STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET   July 3, 2012
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

NOTICE
OF
CONTRACT NO. 071B2200237
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Technology Partnership Group, Inc. **9860 Westpoint Drive, Suite 700** **Indianapolis, IN 46256**	Terri Eakins	teakins@techpg.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(317) 610-6100 ext. 101	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB-Treasury	Timothy Johnson	(517) 335-4405	JohnsonT15@michigan.gov
BUYER:	DTMB	Reid Sisson	(517) 241-1638	SissonR@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: **State Revolving Funds Systems for the Department of Treasury**			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
3 years	July 3, 2012	July 2, 2015	5, one year
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:			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:		$428,282.00	

The terms and conditions of this Contract are attached.

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

CONTRACT NO. 071B2200237
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Technology Partnership Group, Inc. **9860 Westpoint Drive, Suite 700** **Indianapolis, IN 46256**	Terri Eakins	teakins@techpg.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(317) 610-6100 ext 101	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	DTMB-Treasury	Timothy Johnson	(517) 335-4405	JohnsonT15@michigan.gov
BUYER:	DTMB	Reid Sisson	(517) 241-1638	SissonR@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: **State Revolving Funds Systems for the Department of Treasury**			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
3 years	July 3, 2012	July 2, 2015	5, one year
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:			
The terms and conditions of this Contract are those of solicitation # 084R2200039 **and this Contract Agreement. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the vendor, those of the State take precedence.**			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:		$428,282.00	

FOR THE CONTRACTOR:	FOR THE STATE:
Technology Partnership Group, Inc.	
Firm Name	Signature
	Jeff Brownlee, Chief Procurement Officer
Authorized Agent Signature	Name/Title
Terri L. Eakins, President and CEO	
	DTMB Procurement
Authorized Agent (Print or Type)	Enter Name of Agency
Date	Date

Table of Contents

Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 PROJECT REQUEST
The State of Michigan (State), through the Department of Technology, Management and Budget (DTMB) has issued this Contract to procure a customized software program(s) to administer the State Revolving Funds (SRF) Programs.

1.002 BACKGROUND
The Michigan Department of Treasury - Bureau of State and Authority Finance (Bureau) administers various loan and bond programs to provide low cost financing to various entities within Michigan. The financial tools that pertain to this Contract are the State Revolving Funds (SRF) Programs.

SRF
The SRF Programs are jointly administered by the Michigan Department of Environmental Quality and Treasury. The Drinking Water State Revolving Funds (DWSRF) program was established by the 1996 Safe Drinking Water Act (SDWA) Amendments and authorizes grants to states to capitalize revolving loan funds. The states provide low-interest loans to eligible systems for infrastructure improvements needed to ensure compliance with the SDWA and protect public health. The Clean Water State Revolving Funds (CWSRF) program was established in 1987 under amendments to the Federal Clean Water Act. The CWSRF program is available to fund a wide variety of water quality projects including all types of nonpoint source, watershed protection or restoration, and estuary management projects, as well as more traditional municipal wastewater treatment projects. The Strategic Water Quality Initiatives Fund (SWQIF) is a low 2.5% interest revolving loan program that allows qualified municipalities to access financing for the construction of needed water pollution control facilities that cannot qualify for SRF assistance.

From 1989 through 1992, Michigan's SRF operated as a direct loan program. Municipalities requested reimbursement for project costs and draws were processed directly upon federal and state funds as they were requested. Since 1992, however, the state has sold State Revolving Fund Revenue Bonds that are secured by federal and state assets (i.e., federal capitalization grant, required state match, loan repayments, and interest earnings). State funds can include general fund or state match revenue bonds. Bond issuance costs are covered by the bonds sold and, thus, are not identified as direct administrative expenses of the SRF. Historically, the bond issuance costs approximate one percent of the total bond issue. Project costs of the local units of government are reimbursed from the bond issues.

Michigan has requested and received a significant amount of federal capitalization grants from the EPA since FY 1989. The total federal contribution to Michigan for the SRF program is $1.4 billion to date. Federal capitalization grant funds require a 20 percent match contribution from state sources; totaling $251 million to date. The federal and state funds create the capital pool from which the low-interest loans can be made.

The structure of the SWQIF is very similar to the SRF and utilizes the same project planning, application, and review/approval process. Like the SRF, the SWQIF can operate as a direct loan program or can provide assistance through the sale of leveraged revenue bonds.

The SRF system will be utilized by potentially 10 staff members, which include but are not limited to accountants, technicians, and managers. There will be expected to be 3 users accessing the system at any one time. The borrowers will not use the SRF application to pay the amount. For the majority of SRF loans, Interest payments are made twice a year and principal payments occur once a year. Loan draws are disbursed on a weekly basis.

Current System

The Bureau currently utilizes a customized version of the Munex APL system to administer the SRF. The application is installed locally and the database files reside on the State servers. Bekant is the contact Management integrated with "Munex" and is used for all the bond and loan contact information stored in the Munex system.

1.100   Scope of Work and Deliverables

1.101 IN SCOPE

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

- Business Requirements Development & Validation.
- Project Management
- System Configuration, Design and Development
- System Testing and Implementation
- Data Conversion Support and Import
- Provide complete technical documentation, database layouts, and user/training materials.
- Provide training for all internal users for the system(s).
- Software and Software Maintenance
- Additional Software Enhancements

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 RFP. Data extraction and cleansing will be the responsibility of the State.

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 this RFP 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.

(a) Enterprise IT Policies, Standards and Procedures:
http://www.michigan.gov/dmb/0,1607,7-150-56355-107739--,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.

Where the Contractor is solely responsible for software maintenance or development for an uncustomized COTS solution, the State's standards for development tools do not apply.

(b) 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
http://www.michigan.gov/documents/dmb/1350.10_184594_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.

Any additional Agency specific security requirements above and beyond the enterprise requirements and standard terms and conditions stated in Article 2 must be provided as part of the Agency Specific Technical Environment.

(c) IT Strategic Plan:
http://www.michigan.gov/itstrategicplan

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

(e) 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

(f) Project Management Methodology Standards
The Project Management Methodology (PMM) to be used on all Information Technology (IT) based projects is described at http://www.michigan.gov/projectmanagement. The Contractor shall use the SOM's PMM Express to manage this Contract. If the Contractor requires training on the PMM, those costs shall be the responsibility of the Contractor, unless otherwise stated.

(g) 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, a hosted application, 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 XP Professional, SP3
    Version 5.1 (Build 2600.xpsp_sp3_gdr.101209-1647: Service Pack 3)
- 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)

Current Applications
- Munex Loans and Bond Tracking System – to be replaced
- Bekant Contact Management System (integrated with Munex) – to be replaced

(h) Adherence to Architecture and Standards and Polices

All Contractors will be subject to Enterprise Architecture review and approval at the State's request. Application design, architecture, coding and implementation styles which incorporate practices and techniques which help ensure long-term support and maintenance by SOM MDIT employees will be given high priority. Architecture, coding style and development standards will adhere to industry standard best practices and patterns. The SOM reserves the right to modify any standards which it deems insufficient or in conflict with its IT standards.

Contractors must provide a detailed description of the infrastructure requirements for the software proposed. For example, the database, operating systems (including versions), and hardware required for maximum effectiveness of the software.

To the extent that Contractor has access to the SOM computer system, The Contractor must comply with the SOM's Acceptable Use Policy, see http://www.michigan.gov/documents/dmb/1460.00_184733_7.pdf. All Contractor employees must be required, in writing, to agree to the SOM's Acceptable Use Policy before accessing the SOM system. The SOM reserves the right to terminate the Contractor's access to the SOM system if a violation occurs.

1.104 Work And Deliverable
This section includes:
I. Services (work) To Be Provided and Deliverables;
II. Requirements

I. Services (work) To Be Provided and Deliverables:
The purpose of this section is to describe the work and deliverables necessary to provide the functionality required for implementation of the SRF solution and to transition operations to the State. This section describes the project management and systems engineering methodology, as well as additional related activities that must be followed during the execution of this project.

Contractor shall provide a solution that must utilize the same formula calculations and algorithms of the current Munex system to insure integrity of data. Contractors system must be easily modifiable to adapt to program and legislative changes to the SRF Programs. Contractor's system should have robust data-import capability to accept data from multiple sources.

The Contractor shall provide the deliverables, services and staff and otherwise to do all things necessary or incidental to provide the functionality required for the SOM's business operations, in accordance with the requirements (in Section II of 1.104) as set forth below.

Seven Phases of Work & Deliverables

The project is broken into seven (7) phases. Each of these phases has corresponding deliverables and milestone payments. Maintenance and Future enhancements are priced and paid for separately from these seven phases. All seven phases are discussed in greater detail in the section below.

Upon the conclusion of each phase and the submission of all deliverables required in the phase, the State Project Manager will provide written acceptance if all the work and deliverables have been satisfactorily completed. The Contractor, after receipt of such acceptance, shall submit an invoice for the milestone payment associated with the completed phase. In the event that the work and deliverables are not acceptable to the State Project Manager the Contractor shall correct the issues noted and re-submit by a date, as specified by the State Project Manager.

I (a) Phase I - Project Planning

The Work Description for Phase I Project 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 should plan to have access to up to ten State staff (eight Bureau staff available up to 30% of their time and three IT staff available up to 40% of their time), during this phase.

Contractor will perform the following key tasks:
- Conduct one (1) face-to-face project kickoff meeting with the Bureau and IT staff 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 plan, including a narrative description, and addressing communications, quality management, change management, risk management, and staffing. The project 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. The Project Plan will be submitted to the State Project Manager within five (5) business days of 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 State Project Manager.
- Contractor will provide the EnABLE software for installation in the State's technical environment.

State Roles and Responsibilities for this phase:
- Identify and provide Project Manager or Leader who will serve as the primary point-of-contact for the EnABLE Project Manager and team and who has the authority to make and implement decisions on behalf of the project
- Collaborate with the EnABLE team to define project governance, communication, issue resolution procedures, and deliverable acceptance criteria
- Obtain cooperation from supporting stakeholder organizations (e.g., state IT department, internal IT department, partner agencies, etc.)
- Identify and provide a Technical Lead who will serve as the primary point-of-contact for the EnABLE Project Manager and team to the Michigan Department of Technology, Management & Budget (DTMB), who has the authority to make decisions on behalf of the DTMB, and who will facilitate creation of the technical environment and installation

of the EnABLE software
- Create technical environment and install EnABLE software
- Obtain building access for the EnABLE team, assign physical space, and establish on-site and virtual computer access
- Identify resources for deliverable reviews, perform deliverable reviews, and approve deliverables
- Actively participate in project review or status meetings and Steering Committee meetings
- Accept, process and pay project invoices in a timely manner

Deliverables for Phase I Project Planning

The Contractor shall submit the following to the State Project Manager:
1. Project Plan & Schedule
2. Work Breakdown Structure
3. Resource Allocation Plan
4. Initial Security Plan and Assessment (DIT-0170)

Acceptance Criteria for Phase I Project Planning

Delivery, review, and approval of deliverables shall follow the processes detailed in Section 2.250 – Approval of Deliverables. If the deliverable documents for this phase are in accordance with the SUITE methodology and templates (see section 1.103) and are acceptable to the State Project Manager, in coordination with the Bureau Project Coordinator, the State Project Manager will provide written acceptance.

Upon receipt of the State Project Manager's written acceptance of all Phase I work deliverables, the Contractor may submit an invoice for the milestone payment associated with this Phase.

I (b) Phase II - Requirements Verification and Validation

The Work Description for Phase II Requirements Verification and Validation:

Contract Exhibit B (Technical Requirements), **Contract Exhibit C** (Functional Requirements) and **Contract Exhibit D** (Service Level Agreements) will be utilized by the Contractor to implement the new SRF 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.

If additional functional or technical requirements, which are critical to the successful operation of the solution, are identified at this time, these will be addressed and an approved as a change to the Contract. The State reserves the right to add funding to the Contract to accommodate these changes.

Contractor will perform the following key tasks:

1) Provide Requirements Traceability Matrix – Utilizing the requirements identified in Contract Exhibits B, C, and D, information gathered from the Bureau about business processes and system requirements during the Contractor's Pre-Configuration activities, and the Contractor's experience with similar systems, develop a complete list of all system and technical requirements and create and initial Requirements Traceability Matrix.

Contractor will work with State staff to verify and validate all requirements. Contractor should plan to have access to up to nine State staff (eight Bureau staff available up to

75% of their time and one IT staff available up to 25% of their time) during this phase. If all requirements cannot be met, then Contractor shall provide customization to the COTS package to meet the requirements.

<u>State Roles and Responsibilities for this phase:</u>
- Collaborate with the EnABLE team to identify and deliver business process and system requirements source materials
- Participate in interviews and meetings and provide demonstrations to educate the EnABLE team about current business processes and system requirements
- Identify Bureau participants for structured operational walkthroughs and requirements validation meetings
- Participate in EnABLE software orientation and configuration sessions
- Record and resolve issues or questions in order to finalize system configuration
- Review drafts of the Configuration Workbook and provide feedback and input. Perform final review and provide sign-off.
- Review system customization estimates, if needed; participate in customization scope discussions; reach consensus on priorities, level of effort and costs; and amend contract, if necessary
- Review amended project plan and schedule related to customizations, if necessary

Deliverables for Phase II Requirements Verification and Validation
The Contractor shall submit the following to the State Project Manager:
1. Requirements Traceability Matrix (initial)
2. Updated Project Plan (if requested by the State)
3. Updated Project Schedule (if requested by the State)
4. Updated Enterprise Architecture Solution Assessment Document
5. Initial Business Continuity and Disaster Recovery Plan
6. Updated Security Plan and Assessment (DIT-0170)
7. GAP Analysis Document, if needed

Acceptance Criteria for Phase II Requirements Verification and Validation
Delivery, review, and approval of deliverables shall follow the processes detailed in Section 2.250 – Approval of Deliverables. If the deliverable documents are in accordance with the SUITE methodology and templates (see section 1.103) and are acceptable to the State Project Manager, in coordination with the Bureau Project Coordinator, the State Project Manager will provide written acceptance.

Upon receipt of the State Project Manager's written acceptance of a Phase II work the Contractor may submit an invoice for the milestone payment associated with this phase.

I (c) Phase III – System Configuration Definition

This phase of the project will involve taking all the requirements documents (business & technical), the SME, user and stakeholder comments generated during Phase II, knowledge gained of the SOM network and software hosting environment to produce a detailed configuration plan for the software package.

Contractor will work with State staff to perform the following Configuration Definition activities. Contractor should plan to have access to up to nine State staff (eight Bureau staff available up to 75% of their time and one IT staff up to 50% of their time during this phase:

- Hold Configuration sessions to identify all system processing/configuration settings and to document any potential customizable enhancements for the new system. The

Configuration sessions will be held in the Austin building, Lansing, MI, Monday to Friday during the hours of 8:00 a.m. to 5:00 p.m. The State Project Manager will have authority to change the number and timing of the Configuration sessions.

- Capture all software configuration details, including business rules and calculations, and potential customizable enhancements.
- A list and mock-up of all canned reports with all business rules and calculations identified by data element and table.
- A description of all data flows to and from the new system including the output to desktop software such as Excel.
- Documentation of all interfaces to other data systems (if any).
- Metadata and database design, only if required for customize enhancements to meet the Contract's requirements. Updated version of the Requirements Traceability Matrix (refer SUITE SEM-0401.
- Updated DIT-0170 Security Plan.

Contractor will perform the following key tasks:

1. Introduce Software to Stakeholders – A software orientation session will be conducted with all Bureau project team members as well as key DTMB staff to achieve an understanding of the functionality and capabilities of the EnABLE system. This will allow the Bureau project team to better understand how the functions of EnABLE can be leveraged to optimize the Bureau's business processes.

2. Conduct Operational Walkthrough/Configuration Workshops – A series of structured workshops will be organized to walk through each process with the Bureau to validate the business requirements, map the requirements to the existing EnABLE functionality, and identify any areas where gaps may exist. Decisions during this process will be captured in the EnABLE Configuration Workbook. It is important to note that portions of the EnABLE system will be configured during this process, so the Bureau's Project Team can actually see the results of the configuration decisions.   In addition, any customization to the software that may be required to meet the business objectives of the Bureau will be captured in a conceptual design to facilitate the definition of scope in subsequent tasks.

3. Record and Resolve Issues – It is common to encounter issues during the workshops that require changes in the way the Bureau does business or decisions that must be approved by the project management team. These issues will be recorded and delivered to the Bureau's project manager via the project management protocols established during Phase I.

4. Create Configuration Workbook – This task serves as the culmination of the workshop effort and entails final documentation of all decisions relating to the configuration, customization, and data conversion of the EnABLE system. The workbook information will have been collected through the various requirement gathering and configuration workshops. Any software customizations that were identified will be designed and scoped during this task. A plan will be created regarding an optimal approach to converting historical financial transactions.

5. Customization Review (if needed) – To the extent that the configuration process identifies system customizations that modify the scope of the solution, a walkthrough session with the Bureau's project steering committee will be conducted to review the scope of the customization effort and obtain an understanding and acceptance of the final scope to be included in the system implementation. This entails estimating the financial impact of all customizations efforts. This task will conclude with the approval of a revised work plan, and as appropriate and if necessary, an amended project

agreement with TechPG.

In parallel with these Phase III efforts, the Contractor and State will craft the conversion approach, and Contractor will develop the formal conversion plan for submission and approval by the State during Phase IV:

6. Review Data Conversion Sources – The Contractor will work closely with the Bureau staff to identify all sources of conversion data. Each source will be documented and cataloged for evaluation in the conversion process and plan. Data formats, counts, and validations will be documented and sample data will be reviewed for accuracy and cleanliness.

7. Develop Conversion Process – Once all of the data has been identified and documented, the Contractor will begin determining what data will be used from which source and document the relationships with the data. Once this has been accomplished and the configuration and customization meetings have defined what the EnABLE system base data structures will contain, the existing data will be mapped to the new structures. Data cleanup activities will also be identified and coordinated with the Bureau staff for action.

8. Prepare Data Conversion Plan – Contractor will use the findings from the prior activities to create a formal conversion plan that will document the sources of data, how they are mapped into the EnABLE system, data dependencies and data requirements. The plan will also specify any defaults or rules that will be applied to the conversion effort. This plan will then be submitted to the Bureau team for review and approval. The conversion plan will serve as the roadmap for further cleanup activities and for the creation of the conversion routines.

State Roles and Responsibilities for this phase:
- Collaborate with the Contractor to identify and deliver business process and system requirements source materials
- Participate in interviews and meetings and provide demonstrations to educate the EnABLE team about current business processes and system requirements
- Identify Bureau participants for structured operational walkthroughs and requirements validation meetings
- Participate in EnABLE software orientation and configuration sessions
- Record and resolve issues or questions in order to finalize system configuration within four business days
- Review drafts of the Configuration Workbook and provide feedback and input. Perform final review and provide sign-off.
- Participate in interviews and meetings related to data conversion planning.
- Review system customization estimates, if needed; participate in customization scope discussions; reach consensus on priorities, level of effort and costs; and amend contract, if necessary
- Review amended project plan and schedule related to customizations, if necessary

Deliverables for Phase III System Configuration Definition
The Contractor shall submit the following to the State Project Manager:
1. Software Configuration Workbook
2. Updated Requirements Traceability Matrix
3. Updated Project Plan and Schedule (if requested by the State)
4. The Training Plan including the training schedule
5. Updated Business Continuity and Disaster Recovery Plan
6. Final Security Plan and Assessment (DIT-0170)

Acceptance Criteria for Phase III System Configuration Definition

Delivery, review, and approval of deliverables shall follow the processes detailed in Section 2.250 – Approval of Deliverables. If the deliverable documents for this phase are in accordance with the SUITE methodology and templates (see section 1.103) and are acceptable to the State Project Manager, in coordination with the Bureau Project Coordinator, the State Project Manager will provide written acceptance. The Configuration Workbook will not be considered complete until the Contractor has provided an updated version of the Requirements Traceability Matrix.

Upon receipt of the State Project Manager's written acceptance of Phase III work, the Contractor may submit an invoice for the milestone payment associated with this Phase.

I (d) Phase IV – Configuration of Software Package

For pre-existing configurable software package, this phase will take the detailed Configuration Workbook created in Phase III and produce a functional product for the Bureau.

A copy of the current Bureau data will be made available to the Contractor for use in conversion programming.

Contractor will work with State staff to perform the following Configuration activities. Contractor should plan to have access to up to nine State staff (eight Bureau staff available up to 75% of their time and one IT staff available up to 20% of the time) during this phase:

- Configure solution according to approved Configuration Workbook
- Create approved enhancements/customization, if needed
- Perform unit and system testing
- Complete and submit data conversion plan and obtain approval
- Develop and test data conversion/import routines
- Develop user acceptance testing plan, scripts and processes as defined in Phase V
- Develop training, materials and other documentation as defined in Phase VII

Contractor will perform the following key tasks:
1. Configure and Develop Solution – TechPG will implement all final user configurations to the software and develop all customizations. Each customization will be tracked using the development tools to preserve unique processing functionality for future version upgrades of the software.
2. Data Conversion Support and Import – TechPG will be responsible for the import of data into EnAble prior to production. Validation will occur against this data to ensure that it is being imported properly and works with the EnABLE system. This data, along with select active records, will serve as the basis for acceptance testing data. For production conversion, the team will begin an incremental conversion of the active records working toward the "Go Live" date. This incremental approach permits us to convert data over time and limits conversion efforts (right before switchover) to the last two weeks' worth of data.
3. Unit and System Test Solution – All configurations, customizations, and conversions will be tested by the Contractor's EnABLE team to ensure the solution functions to the specifications defined in the Configuration Workbook.

