of users with different security access permissions. *GrantPro* includes a SSG administrator role which has the ability to create users accounts and set user access levels per aid program for SSG users and Financial Aid Officers in Michigan's public and private colleges/universities. High schools users have limited access to *GrantPro* though separate application interfaces. The *GrantPro* Student Portal provides a secure environment for students and parents to view and update grant and scholarship records.
G 2	The system must have the flexibility to easily configure new programs and/or remove programs if no longer funded.	M	PS	NGS with work with SSG to add new aid programs to *GrantPro* or remove programs that are no longer funded. NGS can add application entry forms, award rules such as budget and academic constraints, eligibility rules, and any additional information necessary to administer each aid program.
G 3	The system must have the ability to manually override functionality to provide for exceptions to simple formulas and/or general business process rules.	M	FS	*GrantPro* maintains table-driven award rules per program which are used to suppress or activate features of the process for each program.
G 4	The system must allow data from text files, spreadsheets, or database tables, to be imported and stored in the system.	M	PE	NGS will work with SSG to define and implement a process to import and store data from text files, spreadsheets, or database tables in the *GrantPro* system.

#	Requirement	RFP	Response	Vendor Response
G 5	The system must have the ability to sort and report on any data field.	M	FS	The *GrantPro* system uses a Microsoft SQL Reporting Services Server with Report Builder 3.0. The Report Builder tool allows users to report on any data field and sort the data as needed.
G 6	The system must provide user-defined fields and the ability to name these user defined fields so that they appear on the screens as desired by the State.	M	PS	NGS will work with SSG to add user-defined fields, as named by SSG, so they appear on *GrantPro* screens as desired by the State.
G 7	The system must have the ability to consolidate all student information within and across funds for both specified time periods and as of a specific date.	M	FS	The *GrantPro* system provides menu-driven navigation that integrates all components needed for administration of student records across all programs and across multiple academic years. When a user inquires on a specific student SSN, a sub-menu routes to the student's application records by program and function, such as the student's transaction history and payment history, across all academic years.
G 8	The system must be completely integrated with the other system modules to provide real-time transactional information.	M	FS	*GrantPro* allows SSG and school users to manage state grant and scholarship programs using online real-time transaction processing via the Internet.
G 9	The following requirements apply to ALL programs listed below. The system must be able to accommodate each requirement.	M	FS	
G 9.1	State of Michigan considers a class year to begin September 1 and ends August 31	M	FS	The *GrantPro* system can be configured to accommodate an academic class year beginning on September 1st and ending on August 31st.
G 9.2	All payment s will be issued according to Student Scholarships and Grants (SSG)'s payment schedules as defined by legislation and must be updatable.	M	FS	*GrantPro* maintains SSG updateable payment tables per aid program to support a variety of payment schedules.
G 9.3	State of Michigan's fiscal year begins October 1 and ends September 30	M	FS	The *GrantPro* system can be configured to accommodate a fiscal year beginning on October 1st and ending on September 31st.
G 9.4	The legislature determines annually the budget amount for each program	M	FS	*GrantPro* maintains table-driven award rules which contain the annual budget amount per program that can be updated annually.
G 9.5	Colleges need the ability to view all payment history for each program	M	FS	*GrantPro* maintains a comprehensive payment history, including payments and refunds, for each aid program and college. A college's payment history is visible to users at the college; SSG users can view the payment history for all colleges.

#	Requirement	RFP	Response	Vendor Response
G 9.6	Colleges need the ability to view remaining credits and what students have been paid for each program	M	FS	*GrantPro* maintains a comprehensive payment history for each college displaying batch number, paid date, and number of students in batch. Users have the ability to see student level data for each student paid in the batch.
G 9.7	High schools need the ability to view any student who is attending their school	A	FS	The High School Portal provides high school users the ability to view students attending their high school.
G 9.8	System must be up and running within 12 months of contract award due to high risk with the current legacy systems and new programs are necessitating manual efforts.	M	FS	NGS is responding to this RFP with *GrantPro*, a configurable COTS system, already in production at three separate State agencies. Our implementation approach would be iterative, phasing out each of the existing MISO, Excel, and Access systems serially, so as to minimize risk to the SSG while providing for customization of each program to the SSG's specifications.
G 9.9	The system must provide for a separation of duties between the requester and the approver for all financial transactions including payments, refunds, and any transaction impacting the award amount the student is to receive (ex, if staff person A requests a payment be issued, then staff person B must approve it).	M	FS	The *GrantPro* system provides a full-featured process to award payments and process refunds. NGS will work with SSG to define and implement an approval process for transactions impacting student awards.
G 9.10	Need the ability to enter direct voucher information into the system for program reconciliation. Direct vouchers are manual payments entered through MAIN.	M	FS	*GrantPro* will provide the ability to enter direct voucher information for program reconciliation.
G 9.11	Payment screens must display all the pertinent information for each payment (payment number warrant number, record count, date generated, date paid, amount) with the grand total paid per academic year.	M	FS	*GrantPro* maintains a comprehensive payment history displaying payment batch number, paid date, number of students in batch and other SSG-defined fields pertaining to the batch. Users can drill down in the student level data associated to students paid in the batch.
G 9.12	Once a payment has been created admin staff Must be able to delete the payment (if errors) and rerun prior to sending to MAIN.	M	FE	The *GrantPro* system will provide the ability for SSG administrative staff to delete and rerun and erroneous payment prior to sending to MAIN.
G 9.13	Must be able to process Refunds by student within program or for MCS/MTG by Institution	M	FS	The *GrantPro* system provides a full-featured process to refund a full or partial payment by student for a given aid program. NGS will work with SSG to implement a process to refund the MCS/MTG program by institution.
G 9.14	Ad Hoc queries	M	FS	The *GrantPro* system uses a Microsoft SQL Reporting Services Server with Report Builder 3.0. The Report Builder tool allows users to perform ad-hoc queries.
G 9.15	Metrics – linked to higher education and CEPI	M	PE	NGS will work with SSG to define and implement a process to gather metrics that can be linked to higher education and CEPI.

#	Requirement	RFP	Response	Vendor Response
G 9.16	Ability to print labels by program for high school principals/counselors or college financial aid directors.	M	FS	The *GrantPro* system provides the ability to print labels by aid program for high school contacts or college financial aid directors.
G 9.17	Must be able to change program index code, federal ID code or mail code for payment processing to MAIN – Admin staff only.	M	FS	The *GrantPro* system maintains codes for interfacing with external SOM payment processing systems. SSG administrative users will have the ability to update the program index code, federal ID code or mail code for payment processing to MAIN.
G 9.18	Create enrollment verification files and send/receive files through secured FTP process	M	FS	The *GrantPro* system provides enrollment verification by college users via online interfaces or the sending/receiving of files through a secure FTP process. A specifically-formatted enrollment verification data file can be downloaded from the system and modified manually or loaded into school- based software for processing. The result is a specifically-formatted file that is uploaded into *GrantPro* to verify enrollment in batch.
G 9.19	Create program payment rosters (files) to send back to the colleges (using secured ftp process) after each payment.	M	FS	The *GrantPro* system provides payment roster file downloads to the colleges via a secure FTP process. A specifically-formatted payment roster file can be downloaded from the system after a given payment batch.
G 9.20	The State is open to a phased in approach with MCS, MTG and TIP being the top priorities. Bids must include all eight programs.	M	FS	NGS is responding to this RFP with *GrantPro*, a configurable COTS system, already in production at three separate state agencies. Our implementation approach would be iterative, phasing out each of the existing MISO, Excel, and Access systems serially, so as to minimize risk to the SSG while providing for customization of each program to the SSG's specifications.
G 9.21	All system updates require an audit trail showing date, time, user, before and after images of the data changed.	M	FS	All transactions to student data, institution data or aid program data processed on-line are recorded into the *GrantPro* database. The information can be easily accessed through transaction history records. The following information is included for each transaction: • Date and time of the change • User who made the change • Source of the change • Student, school or aid program for which the change was made • Academic year for which the change was made • Before and after values of the field if the change was an update
G 10	Security			

#	Requirement	RFP	Response	Vendor Response
G 10.1	Role-based security for internal staff. College should control their internal staff	M	FS	*GrantPro* allows an Agency Administrator user role which has the ability to create user accounts, set user access levels as needed, and perform other functions necessary to the system administration. Agency Users are assigned administrative, update or view only access for each aid program. There are several auxiliary user types including high school users, vocational rehabilitation users and workforce development users who have limited access to the *GrantPro* system through separate application interfaces. Each participating school will be assigned a school site administrator to add and edit users for the school: additional users at the school are assigned update or review only access for each aid program.
G 10.2	For external users, provide a "forgot my password" link and email password back using security questions or similar method to validate the user.	M	FS	*GrantPro* provides the ability for student users to create their own accounts through the Student Portal. Students create their accounts by entering a user name, their name, SSN, date of birth, email address, password, and selecting a personal image. Students must answer a series of challenge questions for each individual computer used to access the *GrantPro* Student Portal to ensure proper user validation. The system also offers the ability to register known, private computers. The *GrantPro* provides two methods of reinstating user access. For internal users SSG will validate the user and provide a new password. For external users, a link is provided and upon answering challenge questions, the password is emailed to the email address on file for the user.
G 10.3	Ability to revoke password in which case "forgot my password" will not work. SSG should have ability to revoke any privileges.	M	FS	*GrantPro* provides the ability for the SSG to reset the user's password or delete the user from the system.

