CONTRACT CHANGE NOTICE

Change Notice Number **6**
to
Contract Number **071B1300063**

CONTRACTOR	
	Legal Files Software, Inc.
	2730 S. Mac Arthur Blvd.
	Springfield, MI 62704
	Gordon Hack
	800-500-0537 x-247
	Gordon.Hack@LegalFiles.com
	*******7912

STATE			
Program Manager	Tracie Mansberger	AG
	517-373-9684	
	mansbergert@michigan.gov	
Contract Administrator	Malu Natarajan	DTMB
	(517) 284-7030	
	NatarajanM@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Rebid of Case Management System			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
October 1, 2010	September 30, 2013	5 - 1 Year	September 30, 2016
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
N/A		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-card	☐ Direct Voucher (DV)	☐ Other	☐ Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$1,563,526.41	$ $ 26,000.00	$1,591,526.41		

DESCRIPTION: Effective April 26, 2016, the parties add the services in the attached Statement of Work to ensure ADA compliance of automated Charitable Trust Section forms and add $26,000 to the contract. All other terms, conditions, pricing and specifications remain the same. Per contractor, agency and DTMB Procurement agreement.

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

Project Title: ADA Compliance for the Automated Forms Submittal	Period of Coverage: 10/01/2010 – 09/30/2016
Requesting Department: Attorney General	Date: 04/10/2016
Agency Project Manager: Chad Canfield	Phone: 517-241-5665
DTMB Project Manager: Tracie Mansberger	Phone: 517-373-9684

Brief Description of Services to be provided:

This change request is to make chages to scope and ensure the automated forms meet the ADA compliance guidelines.

BACKGROUND:

Charitable Trust Section's registration process is currently based on collection of legacy paper forms and required additional paper documents, and manual data entry of required information into the Legal Files SQL backend database. Over the last ten years, the volume of incoming applications has more than doubled. The Section is looking to improve process efficiencies by automating its most commonly used forms and ensuring the automated forms meet the ADA compliance guidelines.

PROJECT OBJECTIVE:

Project will include:
Custom Development to use the ADA form templates provided by the State of Michigan to ensure the following web forms are ADA compliant:

1) Initial Solicitation Form
2) Renewal Solicitation Form
3) Request for Exemption
4) Application for License of Professional Fundraiser

SCOPE OF WORK:

This project consists of the following scope:

- Custom Programming to include ADA form templates into the Web Forms Development
- Implementation
  - Configuration as required
  - Interfaces/Integration
  - Testing
- Documentation
- Operation Services
- Maintenance and Support
  - Help Desk
  - Onsite Technical Support Billed at the standard contracted rate if needed

Out Of Scope

- No hardware is to be purchased by the State

TASKS:

Vendor to Provide:

- Custom Programming for Web Forms Development (Including ADA compliance)
- Vendor submission of draft version of forms to be submitted to the DTMB User Experience team to ensure ADA compliance as defined by templates and documentation provided to the vendor on 1/20/2016.
- Vendor revision of forms (as necessary) based on DTMB User Experience team input.
- Vendor submission of final forms for review by DTMB User Experience team.
- Client acceptance of forms.

DELIVERABLES:

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

The following ADA complaint Charitable Trusts forms will be completed under this project:
CTS-01 Initial Solicitation Form
CTS-02 Renewal Solicitation Form
CTS-03 Request for Exemption
CTS-07 Application for License of Professional Fundraiser

ACCEPTANCE CRITERIA:

Acceptance will be based on whether the code meets the requirements set forth above.

PROJECT CONTROL AND REPORTS:

N/A

SPECIFIC DEPARTMENT STANDARDS:

There are no specific Agency Standards.

PAYMENT SCHEDULE:

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

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

EXPENSES:

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

Project Cost

Quantity	Custom Project	Cost
140	Custom Programming for Web Forms Development to ensure ADA compliance ($200/hour)	$28,000.00
	TOTAL PROJECT	**$28,000.00**

PROJECT CONTACTS:

The designated Agency Project Manager is:

Name Chad Canfield
Department Attorney General
Area Consumer Protection Division
Building/Floor G. Mennen Williams, 1st Floor
Address 525 W. Ottawa St. P.O. Box 30212
City/State/Zip Lansing MI
Phone Number 517-241-5665
Fax Number 517-241-3771
Email Address CanfieldC@michigan.gov

The designated DTMB Project Manager is:

Name Tracie Mansberger
Department DTMB
Area AS Supporting AG, Lottery, MSHDA
Building/Floor Hollister, 1st floor
Address 116 W. Allegan
City/State/Zip Lansing, MI
Phone Number 517-373-9684
Fax Number
Email Address MansbergerT@michigan.gov

AGENCY RESPONSIBILITIES:
Per approved contract, 071B1300063 describes agency responsibilities.

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work at at the Legal Files office of 801 S. Durkin Drive, Springfield, IL 62704.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:

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

No overtime will be permitted.

This purchase order is a release from Contract Number 071B1300063. This purchase order, statement of work, and the terms and conditions of Contract Number 071B1300063 constitute the entire agreement between the State and the Contractor.

PROJECT SCHEDULE:

Requested 140 hours is incorporated into the original schedule. Below is the revised schedule.

Note: The original start date was 9-14-2015. Project was suspended until the contract was signed on 1-22-2016.
Below is the revised schedule, starting from the week of 1-22-2016.

Week of Project	Deliverable	Task	Resource
Week 2	Update Requirements Document	Project Management	Contractor
Week 3-18	Custom Coding Services	Programming	Contractor
Week 19	Internal Quality Assurance	Project Management	Contractor
Week 20-23	Add ADA compliance to forms	Programming	Contractor
Week 24	Final Internal Quality Assurance	Programming	Contractor
Week 25	Delivery of Custom Project for Testing	Project Management	Contractor and State
Week 20-26	DTBM Security Review	Firewall rules	DTMB
Week 26-29	DTMB Install package created	Install Package	DTMB
Week 30-34	Performance/Operational Testing	Testing	State
Week 34-36	DTMB ADA final review	ADA complaince approval	DTMB
Week 35-36	Custom Coding Adjustments (if needed)	Programming	Contractor
Week 37	2nd Delivery-Review of Custom Project for Testing	Project Management	Contractor and State
Week 39 or sooner	Acceptance and sign off		State

Form No. DTMB-3521 (Rev. 10/2015)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

STATE OF MICHIGAN

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET

PROCUREMENT

525 W. ALLEGAN STREET
LANSING, MI 48933

P.O. BOX 30026
LANSING, MI 48909

CHANGE NOTICE NO. 5
to
CONTRACT NO. 071B1300063
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Legal Files Software, Inc.	Gordon Hack	Gordon.Hack@LegalFiles.com
2730 S. Mac Arthur Blvd.	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
Springfield MI, 62704	800-500-0537 x-247	*****7912

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	DTMB	Tracie Mansberger	517-373-9684	MansbergerT@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jarrod Barron	(517) 284-7045	BarronJ1@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Rebid Of Case Management System			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2010	September 30, 2013	5 - 1 Year	September 30, 2016
PAYMENT TERMS		DELIVERY TIMEFRAME	
N/A		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
☐ P-card	☐ Direct Voucher (DV)	☐ Other	☐ Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
$1,531,526.41	$ 32,000.00	$1,563,526.41		

DESCRIPTION: Effective January 22, 2016, the parties add the services in the attached agreement to enhance reporting functionality. All other terms, conditions, pricing and specifications remain the same. Per contractor, agency and DTMB Procurement agreement.

Change Notice No. 5 to Contract No. 071B1300063

This Change Notice No. 5 (this "**Change Notice**") to Contract No. 071B1300063 (the "**Contract**") is entered into this 10th day of February, 2016 (the "**Effective Date**"), by and between the State of Michigan, Department of Technology, Management and Budget Procurement on behalf of the Michigan Department of Attorney General (collectively, the "**State**") and Legal Files Software, Inc., an Illinois corporation ("**Contractor**").

Background

The Michigan Department of Attorney General ("**AG**") recently upgraded to Legal Files version 8.8.6, and will eventually upgrade to version 9.3 (collectively, the "**Web Upgrade**") as the application layer for its enterprise-wide, case management system (the "**CMS**"). The CMS has hundreds of pre-defined reports that the AG uses to manage its core mission of providing effective and efficient legal representation to the State (collectively, the "**AG Reports**"). Prior to the Web Upgrade, the CMS was able to utilize two separate databases to run AG Reports (production and reporting), which prevented overloading of the production database when running such reports. The Web Upgrade prevented the reporting database from operating correctly, and Contractor has designed the Reports Solution set forth below to correct this problem.

Agreement

The parties agree as follows:

Definitions. For purposes of this Change Notice, the following terms shall have the meaning given to them below. All capitalized terms not defined in this Change Notice shall have the meanings given to them in the Contract.

"**Acceptance**" has the meaning set forth in **Section 0**.

"**Acceptance Tests**" has the meaning set forth in **Section 0**.

"**AG**" has the meaning set forth in the background section.

"**AG Reports**" has the meaning set forth in the background section.

"**Business Day**" means a day other than a Saturday, Sunday or State Holiday.

"**Business Requirements**" means the functional requirements of the Reports Solution, as set forth in **Section 0**.

"**Change Notice**" has the meaning set forth in the preamble.

"**CMS**" has the meaning set forth in the background section.

"**Contract**" has the meaning set forth in the preamble.

"**Contractor**" has the meaning set forth in the preamble.

"**Effective Date**" has the meaning set forth in the preamble.

"**Fees**" has the meaning set forth in **Section 0**.

"**Nonconformity**" or "**Nonconformities**" means any failure or failures of the Reports Solution to conform to the Business Requirements set forth in this Change Notice.

"**Nonconformance Notice**" has the meaning set forth in **Section 0**.

