

- One year experience with Client Service Center and site support services

HP PMO Manager: Dave Pelleran

- Participate in weekly status meetings to ensure all scheduled activities are being met.
- Track, update and monitor a master schedule to ensure all scheduling requirements and resource needs are planned for and being met for HP and State of Michigan resources.
- Resolve and escalate issues as appropriate.

Minimum Experience Requirements of Other Staff:

Senior Developer

- Five years' experience developing applications in the required environments
- Junior Developer
- Two years' experience developing applications in the required environments

Additionally, the State will provide the following key roles: Project Manager for DTMB and MDOS, Test Manager, DTMB Infrastructure Manager, Requirements Subject Matter experts for Driver, Vehicle and In House, DTMB Subject Matter Expert for system Interfaces, Testers with System and Business Knowledge, Training Coordinator, and Implementation Coordinator.

3.2 Legacy Developers

HP and the State agree that HP will have no further obligation to provide legacy developers (as defined in the Contract).

4. Governance

Schedule F provides an overview of how governance of the Project will work. The operational mechanics and details of how the parties have agreed to conduct governance of the Project and the parties' relationship under this Contract are set out in separate operational documentation that is not part of this Contract..

4.1 Executive Committee (EC)

HP and the State agree to maintain during the term of the Contract an Executive Committee to provide executive oversight and guidance to the members of the entire project team. The Executive Committee will be composed of senior management from the State, the HP Senior Executive Sponsor and Account Executive, and the PCO Manager. The Executive Committee will meet bi weekly or as frequently as mutually agreed, and will perform the following functions: (See Schedule F).

- Approve BAM strategy and plans as defined by the program management team.
- Provide overall oversight and direction of the Project.
- Plan and approve Changes requiring additional funding that have been approved by the PMT.
- Identify and resolve issues escalated to the Executive Committee, providing agreed-upon direction to the project team.
- Approve project plans and schedules.
- Approve Changes not requiring additional funding.
- Provide funding and commitment to resources.

4.2 Project Control Office (PCO) Manager

The PCO Manager is a separate contracted lead paid for by the State. The PCO Manager will lead efforts on ensuring the State's needs are met under the Contract, drive delivery of all items due under this Change Notice, lead State and HP Program Management Team (PMT) members in development of schedules, ensure HP use of an integrated project planning and management tool across software releases and work streams to identify and resolve resource conflicts. In addition, the PCO Manager will lead the PMT to ensure all teams are directed in the same manner and get consistent messages about

what is required, escalate any unresolved issues to the Executive Committee, and serve as the lead for the PMT.

4.3 Executive Oversight for HP and State

HP will appoint individuals designated as the HP Executive Sponsor, HP Account Executive and, HP Account Manager, respectively, whose responsibilities will be as follows:

The HP Executive Sponsor will:

- a) Have final authority for the successful execution and delivery of HP's Services and other responsibilities under the Contract.
- b) Provide guidance to the HP Account Executive/Manager relative to design, support, budget, and Contract management.
- c) Approve Change Orders on behalf of HP.
- d) Participate in the Executive Committee meetings.

The HP Account Executive will:

- a) Have prime responsibility for the successful execution and delivery of HP's Services and other responsibilities under the Contract.
- b) Provide guidance to the HP Account Manager relative to service delivery, schedule, support, budget, and Contract management.
- c) Participate in the Executive Committee meetings.

The HP Account Manager will:

- a) Have responsibility for the day to day delivery of the BAM Project.
- b) Oversee and Manage all aspects of the HP Delivery team.
- c) Provide BAM Contract management.
- d) Be a member of the PMT.

The State Executive Team (comprised of DTMB CIO and MDOS Chief of Staff) will:

- a) Have prime responsibility and final authority for delivery of the project under this Change Notice.
- b) Provide guidance to the State team relative to the budget and Contract management.
- c) Approve Change Controls on behalf of the State.
- d) Participate in the Executive Committee meetings.

The State Sub-Executive Team (comprised of the MDOS Director of Department Services, PCO Manager, HP Account Executive and DTMB General Manager for MDOS) will:

- a) Act as a single point of contact in the execution and delivery of the Services and responsibilities under this Change Notice.
- b) Enforce agreed-upon processes and related controls among the State project team members.
- c) Ensure clear and open lines of communication exist between the State and HP Enterprise Services, LLC project team members.
- d) Assist the HP Enterprise Services, LLC Account Executive in the day-to-day management of the project and resolution of issues.
- e) Approve Change Controls as needed.
- f) Participate in the Executive Committee meetings as needed.
- g) Provide prompt notification to HP Enterprise Services, LLC of any issues, concerns or disputes with respect to the Services provided.