#	Requirement	RFP	Response	Vendor Response
G 10.4	State of Michigan's requirements for encrypting transmitted data: - Centrally managed digital certificates. - Approved data encryption methods include 3DES or AES with up to 256 bits, with 128 bits the absolute minimum for moving data over internally managed networks.- Message data integrity from source to host will be verified by making sure the message hasn't been modified since it left the storage source by adding an encrypted digest to the message, using either the MD5 or the SHA-1 algorithms.	M	FS	See ATTACHMENT B – Technical Requirements
G 10.5	State of Michigan's requirements for data storage encryption: - A minimum of 128-bit key must be used for all data storage encryption. - Transparent Data Encryption (TDE) should be used where supported by the underlying product suites.	M	FS	See ATTACHMENT B – Technical Requirements
G 10.6	- NOTE: Full security requirements are found in - ATTACHMENT B – Technical Requirements.			See ATTACHMENT B – Technical Requirements
G 11	Policies and Procedures			
G 11.1	Link on Web site to policy and procedures for high school and college staff to access – All programs	M	FS	NGS will provide a link on the Web site in *GrantPro* to policy and procedures for high school and college staff to access.
G 11.2	Ability to update by internal staff	M	FS	SSG can provide the file to NGS and we will update within an agreed upon time frame.
G 12	Hosting			
G 12.1	Hosting can be at the State of Michigan or the vendor can provide hosting however if the vendor provides hosting then the hosting center must be NIST compliant. A security review will be conducted and the security review is based on NIST 800 series.	M	FS	See Attachment B – Technical Requirements
G 13	Correspondence/Notifications			

#	Requirement	RFP	Response	Vendor Response
G 13.1	Need the ability to send blast e-mails to high schools and colleges	M	FS	The *GrantPro* system provides email functionality to generate emails to school and user contact groups. All contacts and users maintain their own email address to ensure accuracy.
G 13.2	Need the ability to generate correspondence or emails and print or suppress for both individuals and/or mass correspondence.	M	FS	The *GrantPro* system generates letters, notifications and forms to a variety of recipients in a variety of ways. Forms and standardized letters are maintained as PDF documents and generated to individuals or groups as needed. For letters requiring dynamic text, SSG can maintain letter text within *GrantPro* and modify the text through system interfaces or maintain letter text outside of *GrantPro* and use mail-merge functionality within Microsoft Word. The system provides the ability to print or suppress individuals and /or mass correspondence.
G 13.3	Need the ability to select predefined letter messages but also flexible enough to provide free form messages. Free form messages will require approval by system administrator.	A	FS	
G 13.4	Maintain a history log of correspondence sent and be able to resend correspondence with original dates. Student record should also log the dates correspondence sent.	M	FS	The *GrantPro* system fully supports mass correspondence letter generation. The letter generation process maintains a history log. Users can resend a batch of letters with the original correspondence date. Individual student records are also updated with all correspondence dates.
G 13.5	Need the ability to scan and retain images (possibly interfacing to the State of Michigan's TRIM (Total Records and Information Management or Filenet)) such as copy of the application, awards letter or correspondence sent to the student	M	PE	NGS will work with SSG to identify a process to integrate *GrantPro* with the SOM's imaging solution.
G 14	Search Criteria			
G 14.1	Ability to search by full SSN or last 4 digits	M	FS	*GrantPro* provides extensive search functionality for SSG and school users. Users can search using student criteria such as full or partial last name, full or partial first name, full or partial SSN, unique identifier, academic year, aid program, college and/or high school.
G 14.2	Ability to search by UIC	M	FS	
G 14.3	Ability to search by full last name, first name or by wildcard (ex, SMI should bring up all students starting with SMI)	M	FS	
G 14.4	Ability to search by high school or college	M	FS	
G 14.5	System should assign multiple unique identifiers to the student record including SSN, UIC	M	FS	*GrantPro* assigns a unique identifier to each student record in addition to the student SSN.
G 15	Institution Screen (College Portal)			

#	Requirement	RFP	Response	Vendor Response
G 15.1	The system must provide a portal for college/university staff to inquire and update information. The portal must provide the following:	M	FS	*GrantPro* will allow school users to be able to view all of a student's financial aid data on our integrated platform, which will enable them to make updates and communicate quickly and effectively. School users have access to update limited application information for individual students at their institution.
G 15.2	Ability to view and update budgets (see needs determination). Once the budget is locked for the year, the college should not be able to update.	M	FS	Separate budget information and award criteria are maintained for each college per aid program. As funds are awarded for each aid program, collegiate expenditure levels are tracked and edits are in place to ensure academic year funding levels and individual student funding limits are not exceeded. Budgets can be locked annually.
G 15.3	Ability to view monitoring (see monitoring) and update certain student data	M	FS	The *GrantPro* system will allow college users to view monitoring and update SSG-defined student data for students attending their institution.
G 15.4	Ability to view award totals and accounting history by quarter (aggregate payments)	M	FS	The *GrantPro* system allows college users to view the award rules tables and accounting history for their institution.
G 15.5	Ability to view file transmissions and show processing status. If records error out, show why and which records but allow remaining records to process.	M	FS	The *GrantPro* system allows school users to access their inbound/outbound certification and reconciliation files and view the file status summary. Any errors found during the upload process are displayed to assist in reconciliation.
G 15.6	Ability to send/receive files using a secure transport method	M	FS	Files are encrypted and transmitted using a secure connection over the internet. NGS can support electronic transmissions over the internet via FTP, eFTP or SMTP POP3.
G 15.7	Ability to search by SSN or UIC or last name and/or search for all students at their school	M	FS	The *GrantPro* system provides extensive search capabilities. Searches can be performed by college users using student criteria such as full or partial last name, full or partial first name, full or partial SSN, academic year, aid program, and/or institution.
G 15.8	Ability to view FAFSA data for each student	M	FS	Initial and revised FAFSAs records are batched processed and are available for viewing by collegiate users for students attending their institution.
G 15.9	Ability to view award history for their students	M	FS	The *GrantPro* system allows the college user to view award history for their students.
G 15.10	Ability to view monitoring and adjustment screen and adjust the award amount for other gift aid etc.	M	FS	The *GrantPro* system provides college users the ability to view monitoring, adjustment screen and adjust the award amount for other gift aid, etc…

#	Requirement	RFP	Response	Vendor Response
G 15.11	Ability to update their own demographics	M	FS	The *GrantPro* system maintains a school profile containing general information for the student including school name, OE code, vendor code, address, phone number, school type, school term, and program type. College users can update demographic information for their students.
G 15.12	Ability to enter budget semester and term start/end dates until budget is locked	M	FS	The *GrantPro* system provides the ability for school users to enter budget semester and term start/end dates until budget is locked.
1G 15.13	Ability to view manuals, policy and procedures for each program – link from web where it's easily updatable	M	PS	NGS will provide a link on the Web site in *GrantPro* to policy and procedures for high school and college staff to access. SSG can provide the file to NGS and we will update within an agreed upon time frame.
G 15.14	Help screens	M	FS	As college users navigate through the *GrantPro* system, certain fields are enabled with SSG-defined hover text to provide immediate assistance. Links to additional help are also provided when the help message is too long for hover text. In some instances, helpful messages are displayed directly on the interfaces to provide assistance.
G 16	High School Screen (High School Portal)			
G 16.1	The system should provide a portal for high school staff to inquire and update information. The portal must provide the following:	A	FS	
G 16.2	Ability to view and update their demographics	A	FS	The *GrantPro* system maintains a High School Profile containing general information such as school name, high school code, address and phone number. High School users can update demographic information for their high school.
G 16.3	Ability to search based on UIC, last name for students at their school and/or search for all students at their school and select which student they want to view. Should have a print option to print selected students.	A	FS	High School users can search using student criteria such as full or partial last name, full or partial first name, full or partial SSN or all students at their high school. Once search results are displayed, users can select a student to view and or print student data for students at their high school.
G 16.4	The system must NOT allow the ability to update student data	A	FS	The *GrantPro* system will restrict high school users from updating student data.
G 16.5	Ability to confirm that a student's FAFSA was filed butvnot allow income data to be viewed	A	FS	The *GrantPro* system will display SSG-defined FAFSA data to high school users for students at their high school.
G 16.6	Ability to view all ACT records for a student	A	FS	The *GrantPro* system will display ACT data to high school users for students at their high school.
G 16.7	Ability to view student's college choice	A	FS	The *GrantPro* system will display the student's college choice to high school users for students at their high school.

#	Requirement	RFP	Response	Vendor Response
G 16.8	Help screens	A	FS	As high school users navigate through the High School Portal, certain fields are enabled with SSG-defined hover text to provide immediate assistance. Links to additional help are also provided when the help message is too long for hover text. In some instances, helpful messages are displayed directly on the interfaces to provide assistance.
G 17	Student Screen (Student Portal)			
G 17.1	The system must provide a portal for students to inquire and update information. The portal must provide the following:	M	FS	
G 17.2	Ability to update demographics (i.e. address, phone number)	M	FS	The *GrantPro* system provides the ability for student users to update their demographic information through the Student Portal.
G 17.3	After awarding, the system must NOT allow students to change their college choice	M	FS	Student users can update their collegiate choice prior to being awarded.
G 17.4	Ability to view awards for each program for which they are awarded for each academic year.	M	FS	Student users can view awards for each program for which they are awarded for each academic year.
G 17.5	Ability to view all of their ACT scores obtained and the date of each test cycle.	M	FS	Student users can view all of the ACT scores obtained and the date of each test cycle.
G 17.6	Ability to view their current EFC from the FAFSA and the received date from transaction 1.	M	FS	Student users can view their current EFC from the FAFSA and the received date from transaction 1.
G 17.7	Help screens	M	FS	As college users navigate through the Student Portal, certain fields are enabled with SSG-defined hover text to provide immediate assistance. Links to additional help are also provided when the help message is too long for hover text. In some instances, helpful messages are displayed directly on the interfaces to provide assistance.
G 18	Institution Screen (Internal Staff Portal)			
G 18.1	Ability to add new institutions or update existing information (fields to be determined)	M	FS	The *GrantPro* system provides interfaces to add new institutions. Once added, SSG-defined fields can be updated on the School Profile.
G 18.2	Ability to inactivate institutions	M	FS	The *GrantPro* system provides SSG users the ability to inactivate institutions.

#	Requirement	RFP	Response	Vendor Response
G 18.3	Ability to view budgets (see needs determination)	M	FS	The *GrantPro* system provides SSG users the ability to view budgets.
G 18.4	Ability to view monitoring (see monitoring)	M	FS	The *GrantPro* system provides SSG users the ability to view monitoring.
G 18.5	Ability to view payment history	M	FS	The *GrantPro* system provides SSG users the ability to view payment histories.
G 18.6	Ability to search by college name or institution ID	M	FS	The *GrantPro* system allows SSG users the ability to search by college name.
G 18.7	Ability to assign college institution IDs based on the institution code from the FAFSA but attach a sector code with the ability to add sector codes as needed as follows: 1 - Community colleges 2 - public colleges 3 - private colleges 4 - proprietary institutions 5 - out of state institutions	M	FS	The *GrantPro* system assigns the FAFSA OE code to each institution. SSG users can also attach sector codes as needed.
G 19	High School Screen (Internal Staff Portal)			
G 19.1	Ability to add new high schools or update existing information (fields to be determined)	M	FS	The *GrantPro* system provides interfaces to add new schools. Once added, SSG-defined fields can be updated on the School Profile.
G 19.2	Ability to inactivate high schools	M	FS	The *GrantPro* system provides SSG users the ability to inactivate institutions.
G 19.3	Ability to assign user codes and passwords to high school counselors/principals	A	FS	The *GrantPro* system provides SSG's administrator the ability to assign user codes and passwords to high school counselors/principals.
G 19.4	ACT codes will be used as the high school ID.	M	FS	The *GrantPro* system provides the ability for the ACT codes to be used as the high school ID
G 20	Student Screen (Internal Staff Portal)			
G 20.1	Ability to view all demographics - updatable by staff (fields to be determined).	M	FS	The *GrantPro* system provides the ability for SSG users to view all demographics and update SSG-defined data fields.