"**Operating Environment**" means, collectively, the platform, environment and conditions on, in or under which the Reports Solution is intended to be integrated into and operate, including such structural, functional and other features, conditions and components as hardware, operating software and system architecture and configuration.

"**Reports Solution**" has the meaning set forth in **Section 0**.

"State" has the meaning set forth in the preamble.

"**Web Upgrade**" has the meaning set forth in the background section.

Reports Solution

Custom Programming of the Reports Solution. Contractor will perform custom programming to modify the Legal Files Crystal Report Generation Service to use an ODBC connection parameter in each AG report; *and* if no ODBC connection parameter exists in the AG report the default ODBC connection in the Service will be utilized (collectively, the "**Reports Solutions**").

Business Requirements. The Reports Solution will accomplish the following AG business requirements (collectively, the "**Business Requirements**")

AG will be able to point the Service to the CMS production database and have jobs processed from there;

The RUN button in the Legal Files application will now be able to be utilized;

The document profile feature in the Crystal Report Generation Service can now be turned off, if desired;

The Report Status window in the CMS production database will be able to be utilized and managed by the AG;

The data for the AG Reports will be pulled from the CMS reporting database, which will prevent overloading of the CMS production database;

The AG will be able to mix and match AG reports as to which database is utilized;

AG Reports that are pointed at the CMS production database can remain the same; and

This Reports Solution will not require maintenance-changes of the RPT files to change the ODBC settings.

Schedule. The following project plan is a weekly schedule commencing on the Effective Date. The project plan is designed to provide scope of tasks for the project and deliverable dependencies. The project plan is not rigid, as it represents an estimated time frame, and work may be completed prior to the project-plan timeline.

Week of Project	Deliverable	Task	Resource
Week 2	Update Requirements Document	Project Management	Contractor
Week 3-11	Custom Coding Services	Programming	Contractor
Week 12 or sooner	Internal Quality Assurance Testing	Project Management	Contractor
Week 13 or sooner	Delivery of Custom Project for Testing	Project Management	Contractor and State
Week 14 or sooner	Custom Coding Adjustments (if needed)	Programming	Contractor
	2nd Delivery-Review of Custom Project for Testing	Project Management	Contractor & State
Week 15 or sooner	Acceptance and sign off		State

Fees.

Fees. Subject to the terms and conditions of this Change Notice and the Contract, including the provisions of this **Section 0**, the State shall pay Contractor a fixed amount of THIRTY TWO THOUSAND DOLLARS ($32,000) (the "**Fees**") for the Reports Solution.

Invoicing and Payment. Contractor shall invoice the State for payment of Fees in accordance with Section 2.044 of the Contract, and the State will pay Fees according to the following payment schedule:

Description	**Payment Dates and Amounts**
Reports Solution design	An initial payment of $4,800 shall be due and payable 45 days after the Effective Date for Contractor's initial design work of the Reports Solution.
Acceptance of the implemented Reports Solution	The remaining $27,200 shall be due and payable 45 days after the State's Acceptance of the implemented Reports Solution, unless adjusted in accordance with **Section 0**.

Responsibility for Costs. Contractor shall be responsible for all costs and expenses incurred in or incidental to the implementation of the Reports Solution, including all costs of any materials supplied by Contractor, all fees, fines, licenses, bonds, or taxes required of or imposed against Contractor, and all other of Contractor's costs of doing business.

Taxes. All Fees and amounts set forth in this Change Notice are inclusive of taxes. Contractor shall be solely responsible for all sales, service, value-added, use, excise, consumption and any other taxes, duties and charges of any kind, if any, imposed by any federal, state or local governmental entity on any amounts payable by the State under this Change Notice.

Payment Does Not Imply Acceptance. The making of any payment or payments by the State, or the receipt thereof by Contractor, will in no way affect the responsibility of Contractor to implement the Reports Solution in accordance with this Change Notice, and will not imply the State's Acceptance of the Reports Solution or the waiver of any requirements of this Change Notice.

Acceptance Testing; Acceptance. The Reports Solution shall be tested in accordance with the terms of this **Section 0** to determine whether it is fully operable, meets all applicable specifications and will function in accordance with the Business Requirements when properly implemented and used for its intended purpose in the Operating Environment ("**Acceptance Tests**").

Acceptance Testing.

Upon the implementation of the Reports Solution, the State shall conduct all Acceptance Tests required to determine whether, and the extent to which the Reports Solution meets the Business Requirements.

All Acceptance Tests shall:

take place in the Operating Environment at the AG;

begin five (5) Business Days following implementation of the Reports Solution into the Operating Environment; and

be conducted diligently for up to fifteen (15) Business Days ("**Testing Period**") by the State.

The State may suspend Acceptance Tests and the corresponding Testing Period by written notice to Contractor if the State discovers a material Nonconformity in the tested Reports Solution or part or feature thereof. In such event, Contractor shall immediately, and in any case within fifteen (15) Business Days, correct such Nonconformity, whereupon the Acceptance Tests and Testing Period shall resume for the balance of the Testing Period.

If requested by the State, Contractor shall make suitable Contractor personnel available to observe and participate in Acceptance Tests.

All Contractor performance of, participation in and observation of Acceptance Tests will be at Contractor's sole cost and expense.

Notices of Completion, Nonconformities and Acceptance. Within five (5) Business Days following the completion of Acceptance Tests, the State shall prepare and provide to Contractor written notice of the completion of the tests. Such notice shall include a report describing in reasonable detail the tests conducted and the results thereof, including any uncorrected Nonconformity in the tested Reports Solution (a "**Nonconformance Notice**").

If such notice identifies any Nonconformities, the parties' rights, remedies and obligations will be as set forth in **Section 0** and **Section 0**.

If such notice provided by the State identifies no Nonconformities, such notice shall constitute the State's Acceptance of the tested Reports Solution.

Failure of Acceptance Tests. If Acceptance Tests identify any Nonconformities, Contractor, at Contractor's sole cost and expense, shall remedy all such Nonconformities and re-deliver the Reports Solution as promptly as commercially possible and, in any case, within fifteen (15) Business Days following its receipt of the State's Non-Conformance Notice pursuant to **Section 0**.

Repeated Failure of Acceptance Tests. If Acceptance Tests identify any Nonconformity in the Reports Solution after a second or subsequent delivery thereof, or Contractor fails to re-deliver the Reports Solution on a timely basis, the State may, in its sole discretion, by written notice to Contractor:

continue the process set forth in this **Section 0**; or

accept the nonconforming Reports Solution, in which case the Fees shall be reduced equitably to reflect the value of the Reports Solution as received relative to the value of the Reports Solution had it conformed to the Business Requirements; or

deem the failure to be a non-curable material breach of this Change Notice and terminate this Change Notice pursuant to Section 2.152 of the Contract.

Acceptance. Acceptance of the Reports Solution ("**Acceptance**") shall occur, if at all, on the date that is the earlier of:

The State's delivery of a notice accepting such Reports Solution pursuant to **Section 0**; and

Five (5) Business Days after the expiration of the Testing Period if the State has not notified Contractor of one or more Nonconformities prior to such date.

General Provisions.

Entirety. All terms, conditions, and specifications of the Contract not specifically modified in this Change Notice remain the same and in force and effect. The Contract, as modified by this Change Notice, represents the entire agreement and understanding between the parties and supersedes all prior and contemporaneous proposals or other agreements, oral or written, and all other communications between the parties, relating to the subject matter of the Contract. Where conflicts arise between this Change Notice and the Contract, this Change Notice shall govern.

Counterparts. This Change Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement and will become effective and binding upon the parties as of the Effective Date at such time as all the signatories hereto have signed a counterpart of this Change Notice. A signed copy of this Change Notice delivered by facsimile, e-mail or other means of electronic transmission (to which a signed PDF copy is attached) shall be deemed to have the same legal effect as delivery of an original signed copy of this Change Notice.

Form No. DTMB-3521 (Rev. 10/2015)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

STATE OF MICHIGAN

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET

PROCUREMENT

525 W. ALLEGAN STREET
LANSING, MI 48933

P.O. BOX 30026
LANSING, MI 48909

CHANGE NOTICE NO. 4

to

CONTRACT NO. 071B1300063

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Legal Files Software, Inc.	Gordon Hack	gordon.hack@legalfiles.com
2730 S MacArthur Blvd.	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
Springfield, IL 62704	(800) 500-0537 ext 247	7912

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	AG	Kari Anders	(517) 373-1136	andersk@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jarrod Barron	(517) 284-7045	barronj1@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Software Maintenance, Support, Enhancements, and Consulting Services			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2010	September 30, 2013	(3) 1-Year Options	September 30, 2016
PAYMENT TERMS		DELIVERY TIMEFRAME	
N/A		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
☐ P-card	☐ Direct Voucher (DV)	☐ Other	☐ Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
☐	N/A	☐	N/A	September 30, 2016
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
$1,522,526.41	$9,000.00	$1,531,526.41		

DESCRIPTION: Effective December 21, 2015, this Contract is hereby increased by $9,000.00 per the attached Statement of Work for Custom Programming for a Custom File/Case Delete Utility. All other terms, conditions, specifications, and pricing remain the same, per Contractor and Agency agreement and DTMB Procurement approval.

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

Project Title: **Creating Custom File/Case Delete Utility**	**Period of Coverage:** **10/01/2010 – 09/30/2016**
Requesting Department: **Attorney General**	**Date:** **12/09/15**
Agency Project Manager: **Cathy Pawlus / Carol Dane**	**Phone:** **517-241-8137** **517-241-8141**
DTMB Project Manager: **Tracie Mansberger**	**Phone:** **517-373-9684**

Brief Description of Services to be provided:

BACKGROUND:

The office of Attorney General uses an application called Legal Files which is a full featured case and matter management system that lets you organize all your contacts, documents, deadlines and data within a proven, flexible set of practice-specific windows and workflows that can be easily customized. All this data is stored on State of Michigan Network-attached Storage (NAS) servers that are increasing daily in size.