State Roles and Responsibilities for this phase:
- Participate in discussions and planning related to conversion
- Provide technical and program assistance to identify, map and explain data
- Review and approve Conversion Plan
- Perform data extraction and cleansing

- Perform initial data conversion validation efforts
- Respond to configuration and development questions as needed
- Install configured EnABLE software for acceptance testing

Deliverables for Phase IV Development of the New System

The Contractor shall submit the following to the State Project Manager:
1. Configured Software, and Source Code, if applicable.
2. Conversion Plan and Import Program
3. UAT Test Plan, including test scripts and schedule
4. Updated Requirements Traceability Matrix (if requested by the State)
5. Updated Project Plan and Schedule (if requested by the State)
6. Program and Configuration Documentation

Acceptance Criteria for Phase IV Development of the New System

Delivery, review, and approval of deliverables shall follow the processes detailed in Section 2.250 – Approval of Deliverables. If the software code has been written according to SOM Standards and if the documents for this phase are in accordance with the SUITE methodology and templates (see section 1.103) and are acceptable to the State Project Manager, in coordination with the Bureau Project Coordinator, the State Project Manager will provide written acceptance for each deliverable.

Upon receipt of the State Project Manager's written acceptance of a Phase IV work for the specific application, the Contractor may submit an invoice for the milestone payment associated with this phase.

I (e) Phase V – Testing

The User Acceptance Testing Phase involves creation of Test Acceptance scenarios, and the State staff (business users) testing the system for user acceptance. This phase of the project will not commence until the new Bureau application is completely configured or developed and bug-free. If the application is not operating successfully as described by the various approved requirements then this stage will be delayed until it is.

Contractor shall work with the State to utilize the test scripts, approved in Phase IV, 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 following Testing activities below. Contractor should plan to have access to up to ten State staff (eight Bureau staff available up to 75% of their time and three IT staff available up to 50% of their time during this phase:

- Provide a User Acceptance Testing Environment.
- Establish an interactive web tracking system(s) to be used by the Contractor and SOM staff that will have the ability to record the outcome for testing results.
- Work with the State staff to develop User Acceptance Test scenarios and a test plan that will test all business processes through a complete business cycle.
- Work with the State staff to create test data records and other configuration required to allow the User Acceptance Testing.
- Produce a UAT Test Results Document which records the expected results, the test events, the dates of the events, the outcoming test results and the analysis of the test results.
- 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 Contractor's Responsibilities for Phase V - User Acceptance Testing
- The EnABLE software will be maintained by the Contractor who will have responsibility for the following:
    a) Software functionality during this Phase of production
    b) Analysis of Software errors and corrective action taken

Contractor shall submit an updated version of the Requirements Traceability Matrix to the State Project Manager where they will complete the column marked "UAT Test Report Number (s)." The "UAT 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.

Contractor will perform the following key tasks:

1. Develop Acceptance Test Outline – The Contractor's EnABLE team will develop an outline defining all processes to be tested. Specific processes, interfaces, and web-based processes will be called out and discussed. This outline will include information about the problem/issue documentation process that will be used to facilitate the efficient description and resolution of each problem/issue. The outline will also define a timeframe for the acceptance testing effort. Failure on the part of the Bureau to conduct the test within the three weeks may result in additional project costs, so long as this period does not fall within Bureau's blackout period.
2. Conduct and Support Acceptance Test – Acceptance testing will be handled collaboratively between the Bureau and Contractor's EnABLE team members so that issues/problems can be resolved quickly. This minimizes impact on down-stream testing. Contractor's EnABLE technical resources will be available for immediate response to identified issues and the Contractor's EnABLE project team will make every reasonable business effort to resolve the issue/problem on a timely basis.
3. Sign-off on Acceptance Test – Once all problems/issues have been resolved, a formal sign-off will be required from the DTMB and Treasury Project Managers.

State Roles and Responsibilities for this phase:
- Identify acceptance testers
- Maintenance of hosting system
- Develop the formal Acceptance Test Outline and prepare acceptance test scenarios with assistance from the Contractor's EnABLE team
- Schedule acceptance testing effort (and clear work-load) for participating Bureau team members
- Execute acceptance tests including user interface, reports, documents, implementation interfaces and converted data
- Record test results and document discrepancies and issues
- Re-test system as necessary
- Sign-off on completion of acceptance testing effort

Deliverables for Phase V - User Acceptance Testing
The Contractor shall submit the following to the State Project Manager:
1. Test results including:
    a. Documented results of a conversion test wherein the current active data base will be test loaded into the new system in the test environment
    b. Documented results of a test for data transfer and receipt from the other data systems

2. Data migration summary report including any errors encountered and corrective actions taken.
3. Report on system performance and capabilities during this phase.
4. Updated test plan based on UAT results (if requested by the State)
5. Updated Requirements Traceability Matrix

Acceptance Criteria for User Acceptance Testing

Delivery, review, and approval of deliverables shall follow the processes detailed in Section 2.250 – Approval of Deliverables. If the documents for this phase are in accordance with the SUITE methodology and templates (see section 1.103) and are acceptable to the State Project Manager, in coordination with the Bureau Project Coordinator, the State Project Manager will provide written acceptance for each deliverable. The Contractor shall not commence work on Phase VI until they have received written acceptance of all deliverables required under Phase V.

Upon receipt of the State Project Manager and the Steering Committee's written acceptance of Phase V work for the specific application, the Contractor may submit an invoice for the milestone payment associated with this phase.

I (f) Phase VI – Placing the New System in Production

Based on the project schedule, the application will be loaded onto the production platform and the data in the current system will be converted and loaded onto the production version of the database. 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 specifications of the Configuration Workbook. 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. Contractor should plan to have access to up to ten State staff (seven Bureau staff available up to 75% of their time and three IT staff available up to 75% of their time) during this phase:

- 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.
- Provide installation guide for installing the new application in the hosting environment, including installation guide will contain detailed, step by step instructions.
- Load the new system and data into the production environment in accordance with the approved development document.
- System migration and switch-over.
- System performance monitoring
- Document system performance, for the initial ninety days as a weekly report, including:
  a) Application Resource usage
  b) System/application errors in data entry
  c) The functioning of screens and reports
  d) Analysis of errors and corrective action taken
  e) Application functionality during this Phase of production
  f) Dates and times of these events
- Document, investigate and resolve any data processing problems, errors, or questions.

The State will be responsible for monitoring server resources and for network monitoring. Contractor will be responsible for Application and other performance monitoring.

Contractor will perform the following key tasks:

1. Prepare Production Environment – A distinct production environment will be established with DTMB and configured with all appropriate back-up and security provisions. This task will commence at the start of the acceptance testing phase to provide time for DTMB to execute environment set-up tasks (if required). Code from the Phase V deliverable will be migrated to the newly established production environment to facilitate the testing of the environment.
2. Final Production Refresh – Upon completion of Phase V, the production environment will be refreshed with the updated code inclusive of all acceptance test corrections. Also a final data migration will occur and all business processes will be verified.
3. Support Conversion to Live Operations – Generally, the first several days require a special level of support to handle any training or processor technology issues that may surface. TechPG will provide on-site support during this period to ensure a smooth conversion to live operations.

State Roles and Responsibilities for this phase:

- Assist in testing the production system and data prior to Go Live
- Approve the system implementation and promote use of the system among staff and stakeholders
- Document system performance, for the initial ninety days as a weekly report, including:
  a) User Logins and User Workload
  b) Production volume
  c) Load balancing
  d) System response time under varying load conditions
  e) Up-time and down-time of the Bureau system
  f) Errors in data transmission
- Finalize post-implementation support contract(s)
- Conduct project close-out meeting

Deliverables for Phase VI - Implementation

The Contractor shall submit the following to the State Project Manager:
1. Installation and configuration of the new Bureau application to the production environment
2. Updated Installation Guide for Production (if requested by the State). These are the Installation Guides for the software and database to be provided under this Contract.
3. Performance log for the ninety (90) days production period
4. Summary Report of Data Migration including any errors encountered and corrective actions taken.

Acceptance Criteria for Phase VI

Delivery, review, and approval of deliverables shall follow the processes detailed in Section 2.250 – Approval of Deliverables. If the documents for this phase are in accordance with the SUITE methodology and templates (see section 1.103) and the new Bureau system's performance is acceptable to the State Project Manager, in coordination with the Project Coordinator, the State Project Manager will provide written acceptance of the new Bureau system.

If at any time during the ninety (90) business day production run, the new Bureau system's performance or the interaction of all system components are not acceptable to the Bureau and the State Project Manager; the SOM shall give the Contractor written notice stating why the product is unacceptable.

The system must run in production for a continuous, uninterrupted 90 calendar days free of critical errors. The definition of a critical error is one where the application fails to implement the business process or does not calculate correctly, and no workaround is reasonably

available. The definition of a minor error is one where the application works with an easily available workaround correction.

In the event that the performance of the new Bureau system is found unacceptable at any time during the ninety (90) business day production run and the Contractor corrects the cause of the unacceptable performance, the State Project Manager may accept the correction and elect to resume the production test run. If the production failure cannot be duplicated during this same period, Contractor shall provide an alternative testing methodology that is satisfactory to the State Project Manager. In the event that the Contractor is not able to provide an alternative testing methodology that is satisfactory to the State Project Manager, the SOM shall have the option of either: (1) repeating the procedure set forth above, or (2) terminating this Contract pursuant to the section of this Contract entitled "Termination.".

Upon receipt of the State Project Manager's written acceptance of Phase VI work for the specific deliverables, the Contractor may submit an invoice for the milestone payment associated with this phase.

I (g) PHASE VII – Documentation, Training and Transition

This deliverable includes a training plan, scheduled training, and technical knowledge transfer of the system, production technical operations and maintenance to MDIT staff for MDIT hosting support. This plan is a critical component for successful completion of the training.

Contractor will work with State staff to perform the following Documentation, Training, and Transition activities below. Contractor should plan to have access to up to fifteen State (twelve Bureau staff available up to 50% of their time and three IT staff available up to 50% of their time) staff during this phase:

- Documentation - This phase will involve drafting, editing, and finalizing all documentation related to this project. All documentation shall be submitted in acceptable electronic format on a DVD (Microsoft Word 2003 or an agreed upon format) and hardcopy format of sufficient quality for reproduction purposes. 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.
- Training - Conduct System user training and provide documentation in accordance with the training plan and training schedule delivered in Phase III, and as approved by the State Project Manager. Timeline wise, the Training sessions should occur before the new Bureau application goes into production. This will include:
    - End User Training for DTMB, Treasury, and other appropriate State staff, for up to twelve (12) staff.
    - Electronic manuals for End User Training
    - Training for ongoing system hosting and operation, for up to three (3) DTMB IT personnel
    - Electronic manuals for system administration
- After transition DTMB reserves the right to have Contractor provide system support for the term of the Contract.

Contractor will perform the following key tasks:
1. Develop Training Plan – A detailed training plan will be prepared defining participants, timeframes, learning objectives, training modules, module content and delivery methods. The training plan will address classroom instruction and on-demand tutorial(s) for the Bureau users.

2. Configure Training Materials – EnABLE's baseline training course will be adapted to accommodate the unique configuration and customizations of the EnABLE system for the Bureau users. The baseline training course consists of Microsoft PowerPoint presentations, exercises and job aids that are presented alongside the EnABLE system. This is augmented with on-line help instructions.
3. Train Acceptance Testers and Users – Separate training will be provided at separate times to the Bureau acceptance testers and the Bureau users. The acceptance testers will be trained immediately preceding the Acceptance Testing phase. All other Bureau users will be trained immediately prior to the Go Live date.
4. Plan and provide Technical Training – To prepare MDIT staff for support responsibilities including hosting and operations

State Roles and Responsibilities for this phase:
• Review and approve Training Plan
• Identify and schedule appropriate training space and equipment
• Schedule staff for acceptance tester training and end user training
• Participate in acceptance tester training and end user training

Deliverables for Phase VII - Documentation, Training and Transition:

(a) Documentation – Produce and update Bureau documentation such as:
   1. User documentation consisting of training materials and online help
   2. Administration Guide
   3. Installation instructions
   4. Updated technical documents.
   5. Draft Frequently Asked Questions (FAQ)
   6. Operations Guide
   7. Updated Maintenance and Support Agreement

(b) Training and Transition – Conduct training and transition, with the following considerations:
   1. Conduct a Training session for Bureau staff. Conduct technical training for SOM IT personnel who will be responsible for ongoing hosting and operation of the system
   2. Create a Technical Training Plan that must contain the following:
      • A description of how the Contractor will prepare MDIT staff to assume responsibility for supporting the SOM production system hosting and operation including required MDIT roles and skills that will be needed. The Plan must also include the Contractor roles and responsibilities and knowledge base
      • A plan and schedule that specifies SOM resources required and specific high level tasks for the training and knowledge transfer
      • Documentation includes (A minimum of two (2) copies each of the documentation in electronic format and in hard copy must be provided):
         a) Complete system documentation

         b) Training materials
         c) Glossary

Acceptance Criteria for Phase VII - Documentation, Training and Transition:
Delivery, review, and approval of deliverables shall follow the processes detailed in Section 2.250 – Approval of Deliverables. If the documentation for this phase are in accordance with the SUITE methodology and templates (see section 1.103) and upon approval of all documents and the required training, the State Project Manager, in coordination with the Bureau Project Coordinator, will provide written acceptance for this Phase.

Upon receipt of the State Project Manager's written acceptance of Phase VII work for the specific deliverables, the Contractor may submit an invoice for the milestone payment associated with

this phase. All training manuals, training plans and other documentation provided become the property of the SOM.

The maintenance period shall begin upon final written acceptance of Phase VII Documentation, Training and Transition.

I (h) Hardware and Software

Contractor is required to provide a list of all hardware and software 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).

A list of all required hardware and software to implement EnABLE has been provided in our separately submitted Cost Proposal which contains Contract Exhibit G – Cost Tables.

I (i) Maintenance and Support

The Contractor will provide replacement copies, patches, or corrective services to correct any error, malfunction or defect in the new Bureau system. Maintenance does not include professional services to modify, customize or enhance software functionality to meet specific SOM business requests.

The maintenance period will commence upon the completion of the ninety (90) days production run and final acceptance of the system by the State Project Manager.

Software Maintenance and Support will include but are not limited to:
1. System Maintenance
2. Help Desk
3. Adaptive and Preventive Maintenance
4. Performance Maintenance
5. Documentation Update

Enhancements, modifications and customization of software are considered out of scope relating to Software Maintenance and Support. Please refer to Section 1.104, I (j) Future Enhancements of the RFP, regarding future enhancements.

Contractor shall provide sufficient staffing to meet the Service Level Agreements detailed in Contract Exhibit D.

I (j) Future Enhancements

The State may amend the Contract to provide enhancements to the EnABLE Software. These enhancements will be payable on a fixed-price deliverable basis. 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 Contract Exhibit G. 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.

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 Contract Exhibits B, C and D.

1.200   Roles and Responsibilities

1.201 CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

1. Location of Work
   a. The work shall be performed, completed, and managed at the following locations:
      - Richard H. Austin Building, 430 W. Allegan, Lansing, MI 48933.
      - Operations Center, 7285 Parsons Dr. Dimondale, MI 48913.

      The State will not allow work to be performed at an offshore development center. Requirements gathering, UAT, or training may require travel to other State offices located in the Lansing area.

   b. The SOM *will* provide the following resources for the Contractor's use on this project:
      - Work space
      - Desk
      - Telephone
      - PC workstation
      - Printer
      - Access to copiers and fax machine
      - Minimal clerical support
      - VPN tokens for Contractor resources to work remotely

      As applicable to the awarded solution, the State will provide development, test, and production environments.

2. Hours of Operation:
   - Normal SOM 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.
   - The SOM is not obligated to provide State management of assigned work outside of the normal working hours. The SOM reserves the right to modify the work hours in the best interest of the project.
   - The SOM does not compensate for holiday pay.

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

Contractor's staff must be able to pass a security clearance check and sign Treasury confidentiality agreements. Contractor must present certifications evidencing satisfactory Michigan State Police Background checks ICHAT and drug tests for all staff identified for assignment to this project. Contractor is responsible for any costs associated with ensuring their staff meets all requirements.

In addition, the 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.

The Contractor will provide, and update when changed, an organizational chart in **Contract Exhibit E**, 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. 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.

As part of their proposal, Contractor shall indicate their level of certification within the Capability Maturity Model.

Contractor shall provide resumes in **Contract Exhibit E,** for staff, including subcontractors, who will be assigned to the Contract, indicating the responsibilities and qualifications of such personnel, and stating the amount of time each will be assigned to the project. The Contractor will commit that staff identified in its proposal will actually perform the assigned work. **Any staff substitution must have the prior approval of the SOM**.

The Contractor will identify a Single Point of Contact (SPOC) as key personnel. The duties of the SPOC shall include, but not be limited to: i) supporting the management of the Contract and Project, ii) facilitating dispute resolution, and iii) advising the SOM of performance under the terms and conditions of the Contract. The SOM reserves the right to require a change in the current SPOC if the assigned SPOC is not, in the opinion of the SOM, adequately serving the needs of the SOM.

- EnABLE's single point of contact for this engagement will be Terri L. Eakins

The Contract will identify a Financial Analyst as key personnel. The duties of the Financial Analyst shall include, but not be limited to ensuring current financial equations and algorithms are translated to the new system, managing data integrity during migration, and translating financial terminology for Information Technology personnel. The SOM reserves the right to require a change in the current Financial Analyst if the assigned Financial Analyst is not, in the opinion of the SOM, adequately serving the needs of the SOM.

- EnABLE's key Financial Analyst for this engagement will be Laurie Beamish

The Contract will identify a Technical Lead as key personnel. The duties of the Technical Lead shall include, but not be limited to responsibility for the Solution's technical architecture, development, and implementation as specified by the State's technical and documentation requirements. The SOM reserves the right to require a change in the current Financial Analyst if the assigned Financial Analyst is not, in the opinion of the SOM, adequately serving the needs of the SOM.

- EnABLE's key Technical Lead for this engagement will be Jack Eakins

The Contractor will present and allow the SOM staff to interview all Key Personnel assigned to the project. The Contractor is obligated to provide the Key Personnel submitted at the time of bid. Failure to do so may result in the cancellation of the bid award.

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

1.202 STATE STAFF, ROLES, AND RESPONSIBILITIES

The SOM Project Team will consist of a Steering Committee, Subject Matter Experts (SME's), Project support, and a Project Manager. The Michigan State and Authority Finance is the project sponsor and will serve on the steering committee. The project sponsors will identify the additional members of the steering committee. The Bureau will provide a Project Manager. MDIT will be responsible for the SOM's infrastructure and work together with the Contractor in determining the system configuration.

The project steering committee will provide the following services:
- Approve the project schedule
- Authorize modifications for scope, resources, and budget of the project
- Ensure senior management commitment to the project
- Act as a final arbiter on proposed changes that significantly affect the business interests of the SOM.

The 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 SOM resources
- Make key implementation decisions.

The State Project Manager will provide the following services:

- Provide SOM facilities, as needed
- Coordinate the SOM resources necessary for the project
- Facilitate coordination between various external Contractors
- Facilitate communication between different SOM departments/divisions (IT-Networking, Integrated Services, Administration, Personnel Department, Accounting, Administration, etc.)
- Approval of work plans and milestones
- Resolution of project issues
- Issue tracking and escalation of 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 SOM staff attendance at all project meetings.

| Treasury Project Manager | Timothy Johnson, Treasury Accounting Section Manager | 517-335-4405 JohnsonT15@michigan.gov |
| IT Project Manager / Technical Lead | Robert Stelter, DTMB IT Agency Services | StelterR@michigan.gov |

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 – Steering Committee

In addition, the following SOM personnel/resources may be required at stages of the project. The Contractor will make every effort to provide the SOM with advance notice of when those services may be required.

- Systems Analyst
- Application Administrator
- User Implementation Coordinator
- Network Administrator
- Database administrator
- Remote access to test database environment.

The Michigan Department Technology, Management, and Budget (DTMB) and Department of Treasury are responsible for the administration of the services within the contract. The State shall provide a program manager as a contact for all issues pertaining to the execution of services under the contract. As of the effective date for contract commencement the State Project Manager shall be determined prior to the time of award:

The Department of Management & Budget, Purchasing Operations, serves as the SOM's contract administrator.

1.300   Project Plan

1.301   PROJECT MANAGEMENT

Preliminary Project Work Breakdown Structure
Contractor shall provide a ***Preliminary Project Work Breakdown Structure with the proposal for evaluation purposes***, including necessary time frames and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the SOM.
1. In particular, the Preliminary Work Breakdown Structure will include a MS Project plan or equivalent
    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 shall provide a roles and responsibility matrix.
    d. The labor, hardware, materials and supplies required to be provided by the SOM in meeting the target dates established in the Preliminary Work Breakdown Structure.
    e. Internal milestones
    f. Task durations
2. The Preliminary Project Work Breakdown Structure shall include the deliverables/milestones identified in phases described in section 1.104 of the RFP.

Note: A Final Project Plan and Work Breakdown Structure will be required as stated in Article 1, Section 1.104, I (a) Phase I – Project Planning.