#	Requirement	RFP	Response	Vendor Response
G 20.2	Ability to view FAFSA data by year and show original received date and transaction number (ex, 5 FAFSAs filed for student, show original date and that a total of 5 were filed) updatable by admin role only	M	FS	The *GrantPro* system provides the ability to view FAFSA data by year and show original received date and transaction number. The SSG administrator will have the ability to update SSG-defined fields.
G 20.3	Ability to view history (awards, correspondence, audit log, etc.) updatable by admin staff only	M	FS	The *GrantPro* system provides the ability to view history. The SSG administrator will have the ability to update SSG-defined fields.
G 20.4	Ability to view ACT scores updatable by Admin staff only	M	FS	The *GrantPro* system provides the ability to view ACT scores. The SSG administrator will have the ability to update SSG-defined fields.
G 20.5	Ability to view program payments made to institution on student's behalf by fiscal year	M	FS	The *GrantPro* system provides the ability to view program payments made to institution on student's behalf by fiscal year.
G 20.6	Ability to reprint correspondence mailed to a student (i.e. eligibility letter)	M	FS	The *GrantPro* system provides the ability to reprint correspondence mailed to a student.

Michigan Competitive Scholarship (MCS) Requirements

State competitive scholarships are established by the State to foster the pursuit of postsecondary education awarded to students showing promise of satisfactory completion of postsecondary study through competitive examination and a continued satisfactory academic record in a course of study in an eligible postsecondary institution in this state.

#	Requirement	RFP	Response	Vendor Response
MCS 1	The system must determine eligibility for MCS according to the following criteria including but not limited to:	M	FS	Table-driven program-specific award rules are used to determine eligibility. The tables control application of the rules such as beginning and ending academic term processes, maximum EFC funding levels, and academic cutoffs such as GPA, ACT and SAT. SSG users can update the award rules table for each aid program in the system. As updates are made, eligibility is re-determined for all students for the aid program.

When updates are made to the student application record through a manual update or a new/revised ISIR, student eligibility is re-determined. Edits are in place to ensure academic year funding levels and individual student funding limits are not exceeded, award priority is considered, application deadline dates are upheld, and any other edits defined by SSG are applied.

All MCS eligibility rules listed (1.1 – 1.14) will be supported. |
MCS 1.1	Must be Michigan resident as determined by the FAFSA	M	FS	
MCS 1.2	Must reside in Michigan for the preceding 12 months	M	FS	
MCS 1.3	Must pass ACT with qualifying scores. Definition of qualifying score must be updatable by admin staff and must award by the set score. Must have the ability to run awards in high-to-low score order if funds are reduced as determined by the admin staff. The qualifying score is the sum of the four subject areas: reading, writing, math, and science.	M	FS	

#	Requirement	RFP	Response	Vendor Response
MCS 1.4	Must be US citizen, permanent resident or approved refugee	M	FS	
MCS 1.5	High school graduate or if high school and/or college recommends student for non-graduates	M	FS	
MCS 1.6	Cannot be in default on a student loan	M	FS	
MCS 1.7	Graduate students are eligible for the program if funded	M	FS	
MCS 1.8	Have to meet SAP (satisfactory academic progress) for renewal as verified by the postsecondary institution at a specified point in time annually.	M	FS	
MCS 1.9	Must maintain a 2.0 (GPA) grade point average – renewal students – to be reviewed annually.	M	FS	
MCS 1.10	Need ability to query the awards data by Class A, B, C and D and manually award as needed	M	FS	
MCS 1.11	System should be designed to award based everyone with need by March 1 (FAFSA received at Federal processor date) and this date must be updatable	M	FS	
MCS 1.12	Must be enrolled at a Michigan public 2 year, public 4 year or private postsecondary institution	M	FS	
MCS 1.13	Can be full time (12 credit hours), ¾ (9-11 credit hours) or ½ time (6-8 credit hours)	M	FS	
MCS 1.14	Ineligible after 10 semesters or 15 terms	M	FS	
MCS 2	The system must allow the ability to update students not meeting initial eligibility criteria including but not limited to the following fields. If any of these fields are updated, must have the ability to manually award.	M	FS	The *GrantPro* system accepts on-line updates to records from SSG and school users and will accept on-line updates from student users that allow eligibility to be determined at the time of the update. Application record information, aid program award rules, and the eligibility rules specific to each aid program are used to determine student eligibility real-time when on-line updates are made.
MCS 2.1	Ability to update citizenship	M	FS	
MCS 2.2	Ability to update residency	M	FS	The system provides the ability for the user to update fields MCS 2.1 through MCS 2.6 along with additional fields defined by SSG.
MCS 2.3	Ability to update incomplete information	M	FS	
MCS 2.4	Ability to update SAP (on student's record from prior year)	M	FS	
MCS 2.5	Ability to update GPA (on student's record from prior year)	M	FS	

#	Requirement	RFP	Response	Vendor Response
MCS 2.6	Ability to update a default on a student loan (on student's record from prior year)	M	FS	
MCS 3	Needs Determination			
MCS 3.1	The system must make a needs determination for MCS according to the following criteria including but not limited to:	M	FS	
MCS 3.2	Need is calculated based on EFC (expected family contribution from FAFSA) multiplied by 1.25% (must be updatable). Also calculated by imputing $900 for freshman, $1,100 for sophomore to seniors and $1,500 for independents by this amount or based on student's assets. If student has no assets in EFC then use the amounts above, otherwise actual assets will be used. These amounts must be updatable by internal staff. - Cost of attendance less State's EFC equals need. - Must be enrolled at least half time.	M	FS	The *GrantPro* system will calculate need for the MCS program as defined by SSG. All amounts and variables used to calculate need will be updateable via the award rules interfaces for the MCS program.
MCS 3.3	Budgets can be entered internally by State staff or externally by the colleges. Colleges must submit budgets annually as directed by the State.	M	FS	The *GrantPro* system will calculate need for the MCS program as defined by SSG. All amounts and variables used to calculate need will be updateable via the award rules interfaces for the MCS program.
MCS 3.4	Colleges must be able to enter multiple budgets based on specific programs (ex. Aviation).	M	FE	*GrantPro* will maintain separate budget information for specific academic programs within each school's profile for MCS.
MCS 3.5	Internal staff must be able to do a mass update of college budget data for books and personal travel with and without dorms into the system.	M	FS	*GrantPro* maintains table-driven award rules per aid program used to establish award amounts. MCS budget data for books and personal travel with and without dorms can be maintained on the aid program level in order to apply to all colleges.
MCS 3.6	Colleges must supply beginning and ending dates for each enrollment period. Must be updatable each academic year.	M		*GrantPro* maintains table-driven school profile data per program containing beginning and ending dates for each enrollment period. SSG users will have the ability to update enrollment date information for all colleges; college users can update enrollment date information for their college only.
MCS 4	The system must provide the ability to update FAFSA data	M	FS	The *GrantPro* system receives and uploads Federal Institution Student Information Records (ISIR) containing student FAFSA data. FAFSA data is updateable as defined by SSG.
MCS 5	Awarding:			

#	Requirement	RFP	Response	Vendor Response
MCS 5.1	The system must provide the ability to mass award all students based on need, qualifying score and cutoff date (updatable). This is a batch process awarding all eligible students based on overall criteria.	M		The *GrantPro* system is flexible enough to award students based on certain orders of priority per aid program. The system provides for funds-based awarding, need-based awarding and awarding in order of application submission provided that, in all cases, the student meet the eligibility conditions for receiving the award. The aid program award rules define funds distribution, maximum awards, maximum funding levels, and term award amounts which can vary based on school type. *GrantPro* will provide the ability to mass award eligible MCS students based on need, qualifying score and cutoff date using a batch process as defined by SSG.
MCS 5.2	The system must allow for renewal, residual and new fields to be able to award in this order or select all and award by all three fields	M		*GrantPro* will allow for SSG to define the awarding order based on students classified as renewal, residual and/or new applicants.
MCS 5.3	The system must award the maximum award or the student's need whichever is less.	M		*GrantPro* will award the maximum award or the calculated student's need, whichever is less.
MCS 5.4	The system must provide the ability to award multiple times throughout an academic year using the FAFSA Received Date. The awards process must use the latest transaction data but no subsequent transaction should override transaction 1's Received Date.	M	FS	*GrantPro* will provide the ability to award multiple times throughout an academic year using the latest FAFSA data but always considering the original FAFSA received date for awarding priority.
MCS 5.5	The system must provide the ability to increase the award amount for awards already made and/or decrease award amounts by student and maintain an audit trail.	M	FS	When updates are made to aid program award rules that affect the awarding process, such as award amounts, *GrantPro* recalculates award amounts for all students for the aid program. As student award amounts are updated, an audit trail in maintained in the student's Transaction History.
MCS 5.6	The system must provide the ability to manually award a student.	M	FS	*GrantPro* provides the ability to manually award a student.
MCS 5.7	The system must maintain an audit log off all awarded students.	M	FE	The *GrantPro* system will maintain an audit log of all awarded students in a format defined by SSG.
MCS 5.8	The system must provide the ability to manually un-award a student who was awarded in error.	M	FS	*GrantPro* provides the ability to manually un-award a student.
MCS 5.9	The system must provide the ability to estimate awards before actually awarding students. Screen should display estimated dollars spent and total number of students.	A	FS	*GrantPro* provides the ability to run an 'estimated awards' process prior to running the MCS mass award batch process. Once the estimated awarding process runs, estimated dollars spent and total number of students will display.