To reduce the amount of space/storage that is currently being used, the Attorney General has asked Legal Files to create a utility that will allow them to delete cases (matters) for all Divisions using specific parameters.

PROJECT OBJECTIVE:

The vendor, Legal Files, will create a client side utility that will delete file setup, file related people, notes, calendars, to-do items, custom windows, documents, mail logs and e-mail. The utility will select and delete files based on FileHdr.FileID, DateStatus, StatusDescription, LocID (WorkloadCat) and TypeCatI (Division).

The utility is expected to approximately reduce 15-25% of NAS storage space depending on what Workload Category files are deleted and how many files are deleted. The Utility will be stored in the Information Technology folder located at HCT084VSNBPF008\AG2\COMMON\Information Technology\
This tool will only be utilized by Cathy Pawlus and Carol Dane. No tracking history will be available to log which account requested deletions.

Legal Files will provide an MSI file for installing the utility for use from the designated client workstations and this will not require any server installation. Legal Files will also provide detailed instructions for installing and using the utility when it is delivered. Only 2 individuals with administrative rights will have the ability to use the utility and only one at a time. There will be no additional maintenance cost for this tool.

SCOPE OF WORK:

In Scope

- Custom Application Development for the File/Case Delete Utility – the vendor will provide an MSI to install on a workstation
- Implementation
  - Testing
- Documentation
- Maintenance and Support provided under the Legal Files contract

Out of Scope

No hardware is to be purchased by the State

Project Schedule:

Week of Project	Deliverable	Task	Resource
Week 1	Approval Notice	Signed Approval	MIAG
Week 2	Project Kick-Off Meeting and Planning Session for Requirements	Project Management	LFS & MIAG
Week 3-11	Custom Coding Services	Programming	LFS
Week 12 or sooner	Internal Quality Assurance Testing	Project Management	LFS
Week 13 or sooner	Delivery of Custom Project for Testing	Project Management	LFS & MIAG
Week 14 or sooner	Custom Coding Adjustments (if needed)	Programming	LFS
	2nd Delivery-Review of Custom Project for Testing	Project Management	LFS & MIAG
Week 15 or sooner	Acceptance and sign off		MIAG

DELIVERABLES:

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

- MSI to install on a workstation
- Detailed instructions for installing and running the utility
- Utility has been deployed and tested within the State of Michigan network

Role	Hours	Hourly Rate	Total
Custom Programing	45	$200.00	$9,000.00

ACCEPTANCE CRITERIA:

Acceptance will be based on whether the code meets the requirements set forth above.

PROJECT CONTROL AND REPORTS:

N/A

SPECIFIC DEPARTMENT STANDARDS:

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

PAYMENT SCHEDULE:

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

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

The Fixed Firm price for this custom programing is $9,000.00 and is the result of a blended rate of $200.00 per hour and 45 hours of development. The $200/hour rate is a negotiated rate for custom programing found in the original Contract.

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

PROJECT CONTACTS:

The designated Agency Project Manager is:
Name – Cathy Pawlus and Carol Dane
Department – Attorney General
Area – IT Unit
Building/Floor – G. Mennen Williams Building
Address – 525 West Ottawa Street
City/State/Zip – Lansing, MI. 48909
Phone Number – 517- 241-8137 & 517- 241-8141
Fax Number – 517-373-2060
Email Address – PawlusC@michigan.gov & DaneC@michigan.gov

The designated DTMB Project Manager is:
Name Tracie Mansberger
Department DTMB
Area Agency Services Supporting AG, Lottery, and MSHDA
Building/Floor Hollister, 1st floor
Address 116 W. Allegan
City/State/Zip Lansing, MI
Phone Number 517-373-9684
Fax Number N/A
Email Address MansbergerT@michigan.gov

AGENCY RESPONSIBILITIES:
Reserved

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:
Consultants will work at the Legal Files office of 801 S. Durkin Drive, Springfield, IL 62704.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:
Work hours are not to exceed eight (8) hours a day, forty (40) hours a week. Normal working hours of 8:00 am to 5:00 pm are to be observed unless otherwise agreed to in writing.
No overtime will be permitted.

This purchase order is a release from Contract Number 071B1300063. This purchase order, statement of work, and the terms and conditions of Contract Number 071B1300063 constitute the entire agreement between the State and the Contractor.

Form No. DTMB-3521 (Rev. 7/2015)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

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

CHANGE NOTICE NO. 3
to
CONTRACT NO. 071B1300063
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Legal Files Software, Inc.	Gordon Hack	Gordon.Hack@LegalFiles.com
2730 S. MacArthur Blvd.	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
Springfield, IL 62704	(800) 500-0537 ext 247	7912

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	AG	Kari Anders	517-373-1136	Andersk@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Jarrod Barron	517-284-7045	Barronj1@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: **Software Maintenance, Support, Enhancements and Consulting Services**			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
October 1, 2010	September 30, 2013	3, one year	September 30, 2016
PAYMENT TERMS		DELIVERY TIMEFRAME	
N/A		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
☐ P-card	☐ Direct Voucher (DV)	☐ Other	☐ Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
$1,465,337.00		$57,189.41	$1,522,526.41	

DESCRIPTION: Effective September 23, 2015, the parties add the services in the attached Statement of Work to automate Charitable Trust Section forms. The $163,100.00 project cost will be paid using $105,910.59 existing contract funds and adding $57,189.41 to the contract. All other terms, conditions, pricing and specifications remain the same. Per contractor, agency and DTMB Procurement agreement.

Automated Forms Submittal Solution

Statement of Work

The Charitable Trust Section is seeking a web-based automation of four key forms (listed below) with user authentication capabilities and access to previously submitted form data, where applicable.

5) Initial Solicitation Form ***(Exhibit A1)***
6) Renewal Solicitation Form ***(Exhibit A2)***
7) Request for Exemption ***(Exhibit A3)***
8) Application for License of Professional Fundraiser ***(Exhibit A4)***

1. Current Process

Charitable Trust Section's registration process is currently based on collection of legacy paper forms and required additional paper documents, and manual data entry of required information into the Legal Files SQL backend database. Over the last ten years, the volume of incoming applications has more than doubled. The Section is looking to improve process efficiencies by automating its most commonly used forms.

2. IT Solution

The solution shall be able to:

- Design a fillable web-based document to allow the forms to be completed online. The form must have cross-browser compatibility in the currently supported versions of Internet Explorer, Firefox, Safari, Google Chrome, etc.
- Prevent robo-submissions by creating a security check for form access.
- Apply business rules to forms and leverage built-in data quality controls to filter out incomplete applications.
- Allow returning applicants to retrieve the information on file for their organization via a unique Employer Identification Number (EIN).
- Allow returning users to update fields.

- Upon completion of the form, allow the user to hit a "submit" button to send the form. Applicants will have an option to save a PDF copy of their submission to their computer.
- Convert all form data and accompanying attachments into PDF format that will be submitted to Legal Files. Conditional upon ability to accept attachments through State IT security systems. (will require DTMB approval)
- Send an automatic email to the submitter at the organization's email address on file that the application was received. The email sent will serve as a confirmation by date and time that the data was received by the Charitable Trust Section. Conditional upon DTMB providing e-mail services.
- Store all submitted documents in a work queue until such time as they have been processed.
- Allow authorized AG personnel access to form data submitted so they may accept, modify, or delete data, according to AG requirements.
- Allow for the data, if accepted, to be parsed and imported into the Legal Files SQL backend database.
- Store the data in the Legal Files SQL backend database in data fields as well as attachments. Conditional upon ability to accept attachments through State IT security systems. (will require DTMB approval)

3. Detailed Description

3.A. Control Mechanism

A control mechanism must be created to prevent access to the forms and safeguard against robo-submissions.

3.B. Initial versus Returning Applicants

Initial applicants will access blank forms and will be required to complete mandatory fields and provide mandatory attachments if allowed. Returning applicants will be able to search for an organization via their EIN. They will be able to retrieve online the information submitted from a previous year's registration. This information will be extracted from the Legal Files SQL backend database. The viewable information will include data fields from the previous application. The applicants will be prompted to either default to the responses already on file or insert new information. Modified data will be identified on the form, and sent with the data for AG staff to later review.

3.C. Email Confirmation

The online form will collect a contact email address for the organization's authorized representative to be kept on file. When a new submission is received for the organization, an automatic email will be generated to the email address on file *and* the new email address, if updated, to notify that the Section has received the new application. This measure is designed to confirm receipt of the application and to prevent unauthorized submissions. Conditional upon DTMB providing e-mail services.

3.D. Staging Area

The data collected via the form should be transferred in the proper format to a "staging area" for further importing into the Legal Files SQL backend database. AG personnel will be able to see the form submissions in a work queue. Upon opening a file in the work queue, the landing page will search Legal Files for the EIN included in the submitted form. The staging area will display the existing data and the new submission so the employee will see all data fields. The data fields that differ from previous submissions identified. If any fields have been flagged by the business rules for subsequent internal review by AG personnel, those fields will be identified as well. An analyst will be able to review data fields, make modification as needed, and then click an "accept" button to modify the form data. Then the analyst will click the "accept" button for the entire application to be imported into Legal Files.

EXHIBIT A1

CTS - 01
AUTHORITY: MCL 400.271 et seq.
PENALTY: civil, criminal

State of Michigan
Department of Attorney General

INITIAL SOLICITATION FORM

Charitable Organizations and Solicitations Act (COSA)

This form is primarily used to register organizations under the Charitable Organizations and Solicitations Act (COSA) MCL 400.271 *et seq.* However, Michigan-based organizations, and those also selecting "Yes" under number 8, will also be registered under the Supervision of Trustees for Charitable Purposes Act (STCPA), MCL 14.251 *et seq.*

Who should file this form?