Orientation Meeting
1. Upon ten (10) calendar days from Contract start date, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract, and submit a high level project plan.
2. The meeting will be held in Lansing, Michigan, at a date and time mutually acceptable to the SOM and the Contractor.
3. The SOM shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

Performance Review Meetings
1. The SOM will require the Contractor to attend Bi-Weekly meetings, at minimum, to review the Contractor's performance under the Contract.
2. The meetings will be held in Lansing, Michigan, or by teleconference, as mutually agreed upon by the SOM and the Contractor.
3. The SOM shall bear no cost for the time and travel of the Contractor for attendance at the meetings.

Project Control
1.   The Contractor will carry out this project under the direction and control of the Michigan State and Authority Finance, Treasury's Business Program Manager and Department of Information Technology.
    a.   Within twenty (20) working days of Contract start date, the Contractor will submit to the SOM project manager(s) for final approval, a high level work plan. This work plan must be in agreement with section 1.104 Work and Deliverables, and must include the following:
        i.   The Contractor's project organizational structure.
        ii.   The Contractor's staffing table with names and title of personnel assigned to the project. This 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 SOM.
>>> iii. The project work breakdown structure (WBS) showing sub-projects, activities and tasks, and resources required and allocated to each.
>>> iv. The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the WBS.

2. The Contractor will comply with all the documentation and processes required by the state's Project Management and Systems Engineering Methodology (SUITE), PMM Express version. Methodology is available at www.michigan.gov/suite. As stated in section 1.103, the Contractor is required to review all information provided by this link and confirm compliance in their response.

>>> a. Contractor shall use automated project management tools for planning, monitoring and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract, as reasonably necessary, in order to perform the cited Services, which shall include, through the end of the Contract, the capability to produce:
>>> i. Staffing tables with names of personnel assigned to Contract tasks.
>>> ii. Project plans showing tasks, subtasks, deliverables, and the resources necessary and allocated to each (including detailed plans for all Services to be performed within the next thirty (30) calendar days, updated semi-monthly).
>>> iii. Updates must include actual time spent on each task and a revised estimate to complete.
>>> iv. Graphs showing critical events, dependencies and decision points during the course of the Contract.

>> 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 SOM's standard to the extent such standard is described with reasonable detail in the Statement of Work.

1.302   REPORTS

A Bi-weekly Project Status report and a Monthly Updated Project Schedule will be required from the Contractor from the start of the project until the completion of the project or mutually agreed by the State Project Manager and the Contractor.

The Contractor shall include, within the Bi-weekly status reports, a statement that the project is on schedule or provide a proposed revised schedule. Each status report will include any key decisions and issues discussed during the previous period, if applicable. Each status report will list any decisions or data that the Contractor is waiting for from the SOM or, if there is nothing that the Contractor is waiting for from the SOM must be stated in the status report. The Contractor shall also include other pertinent information impacting the project as may be added by the State Project Manager.

The Bi-weekly Status report will use the SUITE template to report the status, which may include the following sections or other sections as mutually agreed by the State Project Manager and the Contractor for the duration of the contract.

- Summary of activity during the report period
- Accomplishments during the report period
- Deliverable status
- Schedule status
- Action Item status
- Issues or Risks
- Change Control
- Maintenance Activity (if any)

1.400 Deleted/NA

1.500 Acceptance

1.501 CRITERIA

See the Acceptance Criteria identified in Section 1.104, Work and Deliverables for the seven Phases of the project. 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, Work and Deliverables, the following requirements of final acceptance apply:

• Documents are dated and in electronic format, compatible with State 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
• MDIT and the Bureau will review documents within a mutually agreed upon timeframe
   a. Approvals will be written and signed by the State Project Manager
   b. Issues will be documented and submitted to the Contractor
   c. 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 State Project Manager 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

Payment for the project will be based on firm fixed cost based on completion and State acceptance of the Milestones identified in the payment schedule provided in Contract Exhibit G. **The Cost Table attached (Contract Exhibit G) must be used as the format for submitting pricing information.** The Contractor will need to adhere to the deliverables identified in Article 1.

Contractor must identify all information related, directly or indirectly, to the Contractor's proposed charges for services and deliverables including, but not limited to, costs, fees, prices, rates, or the identification of free services, labor or materials. The Contractor agrees the charges represent the total charge to the SOM, and that there are no other charges required to ensure successful Contract execution.

NOTE: It is expected that all hardware procurement, if necessary, will be done through the SOM's existing contracts.

Contractor shall provide a breakdown of all proposal costs along with a brief narrative explaining each cost basis as follows:

   a. Purchase costs
   b. Licensing costs

c. All installation and site preparation costs.
d. Systems integration costs
e. Conversion costs
f. Documentation and training costs
g. Start-up and Initialization - Consists of all preliminary, one-time costs to the SOM including, but not limited to, investigative, set-up, new system initialization, conversion activities, workload migration activities, network implementation, etc.
h. Ongoing Operations - Consists of all recurring monthly cost to the SOM including, where applicable but not limited to, facilities, hardware, software, operations, scheduling and security administration services, network equipment, circuits, etc. Systems Network Architecture (SNA) circuit monitoring and device support should be identified as a separate cost item.
i. Maintenance costs, including preventative maintenance and technical support
j. Anticipated upgrade or revision costs after initial installation
k. Options and/or Additions - Consist of any proposed optional services offered by the Contractor.
l. Discounts and rebates
m. All other costs not itemized above.

Contractor shall identify any assumptions Contractor has made developing its Cost Proposal.

Payment to the Contractor will be made upon the completion and acceptance of all deliverable's within the phase, not to exceed contractual costs of the phase. A payment milestone is defined as complete when all of the deliverables within the phase have been completed and upon written acceptance by the State Project Manager. The Contractor shall provide their proposal pricing per the instructions in Contract Exhibit G. **The payment schedule has been provided in Contract Exhibit G.** Failure to provide deliverable/milestone by the identified date may be subject to liquidated damages as identified in Article 2.243.

SOM encourages and appreciates completion of deliverables ahead of schedule. However, no payments will be made for completed deliverables from the next phase until all the deliverables from the current open phase are completed. For example, if there is a pending deliverable "Updated Project Plan" in Phase II, but the Contractor has completed a deliverable "New system Design Document" from Phase III, then until the pending deliverable "Updated Project Plan" from Phase II is completed, the Contractor will not be eligible for payment for "New system Design Document" from Phase III.

Contractor agrees to all the prices, terms, warranties, and benefits provided in this Contract are comparable to or better than the terms presently being offered by Contractor to any other governmental entity purchasing the same quantity under similar terms. If, during the term of this Contract, the Contractor shall enter into contracts with any other governmental entity providing greater benefits or more favorable terms than those provided by this Contract, the Contractor shall be obligated to provide the same to the SOM for subsequent purchases.

The Contractor may be asked to provide additional services during the term of the contract for enhancements and modifications to the new system resulting from state and federal legislative mandates, grant requirements, and changes to the network, security, or new system platform. The State will define these work projects through individual Statements of Work, to which Contractor shall provide a proposal, including cost based firm fixed-price deliverables, to implement. These projects shall be approved through issue of a Purchase Order as a release under the Contract. Any work exceeding the Contract's established spending authority will required a Change Order to the Contract.

SOM shall pay maintenance and support charges on a yearly basis. Incorrect or incomplete invoices will be returned to Contractor for correction and reissue.

Please see the cost proposal included in Contract Exhibit G - Cost Tables.

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

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

If Contractor reduces its prices for any of the software or services during the term of this Contract, the SOM shall have the immediate benefit of such lower prices for new purchases. Contractor shall send notice to the SOM's MDIT Contract Administrator with the reduced prices within fifteen (15) business days of the reduction taking effect.

Statements of Work and Issuance of Purchase Orders
- Unless otherwise agreed by the parties, each Statement of Work will include:
    1. Background
    2. Project Objective
    3. Scope of Work
    4. Deliverables
    5. Acceptance Criteria
    6. Project Control and Reports
    7. Specific Department Standards
    8. Payment Schedule
    9. Travel and Expenses
    10. Project Contacts
    11. Agency Responsibilities and Assumptions
    12. Location of Where the Work shall be performed
    13. Expected Contractor Work Hours and Conditions

- The parties agree that the Services/Deliverables to be rendered by Contractor pursuant to this Contract (and any future amendments of it) will be defined and described in detail in Statements of Work or Purchase Orders (PO) executed under this Contract. Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a PO issued against this Contract. Contractor shall perform in accordance with this Contract, including the Statements of Work/Purchase Orders executed under it.

Invoicing
Contractor will submit properly itemized invoices to the "Bill To" Address on the Purchase Order. Invoices must provide and itemize, as applicable:
- Contract number;
- Purchase Order number
- Contractor name, address, phone number, and Federal Tax Identification Number;
- Description of the completed phase;
- 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.

If agreed during contract stage, the SOM 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.

Payment
Electronic Payment Availability
Public Act 533 of 2004 requires that payments under this contract be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).

1.602 HOLDBACK
N/ARESERVED – See milestone payment schedule in Contract Exhibit G.

<u>Article 2, Terms and Conditions</u>

2.000   Contract Structure and Term

2.01   CONTRACT TERM

This Contract is for a period of **three** (**3) years, starting July 3, 2012 and ending July 2, 2015.** All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

2.002   OPTIONS TO RENEW

This Contract may be renewed, for maintenance and support and enhancements (as defined in the SOW – see Article 1) 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) one (1) year periods**.

2.003   LEGAL EFFECT

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

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

2.004   ATTACHMENTS & EXHIBITS

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

2.005   ORDERING

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

2.006   ORDER OF PRECEDENCE

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

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

2.007 HEADINGS

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

2.008 FORM, FUNCTION & UTILITY

If the Contract is for use of more than one State agency and if the Deliverable/Service does not 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, Purchasing Operations and Michigan Department of Treasury (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. The Purchasing Operations Contract Administrator for this Contract is:

Reid Sisson, Buyer
Purchasing Operations
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
SissonR@michigan.gov
(517)241 3215

2.022 -DELETED/NA

2.023 PROJECT MANAGER – SEE ARTICLE 1.202 STATE STAFF ROLES AND RESPONSIBILITIES

2.024 CHANGE REQUESTS

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

If the 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, and before commencing performance of the requested activities, that it believes the requested activities 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, 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 should require 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 it be of the opinion that this 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 will include any associated changes in the technical specifications, Contract schedule and price and method of pricing of the Services. If the Change shall 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 must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under 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 must be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the Department of Management and Budget, Purchasing Operations.

(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
Purchasing Operations
Attention:
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor: See Contract Cover Page

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

2.026 BINDING COMMITMENTS

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

2.027 RELATIONSHIP OF THE PARTIES

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

2.028 COVENANT OF GOOD FAITH

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

2.029 ASSIGNMENTS

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

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

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

2.030   General Provisions

2.031 MEDIA RELEASES

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

2.032 CONTRACT DISTRIBUTION

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

2.033 PERMITS

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

2.034 WEBSITE INCORPORATION

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

2.035 FUTURE BIDDING PRECLUSION

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

2.036 FREEDOM OF INFORMATION

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

2.037 DISASTER RECOVERY

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

2.040   Financial Provisions

2.041 FIXED PRICES FOR SERVICES/DELIVERABLES

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

2.042 ADJUSTMENTS FOR REDUCTIONS IN SCOPE OF SERVICES/DELIVERABLES

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

2.043 SERVICES/DELIVERABLES COVERED

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

2.044 INVOICING AND PAYMENT – IN GENERAL

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

(b) Each Contractor invoice will 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 will 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 1.602**.

(c) Correct invoices will 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 will 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 Purchasing Operations, Department of Management & Budget. This activity will occur only upon the specific written direction from Purchasing Operations.

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

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

2.073 SUBCONTRACTOR BOUND TO CONTRACT

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

2.074   FLOW DOWN

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

2.075   COMPETITIVE SELECTION

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

2.080   State Responsibilities

2.081   EQUIPMENT

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

2.082   FACILITIES

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

2.090   Security

2.091   BACKGROUND CHECKS

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

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

2.092   SECURITY BREACH NOTIFICATION

If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State shall cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State in writing any use or disclosure of Confidential Information, whether

suspected or actual, other than as provided for by the Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

2.093 PCI DATA SECURITY REQUIREMENTS

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

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

The Contractor shall contact the Department of Technology, Management and Budget, Financial Services immediately to advise them of any breaches in security where card data has been compromised.   In the event of a security intrusion, the Contractor agrees the Payment Card Industry representative, or a Payment Card Industry approved third party, shall be provided with full cooperation and access to conduct a thorough security review. The review will validate compliance with the Payment Card Industry Data Security Standard for protecting cardholder data.
Contractor agrees to properly dispose sensitive cardholder data when no longer needed. The Contractor shall continue to treat cardholder data as confidential upon contract termination.

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

2.100   Confidentiality

2.101 CONFIDENTIALITY

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

2.102 PROTECTION AND DESTRUCTION OF CONFIDENTIAL INFORMATION

The State and Contractor shall each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State shall (i) make any use of the Confidential Information of the other except as contemplated by this Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the

other party. Each party shall limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

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

2.103 EXCLUSIONS

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

2.104 NO IMPLIED RIGHTS

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

2.105 RESPECTIVE OBLIGATIONS

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

2.110   Records and Inspections

2.111 INSPECTION OF WORK PERFORMED

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

2.112 EXAMINATION OF RECORDS

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

2.113 RETENTION OF RECORDS

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

2.114 AUDIT RESOLUTION

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

2.115 ERRORS

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

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

2.120   Warranties

2.121 WARRANTIES AND REPRESENTATIONS

The Contractor represents and warrants:
(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.
(b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under this Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under neither this Contract, nor their use by the State will 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 Management and Budget, Purchasing Operations.

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 – DELECTED/NA

2.126 EQUIPMENT TO BE NEW – DELETED/NA

2.127 PROHIBITED PRODUCTS – DELETED/NA

2.128 CONSEQUENCES FOR BREACH

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

2.130   Insurance

2.131 LIABILITY INSURANCE

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

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

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

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

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

See www.michigan.gov/dleg.

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

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

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

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

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

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

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

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

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

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

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

☐   6.   Umbrella or Excess Liability Insurance in a minimum amount of ten million dollars ($10,000,000.00), which must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.

☐   7.   Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: three million dollars ($3,000,000.00) each occurrence and three million dollars ($3,000,000.00) annual aggregate.

☐   8.   Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

2.132   SUBCONTRACTOR INSURANCE COVERAGE

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

2.133   CERTIFICATES OF INSURANCE AND OTHER REQUIREMENTS

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

The Contractor must maintain all required insurance coverage throughout the term of the Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and must not be construed; to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor is responsible for all deductibles with regard to the insurance. If the Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, then the State may,

after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.

2.140 Indemnification

2.141 GENERAL INDEMNIFICATION

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

2.142 CODE INDEMNIFICATION

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

2.143 EMPLOYEE INDEMNIFICATION

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

2.144 PATENT/COPYRIGHT INFRINGEMENT INDEMNIFICATION

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

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

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

2.145 CONTINUATION OF INDEMNIFICATION OBLIGATIONS

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

2.146 INDEMNIFICATION PROCEDURES

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

2.150   Termination/Cancellation

2.151 NOTICE AND RIGHT TO CURE

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

2.152 TERMINATION FOR CAUSE

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

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

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

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

2.153 TERMINATION FOR CONVENIENCE

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

2.154 TERMINATION FOR NON-APPROPRIATION

(a) Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds

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

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

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

2.155   TERMINATION FOR CRIMINAL CONVICTION

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

2.156   TERMINATION FOR APPROVALS RESCINDED

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

2.157   RIGHTS AND OBLIGATIONS UPON TERMINATION

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

(b) If the State terminates this Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under this Contract, for Work In Process,

on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under this Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

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

2.158 RESERVATION OF RIGHTS

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

2.160   Termination by Contractor

2.161 TERMINATION BY CONTRACTOR

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

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

2.170   Transition Responsibilities

2.171 CONTRACTOR TRANSITION RESPONSIBILITIES

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

2.172 CONTRACTOR PERSONNEL TRANSITION

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

2.173 CONTRACTOR INFORMATION TRANSITION

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

2.174 CONTRACTOR SOFTWARE TRANSITION

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

2.175 TRANSITION PAYMENTS

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

2.176 STATE TRANSITION RESPONSIBILITIES

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

2.180   Stop Work

2.181 STOP WORK ORDERS

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

2.182 CANCELLATION OR EXPIRATION OF STOP WORK ORDER

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

proposal submitted at any time before final payment under the Contract. Any adjustment will conform to the requirements of **Section 2.024.**

2.183 ALLOWANCE OF CONTRACTOR COSTS

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

2.190   Dispute Resolution

2.191 IN GENERAL

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

2.192 INFORMAL DISPUTE RESOLUTION

(a)   All disputes between the parties shall be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any dispute after compliance with the processes, the parties must meet with the Director of Purchasing Operations, 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 Purchasing Operations, 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

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

contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

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

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

2.210   Governing Law

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

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

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

2.220   Limitation of Liability

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

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

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

2.230   Disclosure Responsibilities

2.231 DISCLOSURE OF LITIGATION

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

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

2.232 CALL CENTER DISCLOSURE

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

2.233 BANKRUPTCY

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

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

2.240   Performance

2.241 TIME OF PERFORMANCE

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

2.242 SERVICE LEVEL AGREEMENT (SLA)

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

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

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

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

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

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

2.243   LIQUIDATED DAMAGES

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

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

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

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

2.244   EXCUSABLE FAILURE

Neither party will be liable for any default, damage or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), power failure, electrical surges or current fluctuations, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause

beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

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

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

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

2.250   Approval of Deliverables

2.251 DELIVERY OF DELIVERABLES

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 thirty (30) days (or such other number of days as the parties may agree to in writing) 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 an attachment, the State Review Period for conducting UAT will be as indicated in the attachment. 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 forty-five (45) days by default). The State Review Period for each Custom Software Deliverable will begin when Contractor has delivered the Custom Software Deliverable to the State 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 three (3) business days after the end of the State Review Period, the State will give Contractor a written notice indicating the State's approval or rejection of the 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 fourteen (14) 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.

2.260   Ownership

2.261 OWNERSHIP OF WORK PRODUCT BY STATE – PLEASE REFER TO ATTACHMENT 1

2.262 VESTING OF RIGHTS – PLEASE REFER TO ATTACHMENT 1

2.263 RIGHTS IN DATA

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

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

2.264 OWNERSHIP OF MATERIALS

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

2.270   State Standards

2.271 EXISTING TECHNOLOGY STANDARDS

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

2.272 ACCEPTABLE USE POLICY

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

2.273 SYSTEMS CHANGES

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

2.280   Extended Purchasing

2.281 MIDEAL – DELETED/NA

2.282 STATE EMPLOYEE PURCHASES – DELETED/NA

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 – DELETED/NA

2.312 NO SURREPTITIOUS CODE WARRANTY

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

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

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

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

2.313 CALENDAR WARRANTY

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

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

2.314 THIRD-PARTY SOFTWARE WARRANTY

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

2.315 PHYSICAL MEDIA WARRANTY

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

2.320   Software Licensing – Please refer to Attachment 1

2.330   Source Code Escrow – Please refer to Attachment 1

Glossary

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

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

Contract Attachment 1 – Additional Terms and Conditions

LICENSE AGREEMENT FOR ENABLE

THIS LICENSE AGREEMENT ("Agreement") is entered into as of the date of Contract execution by and between the State of Michigan ("Customer") and Technology Partnership Group, Inc., an Indiana corporation with its principal offices located at 9860 Westpoint Drive, Suite 700, Indianapolis, Indiana 46256, ("TechPG"). As used herein, "Parties" shall mean Customer and TechPG, collectively, and each of TechPG and Customer may be referred to as a "Party."

PRELIMINARY STATEMENTS

TechPG is in the business of, among other things, licensing its proprietary software product, commonly known as EnABLE, to end-users. Customer desires to acquire a license to use the software as an end-user in accordance with the terms and conditions set forth in this Agreement, the General Terms of Agreement (defined herein), and the attached exhibits.

BINDING PROVISIONS

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises made in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties agree as follows:

1   Definitions.

1.1   The capitalized terms defined in the General Terms of Agreement (defined below in Section 3.1) and their respective definitions set forth in the General Terms of Agreement, are incorporated herein by reference and apply to each instance where any such terms are used in this Agreement.

1.2   "Affiliate" means a client of Customer, or a business partner of Customer that performs activities relating to the origination, acquisition, servicing, and sale of loans, that is not a direct competitor of TechPG.

1.4   "Customer Representative" means an employee, officer, director, agent or contractor of Customer.

1.5   Deleted/NA

1.6   "Documentation" means the textual description of the Licensed Software and its administration and operation (such as manuals and educational materials), and all training and other materials related thereto.

1.7   "Fees" means the fees set forth in Contract Exhibit G – Cost Tables.

1.8   "Hosting Service" means a third-party service provider, in the business of hosting software applications or providing business process outsourcing that has been engaged by Customer to host software applications or provide business process outsourcing for Customer.

1.9   "Licensed Materials" means the Licensed Software and any accompanying Documentation.

1.10   "Licensed Software" means the proprietary software product of TechPG commonly known as EnABLE and all future releases, versions, and enhancements thereto provided by TechPG to Customer under a Maintenance and Support Services Agreement.

1.11   "Permitted Use" means the description of where and how Customer may use the Licensed Materials, including the particular purposes for which they may be used, as set forth in Attachment 1 Exhibit A.

1.12   "Users" means individuals or entities permitted to use the Licensed Materials under this Agreement.