#	Requirement	RFP	Response	Vendor Response
MCS 5.10	The system must provide the ability to have a minimum award amount and allow it to be updatable. The Minimum award is currently $100	M	FS	*GrantPro* maintains table-driven award rules per aid program used to establish award amounts. SSG users will have the ability to update the MCS minimum award amount.
MCS 5.11	The system must provide the ability to set a Maximum award amount which is set each year and must be updatable.	M	FS	*GrantPro* maintains table-driven award rules per aid program used to establish award amounts. SSG users will have the ability to update the MCS maximum award amount.
MCS 5.12	The system must maintain a log of each round of awards showing dates awards were run, total number of students, total dollars awarded. The log should also show other key events like date budgets were loaded, etc.	M	FE	The *GrantPro* system will maintain a log of each round of awards in a format defined by SSG.
MCS 5.13	Awards are divided over 2 semesters or 3 terms and prorated if less than full time. Must be at least ½ time.	M	FS	*GrantPro* will divide awards over 2 semesters or 3 terms based on the school type of the student's college defined in each college's school profile.
MCS 5.14	The system must provide the ability to merge potential duplicate student records based on multiple sets of criteria without changing the integrity of a prior academic year record (all history from multiple records must merge into the new student record).	M	FS	*GrantPro* provides functionality to merge duplicate students records under different SSNs into one SSN provided certain criteria are met. All prior academic year records are merged into the valid SSN. Records under invalid SSNs can be updated to the correct SSN if known. Records under invalid SSNs can be deleted from the system in the correct SSN is unknown provided no paid payments exist for the student for any aid program.
MCS 5.15	The system must provide the ability to unmerge student records into separate student records in the event of a bad merge.	M	PE	NGS will work with SSG to define and implement a process to systematically unmerge student records into separate student records in the event of a bad merge.
MCS 5.16	Once awarded, the system must allow for FAFSAs to stop uploading and lock the process so that no more mass uploading will occur however the system must allow manually uploading select FAFSAs for select students.	M	FS	The *GrantPro* system will lock the batch FAFSA upload process once the MCS program is awarded. FAFSA records for select students can be manually uploaded once the batch process has been locked.
MCS 5.17	Students eligibility cannot exceed 10 semesters or 15 terms.	M	FS	See MCS 1.14
MCS 6	Monitoring			
MCS 6.1	The system must provide the ability to monitor a student's award for other gift aid, GPA or SAP, etc.	M	FS	*GrantPro* will provide SSG and college users the ability to manage all student monitoring data elements included in 6.21 – 6.36.
MCS 6.2	The system must provide the ability to monitor a student by either internal staff or external staff in the colleges/universities for the following criteria including but not limited to:	M	FS	

#	Requirement	RFP	Response	Vendor Response
MCS 6.21	Student Enrolled in a Religious Program	M	FS	
MCS 6.22	Student enrolled in a Graduate Program	M	FS	
MCS 6.23	Student enrolled in an Ineligible Program (Prior Degree)	M	FS	
MCS 6.24	Student Incarcerated	M	FS	
MCS 6.25	Student Deceased	M	FS	
MCS 6.26	Student Declined Award	M	FS	
MCS 6.27	Student Withdrew Year / Did not Enroll	M	FS	
MCS 6.28	Student Did Not Complete Verification	M	FS	
MCS 6.29	Student Did not Meet Michigan Residency	M	FS	
MCS 6.30	Cancel Award (TIP Award, No Associate Degree etc.)	M	FS	
MCS 6.31	Student has Loan in Default	M	FS	
MCS 6.32	Receipt of Additional Aid/Resources	M	FS	
MCS 6.33	Student Does not meet Citizenship requirements	M	FS	
MCS 6.34	Cancellation by Institution	M	FS	
MCS 6.35	Student Not a High School Graduate	M	FS	
MCS 6.36	Student Graduated	M	FS	
MCS 7	Appropriations Budgets:			

#	Requirement	RFP	Response	Vendor Response
MCS 7.1	The system must provide the ability to input the budget amount for MCS and MTG.	M	FS	*GrantPro* maintains table-driven award rules per aid program containing budget information. SSG users will have the ability to update budget information for MCS and MTG.
MCS 7.2	The system must provide the ability to input LEAP and SLEAP budget amounts – if appropriated.	M	FS	*GrantPro* maintains table-driven award rules per aid program containing budget information. SSG users will have the ability to update LEAP and SLEAP budget amounts if appropriated.
MCS 7.3	The system must provide the ability to track original appropriation amount and revised amount whether increased or decreased and if amount is revised it must recalculate all student awards for that academic year.	M	FS	When updates are made to aid program award rules that affect the awarding process, such as appropriation amount, *GrantPro* recalculates award amounts for all students for the aid program.
MCS 8	Academic Year Setup:			
MCS 8.1	The system must provide the ability to update/add academic year in one defined place in the system – updatable by admin staff only.	M	FS	The *GrantPro* system provides SSG administrators the ability to insert the next academic year in one defined place in the system. Only one active academic year can exist.
MCS 8.2	The system must provide the ability to lock/unlock college budgets for the year	M	FS	The *GrantPro* system provides the ability to lock/unlock college budgets for the year.
MCS 8.3	The system must provide the ability to enter semester/term maximum and minimum amounts (for semester 2 fields, for terms 3 fields)	M	FS	The *GrantPro* system provides the ability to enter semester/term maximum and minimum amounts.
MCS 8.4	The system must allow for a 30 day window from the beginning date of term/semester in college's budget that allows the college 30 days to adjust student's award after that the student is moved to the Wait List. The semester/term dates are used to determine which files are processing and also identifies start/end date for each semester/term.	M	FS	The *GrantPro* system allows for a 30-day window from the beginning date of term/semester in college's budget that allows the college 30 days to adjust student's award after that the student is moved to the Wait List.
MCS 8.5	The system must be able to process two academic years concurrently so that we can process current year payments and files along with next year's FAFSAs.	M	FS	The *GrantPro* system allows for the ability to process two academic years concurrently so current year payments can be process along with next year's FAFSA.
MCS 9	Attrition Management			

#	Requirement	RFP	Response	Vendor Response
MCS 9.1	The system must provide the ability to track the attrition in the funds and the count of students for MCS versus MTG. (example Appropriation – Awarded = Fund Balance). Fund Balance and count of students can change on a daily basis due to colleges monitoring students for other gift aid, dropping out or enrollment status changing from full-time to ¾ or ½ etc.	M	FS	The *GrantPro* system will display the Fund Balance and recipient count for the MCS and MTG aid programs.
MCS 10	Wait List			
MCS 10.1	The system must provide the ability move a student to the wait list if the 30 day window is exceeded. The student can be reinstated from the wait list. If student award is canceled (exceeds 30 day window) student moves to the wait list waiting (if applicable) to be reinstated. Only Admin staff can release the wait list.	M	FS	The *GrantPro* system will 'wait list' students whose award exceeds the 30 day verification window. SSG administrative staff will be able to reinstate student awards as needed.
MCS 11	Payments			
MCS 11.1	The system must prorate payments according to enrollment status (full time, ½ time etc.)	M	FS	*GrantPro* will prorate payment amounts according to enrollment status for the MCS program.
MCS 11.2	For MCS/MTG, we must be able to enter a percentage to pay per quarter (ex, 50, 30, 10, 10)	M	FS	*GrantPro* will allocate awards across terms based on the percentage entered per term for the MCS/MTG programs.
MCS 11.3	System must generate a report of all institutions being paid.	M	FS	*GrantPro* will provide a report of all institutions being paid within a given payment batch.
MCS 11.4	The system must allow the ability to update the payment amount by institution prior to the payment file being generated	M	FS	Prior to a payment batch file being generated, when updates are made to college level payment amount information that affects the awarding process, such as award amounts, *GrantPro* recalculates award amounts for all students at the college.
MCS 11.5	System must interface payment files to MAIN	M	FS	The *GrantPro* system will interface with MAIN to generate outbound payment files for payments. Inbound files can be viewed for feedback, but not processed into the system.
MCS 11.6	System must accept payment feedback files from MAIN	M	PS	The *GrantPro* system will interface with MAIN to accept payment feedback files. Inbound payment feedback files can be viewed, but not processed into the system.
MCS 12	Reporting			

#	Requirement	RFP	Response	Vendor Response
MCS 12.1	The system must provide the ability to report against eligibility criteria to identify students not meeting criteria such as citizenship, SAP, etc.	M	FS	The *GrantPro* system provides an Eligible Students Report and an Ineligible Students Report for each aid program.
MCS 12.2	Year-End Balancing	M	FE	The *GrantPro* system will calculate a year-end balance for students and colleges as defined by SSG.
MCS 12.3	The system must identify out of balance students/colleges.	M	FE	*GrantPro* will identify out-of-balance students and colleges via a report or interface as defined by SSG.
MCS 12.4	The system must be able to lock the academic year once all students are balanced. At that point no further award updates can be made to the student record for that academic year.	M	FE	Once students are balanced within an academic year, *GrantPro* will lock the academic year from further award updates.

Michigan Tuition Grant (MTG) Requirements

Tuition Grants are established by the State to foster the pursuit of higher education by resident students enrolled in independent nonprofit colleges or universities in the state, which have filed with the board of education a certificate of assurance of compliance with title 6 of the civil rights acts of 1964, whose instructional programs are not comprised solely of sectarian instruction or religious worship, and which are approved by the state board of education.

#	Requirement	RFP	Response	Vendor Response
MTG 1	Requirements for MTG are the same as for MCS with the following exceptions:			
MTG 1.1	Independent degree-granting institutions only	M	FS	Table-driven program-specific award rules are used to determine eligibility. The tables control application of the rules such as beginning and ending academic term processes, maximum EFC funding levels, and academic cutoffs such as GPA, ACT and SAT. SSG users can update the award rules table for each aid program in the system. As updates are made, eligibility is re-determined for all students for the aid program.
MTG 1.2	Different award amount	M	FS	
MTG 1.3	Uses FAFSA Received date and internal staff must have the ability to update the cutoff date (currently it's June 30th)	M	FS	
MTG 1.4	If student meet MCS criteria but picks a private college then they get the maximum MCS amount from the MCS fund plus a supplement from MTG from the MTG fund to meet the maximum MTG award amount	M	FS	When updates are made to the student application record through a manual update or a new/revised ISIR, student eligibility is re-determined. Edits are in place to ensure academic year funding levels and individual student funding limits are not exceeded, award priority is considered, application deadline dates are upheld, and any other edits defined by SSG are applied.
MTG 1.5	The student does not have to maintain a 2.0 GPA	M	FS	
MTG 1.6	Cannot be in a course of study leading to a degree in theology, divinity, or religious education	M	FS	All MTG eligibility criteria listed (1.1 – 1.6) will be supported.
MTG 2	Awarding			

#	Requirement	RFP	Response	Vendor Response
MTG 2.1	The system must allow for a cap limit on any institution for which total awards must not exceed the cap limit. We need the ability to set limits on schools and be able to reset the limit anytime throughout the academic year.	M	FS	*GrantPro* maintains table-driven school profile data per program containing cap limits to set maximum award amounts for the college. As funds are awarded, expenditure levels are tracked and edits are in place to ensure academic year cap limits per institution are not exceeded. SSG users will have the ability to update institution level cap limits.
MTG 2.2	For private school students, if awarded for MCS and student falls below 2.0 GPA at any point during the year (as reported by the college), the system will convert the student to MTG with the same award amount and reflect the change in the fund balance for both MCS and MTG.	M	FS	The *GrantPro* system will convert an MCS student to MTG if their GPA falls below the GPA threshold and reflect the change in the fund balances for MCS and MTG.