The Program Management Team (PMT) which is comprised of DTMB, MDOS, HP, representatives and PCO Manager will, at minimum:

- a) Monitor the project work plan as developed, maintained, and provided by HP Enterprise Services, LLC.
- b) Provide project management reporting as needed
- c) Coordinate Executive Committee communications, meetings, and reporting as required.

- d) Resolve issues prior to escalation to Executive Committee.
- e) Recommend resolution to change controls.
- f) Be the daily ongoing lead to the project and ensure delivery of all deliverables and ensure meeting timelines.

5. Compensation and Payment

5.1 RESERVED.

5.2 Payment Milestones

All remaining payment milestones under the Contract are set forth in the tables below. Except as otherwise expressly provided in this Change Notice, HP is not entitled to any other payments under the Contract for completing and delivering the remaining deliverables and performing the Services and HP's other obligations under the Contract. HP will invoice the State and the State will make payments to HP for the remaining Contract payment milestones in accordance with the associated invoice trigger events set forth in Tables 5.2-1 and 5.2-2 below. Payment terms will be net 45 days after the State's receipt of a correct invoice submitted in accordance with the applicable invoice trigger event stated in Tables 5.2-1 and 5.2-2 below. HP acknowledges and agrees that there are not currently any other outstanding amounts due and owing to HP under the Contract, nor is HP entitled to payment under the Contract of any amounts other than the payment milestones set forth in Table 5.2-1, the Production Support charges set forth in Table 5.2-2, and authorized charges pursuant to State-approved Change Control #29418 in the amount \$1,383,544 (which Change Order will be funded from the System Enhancement Allowances set forth in Table 5.2-2 below), and that any outstanding claims by HP for payment of previously submitted invoices under the Contract and claims by HP that any services requested or agreed to by the State constitute Changes are hereby irrevocably withdrawn by HP.

The following payment tables replace Exhibit B of Change Notice #1.

Table 5.2-1: Remaining Contract Payment Milestones

No.	Payment Milestone	Invoice Trigger Event	Amount
1.	QEK Release Completion	Expiration of 90-day warranty period (per Section 6.1 below) following the go-live date of the QEK release, plus achievement and State sign-off of Critical Milestones #1 and #3, as set forth in Section 8.1 below, and delivery of updated RTM, BAM application rules, and updated source code	\$750,000.
2.	Branch 1 Deployed	Deployment of Branch 1 into production	\$750,000.
3.	Branch 1/ Completion of Warranty Period (90 days)-	Expiration of 90-day warranty period (per Section 6.1 below) following the go-live date of the Branch release in branch 1	\$950,000.
4.	Branch/In-House Release Completion - implementation in all branches	Expiration of 90-day warranty period (per Section 6.1 below)	\$1,550,000.

No.	Payment Milestone	Invoice Trigger Event	Amount
		following the go-live date of the Branch release in the last State branch to go live, and delivery of updated RTM, BAM application rules, and updated source code	

Table 5.2-2: Production Support Charges and System Enhancement Allowances

	Period	Production Supp. Chrgs. (per month)	Production Supp. Chrgs. (per annum)	Sys. Enh. Allowance (per annum)	Max.Total (per annum)
1.	Base Year 1	\$144,000.	\$1,728,000.	\$2,472,000.	\$4,200,000.
2.	Base Year 2	\$280,000.	\$3,360,000.	\$840,000.	\$4,200,000.
3.	Base Year 3	\$280,000.	\$3,360,000.	\$840,000.	\$4,200,000.
	TOTAL AMT (Base Years)		\$8,448,000.	\$4,152,000.	\$12,600,000.
4.	Option Year 4	\$280,000.	\$3,360,000.	\$840,000.	\$4,200,000.
5.	Option Year 5	\$280,000.	\$3,360,000.	\$840,000.	\$4,200,000.
6.	Option Year 6	\$280,000.	\$3,360,000.	\$840,000.	\$4,200,000.
	TOTAL AMT (Option Yrs)		\$10,080,000.	\$2,520,000.	\$12,600,000.
	GRAND TOTAL		\$18,528,000.	\$6,672,000.	\$25,200,000.