2   Term.

2.1   The term of this License Agreement and all licenses granted herein shall begin on date of execution by the Parties and continue until terminated pursuant to Section 8.

3   Deleted/NA

4   Exhibits.

4.1   The following exhibits, if signed by both Parties, shall be attached to this Agreement and shall be subject to the terms and conditions of this Agreement:

Attachment 1 Exhibit A – Permitted Uses;
Contract Exhibit G – Cost Tables

4.2   The form of source code escrow agreement referenced in Section 5.3.2 is attached to this Agreement as Attachment 1 Exhibit C.

4.3   In the event that there is any conflict or inconsistency between a term in one of the above exhibits and the remainder of this Agreement, the term in the exhibit shall control, except that the terms of the Contract shall control and supersede any conflicting or inconsistent terms in an exhibit and nothing in an exhibit shall be deemed to change or supersede the terms of the Contract. The above order of precedence applies only to the extent a conflict or inconsistency exists (and only for the purpose of resolving such conflict or inconsistency) in this Agreement. Any conflict or inconsistency resolved under this Section 4 does not resolve, cancel or waive any other conflict or inconsistency in any other agreement between the Parties or for any other purpose.

5   License Grant; Restrictions; Services.

5.1   License.

5.1.1   TechPG hereby grants to Customer and Customer hereby accepts, a personal, non-exclusive, non-assignable, non-transferable, royalty-free (except as provided hereunder) license to use (reproduce, digitally transmit, publicly perform, and publicly display) the Licensed Materials, in object code form, during the term of this License Agreement, solely for the Permitted Use in accordance with the terms and conditions of this License Agreement and in compliance with all applicable laws and regulations. This license is perpetual except that it may be terminated by TechPG in accordance with Section 8 if Customer fails to abide by any of the aforementioned conditions, abandons the Licensed Materials, breaches any term of this License Agreement, or fails to pay the Fees.

5.1.2   If Customer desires to use the Licensed Materials in a way that exceeds the scope of the licenses granted herein, Customer shall purchase all necessary additional licenses from TechPG prior to beginning such expanded use, and shall pay all additional fees at TechPG's then-current rates, in accordance with the payment terms set forth in Section 2 of the General Terms of Agreement.

5.1.4   The rights, licenses, representations and warranties made and granted by TechPG hereunder are solely for Customer's benefit. No Affiliate or other third party shall have any right to make any claim under this Agreement, and no Affiliate or other third party shall be deemed a beneficiary of this Agreement.

5.2   Use Restrictions.

5.2.1   Customer shall not (i) use the Licensed Materials for a service bureau or similar type application or (ii) sublicense the Licensed Materials, unless the description of the Permitted Use expressly states otherwise. Use of a Hosting Service by Customer to host the Licensed Materials for use by Customer in accordance with the terms and conditions of this Agreement is permitted, unless the Permitted Use states otherwise. Customer shall not export the Licensed Materials in violation of U.S. export laws.

5.2.2   Customer may make one copy of the Licensed Materials from the original media supplied by TechPG as necessary for the limited purpose of archival or backup, or to replace a defective copy, but such copy must include all copyright notices and any other proprietary notices and/or trademarks.

5.2.3   Customer shall not reverse engineer, decompile, or disassemble the Licensed Materials or any portion thereof without the prior written consent of TechPG. Customer acknowledges and agrees that a violation of this Section 5.2.3 is likely to cause irreparable injury to TechPG and/or its suppliers, and therefore, TechPG and/or its suppliers shall be entitled to injunctive relief to enforce these license restrictions, in addition to any other remedies available at law or in equity.

5.2.4   If any of the Licensed Materials are used by any Affiliate of Customer, or are used by a Hosting Service, (i) Customer accepts responsibility for the acts or omissions of such Affiliates or Hosting Service as if they were Customer's acts or omissions; (ii) Customer shall indemnify TechPG against losses or damages suffered by TechPG arising from breach of this Agreement by any such Affiliates or Hosting Service as if effected by Customer; and (iii) Customer warrants that such use or hosting does not constitute an unauthorized exportation of the Licensed Materials under U.S. Government laws and regulations. Customer shall, at its own expense, pay any and all applicable import and export licenses.

5.2.5   Customer shall not install any Licensed Materials on computer servers that are physically located outside the United States.

5.2.6   TechPG reserves the right to audit Customer's usage of the Licensed Materials remotely or on-site upon thirty (30) day notice during Customer's standard business hours, in order to determine Customer's compliance with the terms and conditions of this License Agreement.   If an audit determines that Customer's usage has exceeded the scope of the license granted herein, TechPG shall give notice of such to Customer, and Customer shall promptly purchase the necessary additional licenses at TechPG's then-current prices.

5.3   Services.

5.3.1   During the term of this Agreement and subject to payment of the Fees by Customer, TechPG will perform the Installation Services for Customer.   Unless TechPG and Customer enter into a separate Professional Services Agreement or Maintenance and Support Services Agreement, TechPG shall not be required to perform any other services for Customer. If TechPG and Customer have not signed a Maintenance and Support Services Agreement, Customer shall be solely responsible for support of the Licensed Materials.

5.3.2   Upon Customer's request, and at Customer's expense, the source code for the Licensed Software will be held in escrow in accordance with the terms of a source code escrow agreement entered into by and between TechPG, Customer, and TechPG's source code escrow agent substantially in the form of Attachment 1 Exhibit C. The parties hereby agree that such source code escrow agreement will be an agreement supplemental to this License Agreement pursuant to Section 365(n) of the United States Bankruptcy Code.

6   Limited Warranties; Disclaimer.

6.1   The terms and conditions contained in this Section 6 supplement, and do not replace or supersede, the terms and conditions Section 2.120 Warranties or Section 2.130 Software Warranties.

6.2   Deleted – Refer to Section 2.312NO SURREPTITIOUS CODE WARRANTY

6.3   Deleted – Refer to Section 2.323 CALENDAR WARRANTY

6.4   TechPG warrants that it has the right to grant or transfer to Customer the licenses granted in Section 3 hereof, in accordance with the restrictions contained in Section 3 and elsewhere in this License Agreement.

6.5   TechPG covenants and warrants that the Licensed Software does and will operate and perform in accordance with the Documentation as long as used as instructed and with the equipment recommended.

6.6   The above warranties are made only with respect to use of the Licensed Software with the English language and United States currency, and no warranty is made with regard to use with other languages or currencies.

7   Deleted – Refer to Section 2.140 INDEMNIFICATION

8   Termination.

8.1   TechPG may terminate this License Agreement or any license granted to Customer hereunder upon thirty (30) days written notice if: (a) Customer fails to pay when due any fees due to TechPG under this License Agreement and such failure to pay is not cured within thirty (30) days after TechPG gives Customer written notice thereof; (b) Customer breaches any other provision of this License Agreement and such breach is not cured within the thirty (30) day notice period; or

8.2   Customer may terminate this License Agreement upon thirty (30) days written notice if: (a) TechPG is in material breach of any provision of this License Agreement and such breach is not cured within thirty (30) days after Customer gives TechPG written notice thereof; or (b) TechPG becomes insolvent or seeks protection, voluntarily or involuntarily, under any bankruptcy law; or (c) for convenience.

8.3   In the event of any termination of this License Agreement under Section 8.1, TechPG may: declare all amounts owed to TechPG under this License Agreement up through the time of termination to be immediately due and payable; require that Customer cease any further use of the Licensed Materials; and cease performance of all of TechPG's obligations hereunder without liability to Customer.

8.4   Upon any termination of this Agreement by TechPG, Customer shall promptly return to TechPG all copies of the Licensed Materials then in its possession, or destroy the same, and provide TechPG with a written affidavit that such action has been completed, and upon Customer's reasonable request and at Customer's expense, TechPG will assist Customer as reasonably necessary to obtain a copy of Customer's data from the Licensed Software. TechPG will charge Customer for all fees and reasonable costs and expenses related to its performance under this Section 8.4 at its then-current standard rates, and Customer shall pay all such charges in accordance with the payment terms set forth in Section 2 of the General Terms of Agreement. TechPG reserves the right to assess interest in accordance with Section 2 of the General Terms of Agreement.

8.5   Sections 1 and 8.3 of this Agreement shall survive termination or expiration of this Agreement for any reason.

Attachment 1 EXHIBIT A TO LICENSE AGREEMENT FOR EnABLE

PERMITTED USE

This Exhibit describes the Permitted Uses for EnABLE ("EnABLE") by Customer as organized around the following topic areas:

- Customer Enterprise Defined
- Business Purpose Defined
- License Unit Defined
- Scope and Terms of License

1   Customer Enterprise Defined.

The Customer Enterprise (the "Customer Enterprise") is defined as the collective whole of the Michigan Department of Treasury. As of the date of this license agreement, the Customer Enterprise is comprised of approximately 1400 employees.

2   Business Purpose Defined.

As used in this Agreement, the "Business Purpose" shall mean activities in the ordinary course of Customer's business related to the processing of transactions for the tracking of grants and bonds and the origination, acquisition, sale, and servicing of loans, as well as activities involving the administration, maintenance and support of Customer's implementation of the Licensed Materials.

3   License Unit Defined.

Enterprise License. A product license that allows use by all internal users of the Customer Enterprise. This would also include external users that would benefit from access to the Licensed Materials in the normal course of Customer's business.

4   Scope and Terms of License (Permitted Uses/Restrictions).

Customer shall use the Licensed Materials strictly for the Business Purpose in accordance with Section 2.

Attachment 1 EXHIBIT C TO LICENSE AGREEMENT FOR ENABLE

DATED _____

FORM OF ESCROW AGREEMENT

This Exhibit C defines the terms associated with the option of Customer participating as a beneficiary in the software escrow agreement TechPG has established with Escrow Associates, LLC.

1   Escrow Agreement.
TechPG has entered into an agreement with Escrow Associates, LLC to maintain a deposit of the EnABLE source code and any other components which are related to building and maintaining the EnABLE software. This agreement designates and appoints Escrow Associates, LLC as the escrow agent and defines certain circumstances under which beneficiaries of the agreement shall be entitled to receive the deposited materials held in escrow to continue its legitimate use and support of EnABLE.

2   Release of Deposit Materials.
2.1   Release - The deposited EnABLE source code and all related components (Deposit Materials), including any copies thereof, will be released to Beneficiary after the receipt of the written request for release only in the event that the release procedure set forth below are followed and:

    a) Depositor notifies Escrow Associates in writing to effect such release; or

    b) Beneficiary makes written request to Escrow Associates; and

        i)   Beneficiary asserts that Depositor has ceased all business operations without a successor or assign; or
        ii) Beneficiary asserts that Depositor has filed for bankruptcy protection; and
        iii) Beneficiary includes a written statement that the Deposit Materials will be used in accordance with the terms of the License Agreement; and
        iv) Beneficiary includes specific instructions for the delivery of the Deposit Materials.

2.2   Depositor Request for Release - If the provisions of Section 1(a) (i) are met, Escrow Associates will release the Deposit Materials to Beneficiary within ten (10) business days.

2.3   Beneficiary Request for Release - If the provisions of Section 1(a) (ii) are met, Escrow Associates will within ten (10) business days forward a complete copy of the request to TechPG. TechPG shall have thirty (30) days to make any and all objections to the release known to Escrow Associates in writing. If after thirty (30) days Escrow Associates has not received any written objection from TechPG, Escrow Associates shall release the Deposit Materials to Beneficiary as instructed by Beneficiary.

2.4   Depositor Objection to Release - Should TechPG object to the request for release by Beneficiary in writing, Escrow Associates shall notify Beneficiary in writing within ten (10) business days of Escrow Associates receipt of said objection and shall notify both parties that there is a dispute to be resolved through arbitration. Escrow Associates will continue to hold the Deposit Materials without release pending (i) instructions from Depositor; (ii) dispute resolution according to the outcome of arbitration; or (iii) order from a court of competent jurisdiction.

2.5   Grant of License to Deposit Materials – As of the Effective Date, TechPG hereby grants to Beneficiary, a non-exclusive, worldwide, perpetual, paid in full license, to install, use, copy, publicly perform and digitally perform, modify and create derivative works from the Deposit Materials delivered by Escrow Associates, for the sole purpose of continuing the benefits afforded to Beneficiary by the EnABLE License Agreement, including the development of patches and upgrades solely for Beneficiary's internal use.

2.6   Restrictions on Use – The following restrictions shall apply to Deposit Materials delivered to Beneficiary: (i) Beneficiary shall not copy the Deposit Materials other than as necessary for installation on Beneficiary's equipment and for backup copies on Beneficiary's equipment, (ii) Beneficiary will keep the Deposit Materials in a secure, safe place when not in use, (iii) Beneficiary agrees to use the Deposit Materials under carefully controlled conditions in accordance with, and for the purposes of, this Agreement, (iv) Beneficiary shall be obligated to maintain the confidentiality of the released Deposit Materials, and (v) Beneficiary agrees to treat, handle, and store the Deposit Materials in the same manner and with the same care as it treats its most sensitive and valuable trade secrets.

3   Escrow Fee.

The annual fee to be named as a Beneficiary to the escrow agreement for EnABLE is $1,000.00. The fee is due upon signing of this Exhibit C. Customer is required to complete a Standard Beneficiary Addition Form as provided in illustration C.1 on the following page.

Attachment 1 ILLUSTRATION C.1
STANDARD BENEFICIARY ADDITION FORM

Depositor Name/Account Number: Technology Partnership Group, Inc.

Beneficiary #1

Company Name: _____

Contact: _____

Address: _____

City, State, Zip: _____

Telephone: _____Fax: _____

E-mail: _____

Applicable Product(s): _____

Beneficiary #2

Company Name: _____

Contact: _____

Address: _____

City, State, Zip: _____

Telephone: _____Fax: _____

E-mail: _____

Applicable Product(s): _____

Contract Attachment 2, Addition Terms and Conditions

MAINTENANCE AND SUPPORT SERVICES AGREEMENT FOR ENABLE

THIS MAINTENANCE AND SUPPORT SERVICES AGREEMENT ("Agreement") is entered into as of the date of Contract execution by and between the State of Michigan ("Customer") and Technology Partnership Group, Inc., an Indiana corporation with its principal offices located at 9860 Westpoint Drive, Suite 700, Indianapolis, Indiana 46256, ("TechPG"). As used herein, "Parties" shall mean Customer and TechPG, collectively, and each of TechPG and Customer may be referred to as a "Party."

PRELIMINARY STATEMENTS

TechPG is in the business of, among other things, providing maintenance and support services for its proprietary software product, commonly known as EnABLE, and Customer desires that TechPG perform such services for it, in accordance with the terms and conditions set forth in this Agreement, the General Terms of Agreement (defined herein), and the attached exhibits.

BINDING PROVISIONS

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises made in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties agree as follows:

1   Definitions.

1.1   The capitalized terms defined in the General Terms of Agreement (defined below in Section 3.1) and their respective definitions set forth in the General Terms of Agreement, are incorporated herein by reference and apply to each instance where any such term is used in this Agreement.

1.2   "Authorized Support Contact" means primary or alternative Customer representative specifically identified who functions as the first line of support (tier 1) and sole interface with TechPG for Covered Software.

1.3   "Covered Software" means the current version, or a version released within the previous twelve (12) calendar months of the proprietary software product of TechPG commonly known as EnABLE, which Customer has obtained a license to use in accordance with the License Agreement entered into by and between TechPG and Customer as of the date of Contract execution, as configured by TechPG under the terms of the Contract, and any new Versions provided to Customer under this Agreement.

1.4   "Documentation" means the textual description of the Covered Software and its administration and operation (such as manuals and educational materials), including the EnABLE Configuration and Customization Workbook, which defines the configuration settings and customizations of EnABLE to meet the Customer's business requirements as approved by the Customer.

1.5   "Fees" means the fees set forth in Exhibit A.

1.6   "Maintenance and Support Services" means the services described in Section 5.

1.7   "Problem" means a reproducible condition that causes the operation of the Covered Software to deviate from the Documentation, so as to impact Customer's ability to use the Covered Software in the manner described in the Documentation.

1.8   "Problem Resolution" shall mean, when used in the context of resolving a reported Problem, the following:

1.8.1   A mutually agreed upon temporary change in the procedures followed, or data supplied, in the use of the Covered Software that mitigates the Problem sufficiently to allow an impaired, but functional, use of the Covered Software until one of the remaining resolutions is achieved as follows;

1.8.2   A correction of a Problem, generated by TechPG and delivered to Customer, in the form of a tested "patch", a compatible release of the Covered Software, or a new Version, that alleviates the Problem without causing additional Problems; or

1.8.3   TechPG demonstrates, to the Parties' mutual satisfaction, that the Problem has been resolved by a correction or clarification to the Documentation by TechPG; or

1.8.4   TechPG demonstrates, to the Parties' mutual satisfaction, that the Problem does not arise out of a failure of the Covered Software to comply with the Documentation; or

1.8.5   TechPG demonstrates, to the Parties' mutual satisfaction, that the Problem is caused by a Customer operating system, network, or other third party software (excluding Covered Software), hardware, or services not covered by this Agreement; or

1.8.6   TechPG demonstrates, to the Parties' mutual satisfaction, that the Problem cannot be feasibly resolved by any other Problem Resolution; or

1.8.7   A determination by mutual agreement of the Parties, such agreement not to be unreasonably withheld, that further effort to resolve the Problem is not warranted.

1.9   "Version" means a release of the Covered Software, according to the identification scheme generally in the form of X.Y, where X represents a major release or base level, and Y represents a minor release level. Releases, such as bug releases, patch releases, or the like which are identified by a third digit, such as Z in X.Y.Z, are not Versions.

1.10   "Problem Report" means a written report submitted to TechPG by Customer including (i) a name or description of the Covered Software or module thereof; (ii) the Version; (iii) a detailed description of the Problem; and (iv) the name and telephone number for call back.

2   Term.

2.1   This Agreement is in effect for a period of twelve (12) months starting on the first day of live (production) operation of the Covered Software (Go Live Date).   Thereafter, Customer may purchase Maintenance and Support Services for additional terms of twelve (12) months each, as long as TechPG continues to provide Maintenance and Support Services for the Versions of the Covered Software for which Maintenance and Support Services are requested. If TechPG in its sole discretion terminates Maintenance and Support Services for a particular Version of the Covered Software, TechPG will so notify Customer at least 120 days before expiration of the existing term.

2.2   TechPG may change the fees and/or conditions for any subsequent term by giving Customer sixty (60) days prior written notice of such change. The new fees and/or conditions will become effective for the next subsequent term.

2.3   TechPG may terminate or suspend Maintenance and Support Services only if Customer has breached this Agreement or Related Agreement as provided for in Section 2.150 Termination of the Contract.

3   Incorporation of General Terms of Agreement.

3.1   The Contract Terms and Conditions entered into by and between TechPG and Customer as of the date of Contract execution are hereby incorporated herein by reference and form a part of this Agreement. Customer agrees that it is bound by, and will perform its obligations in accordance with, the provisions of the

Contract Terms and Conditions. In the event of a conflict between a term or condition of this Agreement and a provision of the Contract Terms and Conditions, the term or condition of the General Terms of Agreement shall prevail.

4   Exhibits.

4.1   The following exhibits, if signed by both Parties, shall be attached to this Agreement and shall be subject to the terms and conditions of this Agreement:

Contract Exhibit G – Cost Tables;
Attachment 2 Exhibit B – TechPG Maintenance and Support Services Operating Procedures; and
Attachment 2 Exhibit C – Performance Standards.

4.2   In the event that there is any conflict or inconsistency between a term in one of the above exhibits and the remainder of this Agreement, the term in the exhibit shall control, except that the terms of the Contract Terms and Conditions shall control and supersede any conflicting or inconsistent terms in an exhibit and nothing in an exhibit shall be deemed to change or supersede the terms of the Contract Terms and Conditions. The above order of precedence applies only to the extent a conflict or inconsistency exists (and only for the purpose of resolving such conflict or inconsistency) in this Agreement. Any conflict or inconsistency resolved under this Section 4 does not resolve, cancel or waive any other conflict or inconsistency in any other agreement between the Parties or for any other purpose.

5   Maintenance and Support Services.

5.1   TechPG Responsibilities.

5.1.1   As long as this Agreement is in effect, TechPG will make all new Versions of the Covered Software available to Customer at no cost as they are made generally available by TechPG to its customers. Customer will be responsible for installing and implementing each new Version of the Covered Software or Covered Software component, unless the parties otherwise agree under a Professional Services Agreement. However, TechPG will provide Customer with documentation regarding any specific installation requirements for the new Version.

5.1.2   TechPG will use commercially reasonable efforts to provide a Problem Resolution to each Problem submitted as a Problem Report by Customer to TechPG, and register Customer's requests for future enhancements of the Covered Software.

5.1.3   TechPG will provide an initial response to Problem Reports of Customer according to their priority level, and diligently endeavor to provide a Problem Resolution, within the timeframes set forth in Table 1 of Exhibit C. "Initial Response" means that TechPG will initiate contact with Customer (e.g., by phone, fax, or email) to discuss the nature of the Problem.

5.1.4   After the Initial Response, TechPG will initiate procedures for resolving the Problem in accordance with Table 1 of Exhibit C; namely, TechPG will provide status updates to the individual identified in the Problem Report in accordance with column 3 of Table 1, and TechPG will provide either a Problem Resolution or a written plan to achieve a Problem Resolution (including a timeframe for achieving such Problem Resolution) in accordance with column 3 of Table 1. Customer shall cooperate with TechPG in every reasonable way (in accordance with Section 5.3) and shall not hinder TechPG's ability to achieve Problem resolutions within the designated timeframes. If Customer reasonably and in good faith disagrees with any determination made by TechPG that a Problem Resolution has been provided in accordance with this Agreement, Customer shall have the right to pursue any and all available remedies by following the dispute resolution procedures set forth in the General Terms of Agreement.