Tuition Incentive Program (TIP) Requirements				
The program is an incentive program that encourages eligible students to complete high school by providing tuition assistance for the first two years of college and beyond. To be eligible the student must have (or have had) Medicaid coverage for 24 months within a 36-consecutive month period as identified by DHS.				
TIP 1	The system must determine eligibility for TIP according to the following criteria including but not limited to:			
TIP 1.1	Must be able to import a file from DHS of Medicaid eligible students. Links to Requirement IR 1.1	M	FS	Table-driven program-specific award rules are used to determine eligibility. The tables control application of the rules such as beginning and ending academic term processes, maximum EFC funding levels, and academic cutoffs such as GPA, ACT and SAT. SSG users can update the award rules table for each aid program in the system. As updates are made, eligibility is re-determined for all students for the aid program.

When updates are made to the student application record through a manual update or a new/revised ISIR, student eligibility is re-determined. Edits are in place to ensure academic year funding levels and individual student funding limits are not exceeded, award priority is considered, application deadline dates are upheld, and any other edits defined by SSG are applied.

All TIP eligibility criteria listed (1.1 – 1.12) will be supported. |
TIP 1.2	Student must graduate with high school diploma, GED or certificate of completion	M	FS	
TIP 1.3	Must graduate before age 20	M	FS	
TIP 1.4	Cannot be incarcerated (default to no and internal staff will set to yes as needed)	M	FS	
TIP 1.5	Must be a Michigan resident	M	FS	
TIP 1.6	Must be a US citizen, permanent resident or approved refugee	M	FS	
TIP 1.7	Must enroll at least ½ time at a degree-granting Michigan institution (no proprietary institutions)	M	FS	
TIP 1.8	No need requirement	M	FS	

#	Requirement	RFP	Response	Vendor Response
TIP 1.9	Must submit application prior to high school graduation (deadline August 31st of that year)	M	FS	
TIP 1.10	Student must initiate within 4 years of high school graduation or forfeit award	M	FS	
TIP 1.11	Once Phase 1 is initiated, all phase 1 eligibility expires after 7 years or 80 semester credits or 120 term credits whichever comes first.	M	FS	
TIP 1.12	Phase 2 eligibility expires 30 months of the completion of phase 1.		FS	
TIP 2	Awarding			
TIP 2.1	The application determines the award, once successfully entered the student is eligible for payment (need multiple Status Codes Active, Inactive, Applied after high school graduation etc.)	M	FS	The *GrantPro* system will access the award amount from the student's TIP application. Status codes will be implemented to support the TIP program as needed.
TIP 2.2	Application – must – Compare high school graduation date to application entry date and error (update Status Code) if entry is later – Student should be able enter application online or staff internally	M	FS	Through the *GrantPro* Student Portal, students will be able to complete a TIP online application. SSG users will have the ability to complete a TIP application on the student's behalf via *GrantPro*. Edits will be in place to error out an application if the student did not apply prior to their high school graduation date.
TIP 2.3	Need the ability to scan applications – undeliverables need to be scanned into the system and show that the student's letter was returned undeliverable and create/update the student record with a Status Code indicating undeliverable. The system should continue to send out applications to students flagged as undeliverable with dates recorded as to when the letter came back.	M	PE	NGS will work with SSG to provide the ability to scan undeliverable applications into *GrantPro*.
TIP 2.4	Once an application is received no further application mailings are sent to the student.	M	FS	The *GrantPro* system will support manually marking an application as received to prevent further application mailings to a student.
TIP 3	Academic year set up:			
TIP 3.1	The system must provide the ability to create a new academic year	M	FS	The *GrantPro* system provides SSG admin the ability to create a new academic year. Only one academic year can exist.
TIP 3.2	The system must provide the ability to enter a tuition rate for private schools	M	FS	The *GrantPro* system provides SSG users with the ability to enter tuition rates for private schools.
TIP 4	Payments			

#	Requirement	RFP	Response	Vendor Response
TIP 4.1	Must be able to enter college reimbursement request by student	M	FS	Refund adjustments can be entered into *GrantPro* by college users on a per term basis any time after the initial payment has been processed.
TIP 4.2	Allow internal staff to enter payments by semester and academic year. This amount cannot exceed the college/universities current tuition rate and fees cannot exceed $250 (both fields must be updatable by internal staff) Fields: tuition per credit hour, mandatory fees (student activity, registration, technology) set annually for each institution. For non-public institutions use the pre-set tuition rate.	M	FS	SSG staff can manually enter payment amounts by term and academic year. All funding limits and payment creation rules will be supported by *GrantPro*.
TIP 4.3	Allow the college staff to enter payments by semester and academic year (same as above)	A	FS	SSG staff can manually enter payment amounts by term and academic year. All funding limits and payment creation rules will be supported by *GrantPro*.
TIP 4.4	Should be able to net refunds out of the payment – for example, if school owes $500 and we are about to pay the student $500 then net out to zero.	M	FS	*GrantPro* tracks outstanding refunds owed from the college and nets that amount from a subsequent payment to the college for the aid program, even across terms. When the payment file is created, the net value of the payments and refunds are transmitted to the state's accounting system.
TIP 4.5	Cannot exceed 24 semester or 36 term credits within an academic year	M	FS	All funding limits, including term count limitations, will be supported by *GrantPro*.
TIP 4.6	When entering phase II the system must look at date degree earned field, if past 30 months, then error (must use within 30 months of phase I completion).	M	FE	The *GrantPro* system will consider the date degree earned field when entering Phase II of TIP and error a student payment out if not used within 30 months of Phase I.

Children of Veterans Tuition Grant (CVTG) Requirements

The act is designed to provide undergraduate tuition and mandatory fee assistance to certain children older than 16 and less than 26 years of age who are the natural or adopted child of a Michigan veteran who is 100% permanently disabled, deceased or MIA

CVTG 1	The system must determine eligibility for CVTG according to the following criteria including but not limited to:			

#	Requirement	RFP	Response	Vendor Response
CVTG 1.1	Student should be able enter application online and the system should put the record into an application "Pending" status Student remains in application "Pending" status until all supporting documentation is received and approved by internal staff. Once approved the internal staff must be able to change the status from pending to "Active/Awarded" if eligible. If not eligible, student changes to "Not Eligible" status.	M	FS	Table-driven program-specific award rules are used to determine eligibility. The tables control application of the rules such as beginning and ending academic term processes, maximum EFC funding levels, and academic cutoffs such as GPA, ACT and SAT. SSG users can update the award rules table for each aid program in the system. As updates are made, eligibility is re-determined for all students for the aid program. When updates are made to the student application record through a manual update or a new/revised ISIR, student eligibility is re-determined. Edits are in place to ensure academic year funding levels and individual student funding limits are not exceeded, award priority is considered, application deadline dates are upheld, and any other edits defined by SSG are applied. All CVTG eligibility criteria listed (1.1 – 1.2) will be fully supported
CVTG 1.2	Must have eligible/ineligible check box on the student record.	M	FS	
CVTG 1.3	Ability to scan supporting documentation into the student's record for review	A	PE	NGS will work with SSG to identify a process to integrate *GrantPro* with the SOM's imaging solution.
CVTG 1.4	Payments			
CVTG 1.5	Payment reimbursement process is the same as TIP with the following exceptions listed below.	M	FS	Refund adjustments can be entered into *GrantPro* by college users on a per term basis any time after the initial payment has been processed.
CVTG 1.6	For renewal, the student must maintain a GPA of 2.25 or higher	M	FS	The *GrantPro* system will maintain a GPA requirement for renewal CVTG students.
CVTG 1.7	Award maximum is $2,800 per year – must be updatable by Admin staff only	M	FS	SSG staff can manually enter maximum award amounts by academic year. All funding limits and payment creation rules will be supported by *GrantPro*.
CVTG 1.8	Overall maximum for four years cannot exceed $11,200 – must be updatable by Admin staff only	M	FS	SSG staff can manually enter program maximums. All funding limits and payment creation rules will be supported by *GrantPro*.

Survivors Tuition Grant (STG) Requirements

The Police Officer's and Fire Fighter's Survivor Tuition Act provides for the waiver of tuition at a Michigan community college or public university for children and surviving spouses of Michigan police officers and firefighters killed in the line of duty. The program is intended to provide an educational benefit to the spouse and children of police officers and firefighters who made the ultimate sacrifice for their communities and the citizens of Michigan

#	Requirement	RFP	Response	Vendor Response
STG 1	The system must determine eligibility for STG according to the following criteria including but not limited to:			

#	Requirement	RFP	Response	Vendor Response
STG 1.1	Must have eligible/ineligible check box on the student record.	M	FS	Table-driven program-specific award rules are used to determine eligibility. The tables control application of the rules such as beginning and ending academic term processes, maximum EFC funding levels, and academic cutoffs such as GPA, ACT and SAT. SSG users can update the award rules table for each aid program in the system. As updates are made, eligibility is re-determined for all students for the aid program.

When updates are made to the student application record through a manual update or a new/revised ISIR, student eligibility is re-determined. Edits are in place to ensure academic year funding levels and individual student funding limits are not exceeded, award priority is considered, application deadline dates are upheld, and any other edits defined by SSG are applied

All STG1 eligibility criteria (1.1, 1.3, 1.4, and 1.5) are fully supported. |
| STG 1.2 | Ability to scan supporting documentation into the student's record for review | M | PE | NGS will work with SSG to identify a process to integrate *GrantPro* with the SOM's imaging solution. |
| STG 1.3 | Student should be able enter application online and the system should put the record into an application "Pending" status until all supporting documentation is received. If paper application submitted internal staff will input.
Student remains in application "Pending" status until all supporting documentation is received and approved. Once approved the student will change from application "Pending" status to "Active/Awarded". If not approved student changes to a "Not Eligible" status. | M | FS | See STG 1.1 |
STG 1.4	Eligible for 9 semesters or 14 terms	M	FS	See STG 1.1
STG 1.5	Must be enrolled at least ½ time at a Michigan public degree-granting college/university	M	FS	See STG 1.1
STG 2	Payments			
STG 2.1	Payment reimbursement process is the same as TIP	M	FS	Refund adjustments can be entered into *GrantPro* by college users on a per term basis any time after the initial payment has been processed.
STG 2.2	Must meet SAP for renewal	M	FS	The *GrantPro* system will maintain SAP requirements for renewal STG students.