- Charitable Organizations filing for the first time to solicit in Michigan.

Who should not file this form?

- Charitable organization renewing their solicitation registration. Instead, use Form CTS-02, Renewal Solicitation Form.
- Organizations whose prior solicitation registration has expired. Instead, use Form CTS-02. Also provide copies of any changes to your organizing documents, bylaws, IRS status, or charitable purposes since your previous submission.
- Organizations exempt from solicitation registration. See Form CTS-03, Request for Exemption.

INSTRUCTIONS

GENERAL INFORMATION

Exemptions – Both COSA and STCPA contain certain exemptions from their respective registration requirements. To see if you qualify for exemption from one or both acts, refer to the Request for Exemption form.

Expiration– Your solicitation registration will expire 7 months after the close of your fiscal year (financial accounting period). Your renewal form is due 30 days before the expiration of your registration.

Use of file number – The organization will be assigned a file number that must be used on all correspondence and forms sent to this office. Your file number will be printed on the registration.

Fees – There is currently no fee to register to solicit in Michigan.

Filing the initial form – You may submit your registration by email, efiling, fax, or by mail. **For faster processing, use email or efiling.**

Email - The Form and all required documents should be attached in PDF form. Send it to: ct_email@michigan.gov.

Efile – On the Attorney General's website, http://www.mi.gov/charity, scroll down to the link for Efiling.

Mail - Send the Renewal Solicitation Form to:

Department of Attorney General
Charitable Trust Section
PO Box 30214
Lansing, MI 48909

Telephone: (517) 373-1152
Fax: (517) 241-7074

Verify that we have received your filing

Search for the organization at www.mi.gov/CharitySearch. The search results will state, "Application/registration pending."

SPECIFIC INSTRUCTIONS

To avoid delays and unnecessary correspondence, answer all questions completely.

Name – Enter the organization's exact legal name on the form. This will be the same name as is currently on the articles of incorporation or other organizing document. If you use any names other than the legal name, enter each name on the solicitation form in the space *All other names under which you intend to solicit.*

Item 4. Summarize in 50 words or less the organization's charitable purposes. This summary will appear on our searchable website. Do not simply quote or refer to the articles of incorporation or standard IRS 501(c)(3) language.

Item 5. A Michigan resident agent must be named for the acceptance of process issued by any court. The form will not be processed without this information. You must provide a street address, not a P.O. box. The organization cannot name itself, the Michigan Attorney General, or the Michigan Secretary of State as its resident agent. You may designate a private individual residing in Michigan. If you need information on companies that will act as resident agent for a fee, you may wish to do your own internet research. Our office does not provide lists of such companies.

Item 10. Most charitable organizations formed in Michigan are required to register as a charitable trust under the STCPA. If the organization was not incorporated or organized in Michigan, STCPA registration will usually only be required if it holds assets or is physically present in Michigan. Assets include cash, bank or investment accounts, land, building, equipment, etc.

See our Request for Exemption form for exemptions from registration as a charitable trust.

There is an annual financial report requirement with the STCPA registration. However, if you are also registered to solicit contributions under COSA, your annual renewal registration will serve as the STCPA annual financial report.

Item 11. Select YES and provide the information requested on the form if you are a parent organization that directly supervises and controls a local, county, or area division or chapter that is also a separate legal entity.

Parent organizations not incorporated in Michigan must obtain a certificate of authority to transact business or conduct affairs in Michigan from the Michigan Department of Licensing and Regulatory Affairs, Corporation Division.

When submitting the Initial Solicitation Form, you MUST also provide:

- appropriate documentation to show that you directly supervise and control the chapter;
- names and addresses of each chapter to be included in your registration; and
- separate financial statements for each chapter;
- a copy of your organization's IRS group return (if applicable).

Item 12. The engagement and compensation of all professional fundraisers and fundraising consultants providing services on Michigan campaigns must be reported in the PFR List.

A professional fundraiser (PFR) is anyone who "plans, conducts, manages, or carries on a drive or campaign of soliciting contributions for or on behalf of a charitable organization." This includes fundraising consultants who assist with organizing or structuring solicitation activities, as well as those who actually conduct the solicitation activity. Employees of a charitable organization are PFRs if they are paid wholly or in part by commissions – including bonuses – based on funds raised.

If you are unsure if the services provided by a person or firm you contracted with are such that a PFR license is required, provide a copy of the contract with your renewal form and request to have the contract reviewed. You will be notified if you must complete the PFR List and if the contractor should be licensed as a PFR.

Verification of license of PFR - Michigan law requires that you verify that any PFR with which you contract for fundraising in Michigan is currently licensed with this office.

PFR Contract - You are required to provide copies of contracts with PFRs within 10 days of signing a new contract or extending an existing contract.

Campaign Financial Statement -
Campaign Financial Statements, Form CTS-10, are required for all campaigns conducted by a PFR with which you have contracted, except those who are solely consultants. The Campaign Financial Statement will be filed by the PFR, but you will be required to provide additional campaign expense information and sign the form. Campaign financial statements are due within 90 days of the conclusion of any campaign. If the campaign lasts more than a year, a Campaign Financial Statement must be filed annually.

PFR List

Sum of all payments to / retained by PFR during the year reported – Include all fees, reimbursements, or other payments to the PFR that were related to the campaign or activity conducted by the PFR for the organization. Any monies that were retained by the professional fundraiser before remitting the proceeds of a campaign or activity to the charity must also be included here. If the PFR listed was engaged after the close of the fiscal year reported with the form, enter "N/A" in this column.

Contract type - To qualify as a fundraising consultant contract, all of the following conditions must be met:

- the PFR is usually retained by a charitable or religious organization for a fixed fee or rate that is not computed on the basis of funds raised or to be raised;
- the PFR does not solicit funds, assets or property, but only plans, advises, consults, or prepares materials for a solicitation or fundraising event in Michigan;
- the PFR does not receive or control funds, assets, or property solicited in Michigan; and
- the PFR does not employ, procure, or engage any compensated person to solicit, receive, or control funds, assets, or property.

Item 13. An organization registering to solicit must provide a financial statement for its most recently completed fiscal year. If an organization files Form 990, 990-EZ, or 990-PF with the IRS, a copy must be provided with the renewal form. We do not accept Form 990-N. Organizations that do not complete a Form 990, 990-EZ, or 990-PF should complete items 14 and 15 on the form.

The IRS return must be prepared in accordance with IRS instructions. If you do not follow the instructions, we may question the return even if the IRS does not. All applicable schedules and attachments required by the IRS form or instructions must be submitted. However, if you file Form 990 or 990-EZ, do not provide a copy of Schedule B, Schedule of Contributors.

Organizations in first accounting period. If your organization was formed within the past year and is in its first financial accounting period, or the period was recently completed and financial information is not yet available, check the box beside "In first financial accounting period" on page 6, item 13. Use the following worksheet to help determine if you should provide financial information with the registration form.

Worksheet		
1.	Date organization was created:	/ / mm/dd/yy
2.	The day set as the __last__ day or the organization's annual accounting period. (This should be the last day of a month):	/ mm/dd
3.	The first time the day in box 2 occurs after the date in box 1:	/ / mm/dd/yy
If more than 6 months have passed since the date in box 3, you must provide us with financial information. If the organization had no financial activity before that date, enter 0 on each line.		

The registration of an organization that indicated that it is in its first financial accounting period will expire 7 months after its first accounting period was to have ended.

Item 14. - Briefly describe the organization's activities or accomplishments during the fiscal period. Provide a sheet if additional space is needed. Do not simply restate the organization's charitable purpose.

Item 15. – Complete all lines. You __must__ enter the end date of the accounting period. Do not leave any lines blank. Enter "0" if applicable.

On line D, enter all costs related to conducting the charitable activities and accomplishments discussed in Item 14.

Item 16. Audited or reviewed financial statements requirement - If audited financial statements have been prepared for the year being reported, provide a copy with the renewal form. It is not necessary to complete the Financial Statements Worksheet.

For all others, complete the worksheet to calculate if audited or reviewed financial statements will be required. Total support may be reduced by the amount of governmental grants received during the year.

Audited financial statements must be prepared in accordance with generally accepted accounting principles.

If audited or reviewed financial statements are required, but they have not been prepared:

- You may request a one-time waiver of the reviewed or audited financial statements requirement. In your request, specify the fiscal year for which the waiver is requested and state that the necessary financial statements will be provided in all future years in which reviewed or audited financial statements are required. If you have already received a waiver of the financial statements requirement for a prior year, engage an auditor and see below to request a conditional registration.

- If the required financial statements are in the process of being prepared or you have already engaged an auditor to perform the necessary review or audit, provide a letter requesting a conditional registration. In your letter, state when you expect the financial statements to be available. Also, provide a copy of the signed engagement letter agreement with the audit firm. The solicitation registration will include the condition that the required financial statements are to be provided by a specified date.

- The financial statements requirement may be suspended for food banks and similar organizations whose contributions are substantially non-cash. However, suspension of the requirement is unlikely if the organization's cash contributions exceed the audited or reviewed financial statements thresholds, or if donated non-cash items are typically converted to cash. Provide your suspension request with the registration form.

CTS - 01
AUTHORITY 1975 PA 169
PENALTY: civil, criminal

State of Michigan
Department of Attorney General

INITIAL SOLICITATION FORM

Full exact legal name of organization		
All other names under which you intend to solicit		
Attorney General File Number	Telephone number	Fax number
Employer Identification Number (EIN)	Organization email address	Organization website

All items must be answered. Provide additional sheets if necessary. If you have questions, see the instructions.