5.1.5   Remedy for Untimely Services.

5.1.5.1 If a Priority Level 1 Critical Problem (as defined in Table 1) occurs and the Covered Software remains inoperable as a result of such Critical Problem, for five consecutive business days after the date of the Problem Report describing such Critical Problem, Customer shall have the right to terminate this Agreement and receive a pro-rata refund of the Fees paid by Customer for the Maintenance and Support Services.

5.1.5.2 If TechPG fails to provide an Initial Response to a Problem Report within the response times set forth in column 2 of Table 1, or fails to provide a Problem Resolution or a mutually acceptable plan for problem resolution within the time periods set forth in column 4 of Table 1, or fails to provide a Problem Resolution within the time period set forth in the Plan for such Problem Resolution, on more than three occasions during any six (6) month period, Customer shall have the right to terminate this Agreement and receive a pro-rata refund of the Fees paid by Customer for the Maintenance and Support Services.

5.1.5.3 When determining whether any of the preceding conditions 5.1.5.1-5.1.5.2 have been met, failures or delays that are related to hardware, software (excluding the Covered Software), network systems, or utilities outside of the reasonable control of TechPG shall be disregarded.

5.1.5.4 Customer's right to terminate this Agreement pursuant to Section 5.1.5 above shall constitute Customer's sole and exclusive remedy with respect to TechPG's inability to meet the timeframes set forth in Table 1.

5.2 Scope of Maintenance and Support Services.

5.2.1 These terms and conditions apply to the current and the immediate prior Versions of the Covered Software. If the current Version has been released for less than twelve (12) months, these terms and conditions apply to each Version that has been in release in the twelve (12) month period preceding the issuance of the current Version. In any case, a Version of the Covered Software is supported for at least twelve (12) months after it has been delivered to Customer.

5.2.2 Maintenance and Support Services does not cover resolution of problems which result from: (i) software (excluding Covered Software), hardware, or services (including Internet related services) not provided as a component of the Covered Software and which do not meet the standards set forth therefor in any of the Documentation, (ii) modifications to the source or object code of the Covered Software by an individual or entity other than TechPG without TechPG' prior written approval, (iii) on-site facilities which do not meet the standards therefor set forth in any of the Documentation, or (iv) data backup or recovery procedures which do not meet the standards therefor set forth in any of the Documentation.

5.2.3 TechPG will only support the Covered Software if it is used with third party equipment, operating system, and third party software ("Platforms") which meet the standards therefor set forth in the Documentation. TechPG is not obligated to modify its Covered Software to work around the dysfunction or limitation of third party software or hardware that has not been specified in any of the Documentation as compatible with the Covered Software, however, TechPG may provide such workarounds for additional fees.

5.2.4 Maintenance and Support Services do not include routine on-site support or general consulting services.

5.2.5 Maintenance and Support Services do not cover training on the Covered Software, the programming language or Platform(s). Any training required by Customer can be provided by TechPG for additional fees.

5.2.6   Maintenance and Support Services do not include efforts to restore any version other than Versions which are under support at the time pursuant to Section 5.2.1 or efforts to restore data beyond the most recent backup.

5.3   Customer Responsibilities.

5.3.1   Customer shall notify TechPG promptly of any Problems by making a Problem Report, and shall thereafter make reasonable efforts to assist TechPG in identifying, isolating and duplicating the Problem, and shall allow TechPG reasonable access to the Covered Software and the supporting equipment, systems, documentation, and services, as necessary to perform Maintenance and Support Services.   Except for Level 1 (Critical) Problems, if Customer requires Maintenance and Support Services after normal business hours, additional fees may apply.

5.3.2   Customer shall be responsible for the installation of each Version.

5.3.3   Customer must have a sufficient knowledge of the Platforms and the Covered Software, to use the Covered Software on the Platform.

5.3.4   To the extent a Problem arises out of any third party software (excluding Covered software), hardware or services, it is Customer's responsibility to contact the appropriate third party and obtain a resolution for the Problem.

5.3.5   TechPG may close a call without resolution if TechPG has not received a response from Customer within ten (10) or more business days. TechPG will notify Customer that the issue has been closed and Customer must contact TechPG to re-open the issue.

5.3.6   TechPG will, on occasion, request a minimal working code stub or stubs from Customer to demonstrate or reproduce a Problem. The code stub(s) shall be free from references to third party software, and unnecessary routines must be filtered. The test code stub(s) shall be free of other compile and link time errors, and must include associated support files (.h files, make files, stack traces, etc.). Source code submitted to TechPG is kept in strict confidence and will not be disclosed without the express and explicit permission of Customer. Customer warrants, represents and covenants that it will not disclose any information to TechPG, which is confidential or proprietary to a third party without such third party's prior written consent. In all cases, Customer must provide the following items upon TechPG request for each support request: name and company, Maintenance and Support Services agreement number, and Platform information.

5.3.7   Customer is responsible for standard maintenance and installation of any common carrier equipment or communication service related to the operation of the Covered Software and not furnished by TechPG.

5.3.8   Customer is responsible for charges incurred for communication facilities at Customer's facilities, whether incurred by Customer or TechPG, which arise out of the performance of Maintenance and Support Services.

5.3.9   Customer is responsible for performing all Covered Software back-ups in accordance with published Documentation and all necessary data backups.

5.3.10 Customer shall provide TechPG with remote access to the Covered Software at no charge, as necessary, to perform remote Maintenance and Support Services.

5.3.10.1 Remote access will be in the form of a site-to-site Virtual Private Network (VPN) connection to the servers containing the Covered Software.

5.3.10.2 The VPN will allow for direct IP access to each server in the Covered Software environment and a minimum of three (3) concurrent connections.

5.3.10.3 VPN access will be always-on and available to TechPG, 24 hours per day, 7 days per week unless prevented by an event out of Customer's control.

5.3.10.4 TechPG will assist Customer in the set-up of VPN with appropriate limitations to aforementioned servers containing Covered Software.

5.3.10.5 Customer may log and analyze all remote connection activities by TechPG.

5.3.11 Customer shall provide a TechPG-trained System Administrator who is trained in the applicable operating system, database (including back-up and restore), and Covered Software. Maintenance and Support Services calls must be placed by a TechPG-trained contact.

6 Termination.

6.1 Either Party may terminate this Agreement as provided in the Contract Terms and Conditions.

6.2 Upon Customer's reasonable request and at Customer's expense, TechPG will continue to provide the Maintenance and Support Services for a period of up to ninety (90) days after receipt of Customer's notice of termination, and will provide Customer with all information it believes to be necessary to enable Customer to obtain an accurate copy of all of its data from the Covered Software in an industry-standard machine-readable format. TechPG will charge Customer for all fees and reasonable costs and expenses related to its performance under this Section 6.2 at its then-current standard rates, and Customer shall pay all such charges in accordance with the payment terms set forth in Exhibit A and/or Section 2 of the General Terms of Agreement. TechPG reserves the right to assess interest in accordance with Section 2 of the General Terms of Agreement.

6.3 Sections 1, 3, and 6.2 of this Agreement shall survive termination or expiration of this Agreement for any reason.

Attachment 2 EXHIBIT B TO MAINTENANCE AND SUPPORT SERVICES AGREEMENT FOR ENABLE

MAINTENANCE AND SUPPORT SERVICES OPERATING PROCEDURES

1   Maintenance and Support Services.

All EnABLE Maintenance and Support Services personnel are located in Indianapolis, Indiana. Unless Covered Software is hosted on TechPG hardware, physically located in Indianapolis, Indiana, remote access (via VPN, etc.) to Customer network is required for Maintenance and Support Services as provided for in Section 5.3.10 of this Agreement.

2   Managed Services.

If Customer requires additional assistance beyond the terms of this Maintenance and Support Services Agreement, a managed services Work Order can be executed as an exhibit to the Professional Services Agreement. Managed services allow Customer to purchase a dedicated block of hours on a monthly basis for resolution of issues and enhancements that are specific to the Customer.

3   Standard Hours.

EnABLE's standard support hours are 8 a.m. to 5 p.m. Monday through Friday local customer time. Customer can request additional hours of coverage for an additional fee.

4   Non-Standard Hours.

After-hours and weekend support is provided for Priority 1 issues. Customer will be provided a Maintenance and Support Services number that can be utilized in case of an emergency.

5   Customer Authorized Support Contacts.

Customer is required to identify two named Authorized Support Contacts (ASCs) (Primary and Alternate). Customer (ASC) will serve as the conduit between Customer's first line of support (Tier 1) for Covered Software and Maintenance and Support Services. All Problem Reports and change requests must be submitted to Maintenance and Support Services (Tier 2) by the designated ASC. The role of the ASC is a part-time position and is typically a team leader or manager within the Customer user department, and/or a system administrator from the Customer IT department.

6   Problem Reporting Process.

The following describes the process for Customer to log a Problem Report, and how the Problem will be processed upon receipt. (See flow chart below)

- The ASC contacts TechPG Maintenance and Support Services to open a Problem Report.

- Maintenance and Support Services will make every effort to answer calls in person during covered hours. Voicemail messages and/or email will be acknowledged in accordance with the severity levels defined in the Maintenance and Support Services Agreement, Exhibit C. This will be either by phone or email depending on the nature of the Problem and whether or not additional information is required.

- Maintenance and Support Services will assign a log number for each Problem Report, and will define next steps and timing.

- Maintenance and Support Services will route Problem Report to the appropriate person(s) within TechPG for action. This person will be the TechPG primary contact for the request.

• The TechPG primary contact will contact the ASC if additional information is required.

• TechPG will service the Problem and log activities at each step using a tracking database. The TechPG primary contact will notify the ASC at significant milestones (e.g., diagnosis completed, Problem Resolution, enhancement Work Order completed, etc.) Alternately, the ASC can request the status of an open Problem Report by contacting Maintenance and Support Services and referencing the assigned log number.

EnABLE MAINTENANCE AND SUPPORT PROCESS
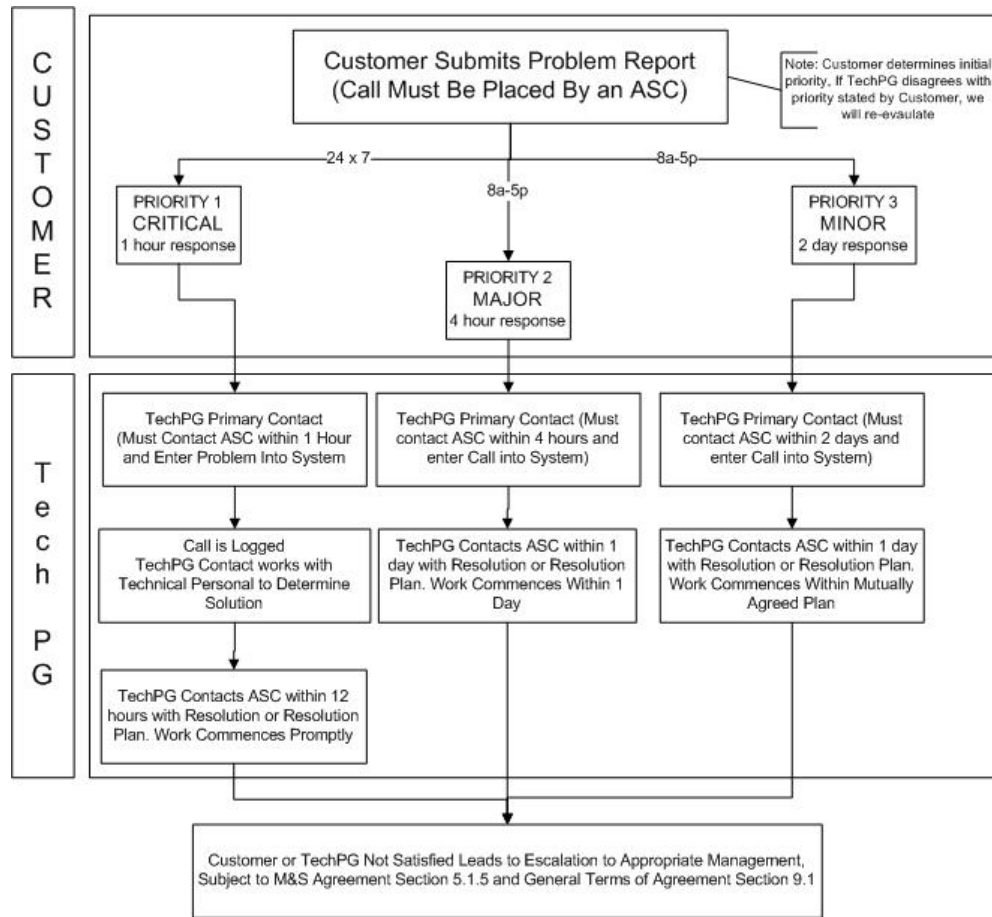
Attachment 2 EXHIBIT C TO MAINTENANCE AND SUPPORT SERVICIES AGREEMENT FOR ENABLE

DATED _____

PERFORMANCE STANDARDS

Table 1

Priority Level	TechPG Initial Response Time	Status Updates	Problem Resolution or Plan for Problem Resolution in Place
1. Priority Level 1 "Critical Problems" are problems that are having a critical business impact upon the Customer such that Customer's work is stopped or so severely impacted that Customer cannot reasonably continue to perform the critical business functions that involve the Covered Software, for example, complete inoperability of all or a business-critical portion of the functionality of the Covered Software, such as the inability to access data, or a frequency of failures that precludes productive use of critical functionality, or a defect that affects the integrity of critical data.	1 hour, with Problem Resolution procedures commenced promptly (notwithstanding TechPG working hours)	No less than once every 4 hours. The first call shall be made within 1 hour of initial Problem Report to TechPG, and shall involve a TechPG System Architect (notwithstanding normal business hours)	12 hours after first report
2. Priority Level 2 "Major Problems" are problems that are having a serious impact on Customer, but Customer is still able to perform the basic business functions that involve the Covered Software, for example, the Covered Software is operational but its capabilities are degraded, such as the inability to execute a non-critical functionality, or a defect that requires ongoing intervention to maintain productive use.	4 hours, work commenced within 1 day	At least once every day. The first call shall be made within 8 TechPG working hours of initial Problem Report to TechPG, and shall involve a TechPG System Architect	1 day after first report
3. Priority Level 3 "Minor Problems" are problems identified but which do not present a substantial negative impact on Customer's productivity or operation of the Covered Software.	2 days	Upon Customer's request	Mutually agreed to schedule

<u>Contract Exhibit A</u>

INTENTIONALLY LEFT BLANK

Contract Exhibit B – Technical Requirements

1. CLIENT/WORKSTATION

#	Requirement	Meets Requirement? Yes/No	Vendor Response
1.1	The Application must function within an approved EA (Enterprise Architecture) Roadmap.	Yes	
1.2	The Application must function with the following web browser(s) in an INTRANET environment: • Microsoft IE 6.0	Yes	
1.3	The Application must function with the following web browser(s) in an INTERNET environment: Microsoft IE 6.0 or above	Yes	
1.4	The Application must function with the following desktop Operating System (OS): • Windows XP SP3	Yes	
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	Yes	The EnABLE application is a web based system that only requires a web browser (IE preferred) on the desktop client to function.

2. DOCUMENTATION AND STANDARDS

#	Requirement	Meets Requirement? Yes/No	Vendor Response
2.1	Provide a logical network diagram that describes how the infrastructure components will meet the functional requirements.	Yes	This information will be provided in the system design and operational manuals that will delivered with the installed system.
2.2	Provide conceptual and logical data-flow diagrams.	Yes	This information will be provided in the system design and operational manuals that will delivered with the installed system.
2.3	Provide a complete installation and configuration documentation library.	Yes	This information will be provided in the system design and operational manuals that will delivered with the installed system.
2.4	Provide a high-level architecture diagram, including logical and physical components.	Yes	This information will be provided in the system design and operational manuals that will delivered with the installed system.
2.5	System documentation must describe error logging and how to access the error logs.	Yes	This information will be provided in the system design and operational manuals that will delivered with the installed system.
2.6	Deleted		

#	Requirement	Meets Requirement? Yes/No	Vendor Response
2.7	System documentation must describe any batch processing requirements for the application.	Yes	This information will be provided in the system design and operational manuals that will delivered with the installed system.
2.8	System documentation must describe required application maintenance activities and time frames.	Yes	This information will be provided in the system design and operational manuals that will delivered with the installed system.
2.9	Application/System documentation must provide FAQ and/or Support Information for frequent issues staff/users may encounter.	Yes	This information will be provided in the system design and operational manuals that will delivered with the installed system.

3. INSTALLATION

#	Requirement	Meets Requirement? Yes/No	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.	Yes	See Project Work Breakdown Structure.
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.	Yes	See Section See Preliminary Project Work Breakdown Structure
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.	Yes	Two state resources are required. A Database Administrator (DBA) will need to create the database and restore the provided backup. A network administrator will create a web site and provide security access to the virtual directory.
3.4	Provide a list of functional issues encountered by other users during a typical implementation of your software.	Yes	None are normally encountered.
3.5	Provide a list of technical issues encountered by other users during a typical implementation of your software.	Yes	None are normally encountered.
3.6	Provide a detailed list of any browser plug-ins (e.g., ActiveX, Java, Flash) required by the application.	Yes	None
3.7	Provide a detailed list of client components (e.g. ODBC, JDBC, Java Beans, other) required by the application, including permission(s) levels.	Yes	None

#	Requirement	Meets Requirement? Yes/No	Vendor Response
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.	Yes	None are currently used. All server maintenance will be the responsibility of the state.
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).	Yes	None are currently used.

4. PRODUCT DEVELOPMENT

#	Requirement	Meets Requirement? Yes/No	Vendor Response
4.1	Provide a report of all known current application defects and the timeline for mitigation efforts.	Yes	This list will be provided upon install of the base system.
4.2	Provide a roadmap for all platform / application enhancements that are planned for the next three years.	Yes	The roadmap will be provided upon the install of the base system
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,	Yes	
4.4	Application development must be done in the following development framework: • .NET Framework 3.5 (standard) • J2EE 5.x (standard)	Yes	The system is a C#, .Net solution.
4.5	Programming must be done in the following language(s): • ASP.Net 2008 (standard)	Yes	The system is a C#, .Net solution.
4.6	Deleted		
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.	Yes	No custom-developed libraries are currently used.
4.8	Software developed under contract to SOM must be able to provide a complete change/history log upon request.	Yes	
4.9	Software development must use the following source code version control repositories: • Serena Dimensions (PVCS/Ver Mgr) 2009 R1.x (standard)	No	As a COTS product, source code will be held in trust.
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_281429_7.pdf	Yes	Any new development will adhere to the SEM as allowed within the EnABLE Framework.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
4.11	System documentation must clearly describe the type of caching, if any, the system employs.	Yes	No caching is currently employed.

5. REPORTING

#	Requirement	Meets Requirement? Yes/No	Vendor Response
5.1	The reporting product technology must be compatible with n-Tier architecture (client-server & web).	Yes	Dynamic system reports and ad-hoc reporting are implemented using MSSQL 2008 Reporting Services.
5.2	The reporting product technology must be compatible with the following Server Operating Systems: • (see requirement 10.2)	Yes	
5.3	The reporting tool/system must be certified for use with the VMWare x86 based virtualization platform.	Yes	
5.4	The reporting product technology must be compatible with desktop virtualization.	Yes	
5.5	The reporting product technology must not require any installed component on the user desktop.	Yes	The Microsoft Report Builder program will need to be loaded only on those desktops where new reports will be created.
5.6	The reporting product technology must not require any installed component in the user browser other than the following: Adobe Acrobat Reader	Yes	
5.7	Deleted		
5.8	Deleted		
5.9	Deleted		
5.10	The reporting product technology must support ad-hoc reporting via custom-built queries.	Yes	

6. APPLICATION SECURITY

#	Requirement	Meets Requirement? Yes/No	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.	Yes	The DTMB Project Security Plan And Assessment will begin upon project initiation and will constantly be revised, updated and reviewed as the system is implemented.
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.	Yes	The Assessment will ensure that this requirement is met.
6.3	Application access must be loggable and have a viewable audit trail(s).	Yes	The EnABLE system contains this level of functionality.
6.4	Changes to user permissions must be loggable and have a viewable audit trail(s).	Yes	The EnABLE system contains this level of functionality.
6.5	Access to audit trail logs must be able to be restricted to approved administrators.	Yes	The EnABLE system contains this level of functionality.
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	Yes	The EnABLE system contains this level of functionality.
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	Yes	The EnABLE system contains this level of functionality.
6.8	The System Administrator must be able to control access to audit trail logs.	Yes	The EnABLE system contains this level of functionality.
6.9	Access to program libraries (e.g. base code) must be restricted and controlled.	Yes	Access to all EnABLE libraries placed on the State server will be restricted and controlled.
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	Yes	The EnABLE system contains this level of functionality.