Table 5.2-2 Notes:

1. The monthly Production Support charges shown in the table are to be invoiced monthly, in arrears, and are subject to Holdback Amounts as provided in Section 5.3 below.
2. Notwithstanding the projected amounts shown in Table 5.2-2, the monthly Production Support charge will remain at \$144,000 until the go-live date of the Branch release in branch one has occurred, at which time the monthly Production Support charge will increase to \$280,000, where it will remain through the end of the Term. At the time when the monthly support charge increases to \$280,000, the per annum Production Support charges and the System Enhancements allowance for the affected contract year will be revised such that their sum for the affected contract year remains equal to \$4.2 million.
3. Development and implementation of System Enhancements (as defined under Schedule B to this Change Notice) are at the sole discretion of the State, and shall be implemented in accordance with the Change Management Process set forth in Schedule B to this Change Notice. An aggregate of \$6,672,000 has been authorized for System Enhancements over the life of this Change Notice, including the three Option Years, as set forth in table 5.2-2.

Table 5.2-3: Payment Milestones for System Enhancements (other than Minor System Enhancements)

Estimated HP Charges for the System Enhancement	Invoice Trigger Event	Invoice Amount
Less than \$50,000	90 days of operation after first being placed in production with no High Defects, as defined in Exhibit I	100% of agreed HP charges for the System Enhancement

Estimated HP Charges for the System Enhancement	Invoice Trigger Event	Invoice Amount
From \$50,000 - \$500,000	Delivery of completed System Enhancement ready for UAT	35% of agreed HP charges for the System Enhancement
	90 days of operation after first being placed in production with no High Defects, as defined in Exhibit I	65% of agreed HP charges for the System Enhancement
More than \$500,000	Requirements completed and approved by the State	25% of agreed HP charges for the System Enhancement
	Delivery of completed System Enhancement ready for UAT	25% of agreed HP charges for the System Enhancement
	90 days of operation after first being placed in production with no High Defects , as defined in Exhibit I	50% of agreed HP charges for the System Enhancement

5.3 Holdback

As security for HP's performance obligations under this Contract, the State will retain the following amounts specified under this section (collectively, the "**Holdback Amounts**"). The State will initially retain forty percent (40%) of the amount of each monthly Production Support payment otherwise payable to HP. Starting when Payment Milestone #2 in table 5.2-1 has been achieved, the Holdback Amount will be reduced to twenty percent (20%) of the amount of each monthly Production Support payment otherwise payable to HP, which shall end upon the achievement of Critical Milestone 6.

The first release of Holdback Amounts, equal to fifty percent (50%) of the total Holdback Amounts accrued to that time, shall be payable upon the achievement of Payment Milestone #2 in table 5.2-1. The remaining Holdback Amounts shall be payable upon expiration of the 90-day warranty period (per Section 6.1 below) following the achievement of Critical Milestone 6. Amounts due the State as liquidated damages pursuant to Section 8.2, if not paid by HP within fifteen (15) days of notification of assessment, may be deducted by the State from any Holdback Amounts retained by the State pursuant to this Section.

5.4 Hourly Rates for System Enhancements and Changes

Unless otherwise agreed in writing by HP and the State, HP's charges for any System Enhancements (other than Minor System Enhancements for which HP Production Support resource capacity is available during the applicable Production Support period - with the State having the right to set the priorities for Production Support work), the charges for which are included within HP's Production Support charges) or other Changes requested or approved by the State, as described in Schedule B – Change Management Process, will be calculated on an hourly rate basis at the applicable rates set forth in the following table. Such rates will remain in effect through end of the Contract's term. Any Changes requiring positions not contemplated in the table below will be provided at rates mutually agreeable to both the State and HP, which rates shall be consistent with the rates set forth in the following table.

System & Service Enhancements	
Staffing Category	Hourly Rate
DBA	\$105.00
Documenter	\$84.00
Facilitator	\$105.00
Jr. Analyst/Developer	\$84.00
Project Manager	\$157.00
Sr. Analyst/Developer	\$115.00
Tester	\$93.00
Trainer	\$105.00

6.0 General Provisions

The following general duties and responsibilities, which apply to all milestones and deliverables, are highlighted below to reflect each of the parties' obligations regarding this Change Notice.

Certain HP Responsibilities:

- HP will make available to designated State Team members training in the use of specified tools and a process of knowledge transfer designed to equip them with sufficient knowledge of the BAM Applications to assume responsibility for their ongoing maintenance and support.
- In the delivery and implementation of BAM, HP will utilize the agreed to HP/Suite cross reference workbook. – or PM2 methodology, which has previously been made available to HP.
- HP will provide an updated BAM architecture design for review and acceptance by the State specifying the required operating environment and infrastructure for BAM that the State is responsible for providing.
- HP will be responsible, as part of its Application development Services, for correcting Critical and High Application Defects discovered in each BAM release, Module or System Enhancement prior to the State accepting and using it in live production operations, after which Defect corrections will be provided by HP pursuant to its warranty obligations or as part of its Production Support Services, whichever is applicable.