1. Organization addresses –
   A. Street address of principal office. If you do not have a principal office, provide the name and address of the person having custody of the financial records.

   ____

   B. Organization mailing address, if different.

   ____

   C. Provide the address of all other offices in Michigan.

   ____

2. Type of Organization - Check one:

   ☐ Nonprofit corporation - State of incorporation ________ Date incorporated ______________

   Provide copies of your articles of incorporation, bylaws and, if applicable, Mich. Certificate of Authority

   If incorporated in Michigan, provide your Corporate Identification Number: ______________

   ☐ Trust – Provide a copy of the trust instrument.

   ☐ Unincorporated association – Enter date created ______________

   Provide a copy of your Articles of Association, Constitution and Bylaws, or other organizing document.

   ☐ Other – Describe and provide a copy of the relevant document: ______________

3. Federal Tax Exempt Status — Check one:

   ☐ Exempt under 501(c)(3) – Provide a copy of your determination letter.

   Check form used in applying for exempt status with IRS: ☐ Form 1023 ☐ Form 1023-EZ

   ☐ Exempt under another section: Section 501(c) ____ Provide a copy of your determination letter.

   ☐ Applied, or will apply, for tax exempt status under Section 501(c) ___. Date of application ______________

   ☐ The organization is not tax exempt and will not apply for tax exempt status.

4. Summarize organization's purposes below in 50 words or less. This summary appears on our website.

____

____

____

Rev 7/2015

5. You **must** designate a resident agent located in Michigan authorized to receive official mail sent to your organization.

Name ____

Address (Michigan street address, not PO box) ______________________________

6. Methods of solicitation. Check all that apply.

☐ Mail ☐ Personal contact ☐ Special events ☐ Other (specify) ____________

☐ Telephone ☐ Radio / television ☐ Newspaper/magazines ☐ None (explain) ____________

☐ Internet ☐ Email

7. List all current officers and directors unless they are included on your IRS return. Mark the box to indicate whether the person is an officer, director, or both. Provide an additional sheet if necessary.

Name	Officer	Director	Name	Officer	Director

	Yes	No
8. Is there any officer or director who cannot be reached at the organization's mailing address? . . . If "yes," provide the names and addresses on an additional sheet.	☐	☐

9. Has the organization or any of its officers, directors, employees or fundraisers:	Yes	No
A. Been enjoined or otherwise prohibited by a government agency/court from soliciting?	☐	☐
B. Had its solicitation registration or license denied or revoked by any jurisdiction?	☐	☐
C. Been the subject of a proceeding regarding any license, registration, or solicitation?	☐	☐
D. Entered into a voluntary agreement of compliance with a government agency or in a case before a court or administrative agency?	☐	☐

If any "yes" box is checked, provide a complete explanation on a separate sheet.

	Yes	No
10. Will the organization hold any assets (cash, bank accounts, land, building, etc.) in Michigan? ____________	☐	☐

Charitable organizations created in Michigan and out-of-state organizations holding assets in Michigan will be registered as a charitable trust under the Supervision of Trustees for Charitable Purposes Act, 1961 PA 101, MCL 14.251 et seq. See Request for Exemption, Form CTS-03, for possible exemptions.

	Yes	No
11. Do you have chapters that solicit in Michigan that are to be included in the solicitation registration?	☐	☐

Tip: If you have offices in Michigan with no separate reporting or filing requirements, answer "no."

If yes, provide the following:

- appropriate documentation to show that you directly supervise and control the chapters
- a listing of the names and addresses of all Michigan chapters to be included
- a financial report for each chapter (see instructions)
- a copy of your organization's IRS group return (if applicable)

12. Has the organization engaged a professional fundraiser or fundraising consultant for Michigan fundraising activity for either the financial accounting period reported in item 10 or the current period?

Yes ☐ No ☐
If no, go to question10.

Under Michigan law, fundraising consultants are considered professional fundraisers (PFRs). *See instructions for definition.*

If yes, in the chart below list all PFRs that your organization has engaged for Michigan fundraising activity. Provide additional sheets if necessary. Provide copies of contracts for each PFR listed if not already provided.

Contract types: A – Consulting – *See instructions for definition*
B – Solicitation / Event

Note – You are required to verify that all PFRs under contract for Michigan campaigns are currently licensed.

PFR List

Name	Mailing address	Sum of all payments to / retained by PFR during year reported	Is contract currently in effect?	If no, enter date contract ended	Contract Type
			y ☐ n ☐	End date:	A ☐ B ☐
			y ☐ n ☐	End date:	A ☐ B ☐
			y ☐ n ☐	End date:	A ☐ B ☐

13. All organizations, except those in their first financial accounting period, must report on their most recently completed financial accounting period. Check the appropriate box in one of the following choices and follow the instruction:

If you file Form 990, 990-EZ, or 990-PF with the IRS, check the box to indicate the type of return:

☐ **Form 990 or 990-EZ** - Provide a copy of the return. Do not include Schedule B. Go to item 13 below.

☐ **Form 990-PF** - Provide a copy of the Form 990-PF. Enter the amount the organization spent directly on its charitable program in the space below. Complete item 14 and go to 16.

Total program services expense: $ ______________

If your organization does not, or has not yet, filed the above returns with the IRS, check the appropriate box below to explain the reason:

☐ **Files Form 990-N.** Complete 14 and 15 below, and then go to item 17.

☐ **Included in IRS group return.** Provide a copy of the group return. Complete 14 and 15 below; go to16.

☐ **In first financial accounting period.** See instructions. Enter the date the organization's first accounting period will end. The date should be the last day of a month. Go to item 17. ____/____/____

☐ **Other reason.** Explain: ______________________________
Complete 14 and 15 below. Go to 16.

14. Briefly describe your charitable accomplishments during the period. ____________________________________

____

____

15. Complete this section only if directed to in item 13 because your organization does not complete a Form 990, 990-EZ, or 990-PF. Complete all lines of the following schedules. You must enter the end date of the accounting period being reported. Enter "0" or "none" where appropriate or if you had no financial activity in the period.

Enter the end date of the financial accounting period reported below: ____/____/_____

	Revenue	
A	Contributions and fundraising received	
B	All other revenue	
C	Total revenue (add lines A and B)	

	Expenses	
D	Charitable program services expense	
E	All remaining expenses (supporting services)	
F	Total expense (Sum of lines D and E)	

G	Revenue less expenses (subtract line F from line C)	

	Balance Sheet	
H	Total assets at end of fiscal period	
I	Liabilities at end of fiscal period	
J	Net assets (subtract line I from line H)	

16. **Audited or reviewed financial statements requirement**

Complete the following worksheet to determine if audited or reviewed financial statements are required. If audited or reviewed financial statements are required, but they have not been prepared, see the instructions.

Financial Statements Worksheet

	Item	Where to Find it:	Amount
A.	Contributions from IRS return	Form 990: Part VIII, line 1h; Form 990-EZ: line 1; Form 990-PF: line 1	
B.	Net income from special fundraising events	Form 990: Part VIII, line 8c; Form 990-EZ: line 6c	
C.	Net income from gaming activities	Form 990: Part VIII, line 9c	
D.	Total contributions and fundraising	Add lines A, B, and C	
E.	Governmental grants	Form 990: Part VIII, line 1e; Form 990-EZ: enter governmental grants included above on line A.	
F.	Contributions	Subtract line e from line d	

After completing the schedule:

- If line F is $525,000 or more, audited financial statements are required. They must be audited by an independent certified public accountant and prepared in accordance with generally accepted accounting principles.
- If line F is greater than $275,000, but not greater than $525,000, financial statements either reviewed or audited by a certified public accountant are required.

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17. I certify that I am an authorized representative of the organization and that to the best of my knowledge and belief the information provided, including all accompanying documents, is true, correct, and complete. False statements are prohibited by MCL 400.288(1)(u) and MCL 400.293(2)(c) and are punishable by civil and criminal penalties.

Type or print name (must be legible): ____________________

Title: ____________________ Date: ____________________

THIS IS A PUBLIC RECORD, COPIES OF WHICH ARE SENT, UPON REQUEST, TO ANY INTERESTED PERSON.

CHECKLIST:

- ☐ Have all parts of the form been fully completed unless instructed otherwise?
- ☐ Have you provided the name and Michigan street address of a resident agent in item 5?
- ☐ Is a list of the officers and directors provided or included with the IRS return?
- ☐ Have you provided a complete IRS 990, 990-EZ, OR 990-PF?
- ☐ If you file Form 990-PF, did you complete item 15?
- ☐ If you file Form 990-N, did you complete items 14 and 15? Do not submit Form 990-N.
- ☐ If audited or reviewed financial statements are required, are they provided? If not, have you requested a conditional registration or one-time waiver? (See instructions.)
- ☐ Are the Form 990 and financial statements prepared for the same reporting period?
- ☐ Have you submitted contracts and addenda to contracts with professional fundraisers that have not been previously submitted?
- ☐ Have you typed or printed your name, date, and title in Item 17 to certify the form?

Return the completed registration form by:	
Email (preferred method)	ct_email@michigan.gov
Mail	Attorney General Charitable Trust Section PO Box 30214 Lansing, MI 48909
Overnight mail	Attorney General-CT Section 525 West Ottawa Williams Building - 1st Floor Lansing, MI 48933
Fax	(517) 241-7074

EXHIBIT A2

CTS - 02
AUTHORITY: MCL 400.271 et seq.
PENALTY: civil, criminal

State of Michigan
Department of Attorney General

RENEWAL SOLICITATION FORM

Charitable Organizations and Solicitations Act (COSA)

Who should file this form?

Charitable organizations:

- Renewing their solicitation registration;
- Whose prior solicitation registration has expired. If your registration has expired, provide copies of any changes to your organizing documents, bylaws, IRS status, or charitable purposes since your previous submission.