#	Requirement	Meets Requirement? Yes/No	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	Yes	The EnABLE system is capable of supporting many of these methods. The appropriate method(s) to be implemented will be based upon the Assessment results.
6.12	Session State must be stored and maintained in an encrypted manner.	Yes	The EnABLE system contains this level of functionality.
6.13	Session State must be stored and maintained in one or more of the following manners: • Cookie	Yes	The EnABLE system contains this level of functionality.
6.14	A software solution must be accessible (and administrable) through the following Virtual Private Network (VPN) : • LGNET • Vendor Network • UTNet	Yes	
6.15	Deleted		
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	Yes	The EnABLE solution complies with the identified ports and protocols.
6.17	Client application must support encryption of data both at rest and in motion, in accordance with the data classification.	Yes	The EnABLE system contains this level of functionality.
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	Yes	This requirement will be met by the delivered system.
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	Yes	This requirement will be met by the delivered system.
6.20	End-user software applications, or components thereof, must not require privileged, super-user or administrator mode in order to function properly.	Yes	At this time, no special privileges are required by the EnABLE application to function.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
6.21	A security assessment of the purchased application, and its components, must be provided that has been verified by an independent third party.	Yes	As part of the security assessment, the level of independent review will be defined.

7. IDENTITY MANAGEMENT

#	Requirement	Meets Requirement? Yes/No	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.	Yes	The DTMB Project Security Plan And Assessment will begin upon project initiation and will constantly be revised, updated and reviewed as the system is implemented.
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	Yes	The EnABLE system is capable of supporting many of these methods. The appropriate method(s) to be implemented will be based upon the Assessment results.
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.	Yes	The EnABLE security functionality fully supports this requirement.
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	Yes	The EnABLE security functionality fully supports this requirement.
7.5	The application must lock out users after three invalid login attempts due to bad passwords.	Yes	The EnABLE security functionality fully supports this requirement.
7.6	The application must provide the system administrators with the capabilities to define different roles with different privileges.	Yes	The EnABLE security functionality fully supports this requirement.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
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.	Yes	The EnABLE security functionality fully supports this requirement.

8. NETWORK SECURITY

#	Requirement	Meets Requirement? Yes/No	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.	Yes	The DTMB Project Security Plan And Assessment will begin upon project initiation and will constantly be revised, updated and reviewed as the system is implemented.
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.	Yes	All communications are done through Ports 80 and 443.
8.3	Client applications must adhere to SOM Policy 1340.00 regarding "Information Security": http://www.michigan.gov/documents/dmb/1340_193162_7.pdf	Yes	The Assessment will ensure that this requirement is met.
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	Yes	The Assessment will ensure that this requirement is met.
8.5	Web interface or browser technology must use TCP/IP protocol through Ports 80 or 443.		All communications are done through Ports 80 and 443.
8.6	Applications and systems must conform with SOM Policy 1345.00 regarding "Network and Infrastructure":	Yes	The Assessment will ensure that this requirement is met.
8.7	Application communication between users and system components over the network must be loggable and the log file accessible to the system administrator.	Yes	The Assessment will ensure that this requirement is met.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
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	Yes	The Assessment will ensure that this requirement is met.

9. SERVER SECURITY

#	Requirement	Meets Requirement? Yes/No	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.*	Yes	The DTMB Project Security Plan And Assessment will begin upon project initiation and will constantly be revised, updated and reviewed as the system is implemented.
9.2	Application servers must be hardened prior to placing in production. The hardening process is handled by DTMB Infrastructure Services, in conjunction with OES.	N/A	All server hardware and software installation, operations and maintenance will be the responsibility of the state data center who will ultimately be responsible for meeting this requirement.
9.3	End-user software applications, or components thereof, must **not** require privileged, super-user or administrator mode in order to function properly.	Yes	At this time, no special privileges are required by the EnABLE application to function.
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.		All server hardware and software installation, operations and maintenance will be the responsibility of the state data center who will ultimately be responsible for meeting this requirement.
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.	Yes	None are currently used.
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	Yes	The Assessment will ensure that this requirement is met.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
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	Yes	The Assessment will ensure that this requirement is met.

10. APPLICATION SERVER

#	Requirement	Meets Requirement? Yes/No	Vendor Response
10.1	The reporting product technology must be compatible with n-Tier architecture (client-server & web).	Yes	Dynamic system reports and ad-hoc reporting are implemented using MSSQL 2008 Reporting Services.
10.2	The application server must support the following Server Operating Systems (OS): • Microsoft Windows 2008 (standard) • VMWare vSphere 4 (standard)	Yes	The EnABLE solution supports this requirement.
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.	Yes	The EnABLE solution supports this requirement.
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.	Yes	
10.5	The application tier must be certified for use with the VMWare x86 based virtualization platform.	Yes	The EnABLE solution supports this requirement.
10.6	Systems running on the application server must support horizontal scaling.	Yes	The EnABLE solution supports this requirement.
10.7	Systems running on the application server must support vertical scaling.	Yes	The EnABLE solution supports this requirement.
10.8	All Application components must use the following communication protocols: • ODBC • ADO.Net	Yes	The EnABLE solution uses ADO.Net.
10.9	The Application tier must utilize the following job scheduling agents: <choose> • Tidal 3.0, 5.x, 6.x (standard)	Yes	The EnABLE solution supports this requirement.
10.10	The application must be capable of sharing the application server with multiple applications.	Yes	The EnABLE solution supports this requirement.

#	Requirement	Meets Requirement? Yes/No	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)	Yes	The EnABLE solution is an ASP.Net based system.
10.12	End-user software applications, or components thereof, must not require privileged, super-user or administrator mode in order to function properly.	Yes	At this time, no special privileges are required by the EnABLE application to function.

11. DATABASE SERVER

#	Requirement	Meets Requirement? Yes/No	Vendor Response
11.1	The database application must be compatible with the following server operating systems: • (see requirement 10.2)	Yes	The EnABLE solution is implemented using MSSQL Server 2008 as required in item 11.3 below. Since this is one of the "Standard" DBMS used by the state, detailed explanations of items will not be provided unless additional information needs to be presented.
11.2	The database tier must be certified for use with the VMWare x86 based virtualization platform.	Yes	
11.3	The application must use the following database management systems (DBMS) and version: • MSSQL Server 2008(standard) • Oracle 11g (standard)	Yes	The EnABLE solution is implemented using MSSQL Server 2008.
11.4	The database server must support horizontal scaling by partitioning of tables and clustering of server instances.	Yes	MSSQL Server 2008 meets this requirement.
11.5	The database server must support log shipping to a separate log server.	Yes	MSSQL Server 2008 meets this requirement.
11.6	The database server must support replication and mirroring across multiple servers.	Yes	MSSQL Server 2008 meets this requirement.
11.7	The database server must support flashback capabilities for database, table, etc. for rapid recovery.	Yes	It is possible to support a type of flashback using database snapshots.
11.8	The database server must support vertical scaling by the addition of additional CPU's, CPU Cores, and RAM memory.	Yes	MSSQL Server 2008 meets this requirement.
11.9	The database server must support data compression.	Yes	MSSQL Server 2008 meets this requirement.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
11.10	The database server must support table and index partitioning across multiple server instances.	Yes	The Enterprise version of MSSQL 2008 supports this requirement.
11.11	The database server must support parallel indexing operations.	Yes	The Enterprise version of MSSQL 2008 supports this requirement.
11.12	The database server must support manual tuning and configuration.	Yes	MSSQL Server 2008 meets this requirement.
11.13	The database server must support automatic tuning and configuration.	Yes	MSSQL Server 2008 meets this requirement.
11.14	The database tier must support a shared connection with connection pooling.	Yes	MSSQL Server 2008 meets this requirement.
11.15	The database must support single-record recovery processes.	Yes	MSSQL Server 2008 meets this requirement.
11.16	The database must support transactions and support transaction rollback.	Yes	MSSQL Server 2008 meets this requirement.
11.17	The database must support encryption at the database table/column level.	Yes	MSSQL Server 2008 meets this requirement.
11.18	The database must restrict access to data through the use of views, queries, roles and groups.	Yes	MSSQL Server 2008 meets this requirement.
11.19	The database must provide data archival functionality.	Yes	MSSQL Server 2008 meets this requirement.
11.20	The database must support assured record destruction by secure and permanent record deletion.	Yes	MSSQL Server 2008 meets this requirement.
11.21	The database must be able to operate in an n-Tier server architecture.	Yes	MSSQL Server 2008 meets this requirement.
11.22	The database structure must be extensible, allowing the addition of new tables, new columns and new objects.	Yes	The EnABLE solution provides functionality that allows users to define new fields for all of the major data groupings.
11.23	The database must support pessimistic and optimistic record-locking strategies.	Yes	MSSQL Server 2008 meets this requirement.
11.24	The database must support table and row level locking during read/write operations.	Yes	MSSQL Server 2008 meets this requirement.
11.25	The database server must support heterogeneous cross-DBMS and distributed transactions.	Yes	MSSQL Server 2008 meets this requirement.
11.26	The database transaction strategies must be configurable, allowing growth, shrinkage and backup-recovery.	Yes	MSSQL Server 2008 meets this requirement.
11.27	The database must not require components that are not part of the default database licensing model for supporting any functionality.	Yes	The EnABLE solution does not require any component that is not part of the default database license.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
11.28	The database must allow full text indexing and search.	Yes	MSSQL Server 2008 meets this requirement.
11.29	The database must provide support for spatial data.	Yes	MSSQL Server 2008 meets this requirement.
11.30	The database must provide support for XML data.	Yes	MSSQL Server 2008 meets this requirement.
11.31	The database server must support the following application development frameworks: (see section 4.4 - Product Development)	Yes	MSSQL Server 2008 meets this requirement.
11.32	The database server must support auditing and logging for DML events (insert, update, delete).	Yes	Both the MSSQL Server 2008 and internal EnABLE Audit functions provide this level of functionality.
11.33	The database server must support auditing and logging for DCL events (grant, revoke, deny).	Yes	MSSQL Server 2008 meets this requirement.
11.34	The reporting product technology must be compatible with n-Tier architecture (client-server & web).	Yes	MSSQL Server 2008 meets this requirement.
11.35	The database must not require users to have elevated database privileges/accounts for normal operation.	Yes	The EnABLE solution does not require any user accounts since all access is maintained by the internal application and only one database user id is used by the system.

12. WEB SERVER

#	Requirement	Meets Requirement? Yes/No	Vendor Response
12.1	The Web server must support the following Operating Systems (OS): • (see requirement 10.2)	Yes	
12.2	The Web Server components must operate the same without regard to the hosting platform or OS.	Yes	
12.3	The Web Server component updates must occur at the same time without regard to the hosting platform or OS.	Yes	
12.4	The web server for this application must be: • MS IIS 2008 (standard)	Yes	The EnABLE solution requires an IIS environment to operate.
12.5	The application must be capable of sharing a web server with multiple applications.	Yes	This type of installation is common for EnABLE installations.
12.6	The Web Server must support horizontal scaling.	Yes	
12.7	The Web Server must support vertical scaling.	Yes	

#	Requirement	Meets Requirement? Yes/No	Vendor Response
12.8	The application tier must be certified for use with the VMWare x86 based virtualization platform.	Yes	
12.9	The application should support clustering and/or load balancing across several servers.	Yes	
12.10	The reporting product technology must be compatible with n-Tier architecture (client-server & web).	Yes	
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)	Yes	The EnABLE solution is a web based system that is able to be rendered through the identified portals.

13. SOLUTION ARCHITECTURE

#	Requirement	Meets Requirement? Yes/No	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.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
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	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
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)	Yes	The EnABLE solution supports this requirement, but it is the responsibility of the state datacenter to implement the desired requirement.
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).	Yes	The EnABLE solution supports this requirement, but it is the responsibility of the state datacenter to implement the desired requirement.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
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)	Yes	A SLA is implemented for all EnABLE installations.
13.6	The solution/application must support distributed deployment of application components and database tier components (n-Tier architecture).	Yes	The EnABLE solution supports this requirement, but it is the responsibility of the state datacenter to implement the desired requirement.
13.7	The solution/application must have an approved Enterprise Architecture (EA) Solution Assessment, prior to production.	Yes	The EA Solution Assessment will be conducted during the implementation of the system/.
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.	Yes	The roadmap will be provided upon the install of the base system.
13.9	Provide conceptual and logical application data-flow models.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
13.10	Provide a logical network diagram that describes how the infrastructure components will meet the functional requirements.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
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.	Yes	The roadmap will be provided upon the install of the base system
13.12	Provide a high-level architecture diagram, including logical and physical components.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
13.13	Systems operating on an application server must interoperate with CA Unicenter monitoring agents.	Yes	Integration with the Unicenter agents is accomplished through IIS and application events.
13.14	Systems operating on an application server must interoperate with Veritas Backup and Recovery agents.	Yes	The EnABLE solution only consists of the SQL database and the web site virtual directory. These are compatible with the identified Backup and Recovery agents.
13.15	The reporting product technology must be compatible with n-Tier architecture (client-server & web).	Yes	

14. SOLUTION INTEGRATION

#	Requirement	Meets Requirement? Yes/No	Vendor Response
14.1	System integration must support the following method(s): • API • Web Services • SOAP • ODBC • Plug-Ins	Yes	The EnABLE solution currently supports integration through Web Services, SOAP and ODBC channels.
14.2	An Enterprise Application Integration (EAI) solution must be provided to the following services: <choose> • MQ Series (standard) • Message Broker (standard)	No	The EnABLE solution does not currently have services to integrate with either of the identified EAI solutions. If a need for such an integration is identified, an appropriate solution can be developed.
14.3	An Application Programming Interface (API) must be supplied and supported for the following technologies: • .NET (standard)	No	Though the EnABLE solution is based upon .Net, the primary interfaces are through web services and SOAP functionality.
14.4	Provide pre-defined connector(s) to the following industry standard data source(s): • Oracle • Microsoft • SAP	Yes	The EnABLE solution is able to access Oracle and Microsoft data sources directly and SAP through web services.
14.5	Provide a method to import data from the following proprietary sources: • Munex 2003 Debt service schedules for loans and bonds. This includes but is not limited to dates, principal payments, interest payments, interest rates, draw amounts, etc. There will be one – time migration for testing and a one-time migration for production. There will be no interface with the Munex system. Data will be exported into flat files and validated by a third party financial firm to mitigate errors. The data can be provided in various formats for importing into the new system.	Yes	The Munex imports will be accomplished through importing CSV/Excel files that are exported from the Munex system.
14.6	Connectivity to the following relational database(s) must be provided and supported: • (see section 11.5)	Yes	
14.7	The solution must be able to import and export data to and from the following external source(s): • Microsoft Office 2003	Yes	The EnABLE solution supports this requirement by importing Office export files and creating files that can be imported into Office.
14.8	The ability to export data in the following output formats must be available: <vendor choose> • HTML • XML • Text file	Yes	The EnABLE solution can export data in all three of the identified formats.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
14.9	The reporting product technology must be compatible with n-Tier architecture (client-server & web).	Yes	
14.10	The solution must be able to make use of any of the following for external services: • web service • web site • FTP site	Yes	The EnABLE solution supports this requirement.

15. SYSTEM ADMINISTRATION AND LICENSING

#	Requirement	Meets Requirement? Yes/No	Vendor Response
15.1	Software licensing must be inclusive for all packages included in the solution, unless explicitly listed and detailed.	Yes	The EnABLE solution does not require any additional licensing at this time.
15.2	Application/System documentation must provide access to FAQ and/or Support Information for frequent issues administrative staff may encounter.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
15.3	Documentation must indicate recommended staffing requirements to administer and support the system.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
15.4	Deleted		
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.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
15.6	Deleted		
15.7	Documentation must describe the level of effort and anticipated downtime for product upgrade installation.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
15.8	Documentation must provide the anticipated frequency and requirements of patches (releases, break-fix, 0-day), minor, and major releases.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
15.9	Documentation must provide information on certification/compatibility with OS patches, Service Pack, and upgrade paths.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
15.10	Documentation must address upgrade paths and procedures for each component/tier.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
15.11	Provide a complete configuration and set-up documentation library.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
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.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
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.).	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.

16. SYSTEM PERFORMANCE

#	Requirement	Meets Requirement? Yes/No	Vendor Response
16.1	The application must provide performance-optimization capabilities.	Yes	Performance optimization is supported by application/database scaling horizontally, vertically and by partitioning.
16.2	The application must have the capability to handle large-volume batch processing via multi-threading.	Yes	The EnABLE solution supports this requirement, though minimal batch processing is expected.
16.3	The application must maintain optimum performance over both Wide Area Network (WAN) and Local Area Network (LAN).	Yes	There is no technical constraint in the EnABLE solution that would not support this requirement.
16.5	System documentation must clearly describe all versions of the package that are deployed for different scaling situations.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
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.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
16.7	The application must integrate with the CA Unicenter for capacity and performance monitoring.	Yes	Integration with the Unicenter agents is accomplished through IIS and application events.
16.8	System documentation must clearly describe what support will be provided to the State for performance optimization activities.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.
16.9	System documentation must clearly describe the type of caching, if any, the system employs.	Yes	This information will be provided in the Configuration Document and the Operations Document deliverables.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
16.10	Deleted		
16.11	The system must meet performance benchmark times for: • Page refresh in under three seconds • Database query execution in under two seconds	Yes	The EnABLE solution has been designed, developed and tuned to easily meet these performance measures in an environment with proper resources and connectivity.

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

#	Requirement	Meets Requirement? Yes/No	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.	Yes	No third-party libraries are currently used.
20.2	COTS software must have maintenance and support available from the developer, vendor or an approved 3rd party.	Yes	A Maintenance and Support Contract is part of all EnABLE installations
20.3	COTS software providers must make available for inspection the End User License Agreement (EULA) as part of Proposal.	Yes	Please see Appendix A for a copy of TechPG contract documents, including the enterprise License Agreement
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.	Yes	Please see Appendix A for a copy of TechPG contract documents, including the enterprise License Agreement
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.	Yes	TechPG agrees that it will provide an EA Solution Assessment for approval of EnABLE prior to implementation

21. INFORMATION TECHNOLOGY NETWORK AND INFRASTRUCTURE

#	Requirement	Meets Requirement? Yes/No	Vendor Response
21.1	The information technology network and infrastructure must conform with SOM Policy 1345.00 regarding "Network and Infrastructure": SOM Technical Policies	Yes	The EnABLE implementation will not require any changes to network infrastructure as it is only a web site.
21.2	Deleted		
21.3	Deleted		
21.4	The solution must conform with the SOM "DTMB State-wide Telecommunication Infrastructure Facility Standard": Telecom Infrastructure Facility Standard	Yes	Though the implementation of the EnABLE solution should not be affected by this requirement, as part of the Security Assessment, this requirement will be included in the review.
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	Yes	Though the implementation of the EnABLE solution should not be affected by this requirement, as part of the Security Assessment, this requirement will be included in the review.

Contract Exhibit C – Functional Requirements

1. STATE REVOLVING FUND

#	Requirement	Response	Vendor Explanation
G1.01	The system must have the ability to manually override functionality to provide for exceptions to simple formulas and/or general business process rules. The State needs to be able to modify the formulas, based on business rules. This will be required to manually change automatic input.	FS	EnABLE's configuration options allow the overriding of general business process rules. In many cases, the system will display the calculated or expected results, but allow an authorized user to change the data prior to saving and processing. Examples include allowing authorized users to change the calculated amortization schedule or override the default distribution of a payment to the outstanding receivables prior to saving.
G1.02	The system must allow data from text files, spreadsheets, or database tables, to be imported and stored in the system. An example would be a debt schedule produced in Microsoft Excel. Data import will be specific pre-defined layouts from text files, spreadsheets or database tables.	FS	The solution allows for data import from databases, text files, XLS spreadsheets, and other sources. Currently the system supports the importing of file data such as bond debt schedules, loan amortization records, payment files, project budgets, etc. The list and format of data that needs to be imported will be defined during the EnABLE configuration/design phases of the project and implemented in the delivered solution.
G1.03	The system must have the ability to sort and report on any data field. This sorting requirement is for data fields available in reports.	FS	A full suite of pre-defined reports and ad-hoc reporting capabilities are available. Additionally, users have the ability to display and filter through data displayed on screens using EnABLE's column selector feature. Users also have the ability to export data displayed on grid screens to an MS Excel spreadsheet by clicking a single button.
G1.04	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. • The ability to name the fields is a one-time activity completed prior to implementation. • The State does not expect a UI screen to manage user-defined fields.	FS	EnABLE provides the ability for any authorized user to create user defined fields. This functionality is accessed through the Additional Attribute tab for each major module and provides for each field to be named, contain data and have a comment included. There is no limit to the number of user-definable fields that can be added throughout the life of the system.
G1.05	The system must have the ability to consolidate information within and across funds for both specified time periods and as of a specific date.	FS	The solution provides comprehensive reporting and tracking across funding source and programs. Temporal reporting allows reports to be generated with any past or future "as of" date, as well as for date ranges.
G1.06	The system must be completely integrated with the other system modules to provide real-time transactional information. If a vendor proposes a solution with linked bond and loan module, the information entered by a user must updated in real-time to avoid inaccurate data.	FS	The solution is fully integrated across system modules.