Certain State Responsibilities:

- The State will provide the 3rd party software licenses and hardware required for the BAM implementation in accordance with the BAM architecture design provided by HP and accepted by the State.
- The State will be responsible for development of the legacy side of any interfaces between the State's legacy systems and the BAM Applications.
- The State will meet target dates and commitments in the schedule.

6.1 Warranty

For a period of 90 days following the go-live date for each of (1) the QEK Release and (2) the In-House/Branch Release in the first branch and in all branches, each as described in Schedule D – Requirements, HP warrants that the delivered Application (including all custom configuration and application code developed by HP and delivered to the State with respect to each of the Milestones) will conform in all material respects with its requirements and specifications set forth in the Contract, including in the attached Schedule D - Requirements. HP will work in accordance with professional standards customary in the industry to diagnose and resolve Critical and High Defects in the System reported to or discovered by HP prior to the end of the warranty period at no additional cost to the State. In the case of Defects reported to HP by the State, the State will review and approve the HP Defect report that includes a written description of the claimed Defect, including a description of how the State believes the System should perform, and sufficient information to enable HP to reproduce the Defect. Defects identified before the end of the warranty period will be resolved under HP's warranty obligations even if their resolution extends outside the stated warranty period.

HP will be responsible for resolving Medium and Low Priority Defects (as well as Critical and High Defects not covered under the warranty) as part of Production Support. HP's priorities for troubleshooting and correcting Defects, and the urgency with which HP will do so, will be based on the severity level classification of each Defect according to the 'Priority Assignments' set out in Section 3.1 of Exhibit I, or as otherwise prioritized by the State. Since the State is paying HP to complete the remaining Critical Milestones listed in Section 9.0 below on the agreed schedule and provide a certain level of capacity to perform work on System Enhancements during each Production Support Year, HP is responsible for providing sufficient levels of appropriately qualified staff such that the fulfillment of

HP's warranty and Production Support responsibilities does not impair its timely completion and achievement of any Critical Milestone or its ability to perform development work on System Enhancements in accordance with the delivery schedule established by the State for requested System Enhancements.

7.0 RESERVED

8.0 Critical Milestones and Liquidated Damages

8.1 Critical Milestones and Associated Due Dates

The following timelines have been established for HP's completion and achievement of each of the remaining Critical Milestones and will be used as the timelines that liquidated damages will be calculated against. Notwithstanding anything in this Change Notice or the Contract to the contrary, completion of each Critical Milestone, and any State acceptance thereof, will be determined in accordance with objective acceptance criteria corresponding to such Critical Milestone set forth in Schedule A and in accordance with the procedures set forth in Schedule E.

Critical Milestone	Contractual Achievement Date
1. Express SOS Source Code	Documented source code for Express SOS delivered and accepted by the State within one month after the date of execution of this Change Notice.
2. QEK Release	This Critical Milestone has been achieved
3. Knowledge Transfer plan	Knowledge transfer plan sufficient to equip State staff to maintain and support the application must be delivered and accepted by the State on or before 3 months after the date of execution of this Change Notice.
4. Requirements Traceability Matrix	a) RTM with full test case mapping delivered to the State by a date to be agreed upon by HP and the State – date to be determined by 10/1/2013. b) RTM aligned to Technical Design Documents delivered to the State by a date to be agreed upon by HP and the State – date to be determined by 10/1/2013.
5. In-House/1 st Branch Release	Delivered and accepted by the State for production deployment in the first branch office on or before 6/7/2014.
6. In-House/Remaining Branch Release	Delivered and accepted by the State for production deployment in all branches on or before date proposed by HP and agreed by the EC. Such date shall be determined by the EC within 30 days after 6/7/2014.
7. Data Migration data	Planned / Delivered and accepted within 7 months of the last migration, or as the State and HP otherwise agree.
8. Planned Releases	Delivered and accepted by a date to be agreed upon by the State and HP.

8.2 Liquidated Damages

The following liquidated damages provisions replace and supersede all others in prior versions of the Contract from the effective date of this Change Notice forward.

- A. The State has conditionally agreed to waive the imposition and collection of any liquidated damages from HP in respect of events that occurred prior to the date of execution of this Change Notice provided HP achieves Critical Milestone 6 from Section 8.1 above by its contractual achievement date as set forth in Section 8.1 above. This waiver will not apply if HP does not achieve such Critical Milestone by its specified contractual achievement date; provided, however, that in no event will the aggregate amount of liquidated damages in respect of events that occurred prior to