#	Requirement	RFP	Response	Vendor Response
GEAR UP Michigan! (1) Requirements Gaining Early Awareness & Readiness for Undergraduate Programs is a federal program designed to provide early intervention services and programs to students in middle schools and high schools. The mission of GEAR UP is to significantly increase the number of low-income students who are prepared to enter and succeed in postsecondary education.				
GU1 1	The system must determine eligibility for GEAR UP Michigan! according to the following criteria including but not limited to:			
GU1 1.1	Internal staff must be able to enter eligible students.	M	FS	Table-driven program-specific award rules are used to determine eligibility. The tables control application of the rules such as beginning and ending academic term processes, maximum EFC funding levels, and academic cutoffs such as GPA, ACT and SAT. SSG users can update the award rules table for each aid program in the system. As updates are made, eligibility is re-determined for all students for the aid program. When updates are made to the student application record through a manual update or a new/revised ISIR, student eligibility is re-determined. Edits are in place to ensure academic year funding levels and individual student funding limits are not exceeded, award priority is considered, application deadline dates are upheld, and any other edits defined by SSG are applied. GU11 eligibility criteria listed (1.1) is fully supported.
GU1 2	Awards			
GU1 2.1	Must be able to update the award maximum amount– Admin staff only	M	FS	SSG staff can manually enter maximum award amounts by academic year. All funding limits and payment creation rules will be supported by *GrantPro*.
GU1 3	Payments			
GU1 3.1	Payment reimbursement process is the same as TIP	M	FS	Refund adjustments can be entered into *GrantPro* by college users on a per term basis any time after the initial payment has been processed.
GU1 3.2	Renewal students must meet institution's SAP policy	M	FS	The *GrantPro* system will maintain institution SAP requirements for renewal GU students.
GU1 3.3	Must meet SAP and be Pell Grant eligible	M	FS	The *GrantPro* system will maintain SAP and Pell Grant requirements for GU students.
GU1 3.4	Cannot exceed the maximum amount per class year	M	FS	The *GrantPro* system will maintain maximum annual award amounts for GU students.

#	Requirement	RFP	Response	Vendor Response
GEAR UP College Day (2) Requirements				
Gaining Early Awareness & Readiness for Undergraduate Programs is a federal program designed to provide early intervention services and programs to students in middle schools and high schools. The mission of GEAR UP is to significantly increase the number of low-income students who are prepared to enter and succeed in postsecondary education.				
GU2 1	The system must determine eligibility for GEAR UP College Day according to the following criteria including but not limited to:			
GU2 1.1	Internal staff must be able to enter eligible students.	M	FS	Table-driven program-specific award rules are used to determine eligibility. The tables control application of the rules such as beginning and ending academic term processes, maximum EFC funding levels, and academic cutoffs such as GPA, ACT and SAT. SSG users can update the award rules table for each aid program in the system. As updates are made, eligibility is re-determined for all students for the aid program.
GU2 1.2	Must enroll at least ½ time at a Michigan Public degree-granting institution	M	FS	When updates are made to the student application record through a manual update or a new/revised ISIR, student eligibility is re-determined. Edits are in place to ensure academic year funding levels and individual student funding limits are not exceeded, award priority is considered, application deadline dates are upheld, and any other edits defined by SSG are applied.\n\nAll GU2.1 eligibility criteria listed (1.1 – 1.2) will be supported.
GU2 2	Awards			
GU2 2.1	Must be able to update the award maximum amount	M	FS	SSG staff can manually enter maximum award amounts by academic year. All funding limits and payment creation rules will be supported by *GrantPro*.
GU2 3	Payments			
GU2 3.1	Payment reimbursement process is the same as TIP	M	FS	Refund adjustments can be entered into *GrantPro* by college users on a per term basis any time after the initial payment has been processed.
GU2 3.2	Must meet the institution's SAP policy	M	FS	The *GrantPro* system will maintain institution SAP requirements for GU2 students.
GU2 3.3	Cannot exceed the maximum amount per class year	M	FS	The *GrantPro* system will maintain maximum annual award amounts for GU2 students.
GEAR UP – MI GEAR UP (3) Requirements				

#	Requirement	RFP	Response	Vendor Response
GU3	Same requirements as Gear Up 1 and 2 but different award amount	M	FS	The *GrantPro* system will maintain maximum annual award amounts for GU3 students.
Interface Requirements				
IR 1	The system must interface with the following systems/entities including but not limited to:			
IR 1.1	Michigan Department of Human Services (DHS) – receive a file of students eligible for TIP	M	FS	The *GrantPro* system will interface with the Michigan Department of Human Services to receive a file.
IR 1.2	US Department of Education (USDoE)- receive FAFSA files for MCS, MTG, GEAR UP 1 and GEAR UP 2 and GEAR UP 3	M	FS	The *GrantPro* system will interface with the US Department of Education to receive FAFSA files for MCS, MTG, GEAR UP 1 and GEAR UP 2 and GEAR UP 3.
IR 1.3	NCES for national college completion data	M	PE	NGS will work with SSG to implement a process to interface with NCES.
IR 1.4	Michigan Center for Educational Performance and Information (CEPI) – receive files and update system with UIC (unique identification code for each student), college graduation completion rates and demographics to be determined.	M	PE	NGS will work with SSG to implement a process to interface with CEPI.
IR 1.5	American College Testing (ACT) – receive files for MCS and MTG	M	FS	The *GrantPro* system will interface with ACT to receive files for MCS and MTG.
IR 1.6	Michigan Accounting Information Network (MAIN) – outbound payments for all programs and inbound payment feedback for all programs	M	PS	The *GrantPro* system will interface with MAIN to generate outbound files for payments. Inbound files can be viewed for feedback, but not processed into the system.
IR 1.7	Must have a secure method of sending/receiving files to the institutions (including enrollment rosters, payment rosters, etc)	M	FS	Files are encrypted and transmitted using a secure connection over the internet. NGS can support electronic transmissions over the internet via FTP, eFTP or SMTP POP3.
IR 1.8	Ability to allow for automated scheduling. Tidal is the State's standard automated scheduling tool. This is used to schedule batch jobs in the system to run.	M	N/A	Under hosted solution – N/A Under SOM hosted solution – NGS will work with the SOM to configure *GrantPro* to utilize the Tidal scheduling solution.
IR 1.9	Michigan Consolidated Print Center (CPC) for outbound correspondence. This involves sending files for large scale print jobs such as TIP.	M	FS	*GrantPro* will interface with CPC to transmit print ready files.
IR 1.10	Michigan's Filenet or HP-TRIM systems for imaging	M	PE	NGS will work with SSG to identify a process to integrate *GrantPro* with the SOM.

#	Requirement	RFP	Response	Vendor Response
Conversion Requirements				
C 1	The vendor must provide a conversion plan to identify data that needs to be converted and a mapping of where the data will reside in the new system	M	FS	NDS will provide a conversion plan to identify data that needs to be converted and a mapping of where the data will reside in the new system for all programs listed.
C 1.1	Data mapping/conversion will need to be performed from all programs listed from sources which include MS-SQL server, MS-Access and MS- Excel - Michigan Competitive Scholarship (MCS) - Michigan Tuition Grant (MTG) - Tuition Incentive Program (TIP) - Children of Veterans Tuition Grant (CVTG) - Police Officers and Firefighters Survivors Tuition Grant (STG) - Gear Up 1 – Michigan Scholarship - Gear Up 2 – College Day Scholarship - Gear Up 3	M	FS	

#	Requirement	RFP	Response	Vendor Response
C 1.2	The vendor will be responsible for the entire conversion effort including but not limited to: - developing the conversion plan - mapping the data - developing processes to extract the data - developing processes to convert the data into the new system - testing the conversion processes - executing the conversion processes reconciliation	M	PS	NGS will work with SSG to map the data using a field-to-field data mapping process from the legacy system(s) to the *GrantPro* system. NGS with work with SSG to extract the data from its originating source into *GrantPro*. The NGS conversion process and implementation consists of four phases: 1) Conversion definition – NGS and SSG work together to define and document the data mapping and conversion reconciliation rules. The data mapping rules consist of definitions for allowable fields, translation logic, and field placement. The conversion reconciliation rules are necessary to validate that all data has been converted accurately. 2) Conversion construction – NGS creates conversion programs and conversion balancing reports based on information gathered with SSG in phase one. Once the programs and reports are completed, NGS will work with SSG to begin testing with a small representative sample of data from the legacy system. 3) Conversion testing – NGS converts the entire data set, working with SSG to cross-reference student and school accounts between the legacy system database and *GrantPro* to verify that all of the data is converted correctly and that all monetary values balance. 4) Production conversion – NGS performs the same procedures outlined in phase three after conversion to ensure the success and quality of the data conversion.
C 1.3	A financial reconciliation must be performed from the conversion and overseen by an auditor supplied by the vendor to reconcile that the conversion was complete and successful including reconciling the number of records converted, account balances, payments disbursed, refunds credited, etc.	M	FS	
Training Requirements				
T 1	Vendor must provide training for internal staff and institution staff– train the trainer	M	FS	NDS will provide training and materials for all system users for the contract period and will educate SOM personnel to provide instruction for school and auxiliary users. If new functionality is requested by SOM to enhance the *GrantPro* system, NDS will update and republish the user manual. NDS will provide WebEx training on new *GrantPro* features as needed.

#	Requirement	RFP	Response	Vendor Response
General Reporting Requirements				
GR 1	The system must be capable of producing a report within and across all programs and funds for both specified time periods and as of a specific date.	M	PE	The *GrantPro* system is capable of producing a report within a program for both a specified time period and as of a specific date. NGS will work with SSG to define requirements to create a report across all programs and funds for both a specific time frame and as of a specific date.
GR 2	The system must provide the ability to protect and maintain different versions of reports.	M	PE	This requirement requires further definition. Depending on the scope of the requirement, NGS may be able to provide this ability without a programming fee, to protect and version reports, but more information is necessary for NGS to fully understand the requirements here and before we can commit to providing this capability without an additional Professional Services charge.
GR 3	The system must allow drill-down reporting capability.	M	PE	This requirement requires further definition. Depending on the scope of the requirement, NGS may be able to provide this ability without a programming fee, to drill down through reports, but more information is necessary for NGS to fully understand the requirements here and before we can commit to providing this capability without an additional Professional Services charge.
GR 4	The system must allow the ability to add footnotes and comments to reports.	M	PE	This is not something the current system offers. NGS and SSG can discuss the specific business need and look together for a solution that does not require programming.
GR 5	The system must provide the ability to publish reports to a web site in PDF and HTML format.	M	PE	This is not functionality that the system currently offers.
GR 6	The system must have the ability to cut/copy and paste from reports into MS Word, Excel, and Access formats.	M	FS	The *GrantPro* system offers the ability to cut/copy and paste data from reports into MS Word, Excel, and Access formats.
GR 7	The system must provide the ability to extract or export data into a standard format, such as comma delimited and MS Word, Excel, and Access formats.	M	FS	The *GrantPro* system provides the ability to extract or export data into a standard format, such as a comma delimited file format.
GR 8	The system must provide the ability to allow the user to modify any existing report or query, and save customized versions of standard reports for that user.	M	FS	The *GrantPro* system utilizes Microsoft SQL Reporting Services as an ad-hoc reporting tool. This tool offers the user the ability to create, modify, and save report criteria, which will satisfy this requirement.