Who should not file this form?

- Charitable organizations filing for the first time to solicit in Michigan. Instead, use Form CTS-01;
- Organizations exempt from registration. See Form CTS-03, Request for Exemption.

INSTRUCTIONS

GENERAL INFORMATION

Extensions – Your solicitation registration will expire 7 months after the close of your fiscal year (financial accounting period). Your renewal form is due 30 days before the expiration of your registration. If you need an extension of time to file the Renewal Solicitation Form, it must be requested in writing before your registration expires. Your registration expiration date will be extended for 5 additional months.

Use of file number – The organization has been assigned a file number that must be used on correspondence and forms sent to this office. Your file number will be printed on the registration.

Fees – There is currently no fee to register to solicit in Michigan.

Filing the renewal form – You may renew your registration by email, efiling, fax, or by mail. **For faster processing, use email or efiling.**

Email - The Form and all required documents should be attached in PDF form.

Efile – On the Attorney General's website, http://www.michigan.gov/agcharity, scroll down to the link for How to E-File or Mail Your Forms.

Mail - Send the Renewal Solicitation Form to:

Department of Attorney General
Charitable Trust Section
PO Box 30214
Lansing, MI 48909

Telephone: (517) 373-1152
Fax: (517) 241-7074

For additional information, visit our website at www.michigan.gov/agcharity.

Verify that we have received your filing

Search for the organization at www.michigan.gov/AGCharitySearch. The search results will state, "Application/registration pending."

SPECIFIC INSTRUCTIONS

To avoid delays and unnecessary correspondence, answer all questions completely.

Name – Enter the organization's exact legal name on the renewal form. This will be the same name as is currently on the articles of incorporation or other organizing document. If you use any names other than the legal name, enter each name on the solicitation form in the space *All other names under which you intend to solicit.*

Item 2. If your charitable purposes or activities have changed since submitting your last registration form, summarize in 50 words or less the organization's current charitable purposes. This summary will be added to our database and our searchable website. Do not simply quote or refer to the articles of incorporation or provide the standard IRS 501(c)(3) language.

Item 3. A Michigan resident agent must be named for the acceptance of process issued by any court. The renewal form will not be processed without this information. You must provide a street address, not a P.O. box. The organization cannot name itself, the Michigan Attorney General, or the

Michigan Secretary of State as its resident agent. You may designate a private individual residing in Michigan. If you need information on companies that will act as resident agent for a fee, you may wish to do your own internet research. Our office does not provide lists of such companies.

Item 9. The engagement and compensation of all professional fundraisers and fundraising consultants providing services on Michigan campaigns must be reported in the schedule.

A professional fundraiser (PFR) is anyone who "plans, conducts, manages, or carries on a drive or campaign of soliciting contributions for or on behalf of a charitable organization." This includes fundraising consultants who assist with organizing or structuring solicitation activities, as well as those who actually conduct the solicitation activity. Employees of a charitable organization are PFRs if they are paid wholly or in part by commissions – including bonuses – based on funds raised.

If you are unsure if the services provided by a person or firm you contracted with are such that a PFR license is required, provide a copy of the contract with your renewal form and request to have the contract reviewed. You will be notified if you must complete Part II and if the contractor should be licensed as a PFR.

Verification of license of PFR - Michigan law requires that you verify that any PFR with which you contract for fundraising in Michigan is currently licensed with this office.

PFR Contract - You are required to provide copies of contracts with PFRs within 10 days of signing a new contract or extending an existing contract.

Campaign Financial Statement -
Campaign Financial Statements, Form CTS-10, are required for all campaigns conducted by a PFR with which you have contracted, except those who are solely consultants. The Campaign Financial Statement will be filed by the PFR, but you will be required to provide additional campaign expense information and sign the form. Campaign financial statements are due within 90 days of the conclusion of any campaign. If the campaign lasts more than a year, a Campaign Financial Statement must be filed annually.

PFR Chart on Renewal Form-
Sum of all payments to / retained by PFR during the year reported – Include all fees, reimbursements, or other payments to the PFR that were related to the campaign or activity conducted by the PFR for the organization. Any monies that were retained by the professional fundraiser before remitting the proceeds of a campaign or activity to the charity must also be included here. If the PFR listed was engaged after the close of the fiscal year reported in Item 10, enter "N/A" in this column.

Contract type - To qualify as a consulting contract, all of the following conditions must be met:

- the PFR is usually retained by a charitable or religious organization for a fixed fee or rate that is not computed on the basis of funds raised or to be raised;
- the PFR does not solicit funds, assets or property, but only plans, advises, consults, or prepares materials for a solicitation or fundraising event in Michigan;
- the PFR does not receive or control funds, assets, or property solicited in Michigan; and
- the PFR does not employ, procure, or engage any compensated person to solicit, receive, or control funds, assets, or property.

Item 10. An organization registering to solicit must provide a financial statement for its most recently completed fiscal year. If an organization files Form 990, 990-EZ, or 990-PF with the IRS, a copy must be provided with the renewal form. Organizations that do not complete a Form 990, 990-EZ, or 990-PF should complete items 11 and 12 on the form.

The IRS return must be prepared in accordance with IRS instructions. If you do not follow the instructions, we may question the return even if the IRS does not. All applicable schedules and attachments required by the IRS form or instructions must be submitted. However, if you file Form 990 or 990-EZ, do not provide a copy of Schedule B, Schedule of Contributors.

Organizations that file Form 990-EZ. Note – all expenses not in Item 10 as program services will be entered into our database and provided to the public as "Supporting services."

Item 11. - Briefly describe the organization's activities or accomplishments during the fiscal period. Provide a sheet if additional space is needed. Do not simply restate the organization's charitable purpose.

Item 12. – Complete all lines. You must enter the end date of the accounting period. Do not leave any lines blank. Enter "0" if applicable.

On line D, enter all costs related to conducting the charitable activities and accomplishments discussed in Item 11.

Item 13. Audited or reviewed financial statements requirement - If audited financial statements have been prepared for the year being reported, provide a copy with the renewal form. It is not necessary to complete the schedule.

For all others, complete the schedule to calculate if audited or reviewed financial statements will be required. Total support may be reduced by the amount of governmental grants received during the year.

Audited financial statements must be prepared in accordance with generally accepted accounting principles.

If audited or reviewed financial statements are required, but they have not been prepared:

- You may request a one-time waiver of the reviewed or audited financial statements requirement. In your request, specify the fiscal year for which the waiver is requested and state that the necessary financial statements will be provided in all future years in which reviewed or audited financial statements are required. If you have already received a waiver of the financial statements requirement for a prior year, engage an auditor and see below to request a conditional registration.

- If the required financial statements are in the process of being prepared or you have already engaged an auditor to perform the necessary review or audit, provide a letter requesting a conditional registration. In your letter, state when you expect the financial statements to be available. Also, provide a copy of the signed engagement letter agreement with the audit firm. The solicitation registration will include the condition that the required financial statements are to be provided by a specified date.

- The financial statements requirement may be suspended for food banks and similar organizations whose contributions are substantially non-cash. However, suspension of the requirement is unlikely if the organization's cash contributions exceed the audited or reviewed financial statements thresholds, or if donated non-cash items are typically converted to cash. Provide your suspension request with the registration form.

Item 14. Select YES and provide the information requested on the form if you are a parent organization that directly supervises and controls a local, county, or area division or chapter that is also a separate legal entity.

Unless previously submitted, you MUST provide:

- appropriate documentation to show that you directly supervise and control the chapter;
- names and addresses of each chapter to be included in your registration; and
- separate financial statements for each chapter

State of Michigan
Department of Attorney General

RENEWAL SOLICITATION FORM

Full legal name of organization		
All other names under which you intend to solicit		
Attorney General File Number	Telephone number	Fax number
Employer Identification Number (EIN)	Organization email address	Organization website

All items must be answered. Provide additional sheets if necessary. If you have questions, see the instructions.

1. Organization addresses –
   A. Street address of principal office. If you do not have a principal office, provide the name and address of the person having custody of the financial records.

   B. Organization mailing address, if different.

   C. Provide the address of all other offices in Michigan.

2. Has there been any change in the organization's purposes? . . . . ☐ Yes ☐ No
   If yes, summarize organization's current purposes below in 50 words or less. This summary appears on our website.

3. You **must** designate a resident agent located in Michigan authorized to receive official mail sent to your organization.

   Name ______

   Address (Michigan street address, not PO box) ______

4. Methods of solicitation. Check all that apply.

   ☐ Mail ☐ Personal contact ☐ Special events ☐ Other (specify) ______
   ☐ Telephone ☐ Radio / television ☐ Newspaper/magazines ☐ None (explain) ______
   ☐ Internet ☐ Email

5. Has there been a change in the organization's tax status with the IRS since your last filing? . . . . ☐ Yes ☐ No
   If yes, explain and document.

6. List all current officers and directors unless they are included on your IRS return. Mark the box to indicate whether the person is an officer, director, or both. Provide an additional sheet if necessary.

Name	Officer	Director	Name	Officer	Director

7. Is there any officer or director who cannot be reached at the organization's mailing address? . . . . Yes ☐ No ☐
If "yes," provide the names and addresses on an additional sheet.

8. Since your last registration form, has the organization or any of its officers, directors, employees or fundraisers: Yes No
   A. Been enjoined or otherwise prohibited by a government agency/court from soliciting? . . . . ☐ ☐
   B. Had its solicitation registration or license denied or revoked by any jurisdiction? . . . . ☐ ☐
   C. Been the subject of a proceeding regarding any license, registration, or solicitation? . . . . ☐ ☐
   D. Entered into a voluntary agreement of compliance with a government agency or in a case before a court or administrative agency? . . . . ☐ ☐

If any "yes" box is checked, provide a complete explanation on a separate sheet.