#	Requirement	Response	Vendor Explanation
L2.01	The system must be able to establish and track a loan by maintaining key pieces of information about the Loan, including but not limited to:	FS	The Loan Module contains all of the identified fields and supports user defined fields as explained in G1.04.
L2.01a	Loan Number	FS	This field is present in the system.
L2.01b	Loan Name	FS	This field is present in the system.
L2.01c	Loan Type	FS	This field is present in the system.
L2.01d	Loan Description	FS	This field is present in the system.
L2.01e	Date Loan Established	FS	This field is present in the system.
L2.01f	Multiple Contacts (See Contact Management Requirements)	FS	The EnABLE solution contains a single-entry contact repository. This allows contact records to be associated with records such as Borrowers, Projects, Loans, Grants, Bonds, etc. by identifying a role that they are performing. (Single entry with 1-to-many associations).
L2.01g	Loan Fund Source	FS	Each loan may have one or more funding sources associated with it and all of its subsequent transactions. This provides the ability to track and report on how each loan was funded, disbursed and repaid.
L2.01h	Loan Principal Payment Date	FS	EnABLE tracks the payment amounts as receivables prior to payments being received and then as transactions once they are paid. Receivables and transactions are created for principal, interest and fee amounts. Data that is tracked includes when each payment is due, the amount due and paid, the actual date it was entered, the effective date of the payment and all funds that were affected by the payment.
L2.01i	Loan Interest Payment Date	FS	See L2.01h above.
L2.01j	Loan Principal Payment Amount	FS	See L2.01h above.
L2.01k	Loan Interest Payment Amount	FS	See L2.01h above.
L2.01l	Disbursement Date	FS	All disbursements are tracked as transactions and include the amount disbursed, the date it was requested, the date it was actually disbursed and all funding sources that were affected by the disbursement.
L2.01m	Disbursement Amount	FS	See L2.01l above.
L2.01n	Total Repaid Amount	FS	See L2.01l above.
L2.01o	Total Principal Paid	FS	See L2.01l above.
L2.01p	Total Interest Paid	FS	See L2.01l above.
L2.01q	Outstanding Principal Balance	FS	Balances are calculated in real time and can be provided for any prior, current or future dates. Real time balances are displayed on the Loan's General Tab.
L2.02	The system must allow for configurable loan term structure including, but not limited to:	FS	EnABLE's loan term structure fields allow for all terms listed to be modified as necessary.
L2.02a	Loan Commitment Date	FS	This field is present in the system.

#	Requirement	Response	Vendor Explanation
L2.02b	First Interest Payment Date	FS	This field is present in the system as well as the interest frequency.
L2.02c	First Principal Payment Date	FS	This field is present in the system as well as the principal frequency.
L2.02d	Final Principal Payment Date	FS	This field is present in the system.
L2.02e	Principal Amounts	FS	The information is tracked in the amortization schedule for each payment due.
L2.02f	Principal Prepayment Amounts	FS	This information is present in the system.
L2.02g	Loan Interest Rate	FS	The system supports an unlimited number of interest and fee rates for each loan. The only restriction is that there cannot be more than one rate change per day.
L2.03	The system must generate principal amortization schedules based on information entered into the loan term structure. Interest should be calculated on loan draws.	FS	EnABLE creates amortization schedules based upon the information entered for the loan. If the loan is still in draw mode, it calculates interest based upon the actual number of days that the disbursements are outstanding. For loans that have been closed and draws are complete, it calculates a fixed payment for the term of the loan using the total that was drawn. The system also supports the ability to automatically create updated amortization schedules when each disbursement is processed and when payments are received, if desired.
L2.04	The system must allow for manual adjustments to the payment schedule.	FS	When amortization schedules are created through the online functionality, the system allows for the user to make changes to the calculated schedule, enter their own schedule manually, or import an existing schedule. Additionally, authorized users may modify amortization schedules at any time.
L2.05	The system must allow configuring funding sources when a loan draw is entered. Funding source may include, but not limited to:	FS	A fully integrated funding source module is included with the solution. The solution supports draws with the funding sources identified and supports the creation of an unlimited number of user-defined funding sources that can be used with loans and grants.
L2.05a	Bond Issue	FS	See L2.05 above.
L2.05b	Loan	FS	See L2.05 above.
L2.05c	Grant	FS	See L2.05 above.
L2.05d	Principal Forgiveness	FS	See L2.05 above.
L2.06	The system must allow for manual shifting of accumulated interest to next payment date on loan draws that occur during the billing grace period. Shift Interest payments should be billed to the next payment date and should be visible in the loan payment schedule.	FS	EnABLE calculates accumulated interest using a formula that takes into account these grace periods. The solution supports this requirement.
L2.07	A SRF loan is considered administratively complete by the DEQ when the project is complete and all funds for the project have been	FS	After reviewing the revised requirement and with the information gathered during the orals presentation, the EnABLE solution will be able to support this item. The allocation routine will be configured to support the

#	Requirement	Response	Vendor Explanation
	disbursed to the borrower. The new system will allocate loan draws and principal payments as set forth in Note#2 - New System Allocation Rule, at the bottom of Exhibit C. This modification supersedes the original 18 month rule requirement: *"The system must automatically allocate principal repayments to the funding source based on an accelerated method. Principal loan payments received within 18 months of a draw will be allocated 100% to the open funding source. Allocation will be based on the schedule being administratively complete and draw date."*		tracking of unallocated funds until the time when these funds can be allocated to the appropriate funding source. When this occurs, the system will provide a complete transactional history of the allocation records. The functionality delivered will support both the automatic assignment of allocations following the identified rules and manual entry of the allocation data to support manual intervention.
L2.08	The system must allow for manual allocation of principal repayments if funding source is closed.	FS	When a repayment is received, internal users may override the suggested payment allocation or funding source for a variety of reasons including a closed funding source.
L2.09	The system must allow users to finalize payment date that lock in principal and interest. The system must allow users to finalize payment date that lock in principal and interest, so that any modifications made to the loan will not affect past payments in the system.	FS	Users are able to record this information for the loan through a series of status fields and status dates.
L2.10	The system must allow users to modify a debt schedule if the final total loan draws are less than the original commitment amount. Modifications to the debt schedule will not affect historical payments.	FS	The solution allows authorized users to add multiple amortization/debt schedules to a loan. These schedules may be marked as original, modification, or anticipated (what-if) schedules and may be calculated to alternative loan amounts. Historical payments are not adjusted when a new schedule is entered into the system.
L2.11	The system must allow assigning an organization with a loan. (See Contact Management Requirements)	FS	The existing functionality requires that each loan be assigned to a project and borrower. Borrowers can be individuals, companies, organizations or any other type of legal entity.
L2.12	The new system must be able to allow for multiple pledges during the life of a loan. This would allow the user to modify the destination of principal and interest payments on a particular loan at any given future date. Please see Note#1 - New Pledged Requirement at the bottom of Exhibit C.	FS	As stated in L2.307 (L2.07) above, "*After reviewing the revised requirement and with the information gathered during the orals presentation, the EnABLE solution will be able to support this item. The allocation routine will be configured to support the tracking of unallocated funds until the time when these funds can be allocated to the appropriate funding source. When this occurs, the system will provide a complete transactional history of the allocation records. The functionality delivered will support both the automatic assignment of allocations following the identified rules and manual entry of the*

#	Requirement	Response	Vendor Explanation
			allocation data to support manual intervention." For example, when situations such as refunding occurs, this functionality will allow users to move the allocations between different funding sources as needed while providing a historical picture of each iteration.
B3.01	The system must allow defining multiple "recipients of funds" for a financing program, a bond issue, or a loan.	FS	The EnABLE Funding Source module allows funding sources to have a user definable source. If the source is from bond proceeds, users have the ability to identify the associated bond. The funding sources are then associated with loan and grant records and all transactions for the loans and grants. This allows complete tracking of the usage for the funding source and facilitates reports such as cash flow projections and bond sufficiency tracking when the funding source is used with a loan.
B3.02	The system must allow configurable options for creating bond issues in the system. The configurable options will include standard bond parameters such as coupon rates, call dates, debt service schedules, payment dates, zero and variable rate bonds etc.	FS	The Bond module of the EnABLE system contains all of the identified fields and parameters.
B3.03	The system must allow configurable structuring of bond issue terms (capitalized, serial, term, multimodal and other bonds). The characteristics of a multimodal bond is a bond that is convertible to a different mode. For example, issued as a variable rate bond and finalized as a fixed rate bond.	FS	EnABLE's Bond module supports each of the identified bond terms.
B3.04	The system must allow a separate tracking of the "cost of issuance" for bonds. "Cost of issuance" are all expenses associated with the sale of a new issue which are not part of the Underwriter's Discount. These can include legal fees, printing costs, and rating agency fees among others.	FS	The EnABLE Bond module provides a user definable list of expenses. This list is maintained by an authorized user and can be added to at any time. The default list of items already contains the expenses listed.
B3.05	The system must allow a snapshot view of debt service schedule for any loan and bond issue for a given "As Of" Date.	FS	Within EnABLE, this type of "As Of" date type of reporting is referred to as temporal reporting and is fully supported for loan and bond issues.
B3.06	The system must perform bond sufficiency calculations. Sufficiency calculations include, but are not limited to: These 7 items are the inputs required for the sufficiency calculation. Loan Repayment Cash Flows – Projected loan repayments for disbursements funded by the bond is obtained from the system. These are user defined assumptions: 1. Investment Yield Earnings – investment earnings of funds in the	PS/FE	The EnABLE solution contains most of the information to provide the required reporting. In some cases, the existing EnABLE report may not contain all of the fields required by the state and will be enhanced to meet the states need at no additional cost. That is what is meant by the use of the PS/FE annotation on the individual line items.

#	Requirement	Response	Vendor Explanation
	Reserve account, Revenue account, Rebate account, Loan Prepayment Sub account under the bond indenture. 2. Ongoing Expenses – an estimated annual amount. Bond Debt Service Cash Flows – are projected principal and interest payments on the bonds from system. Debt Service Reserve Cash Flows – are the scheduled withdrawals from the reserve account investment obtained from the investment agreement. Arbitrage Liability Information – an estimation of the daily arbitrage accrual is needed to set aside funds for possible arbitrage liability. This is obtained from the arbitrage attorney who performs the arbitrage calculations. Cash Balances – obtained from trust account statements. The sufficiency calculation takes into consideration all the cash inflows and cash outflows related to the bond for each year. Cash inflows are loan repayments, investment earnings on existing cash balances of funds related to the bonds. Cash outflows are bond debt service, expenses, arbitrage liability, debt service reserve withdrawals. The net cash flow is determined for each year for all future years of the bond life to ensure that there is no insufficiency in any year. Any insufficiencies identified as a result of the calculations will need to be addressed by additional funding. Since SRF bonds are cross collateralized these insufficiencies can be funded by other bonds that have excess funds.		
B3.06a	Loan Repayment Cash Flows	FS	See B3.06 above
B3.06b	Investment Yield Earnings The current system calculates investment yields based on account balances and manually entered yield rates.	PS/FE	See B3.06 above
B3.06c	Ongoing Expense Cash Flows	FS	See B3.06 above
B3.06d	Bond Debt Service Cash Flows	FS	See B3.06 above
B3.06e	Debt Service Reserve Cash Flows	PS/FE	See B3.06 above
B3.06f	Arbitrage Liability Information	FE	This is a new report that will be created in MSRS for the state.

#	Requirement	Response	Vendor Explanation
B3.06g	Cash Balances	FS	
C4.01	The system must link contacts to loans, bonds and grants; this may be either a one-to-many relationship or a one-to-one relationship. The ARRA grant only requires tracking at the project and loan level.	FS	The EnABLE solution contains a single contact repository that allows contact records to be associated by identifying a role that they are performing for records such as Borrowers, Projects, Loans, Grants, Bonds, etc. Individual contact records can be link to one or an unlimited number of records. Also each record (Borrowers, Projects, Loans, Grants, Bonds, etc.) can have an unlimited number of contacts associated to it.
C4.02	The system must allow a directory of contacts to be established, and maintain key pieces of information including but not limited to:	FS	The solution contains a full contact management module that provides multiple ways of searching for contact records and supports the following identified fields.
C4.02a	Contact Identification Number	FS	This field is present in the system.
C4.02b	Contact Category The state envisions different levels of categories for contact information relating to the bonds and loans. Different categories are Bond Counsel, Secondary Security, County, Coverage, Security, Credit Ratings, Unit Name, etc.	FS	This field is present in the system.
C4.02c	Contact Sub-Category	FS	This field is present in the system.
C4.02d	Contact name	FS	This field is present in the system.
C4.02e	Contact title/position	FS	This field is present in the system.
C4.02f	Contact organization	FS	This field is present in the system.
C4.02g	Contact mailing address	FS	This field is present in the system.
C4.02h	Contact county	FS	This field is present in the system.
C4.02i	Contact phone number	FS	This field is present in the system.
C4.02j	Contact fax number	FS	This field is present in the system.
C4.02k	Contact e-mail address	FS	This field is present in the system.
C4.02l	Contact Organization's Federal Identification Number	FS	This field is present in the system.
C4.02m	Contact notes	FS	This field is present in the system.
C4.03	The system must allow multiple titles/positions per contact.	FS	While a contact may have only one job title it may have multiple contact roles and positions within their associations to Borrowers, Projects, Loans, Grants, Bonds, etc.
C4.04	The system should be able to send emails to contacts as a notification or reminder.	FS	The solution contains a Tasks module and Compliance module which can accommodate sending email notification and reminders.
C4.05	The system should allow e-mails to be sent to titles/positions in addition to individuals.	FS	Email may be sent to individual contacts or contacts with a specified contact role(s) (titles/positions).

#	Requirement	Response	Vendor Explanation
C4.06	The system should allow unlimited categories, sub-categories and sub-subcategories of contacts. The state envisions different levels of categories for contact information relating to the bonds and loans. Different categories are Bond Counsel, Secondary Security, County, Coverage, Security, Credit Ratings, Unit Name, etc.	FS	The solution can sort contacts into organizations and groups. A contact may have only one organization, but may belong to an unlimited number of groups. Additionally, each contact can have an unlimited number of different types of categories (roles).
C4.07	The system must be able to generate standard template letters that can be modified by the user. The letter name, time stamp, and author will be recorded for future reference.	FS	The solution contains document generation tools for generating template letters. These templates are created, edited, and modified by authorized users by using Microsoft Word. Once a template is completed, it is registered in the system and can then be used to generate documents. All generated documents have the option of having a copy of the document being automatically attached to the appropriate record in the system with its author and time stamp recorded for reference.
R5.01	The system must be capable of producing a report within and across all borrowers, programs, funds, departments, geographic locations, projects, etc. for both specified time periods and as of a specific date.	FS	The EnABLE solution has been designed so that all related data can be easily link to its related data for reporting purposes across all areas. The solution comes with standard reports that provide this level of detail. Please see the Report Glossary for a full description of reports as well as selected samples. Additionally, through the ad-hoc reporting functionality, any new reporting requirements can be created as needed.
R5.02	The system must provide the ability to protect and maintain different versions of reports.	FS	EnABLE uses Microsoft Reporting Services (MSRS) to manage, protect, and maintain report versions. Users may duplicate and modify reports on an as-needed basis but may never replace the original report.
R5.03	The system must allow drill-down reporting capability.	FS	EnABLE's MSRS reports allow for drill-down reporting. Additionally, many of EnABLE's web-based screens allow for drill-down queries to be performed without the need for additional reports.
R5.04	The system must allow the ability to add footnotes and comments to reports.	FS	A comment module already exists within Adobe PDF documents for reports that are generated as PDF documents. Reports generated in Word, Excel, Text, and other file types. can have the comments added once the report is generated and opened for review.
R5.05	The system must provide the ability to publish reports to a web site in PDF and HTML format.	FS	The solution can create these documents in real time. A link to the report from a web site can run the report. The EnABLE solution supports the creation of PDF and HTML outputs.

#	Requirement	Response	Vendor Explanation
R5.06	The system must have the ability to cut/copy and paste from reports into MS Word, Excel, and Access formats.	FS	For any reports that are generated into a PDF or HTML format, the system creates them so that the data is searchable and selectable and can be cut and pasted. All other output formats such as Word, Excel, Text files by default have the ability to support the cut and paste requirement.
R5.07	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.	FS	Reports generated through MSRS may be exported to a variety of formats including XML, CSV, PDF, MHTML, Excel, TIFF and Word.
R5.08	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.	FS	Microsoft Reporting Services and the Report Builder tool allows users to clone, modify, and save as many versions of a report as necessary. The original system report is always preserved.
R5.09	The system must provide a logical report writer for ad hoc queries and reports.	FS	The solution utilizes Microsoft Report Builder for generating ad hoc queries and reports. If the database used to implement the system is 2008 R2 then Report Builder 3.0 will be used; otherwise Report Builder 2.0 will be used.
R5.10	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.	FS	Microsoft Reporting Services (MSRS) provides all of the functionality requested in this requirement. Additional features such as creating pivot tables, providing standard report headers and footers and allowing extreme control on the formatting and presentation of the report are also provided.
R5.11	The system must provide a report wizard or similar tool to assist users in creating ad hoc reports.	FS	MSRS contains a report wizard. Additionally, training materials for EnABLE data within Report Builder will be provided.
R5.12	The system must have the ability to perform queries of the database using any variable and screen-print the results.	FS	MSRS fulfills this requirement.
R5.13	The system must provide a set of standard reports at both the debt or project level, including but not limited to the following:	FS	
R5.13a	Amortization Schedules:	FS	The system contains this report.
R5.13b	Amortization of Premium, Discount, Costs of Issuance, etc.	FS	The system contains this report.
R5.13c	Project Repayment Schedule	FS	The system contains this report.
R5.13d	Debt Service Schedule for Bonds	FS	The system contains this report.
R5.13e	Debt Service Schedule for Loans.	FS	The system contains this report.
R5.13f	Aggregate Summary of Loan Draws and Repayment	FS	The system contains this report.
R5.13g	Allocated Loan Principal and Interest to Source of Funding.	FS	The system contains this report.

#	Requirement	Response	Vendor Explanation
R5.13h	Allocated Loan Principal and Interest by Rate to Source of Funding by Loan and in Aggregate.	FS	The system contains this report.
R5.13i	Allocated Loan Draws to Source of Funding.	FS	The system contains this report.
R5.13j	Arbitrage Summary	FE	This report will be created using MSRS to meet this requirement.
R5.13k	Bill/Invoice to Borrower	FS	The system contains this report.
R5.13l	Billing Activity Report	FS	The system contains this report.
R5.13m	Billing Summary	FS	The system contains this report.
R5.13n	Bond Debt Service summary for any specified date range.	FS	The system contains this report.
R5.13o	Bond Balance report as of any date.	FS	The system contains this report.
R5.13p	Bond Source & Use report	FS	The system contains this report.
R5.13q	Cash Activity Report	FS	The system contains this report.
R5.13r	Contact Directory	FS	The system contains this report.
R5.13s	Current Status of Debt	FS	The system contains this report.
R5.13t	Current Status of Projects	FS	The system contains this report.
R5.13u	Disbursements/Payment Activity	FS	The system contains this report.
R5.13v	Disbursements/Payment Summary	FS	The system contains this report.
R5.13w	Fiscal Year Summary of Loan Balances	FS	The system contains this report.
R5.13x	Minimum Principal Required for New Schedule.	FE	This report will be created using MSRS to meet this requirement.
R5.13y	Refunded Summary	FS	The system contains this report.
R5.13z	Refunding Maturity (Eligibility for Refunding)	FE	This report will be created using MSRS to meet this requirement.
R5.13aa	Summary of Loan Maturities	FS	The system contains this report.
R5.13bb	Unallocated Loan Principal and Interest.	FS	The system contains this report.
R5.13cc	System Reports:	FS	The system contains this report.
R5.13dd	Exception report Unallocated Loan Principal and Interest Report is a report that shows the differences between loan disbursement and repayment allocation. This is an exemption report.	FS	The system contains this functionality.
R5.13ee	Error report	FS	The system contains this functionality.

Note#1: Pledged funds (per requirement L2.12)

The system must be able to allow for multiple pledges during the life of a loan. This would allow the user to modify the destination of principal and interest payments on a particular loan at any given future date.

The table below shows a typical issue.

	Principal	2012Source	2013Source	2012Allocation	2013Allocation	Clean Water Unallocated
1/1/2012						
3/1/2012		200,000				
5/3/2012		100,000				
3/12/2013			50,000			
4/1/2013	50,000			25,000.00	4,166.67	20,833.33
4/1/2014	50,000			25,000.00	4,166.67	20,833.33
4/1/2015	27,500			27,500.00	4,583.33	-41,666.67
4/1/2016	27,500			27,500.00	4,583.33	0
4/1/2017	30,000			30,000.00	5,000.00	0
4/1/2018	30,000			30,000.00	5,000.00	0
4/1/2019	32,500			32,500.00	5,416.67	0
4/1/2020	32,500			32,500.00	5,416.67	0
4/1/2021	35,000			35,000.00	5,833.33	0
4/1/2022	35,000			35,000.00	5,833.33	0
	350,000	300,000	50,000	300,000	50,000.00	0.00

On 04/01/2016 a partial refund occurs that require the future 2012 allocation principal and interest payments be applied to the 2016 pledge.

	Principal	2012Source	2013Source	2012Allocation	2013Allocation	2016 Pledge	Clean Water Unallocated
1/1/2012							
3/1/2012		200,000					
5/3/2012		100,000					
3/12/2013			50,000				
4/1/2013	50,000			25,000.00	4,166.67		20,833.33
4/1/2014	50,000			25,000.00	4,166.67		20,833.33
4/1/2015	27,500			27,500.00	4,583.33		-41,666.67
4/1/2016	27,500				4,583.33	27,500.00	0
4/1/2017	30,000				5,000.00	30,000.00	0
4/1/2018	30,000				5,000.00	30,000.00	0
4/1/2019	32,500				5,416.67	32,500.00	0
4/1/2020	32,500				5,416.67	32,500.00	0
4/1/2021	35,000				5,833.33	35,000.00	0
4/1/2022	35,000				5,833.33	35,000.00	0
	350,000	300,000	50,000	77500.00	50,000.00	222,500.00	0.00

Note#2 – New System Principal Allocation Formula, per Requirement L2.07.