#	Requirement	RFP	Response	Vendor Response
GR 9	The system must have a comprehensive report suite that includes standard reports and the ability to generate ad- hoc reports.	M	FS	The *GrantPro* system provides a reporting interface that is accessible to SOM and school users based on access level. The content, page formatting, selection criteria, and sorting options for standard reports can be specified. *GrantPro* uses Microsoft SQL Reporting Services with Report Builder 3.0 for ad-hoc reporting. The Report Builder tool allows users to design, format, generate, save, and publish ad-hoc reports.
GR 10	The system must have the ability to export data into Microsoft Access and Excel.	M	FS	Standard reports within *GrantPro* are generated using Microsoft Reporting Services. Report data can be exported in multiple formats including Microsoft Access and Excel.
GR 11	The system must have the ability to import data from Microsoft Excel and Access	M	PE	Once NGS understands the format and scope of the data necessary to be imported from Microsoft Excel and Access, we can provide a means to import this data, on a time and materials basis.
GR 12	The system must have an advanced search and query functionality.	M	FS	For quick, intuitive, non-technical query capabilities, the *GrantPro* system provides extensive built-in search functionality. SOM staff and school users can search using student criteria such as full or partial last name, full or partial first name, full or partial SSN, academic year, aid program, and/or institution. Additional search criteria include filtering by program or payment status. Search results include student name, SSN, program, academic year, status, institution, and payment information by term. Users have ability to sort the search results by SSN or last name.
Ad-hoc Reporting Requirements				
AHR 1	The system must provide a logical report writer for ad hoc queries and reports.	M	FS	*GrantPro* uses Microsoft SQL Reporting Services with Report Builder 3.0. The Report Builder tool allows users to design, format, generate, save, and publish custom reports. A data model for ad-hoc reporting will be shared with SOM so that all suitable database fields are available to users to support ad-hoc reporting needs.
AHR 2	The system must allow the ability to produce ad hoc reports, which must include the ability to: select an unlimited number of fields from all the fields in the database, sort on any field, have the ability to have multiple sorts, input selection criteria, select a specific date or range of dates, totaling and subtotaling, ability to create calculated fields.	M	FS	
AHR 3	The system must provide a report wizard or similar tool to assist users in creating ad hoc reports.	M	FS	
AHR 4	The system must have the ability to perform queries of the database using any variable and screen-print the results.	M	FS	
Standard Reporting Requirements				
SR 1	Annual Reports- approximately 8 for each program	M	PE	

#	Requirement	RFP	Response	Vendor Response
SR 2	Payment Reports – summary and detail by payment or all payments combined for a fiscal year.	M	FS	The *GrantPro* system provides payment reports that summarize and detail all payments combined for a fiscal year.
SR 3	Refund Reports - summary and detail by refund or all refunds combined for a fiscal year.	M	FS	The *GrantPro* system provides refund reports summarize and detail all refunds combined for a fiscal year.
SR 4	Multiple program reports showing how many students are in each program and/or participate in multiple programs	M	FS	The *GrantPro* system provides multiple program reports showing how many students are in each program.
SR 5	Metrics linked to higher education and CEPI	M	PE	
SR 6	Security Reports showing user activity/access rights	M	FE	NGS will work with SSG to define security reports showing user activity/access rights.
SR 7	Ability to redact SSN (show only last 4 digits) for reports going to external customers (students, high schools, colleges)	M	FS	The *GrantPro* system provides the ability to redact SSN (show only last four digits) for reports going to external customers.
SR 8	Internal report showing how many students had which awards (TIP, MCS and CVTG or MCS and GEARUp etc.). Must be able to group (print) by student or program.	M	FS	The *GrantPro* system has the ability to provide internal reports showing how many students had which awards.

ATTACHMENT E – Cost Tables

Annual Fees

Item No.	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Grand Total	Monthly Cost
1	**Hosting Fees**	$50,820.00[1]	$50,820.00	$50,820.00	$50,820.00	$50,820.00	**$254,100.00**	**$4,235.00**
2	**Usage Fees**	N/C	$420,000.00[2]	$420,000.00	$420,000.00	$420,000.00	**$1,680,000.00**	**$35,000.00**
Total			**$52,820.00**	**$470,820.00**	**$470,820.00**	**$470,820.00**	**$470,820.00**	**$1,934,100.00**	**$39,235.00**

[1] Hosting charges will begin once it is necessary to utilize a hardware environment at CoSentry in support of this implementation.
[2] For purposes of calculating the Usage Fee, the year shall commence upon the State's acceptance of Iteration 1 after a ninety (90) day production level UAT Period.

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

One-Time Cost

Deliverable Description	Payment Amount	Hold Back[1]	Net Pay
I (a) Iteration 1 – Implementation of GrantPro base system and Michigan Competitive Scholarship (MCS) and Michigan Tuition Grant (MTG) in production	$187,500	$28,125	$159,375
I (b) Iteration 2 – Implementation of the Tuition Incentive Program (TIP)	$187,500	$28,125	$159,375
I (c) Iteration 3 – Children of Veterans Tuition Grant (CVTG) Police Officers and Firefighters Survivors Tuition Grant (STG)	$187,500	$28,125	$159,375
I (d) Iteration 4 – Implementation of GEAR UP 1, GEAR UP 2 and GEAR UP 3	$187,500	$28,125	$159,375
I (e) Project Close Out - MCS, MTG, TIP, CVTG, STG, Gear Up 1, Gear Up 2 and Gear Up 3 Implementation	$334,374	N/A	N/A

One-Time Total Cost	**$999,999.00**	N/A	N/A
Future Enhancements (As-Needed)			
Future Enhancements[2] - Not-to-Exceed Hourly Rate of $125.00/hr. 6,000 estimated Reserve Bank of Hours	**$750,000.00**	N/A	N/A

Hold Back[1] -The State is entitled to withhold 15% of each milestone payment, which shall not be remitted to Contractor until the State accepts the Deliverables identified in Project Close Out.

Future Enhancements[2] – SOM will issue separate Statements of Work to the Contractor for any work requested that use the reserve bank of hours and the Contractor will provide a written price proposal to SOM for approval prior to any work commencement. Actual funding for reserve bank of hours may occur on a yearly basis, and there is no guarantee as to the level of funding, if any, available to the project. Reserve Bank of Hours is non-binding and will be used at the State's discretion to determine best value to the State. **All amendment/professional/transition Labor Rates will be at a blended not-to-exceed hourly rate of $125.00.**

EXHIBIT 1 – Safeguard Requirements of Confidential Data

This section sets forth the safeguard requirements for handling, storage, and processing of confidential tax information for a Contractor and their subcontractor(s) and is incorporated as an integral part of the Contract. It will facilitate administration and enforcement of the laws of the State of Michigan applicable to the State of Michigan and in a manner consistent with the applicable statutes, regulations, published rules and procedures or written communication.

I. Authority

Authority for the Michigan Department of Treasury to require that this section be included in the Contract is contained in l941 PA 122, as amended, MCL 205.28(1)(f), which states in part that subject to the same restrictions and penalties imposed upon department employees on the treatment of confidential information, a private contractor or its employees are strictly prohibited from disclosing taxpayer information to a third party. The prohibition against disclosure does not bar an employee of a private contractor with whom the State of Michigan (State) contracts that processes tax returns or payments pursuant to the Contract from having access to confidential information that is reasonably required for the processing or collection of amounts due this State.

II. Confidentiality

It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained within section MCL 205.28(1)(f) and MCL 205.28(2) of the Michigan Department of Treasury Revenue Act, which state in part;

> "Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department."

> "A person who violates subsection (1)(e), (1)(f), or (4) is guilty of a felony, punishable by a fine of not more than $5,000.00, or imprisonment for not more than 5 years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person will be dismissed from office or discharged from employment upon conviction."

All information obtained by either Treasury or Contractor will not be disclosed except as necessary for the proper administration of and execution of the Contract. In the event, confidentiality statutes are amended, the State will notify Contractor of any changes.

No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency, to any other state or nation, or unauthorized third party. No tax returns or tax return information provided to Contractor will be duplicated or disseminated within or outside the company without the written approval of the Contract Administrator. Michigan's tax returns and tax return information remain the property of the Department of Treasury.

Contractor may use a taxpayer's name, address and Social Security number or employer identification number to the extent necessary in connection with the processing and mailing of forms for any report or return required in the administration of any tax in the performance of the Contract.

Information received by the Michigan Department of Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other U.S. federal Agency will only be subject to the exchange if received as part of the State of Michigan tax return filing requirements or other State run program receiving returns directly from the customer.

III. Procedure for Security

At a minimum, Contractor will safeguard any tax return information obtained under the Contract as follows:

A. Access to the tax returns and tax return information will be allowed only to those authorized employees and Officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in the Contract. The Contractor will be responsible for ensuring that each employee authorized to access Michigan tax information has signed the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) and provide a copy to the Department of Treasury, Disclosure Officer and Contract Compliance Officer.

B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours as well as non-duty hours or when not in use.

C. All personnel who will have access to the tax returns and to any records created by the tax return information will be advised of the confidential nature of the information, the safeguards required to protect the information and the civil and criminal sanctions for noncompliance contained in MCL 205.28(1) (f) and (2).

D. All confidential information, which includes, but is not limited to, data stored electronically and any related output and paper documents will be secured from unauthorized access and with access limited to designated personnel only. Michigan tax return information will not be commingled with other information. Further, when appropriate, Michigan tax return information will be marked as follows:

CONFIDENTIAL-MICHIGAN TAX RETURN INFORMATION
Protect at all times. Do not disclose.
MI tax information is exempt from disclosure
under the Freedom of Information Act.

E. The records will be transported under appropriate safeguards as defined in the Contract.

F. The Department of Treasury, Disclosure Officer or Contract Compliance Officer may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.