<u>Unallocated Principal</u>
When a new issue is entered into Munex the principal schedule reflects the predicted loan amount. However, it is common practice for an organization to not draw down the full loan amount. At the time of principal payment, if the payment is based on the schedule for the original loan amount, and funds have not been fully drawn down, then there will be a portion of unallocated principal (table1.1). Munex will apply the unallocated principal to the open funding source and then modify future allocations. The schedule will eventually be revised by the financial advisors, but this often happens after the principal payments come due.

Munex – Old Method Table 1.1

	Principal	2012Source	2013Source	2012Allocation	2013Allocation	Unallocated
1/1/2012						
3/1/2012		200,000				
5/3/2012		100,000				
2/10/2013			50,000			
4/1/2013	50,000			50,000.00	0.00	
4/1/2014	50,000			22,727.27	27,272.73	
4/1/2015	55,000			25,000.00	2,500.00	27,500.00
4/1/2016	55,000			25,000.00	2,500.00	27,500.00
4/1/2017	60,000			27,272.73	2,727.27	30,000.00
4/1/2018	60,000			27,272.73	2,727.27	30,000.00
4/1/2019	65,000			29,545.45	2,954.55	32,500.00
4/1/2020	65,000			29,545.45	2,954.55	32,500.00
4/1/2021	70,000			31,818.18	3,181.82	35,000.00
4/1/2022	70,000			31,818.18	3,181.82	35,000.00
	600,000	300,000	50,000	300,000	50,000.00	250,000.00

Funding has not been fully drawn down.

Schedule will eventually be revised to reflect total funds drawn. There is no set date for this to occur

This data is dynamic and automatically calculated by Munex.

New System Method

The new system must apply the unallocated principal payments to a common pot that is specific by program. This pot will be dynamic with funds automatically being entered and withdrawn for any given period as loans are finalized. Also, the allocation of payments made prior to the transaction date (historical) aren't changed or adjusted. Historical allocations are locked in. Adjustments to allocations are made only prospectively.

Table 1.2 demonstrates how the new system will automatically calculate future allocations.

Table1.2 - Scenario 1

	Principal	2012Source	2013Source	2012Allocation	2013Allocation	Clean Water Unallocated
1/1/2012						
3/1/2012		200,000				
5/3/2012		100,000				
3/12/2013			50,000			
4/1/2013	50,000			25,000.00	4,166.67	20,833.33
4/1/2014	50,000			25,000.00	4,166.67	20,833.33
4/1/2015	55,000			27,500.00	4,583.33	22,916.67
4/1/2016	55,000			27,500.00	4,583.33	22,916.67
4/1/2017	60,000			30,000.00	5,000.00	25,000.00
4/1/2018	60,000			30,000.00	5,000.00	25,000.00
4/1/2019	65,000			32,500.00	5,416.67	27,083.33
4/1/2020	65,000			32,500.00	5,416.67	27,083.33
4/1/2021	70,000			35,000.00	5,833.33	29,166.67
4/1/2022	70,000			35,000.00	5,833.33	29,166.67
	600,000	300,000	50,000	300,000	50,000.00	250,000.00

No payments have been made.

The loan has now received 2 principal payments and the allocations have been fixed. The borrower then decides to not draw down anymore funds and the loan is made administratively complete. The future principal payments have been modified to reflect the total amount drawn. Future "Clean Water Unallocated" funds are transferred to the 2012Allocation and 2013Allocation. The Clean Water Unallocated account will always balance to zero dollars after a loan has been made administratively complete (table 1.3).

Table1.3 - Scenario 1

	Principal	2012Source	2013Source	2012Allocation	2013Allocation	Clean Water
1/1/2012						
3/1/2012		200,000.00				
5/3/2012		100,000.00				
3/12/2013			50,000.00			
4/1/2013	50,000.00			25,000.00	4,166.67	20,833.33
4/1/2014	50,000.00			25,000.00	4,166.67	20,833.33
4/1/2015	27,500.00			59,285.71	9,880.95	-41,666.67
4/1/2016	27,500.00			23,571.43	3,928.57	0.00
4/1/2017	30,000.00			25,714.29	4,285.71	0.00
4/1/2018	30,000.00			25,714.29	4,285.71	0.00
4/1/2019	32,500.00			27,857.14	4,642.86	0.00
4/1/2020	32,500.00			27,857.14	4,642.86	0.00
4/1/2021	35,000.00			30,000.00	5,000.00	0.00
4/1/2022	35,000.00			30,000.00	5,000.00	0.00
	350,000	300,000	50,000	300,000	50,000.00	0.00

04/01/2013 and 04/01/2014 have been applied and cannot be modified.

The unallocated funds are now transferred to the 2012 and 2013 allocation

The loan is now administratively complete and the principal payments have been modified.

Equation

The following equation is applied when a principal payment or draw is made.

Sum of the principal repayments up to and including the transaction date, multiplied by the ratio that is the sum of the draws made from the specified funding source up to and including the transaction date divided by the grand total (anticipated or administratively complete) principal repayments, minus the sum of the allocations for the specified funding source prior to (not including) the transaction date

Table 1.4 shows how the new system will allocate funds when a draw is entered after a payment date.

Table 1.4 – Scenario 2

	Principal	2012Source	2013Source	2014Source	2012Allocation	2013Allocation	2014Allocation	Clean Water Unallocated
1/1/2012								
3/1/2012		200,000.00						
5/3/2012		100,000.00						
2/10/2013			50,000.00					
3/10/2013			150,000.00					
4/1/2013	50,000.00				25,000.00	16,666.67		8,333.33
5/1/2013				75,000.00	0.00	0.00	6,250.00	-6,250.00
4/1/2014	50,000.00				25,000.00	16,666.67	6,250.00	2,083.33
4/1/2015	55,000.00				27,500.00	18,333.33	6,875.00	2,291.67
4/1/2016	55,000.00				27,500.00	18,333.33	6,875.00	2,291.67
4/1/2017	60,000.00				30,000.00			2,500.00
4/1/2018	60,000.00				30,000.00			2,500.00
4/1/2019	65,000.00				32,500.00	21,666.67	8,125.00	2,708.33
4/1/2020	65,000.00				32,500.00	21,666.67	8,125.00	2,708.33
4/1/2021	70,000.00				35,000.00	23,333.33	8,750.00	2,916.67
4/1/2022	70,000.00				35,000.00	23,333.33	8,750.00	2,916.67
	600,000.00	300,000.00	200,000.00	75,000.00	300,000.00	200,000.00	75,000.00	25,000.00

(callout) 04/01/2013 has been applied and cannot be modified.

(callout) The 05/01/2013 draw will trigger a transfer of unallocated funds

Table 1.5 demonstrates the same loan, which is now administratively complete.

Table 1.5 – Scenario 2

	Principal	2012Source	2013Source	2014Source	2012Allocation	2013Allocation	2014Allocation	Clean Water Unallocated
1/1/2012								
3/1/2012		200,000.00						
5/3/2012		100,000.00						
2/10/2013			50,000.00					
3/10/2013			150,000.00					
4/1/2013	50,000.00				25,000.00	16,666.67		8,333.33
5/1/2013				75,000.00	0.00	0.00	6,250.00	-6,250.00
4/1/2014	47,727.27				25,988.14	17,325.43	6,497.04	-2,083.33
4/1/2015	52,500.00				27,391.30	18,260.87	6,847.83	0.00
4/1/2016	52,500.00				27,391.30	18,260.87	6,847.83	0.00
4/1/2017	57,272.73				29,881.42	19,920.95	7,470.36	0.00
4/1/2018	57,272.73					19,920.95	7,470.36	0.00
4/1/2019	62,045.45					21,581.03	8,092.89	0.00
4/1/2020	62,045.45				32,371.54	21,581.03	8,092.89	0.00
4/1/2021	66,818.18				34,861.66	23,241.11	8,715.42	0.00
4/1/2022	66,818.18				34,861.66	23,241.11	8,715.42	0.00
	575,000.00	300,000.00	200,000.00	75,000.00	300,000.00	200,000.00	75,000.00	0.00

04/01/2013 and 04/01/2014 have been applied and cannot be modified.

The unallocated funds are now transferred to the 2012 and 2013 allocation

CONTRACT EXHIBIT D – SERVICE LEVEL AGREEMENTS

#	Requirement	Meets Requirement? Yes/No	Vendor Response
1	The new systems update and changes shall meet all MDIT requirements for new system security. See Article 1.103 (b).	Yes	A DTMB Project Security Plan and Assessment will begin upon project initiation and will constantly be reviewed, revised, and updated as the system is implemented and updated
2	Both online inquiry and online update of single transactions shall be fifteen (15) seconds or less ninety percent (90%) of the time. a. Measurement – Time will be measured from the time the request arrives in the application server until the final response leaves the application server. b. Acceptable Performance – 99.7% compliance with target service level c. Period of Review – Monthly	Yes	All online data access has been designed and tuned to exceed these timeframes. If a situation arises that is not meeting these timeframes, TechPG EnABLE support staff will work with the SOM technical staff to determine the cause of the delay and will take actions to resolve the delay if it found to be an issue with the online functionality and not an environmental cause
3	During the production period, the vendor will provide ninety (90) days maintenance. This support shall resolve any implementation issues, defects and/or problems that the new system may encounter. Yearly maintenance will commence after this three month cycle.	Yes	We understand and agree with this requirement
4	All maintenance will be performed by qualified personnel familiar with the newly developed system.	Yes	Only resources of TechPG that are part of the EnABLE development and support team will perform system maintenance
5	The diagnostic capabilities used by the Contractor are to be provided to the SOM with training.	Yes	As part of the Operations manual and Operations training, how issues with the system are analyzed and diagnosed will be provided
6	The application maintenance includes all future source code and related functionality updates and new system enhancements applicable to new system modules.	Yes	We understand and agree with this requirement
7	All custom source code for future enhancements will be owned by the SOM	Yes	Future enhancements that are created uniquely for the SOM will become the property of the SOM
8	The vendor agrees to provide technical support available during SOM business hours with escalation as necessary.	Yes	As part of our maintenance agreement, this level of support is provided
9	Calls for service will be returned within 4 hours.	Yes	As part of our maintenance agreement, this level of support is provided
10	Error Correction. Upon notice by State of a problem with the Software (such that the problem can be verified), staff will be provided to respond within 2 (two) hours to correct or provide a working solution for the problem, utilizing the SOM Project Management Methodology.	Yes	The TechPG EnABLE support team will follow the SOM Project Management Methodology when responding to all error corrections. Additionally, providing this response with a solution or workaround within a two-hour time period will be the goal for each item. The meeting of this goal will depend on the severity and cause of the error and the responsiveness of SOM technical staff.

#	Requirement	Meets Requirement? Yes/No	Vendor Response
11	Updates. All new releases and bug fixes (collectively referred to as "Changes") for any software deliverable developed or published by Contractor and made generally available to its other customers at no additional charge will be provided to the State at no additional charge.	Yes	As long as the SOM has an active maintenance agreement, the Bureau will receive all new releases and bug fixes.

Contract Exhibit E – Contractor Information

Table 1: The EnABLE team includes the following key resources:

KEY RESOURCE	ROLE	RESPONSIBILITIES	TIME ASSIGNED TO PROJECT (%)
Terri Eakins	Project Manager	Project planning Resource management Status reporting to Project Manager and Project Steering Committee Development of SUITE-compliant project management deliverables Quality assurance review of deliverables	50%
Laurie Beamish	Financial Analyst	Lead requirements analysis and validation Conduct EnABLE configuration sessions with Bureau staff Ensure current financial equations and algorithms are translated to EnABLE Translate financial terminology and processes for EnABLE team members Perform system testing Plan data conversion and assisting with data analysis and preparation Validate data conversion Assist Bureau with UAT Assist Bureau with training and software rollout	100%
Jack Eakins	Technical Lead/System Architect	Primary contact with DTMB for establishment of technical environment and communication of technical architecture Lead requirements validation Direct software configuration effort Lead software customization, if necessary Direct data conversion activities Ensure compliance with all SOM IT policies, standards, and procedures Support Bureau during UAT Support Bureau and DTMB with training and software rollout	70%
Austen Crowder	Software Analyst/EnABLE Configuration Specialist	Lead software gap analysis Capture all configuration decisions Lead the implementation of all configuration settings Perform system testing Assist with data conversion planning, analysis and preparation Validate converted data Assist Bureau with UAT Assist Bureau with training and software rollout	100%

ENABLE ORGANIZATIONAL CHART

```
                    ┌────────────────────────┐
                    │      Terri Eakins       │
                    │  EnABLE Project Manager │
                    │    Key Team Member      │
                    └────────────────────────┘
                                 │
┌────────────────────────┐      │
│  Project Administrator  │──────┤
│       (Clerical)        │      │
└────────────────────────┘      │
              ┌─────────────────┴─────────────────┐
┌────────────────────────┐      ┌────────────────────────┐
│    Laurie Beamish       │      │     Jack Eakins         │
│   Financial Analyst     │      │ Technical Lead/System   │
│    Key Team Member      │      │      Architect          │
└────────────────────────┘      │    Key Team Member      │
                                 └────────────────────────┘
                       ┌──────────────────┴──────────────────┐
          ┌────────────────────────┐      ┌────────────────────────┐
          │    Austen Crowder       │      │   Developer Resource    │
          │ Software Analyst/EnABLE │      │                         │
          │ Configuration Specialist│      └────────────────────────┘
          │    Key Team Member      │                 │
          └────────────────────────┘      ┌────────────────────────┐
                                          │ Data Conversion Resource│
                                          └────────────────────────┘
```
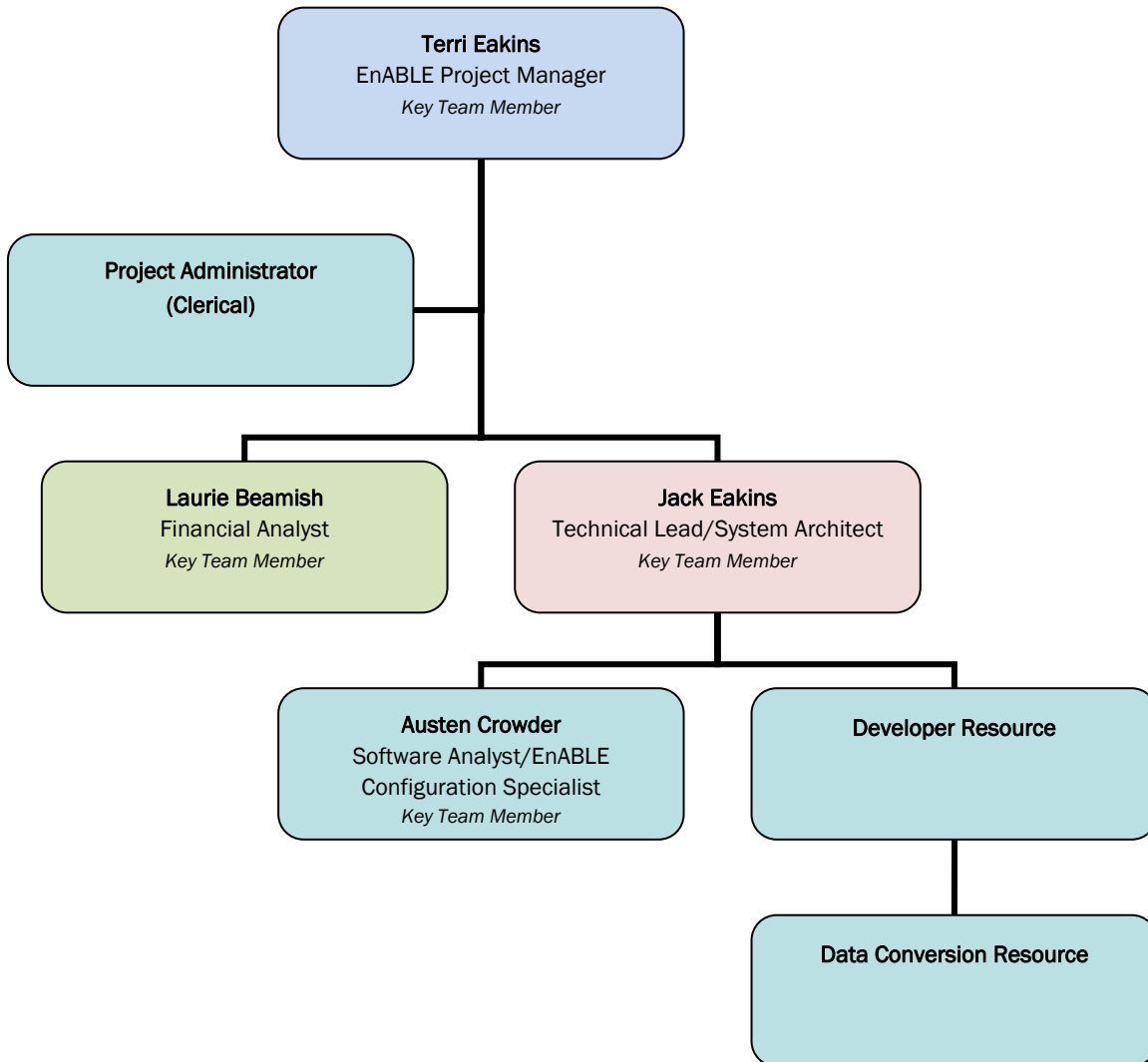
Contract Exhibit F

Intentionally Left Blank

Contract EXHIBIT G – COST TABLE

Section		Cost ($)	% of the Total Cost	Comments
I.	**Total One Time Project Cost**	$308,650	72.57%	Includes costs for two month staff outages.
II.	**Total Recurring 5 Year Cost**	$116,632	27.43%	
	Total Project Cost	$425,282	100%	

SECTION I - ONE TIME PROJECT COST

TABLE 1 - PAYMENT SCHEDULE BASED ON % OF ONE-TIME COST
See Article 1, Section 1.6 for additional information on Payment Schedule

Payment Milestone	% Invoiced Upon Completion and Acceptance of Phase	Payment Milestone Amount	Comments
Phase I Project Planning	**5%**	$15,432.50	
Phase II Requirements Verification and Validation	**15%**	$46,297.50	
Phase III System Configuration Definition	**15%**	$46,297.50	
Phase IV Configuration of Software Package	**20%**	$61,730	
Phase V User Acceptance Testing	**20%**	$61,730	
Phase VI Implementation (Placing the New System in Production)	**20%**	$61,730	
PHASE VII Documentation, Training and Transition	**5%**	$15,432.50	
** Total Solution One-time Cost (Must match Table 2 below)	**100%**	**$308,650**	

* The Total Solution (One-time) Cost identified in Table 2 includes all-inclusive pricing for all milestones and deliverables identified within the Phases 1-7 of Article 1, Section 1.104.

TABLE 2: OPTIONAL ADDITIONAL ON-SITE TRAINING, ON AN AS-NEEDED BASIS

The cost is per-day, inclusive of all travel and expenses.

Year	Per Day Cost	Cost ($)	Comments
1	$1,250	$1,250	Each Per Day Cost is based upon a minimum of two consecutive days of on-site training where the travel costs and expenses are averaged over the two days so that the Per Day Cost is not exaggerated by fixed travel costs.
2	$1,250	$1,250	
3	$1,350	$1,350	
4	$1,350	$1,350	
5	$1,350	$1,350	

TABLE 3: FIXED LABOR RATES FOR FUTURE ENHANCEMENTS

Customization or Application Development	Fixed Hourly rate ($)
Project Manager	$150
Business Analyst	$100
Sr. Programmer	$110
Programmer	$90
Technical Writer	$90
Architect	$150
Other ….	$150

Notes:

1. Hourly rates quoted are firm, fixed rates for the duration of the contract including option years. Travel and other expenses will not be reimbursed.

TABLE 4: SERVER HARDWARE AND SOFTWARE RECOMMENDATIONS
Vendor has identified the required server hardware and software needed to implement the solution.

Hardware	Operating System Name and version	Server Purpose	Quantity
Virtual Machine 4Ghz Peak, 2Ghz Average CPU; 4GB RAM; 50GB Storage - Microsoft SQL Server 2008 R2	Microsoft Windows Server Enterprise Edition - Unauthenticated (Virtual Instance Edition)	Application and DB Server	2

SECTION II - RECURRING COST

TABLE 1: FIVE YEARS RECURRING COST: UPDATES, MAINTENANCE AND SUPPORT

No.	Cost Categories	Cost ($)	Comments
A.	**Software update , maintenance, and support cost (Includes licensing and updates each year)**		All modules are part of the EnABLE base license.
	1. First Year (following 90 day warranty)	$22,500	
	2. Second Year	$22,500	
	3. Third Year	$23,175	
	4. Fourth Year	$23,870	
	5. Fifth Year	$24,587	
	Total Recurring Cost	$116,632	

Table 8 Fixed Labor Rates for Future Enhancements does not include software maintenance, but instead future implementation of new functionality.

TABLE 2: ESCROW

No.	Cost Categories	Cost ($)	Comments
	Software Escrow		Please refer to Contract Attachment 1, Exhibit C, Form of Escrow Agreement
	1. First Year (following contract execution)	$1,000	
	2. Second Year	$1,000	
	3. Third Year	$1,000	
	4. Fourth Year	$1,000	
	5. Fifth Year	$1,000	