G. The Michigan Department of Treasury, Disclosure Officer, may monitor compliance of systems security requirements during the lifetime of the Contract.

H. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as provided in the Contract.

IV. Computer System Security of Tax Data

The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Computer system security and physical security of tax data stored and processed by Contractor must be in compliance with the following security guidelines and standards established by the Michigan Department of Treasury as follows (these guidelines apply to any computer system developed by Contractor, either through its own systems staff, or through a contractor, subcontractor or vendor):

A. **COMPUTER SECURITY CONTROLS**

All computer systems processing, storing and transmitting Michigan tax information must have computer access protection controls. National Institute of Standards and Technology (NIST) Special Publication 800-53 recommends security controls that provide guidelines to State governments. To meet these standards, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation.

1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.

2) **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails, identification and authentication) and activated to prevent unauthorized users from indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.

   a) On-line Access –Users will be limited to any Treasury on-line functions, by limiting access through functional processing controls and organization restrictions.

   Any employee granted access privileges through the Contractor's Security Administrator will be approved for access and viewing rights to Treasury on-line systems by the Department of Treasury Disclosure Officer. The on-line access will be provided by Treasury's Office of Security.

   b) Operating Features of System Security

Contractor must meet the following levels of protection with respect to tax return information. Individual user accountability must be ensured through user identification number and password.

i. Access rights to confidential tax information must be secured through appropriate levels of authorization.

ii. An audit trail must be maintained of accesses made to confidential information.

iii. All confidential and protected information must be cleared from a system before it is used for other purposes not related to the enforcement, collection or exchange of data not covered by this section or by an addendum to this Contract.

iv. Hard copies made of confidential tax return information must be labeled as confidential information.

v. Confidential Treasury tax information will be blocked or coded as confidential on system.

vi. Any computer system in which Michigan tax return information resides must systematically notify all users upon log-in of the following disclosure penalties for improperly accessing or making an authorized disclosure of Michigan tax return information:

NOTICE TO STATE AGENCY EMPLOYEES AND AUTHORIZED REPRESENTATIVES

This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** *with unauthorized individuals. The Michigan Department of Treasury Revenue Act, MCL 205.28(10(f)(1), (2), prohibits such disclosure. A person making a willful unauthorized disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:*

MICHIGAN PENALTIES
The Michigan Revenue Act imposes criminal penalties up to $5,000 and/or imprisonment for 5 years, plus costs and dismissal from employment if it is found that an employee has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters.

This statement is subject to modification. A confidentiality statement, subject to modification, as needed, will be sent annually by the Security Administrator to all employees, contractors, and legal representatives of Contractor.

3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to a security system must follow the process of review,

independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.

a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Contract Administrator. Notice of the corrective action must be provided to the Contract Administrator. All non-conformities must be reported to the Contract Administrator with the following:

a. Duration of non-conformity/interruption
b. Reason for non-conformity/interruption
c. Resolution.

b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Contract Administrator for approval.

4) **Documentation** – Design and test documentation must be readily available to the State. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be passed on to the security officer or supervisor. Test documentation should describe how and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.

Additionally, documentation must include a security administrator's guide. The security administrator's guide is addressed to the System's Administrator and Security Officer and will describe the protection mechanisms provided by the security system, guidelines on their use and how they interact. This document will present cautions about security functions and describe privileges that should be controlled when running a secure system. The document will be secured and locked at all times with access rights only by the Systems Administrator and Security Officer.

Note: When a security system is designed or purchased for a specific computer or computer system, the security mechanisms must be reviewed by the State to ensure that needed security parameters are met. An independent test should be implemented on the specific computer or computer system to ensure that the security system meets the security parameters within this contract and developed with the computer system. The test may be arranged by the developer but must be done by an independent organization. Contractor must assign responsible individuals (Security Officers) with knowledge of information technology and applications to oversee the testing process. These individuals must be familiar with technical controls used to protect the system from unauthorized entry.

Finally, contingency and backup plans must be in place to ensure protection of Michigan tax information.

V. Electronic Transmission of Michigan Tax Information

The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and the use of guided media. Encryption involves the altering of data objects in a way that the objects become unreadable until deciphered. Guided media involves the use of protected microwave transmitting or the use of end to end fiber optics.

The Department of Technology, Management and Budget (DTMB) has defined encryption standards in DIT Standard 1410.17 section 6.5 which must be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with associated certification infrastructure.

An unencrypted cable circuit of fiber optics is an alternative for transmitting Michigan tax information. Adequate measures must be taken to ensure that circuits are maintained on cable and not converted to unencrypted radio transmission. Additional precautions will be taken to protect the cable, i.e., burying the cable underground or in walls or floors and providing access controls to cable vaults, rooms and switching centers.

A. **Remote Access**
Accessing databases containing Michigan tax information from a remote location – that is, a location not directly connected to the Local Area Network (LAN) will require adequate safeguards to prevent unauthorized entry.

For dial up access, the system must require an identification security card that requires both PIN and card in possession. According to DIT- Standard 1410.17 (4.1), dial in access into any connected state network will only be permitted after a dial-in user has been authenticated. Authentication is provided through ID and password.

B. **Portable Computer Devices**
Any entrusted confidential information collected or accessed during this Contract must be encrypted when stored on all storage devices and media. This includes, but not limited to, disk drives for servers and workstations, and portable memory media (PDAs, RAM drives, memory sticks, etc.).

VI. Record Keeping Requirements for Information Received in a Paper Format

Each Contract employee or contractor requesting and receiving information will keep an accurate accounting of the information received. The audit trail will be required which will include the following information:

a. Taxpayer's name
b. Identification number
c. Information requested
d. Purpose of disclosure request
e. Date information received
f. Name of Agency/Division and employee making request
g. Name of other employees who may have had access
h. Date destroyed
i. Method of destruction

A. **Electronic Media**
Contractor will keep an inventory of magnetic and electronic media received under the Contract.

Contractor must ensure that the removal of tapes and disks and paper documents containing Michigan tax return information from any storage area is properly recorded on charge-out records. Contractor is accountable for missing tapes, disks, and paper documents.

B. **Recordkeeping Requirements of Disclosure Made to State or Federal Auditor General**
When disclosures are made by Contractor to State or Federal Auditors, these requirements pertain only in instances where the Auditor General's staff extracts Michigan tax returns or tax information for further review and inclusion in their work papers. Contractor must identify the hard copies of tax records or if the tax information is provided by magnetic tape format or through other electronic means, the identification will contain the approximate number of taxpayers' records, the date of inspection, the best possible description of the records and the name of the Auditor(s) making the inspection.

The Disclosure Officer must be notified, in writing, of any audits done by auditors, internal or otherwise, of Contractor that would involve review of Treasury processing parameters.

VII. Contract Services

The following language will be included in any contract entered into by Contractor with a subcontractor if the subcontractor will process Michigan tax return information provided under this Safeguard Provision.

A. The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Definition of Treasury Tax Return Information
Treasury tax return information is defined in RAB 1989-39 as follows:

Taxpayer's identity, address, the source or amount of his/her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments whether the taxpayer's return was, is being or will be examined or subject to their investigation or processing, or any other data, received by, recorded by, prepared by, furnished to or collected by the agency with respect to a return or with respect to the determination of the existence, or liability (or the amount thereof) of any person under the tax laws administered by the Department, or related statutes of the state for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. The term "tax return information" also includes any and all account numbers assigned for identification purposes.

B. An acknowledgment that a taxpayer has filed a return is known as a "fact of filing" and may not be disclosed. All tax return data made available in any format will be used only for the purpose of carrying out the provisions of the Contract between Contractor and the sub-contractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.

C. The subcontractor will certify that the data processed during the performance of the Contract

between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor's computer facility, and no output will be retained by the subcontractor at the time the work is completed. If immediate purging of all data storage components is not possible, the subcontractor will certify that any Michigan data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.

D. Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used.

E. Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by this contract. See section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.

F. The Contractor will be responsible for ensuring that each employee authorized to access Michigan tax information has signed the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) and provide a copy to the Department of Treasury, Disclosure Officer and Contract Administrator.

G. No work involving information furnished under the contract between Contractor and a subcontractor will be further subcontracted without the specific approval of the Michigan Department of Management and Budget. Contractor and approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337, see Attachment A). The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Contract Administrator.

VIII.   Transport of Tax Information

In the event, it is necessary to transport confidential tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) for each carrier employee who has access to Michigan tax return information. The original agreements will be returned to the Department of Treasury, Disclosure Officer and a copy sent to the Contract Administrator.

If it is necessary to transfer records and responsibility for transport to a third carrier due to a mishap during transportation, the Contractor is responsible for ensuring safeguard standards remain enforce.

Any such incidents must be reported to the Contract Administrator immediately.

IX. Disposal of Tax Information

Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be destroyed by burning, mulching, pulverizing or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to affect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.

Disk media must be destroyed by overwriting all data tracks a minimum of three times or running a magnetic strip over and under entire area of disk at least three (3) times. If the CD or DVD cannot be overwritten it must be destroyed in an obvious manner to prevent use in any disk drive unit and discarded. Hand tearing, recycling, or burying information in a landfill are unacceptable methods of disposal. Electronic data residing on any computer systems must be purged based on Treasury's retention schedule.

Contractor and its subcontractor(s) will retain all confidential tax information received by Treasury only for the period of time required for any processing relating to the official duties and then will destroy the records. Any confidential tax information that must be kept to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security (Section V of this section) for more details.

X. Security Responsibility

Contractor will designate a security person who will ensure that each individual having access to confidential tax information or to any system which processes Michigan tax return information is appropriately screened, trained and executes a *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) before gaining access or transaction rights to any process and computer system containing Treasury tax return information.

Each Contractor or their subcontractor(s) employees' access and transaction rights will be reviewed periodically to ensure that there is a need to know Treasury tax return information displayed in any media.

Michigan tax return information will be made available only to individuals authorized by the Contract. State and Contractor will maintain a list of persons authorized to request and receive information and will update the list as necessary. A copy of the list must be furnished to the Michigan Department of Treasury Disclosure Officer and Contract Administrator.

XI. Effective Date

These Safeguard requirements will be reviewed whenever the Contract modifications include specifications or processes that affect tax data.

SCHEDULE C – Disaster Recovery Plan

Please be advised that Schedule C is not posted to the web for this Contract. This file is large and therefore is available on CD-ROM by request only. Requestor should contact The Contractor Administrator within Purchasing Operations (Section 2.021) in order to make arrangements to obtain these documents. Please indicate "<Contract#>" on the subject line of the email.