9. Has the organization engaged a professional fundraiser or fundraising consultant for Michigan fundraising activity for either the financial accounting period reported in item 10 or the current period? Yes ☐ No ☐
If no, go to question10.

Under Michigan law, fundraising consultants are considered professional fundraisers (PFRs). *See instructions for definition.*

If yes, in the chart below list all PFRs that your organization has engaged for Michigan fundraising activity. Provide additional sheets if necessary. Provide copies of contracts for each PFR listed if not already provided.

Contract types: A – Consulting – *See instructions for definition*
B – Solicitation / Event

Note – You are required to verify that all PFRs under contract for Michigan campaigns are currently licensed.

Name	Mailing address	Sum of all payments to / retained by PFR during year reported	Is contract in effect now (as you complete the form)?	If no, enter date contract ended	Contract Type
			y ☐ n ☐	End date:	A ☐ B ☐
			y ☐ n ☐	End date:	A ☐ B ☐
			y ☐ n ☐	End date:	A ☐ B ☐

10. All organizations must report on their most recently completed financial accounting period.

Check the box to indicate the type of return filed with the IRS and follow the instructions:

☐ **Form 990 or 990-EZ** - Provide a copy of the return. Do not include Schedule B. Go to item 13 below.

☐ **Form 990-PF** - Provide a copy of the Form 990-PF. Enter the amount the organization spent directly on its charitable program in the space below. Complete item 11 and go to 13.

Total program services expense: $ ______________

If your organization does not file the above returns with the IRS, check the appropriate box below to explain the reason, and follow the instructions:

☐ **Files Form 990-N.** Complete 11 and 12 below, then go to 14.

☐ **Included in IRS group return.** Provide a copy of the group return. Complete 11 and 12 below.

☐ **Other reason.** Explain: ______________________________
Complete 11 and 12 below.

---

11. Briefly describe your charitable accomplishments during the period. ______________________________

____

____

---

12. Complete this section only if directed to in item 10 because your organization does not complete a Form 990, 990-EZ, or 990-PF. Complete all lines of the following schedules. You must enter the end date of the acocunting period being reported. Enter "0" or "none" where appropriate or if you had no financial activity in the period.

Enter the end date of the financial accounting period reported below: ____/____/____

	Revenue	
A	Contributions and fundraising received	
B	All other revenue	
C	Total revenue (add lines A and B)	

	Expenses	
D	Charitable program services expense	
E	All remaining expenses (supporting services)	
F	Total expense (Sum of lines D and E)	

G	Revenue less expenses (subtract line F from line C)	

	Balance Sheet	
H	Total assets at end of fiscal period	
I	Liabilities at end of fiscal period	
J	Net assets (subtract line I from line H)	

13. **Audited or reviewed financial statements requirement**

Complete the following schedule to determine if audited or reviewed financial statements are required. If audited or reviewed financial statements are required, but they have not been prepared, see the instructions.

	Item	Where to Find it:	Amount
A.	Contributions from IRS return	Form 990: Part VIII, line 1h; Form 990-EZ: line 1; Form 990-PF: line 1	
B.	Net income from special fundraising events	Form 990: Part VIII, line 8c; Form 990-EZ: line 6d	
C.	Net income from gaming activities	Form 990: Part VIII, line 9c	
D.	Total contributions and fundraising	Add lines A, B, and C	
E.	Governmental grants	Form 990: Part VIII, line 1e; Form 990-EZ: enter governmental grants included above on line A.	
F.		Subtract line E from line D	

After completing the schedule:

- If line F is $525,000 or more, audited financial statements are required. They must be audited by an independent certified public accountant and prepared in accordance with generally accepted accounting principles.
- If line F is greater than $275,000, but not greater than $525,000, financial statements either reviewed or audited by a certified public accountant are required.

14. Do you have chapters in Michigan that are to be included in the solicitation registration? **Yes** ☐ **No** ☐

Tip: If you have offices in Michigan with no separate reporting or filing requirements, answer "no."

If yes, provide the following:

- a listing of the names and addresses of all Michigan chapters to be included
- a financial report for each chapter (see instructions)
- a copy of your organization's IRS group return (if applicable)

Note – if you have chapters but have not previously informed us of your intent to include them, see the instructions.

15. I certify that I am an authorized representative of the organization and that to the best of my knowledge and belief the information provided, including all accompanying documents, is true, correct, and complete. False statements are prohibited by MCL 400.288(1)(u) and MCL 400.293(2)(c) and are punishable by civil and criminal penalties.

Type or print name (must be legible): ______________________________

Title: ______________________________ Date: ______________

THIS IS A PUBLIC RECORD, COPIES OF WHICH ARE SENT, UPON REQUEST, TO ANY INTERESTED PERSON.

CHECKLIST:

- ☐ Have all parts of the form been fully completed unless instructed otherwise?
- ☐ Have you provided the name and Michigan street address of a resident agent in item 3?
- ☐ Is a list of the officers and directors provided or included with the IRS return?
- ☐ Have you provided a complete IRS 990, 990-EZ, OR 990-PF?
- ☐ If you file Form 990-PF, did you complete item 11?
- ☐ If you file Form 990-N, did you complete items 11 and 12?
- ☐ If audited or reviewed financial statements are required, are they provided? If not, have you requested a conditional registration or one-time waiver? (See instructions.)
- ☐ Are the Form 990 and financial statements prepared for the same reporting period?
- ☐ Have you submitted contracts and addenda to contracts with professional fundraisers that have not been previously submitted?
- ☐ Have you typed or printed your name, date, and title in Item 15 to certify the form?

Return the completed registration form by:	
Email (preferred method)	ct_email@michigan.gov
Mail	Attorney General Charitable Trust Section PO Box 30214 Lansing, MI 48909
Overnight mail	Attorney General-CT Section 525 West Ottawa Williams Building - 1st Floor Lansing, MI 48933
Fax	(517)241-7074

EXHIBIT A3

CTS - 03
AUTHORITY 1975 PA 169
1961 PA 101
PENALTY: civil, criminal

State of Michigan
Department of Attorney General

REQUEST FOR EXEMPTION

Charitable Organizations and Solicitations Act (COSA)
Supervision of Trustees for Charitable Purposes Act (STCPA)

Complete this form to request exemption from the two laws listed above. Some exemptions apply to both laws. Although you may be exempt from registration under COSA, registration may be required under STCPA and vice versa.

PLEASE TYPE OR PRINT IN INK – Attach additional pages if more space is needed.

Legal Name of Organization					Attorney General File # (CS/CT/T) If applicable
Address of Organization					
City	County		State	Zip	Area Code Telephone Number
Organization Email Address		Website			Organization Fax Number
Other names used by organization					Employer Identification Number (EIN)

GENERAL INFORMATION

A. Type of Organization — Check one.

☐ Nonprofit corporation – State of incorporation ________ Date incorporated _______________
If incorporated in Michigan, enter your Corporate Identification Number: _______________ Provide copy of bylaws.
If not incorporated in Michigan, provide copies of your articles of incorporation, bylaws and, if applicable, Mich. Certificate of Authority.

☐ Trust – Provide a copy of the trust instrument.

☐ Unincorporated Association – Provide a copy of your Articles of Association, Constitution and Bylaws, or other organizing document.

☐ Other – explain and provide a copy of the relevant document:

B. Organization's Federal Tax Exempt Status — Check one.

☐ Exempt under 501(c)(3) – Provide a copy of your determination letter.

☐ Exempt under another section: Section 501(c) ____ Provide a copy of your determination letter.

☐ Applied, or will apply, for tax exempt status under section 501(c) ___. Date of application _______________

☐ The organization is not tax exempt and will not apply for tax exempt status. Explain:

C. Summarize the organization's purpose in 50 words or less. Do not simply refer to articles of incorporation or quote required IRS language.

MICHIGAN DEPARTMENT OF ATTORNEY GENERAL
REQUEST FOR EXEMPTION

D. **Specific exemptions.** Check all that apply to the organization. Additional information and required documentation is listed in the right column.

See the Key at the end to determine if any additional forms must be filed.

	Exemption	Required Documentation
	Section I ***The exemptions in the following section apply to both COSA and STCPA.***	
☐	1. An organization that requests contributions only for the relief or benefit of a named individual or family with all fundraising conducted by persons who are unpaid for their service.	Enter the name, address, and telephone number of the beneficiary: ________________
☐	2. A Michigan educational institution approved by the Michigan Board of Education. *Michigan approval is separate from accreditation or other certifications.*	Provide appropriate documentation from the Michigan Department of Education.
☐	3. A veterans organization incorporated under federal law.	Submit proof of federal charter.
☐	4. A hospital licensed in the State of Michigan. *Michigan health systems and other affiliates are __not__ exempt even if they include a licensed hospital.*	Provide a copy of the hospital license.
☐	5. A school booster organization operating with the knowledge and approval of an educational institution for the support or promotion of educational, artistic, musical, or athletic programs or events.	The school booster organization must serve only one school which must be an approved school in Michigan. Provide the name of the school and attach documentation of its knowledge and approval.
☐	6. A governmental unit or instrumentality.	Provide explanation and copies of appropriate documentation. *If you merely receive government funding, or you intend to become a governmental instrumentality in the future, the exemption does not apply to you.*
☐	7. An advocacy or lobbying organization, or an organization associated with an advocacy organization, political party, candidate or committee, that does __not__ have 501(c)(3) status.	Provide explanation, articles of incorporation, and a copy of the IRS determination letter.
☐	8. A duly constituted religious organization or group affiliated with and forming an integral part of a religious organization. *Note - If the organization's IRS 501(c)(3) determination letter requires it to file a Form 990, 990-EZ, or 990-N, the organization likely does not qualify for this exemption.*	Provide explanation and appropriate documentation, including a copy of the IRS determination letter that states that filing Form 990 is not required.
☐	9. An organization that will not have 501(c)(3) status and whose principal purpose is not charitable but that solicits from time to time for a charitable purpose. Note - To qualify for this exemption: . The organization must not have, or intend to receive, 501(c)(3) status. - All fundraising must be performed by members of the organization who are not paid for their services. - All funds must be wholly used for the purposes for which they were solicited.	Provide the IRS determination of tax-exempt status that is not 501(c)(3). If the organization annually files a Form 990 or 990-EZ with the IRS, provide a copy.
	Section II ***The exemptions in the following section apply only to COSA.***	
☐	10. An organization that confines solicitations to drives solely among members, directors and their immediate families, where the general public is not invited to become a member. This includes a private foundation for IRS tax purposes that receives contributions solely from incorporators, directors, stockholders or their families, or from a sponsoring business.	Provide an explanation of your membership requirements, your solicitation activities, and/or your relationship with expected contributors.
☐	11. An organization whose sole source of contributions is a charitable organization registered with this office to solicit contributions.	Enter the name and registration number of the registered organization:

MICHIGAN DEPARTMENT OF ATTORNEY GENERAL
REQUEST FOR EXEMPTION

	Exemption	Required Documentation
☐	12. A hospital-based foundation or auxiliary that solicits contributions solely for 1 or more hospitals licensed in Michigan. *See instructions.*	Enter the name of the parent hospital:
☐	13. An organization that does not intend to solicit and receive, and does not actually receive, contributions in excess of $25,000.00 during any 12-month period. Do not include grants from governmental agencies or restricted grants from foundations when calculating contributions. See instructions. *Note - To qualify for this exemption:* - All fundraising functions must be conducted by persons, whether staff or contractors, who are not paid for their services. - The organization must make a financial statement of its activities of its most recent fiscal year available to its members and the public.	This exemption also applies if the organization or trust does not solicit or receive any contributions. Provide a copy of your latest IRS 990, 990-EZ, or 990-PF. (We do not accept Form 990-N.) If you have not prepared an IRS return, provide a financial statement or treasurer's report. If you are a newly created organization in your first fiscal period, you do not have to provide a financial statement at this time. Provide a schedule of all governmental grants and restricted grants from foundations received during the year of your financial report.
☐	14. A nonprofit corporation whose purpose is the owning and operating of facilities for the aged and chronically ill that is under the sole control of a religious or fraternal society.	Provide proof of sole control by a religious or fraternal society.
☐	15. An organization at least 50% of whose activities are licensed by the Michigan Department of Health and Human Services to serve children and families.	Enter the name of the specific state licensing agency and your license number:
	Section III ***The following section applies only to the STCPA.***	
☐	16. An organization incorporated or organized in a state other than Michigan that will never hold assets in Michigan, including cash, savings accounts, investment accounts, land, building, equipment, etc.	
☐	17. An organization that receives operating funds from United Way.	Identify the specific United Way office:
☐	18. An amateur theater, band, orchestra, chorale or dance organization.	

Key:	**Forms to provide (available at www.mi.gov/charity)**
If you did not check a box:	CTS-01, Initial Solicitation Form.
If you checked a box in Section I, or if you checked boxes in more than one section:	CTS-03, Request for Exemption form.
If you checked a box in Section II and did not check a box in Sections I or III:	CTS-03, Request for Exemption form and CTS-05, Registration and Inventory Forms for Corporations and Unincorporated Associations.
If you checked a box in Section III and did not check a box in Sections I or II:	CTS-03, Request for Exemption form and CTS-01, Initial Solicitation Form.

You will be notified in writing after your request for exemption has been reviewed and a determination has been made.

CERTIFICATION

I certify that I am an authorized representative of the organization and that to the best of my knowledge and belief the information provided, including all accompanying documents, is true, correct, and complete. False statements are prohibited by MCL 400.288(1)(u) and MCL 400.293(2)(c) and are punishable by civil and criminal penalties.

Type or print name (must be legible) ______________________________

Title ______________________ Date ______________________

This is a public record, copies of which are sent, upon request, to any interested person.

REQUEST FOR EXEMPTION
INSTRUCTIONS

GENERAL INFORMATION

Who should file this form?

- Organizations that are exempt from solicitation registration under COSA; and/or
- Organizations that are exempt from registration under the STCPA.

Notification – You will be notified in writing if your request for exemption has been approved or not.

Fees – There is no fee required to file this form.

Filing the form – You may submit the form by email, fax, or mail. **For faster processing, use email.**

Email – The form and all required documents should be attached in PDF form. Send it to: ct_email@mi.gov.

Mail – Send the completed form with all additional required documentation to:

Department of Attorney General
Charitable Trust Section
PO Box 30214
Lansing, MI 48909

Telephone: 517-373-1152
Fax: 517-241-7074

SPECIFIC INSTRUCTIONS

Name - Enter your exact legal name on the form. This will be the same name as is currently on your articles of incorporation or other organizing document. If you use any name other than your legal name, enter it on the form in the space *Other names used by organization.*

Item C. Organization's purpose – Provide a summary of the organization's purpose in 50 words or less. This will be used on our database and will be provided to persons who inquire. Do not simply quote your articles of incorporation or provide the IRS required 501(c)(3) language.

Item D. Exemptions – This form applies to 2 different laws. The exemption area is divided into 3 parts: Section I applies to both laws and Sections II and III apply separately to COSA and the STCPA. If you check any box for an exemption that applies to the organization, see the Key, which will tell you if any additional forms should be filed.

Exemption 2 – If checked, include any documentation you hold that indicates the organization is recognized by the Michigan Department of Education as a school or educational institution. This is separate from accreditations or other certifications.

Exemption 3 – If the organization is a chapter of a federally chartered veterans organization, provide verification of the parent organization's federal charter and also verification of your status as a chapter of the parent.

Exemption 9 – If you later enter into a contract with a professional fundraiser, provide a copy of the contract and submit the Initial Solicitation Form.

Exemption 12 - A hospital-based foundation or auxiliary does not qualify for the exemption if it solicits contributions for other organizations even if they are related to, or controlled by, the hospital.

Exemption 13 - If any person involved in fundraising is compensated, you do not qualify for this exemption. If you anticipate receiving contributions in excess of $25,000 during a fiscal year, you do not qualify for this exemption. Do not count governmental grants or restricted grants from foundations in the $25,000.

A restricted grant from a foundation is one that the organization applies for and includes all of the following components:

- The foundation is organized and operated primarily as a grant making foundation;
- The gift should be restricted for purposes or programs narrower or more limited than the organization's general charitable mission or operations; i.e., it is not a gift to be used for general operating funds;
- The restriction should be in writing and include reporting and accountability requirements back to the grant making foundation.

If you are providing a financial statement for a period in which you received governmental grants or restricted grants from foundations, provide a schedule of such grants. The schedule should include the name and address of the granting foundation or governmental agency, and dollar amount of the grant, and the restricted purpose of the grant.

Key – Other forms are available at our website: www.mi.gov/charity.

CHECKLIST

Have you:

- ☐ Provided copies of the organizing documents, including amendments?
- ☐ Provided a copy of the IRS determination letter or, if none, provided an explanation?
- ☐ Provided supporting documentation for each exemption checked?
- ☐ Provided additional forms required by the Key?
- ☐ Certified the form and included your contact information?
- ☐ Checked a box on pages 2 or 3? Do not submit this form if no box is checked.

Revised 6/22/15

EXHIBIT A4

CTS-07
AUTHORITY: 1975 PA 169
PENALTY: Civil, criminal

State of Michigan
Department of Attorney General

APPLICATION FOR LICENSE OF PROFESSIONAL FUNDRAISER

APPLICATION FOR LICENSE YEAR

JULY 1, 20___ TO JUNE 30, 20___

CHECK ONE: ☐ Initial application ☐ Renewal - MIFR No. ________

Full legal name of entity	Employer Identification Number (EIN)
Mailing address	Telephone number
City, State, Zip code	Fax number
E-mail address	Website

Answer all questions completely. Provide additional sheets if necessary.

1 Type of entity. Check appropriate box.

☐ Corporation ☐ LLC ☐ Partnership ☐ Sole Proprietor ☐ Other (explain)

Provide a copy of your organizing documents unless already filed with this office. Articles of incorporation and amendments should show filing acknowledgment of appropriate state agency.

2 Officers, directors, members, owners.

On a separate sheet, provide the names and addresses of the applicant's officers, directors, and all shareholders, members, and others with a 5% or more ownership interest in the entity.

3 Offices in Michigan

On a separate sheet, provide the addresses of all call centers and other offices located in Michigan.
If no additional addresses, check here: ☐

4 List all assumed names, dba's, and other names used by the entity. If a certicate of assumed name has been filed, provide a copy.

5 List all related entities of the applicant and entities owned or operated by immediate family members of officers, directors, managers, or owners of the applicant that provide services to clients of the applicant. State the services provided.

6 Contracts

The applicant must complete the Current Contract Schedule below and provide copies of contracts, extensions, and addenda for all charitable or religious organizations currently under contract which intend to solicit contributions or raise funds in Michigan. Please provide end dates or expected end dates for all contracts. If any contract has been sub-contracted, check the box and provide the name, address, and MIFR number of the sub-contractor as an attachment. If you are a sub-contractor reporting a sub-contract, please check the box and provide the name, address, and MIFR number of the main contractor as an attachment.

Note - This information and copies of contracts are required to be provided throughout the year. Use the Contract Summary Sheet, available on our website, when submitting contracts.

Renewal applicants – If you have received a Schedule of Contracts sent from this office, only list organizations on 6A which are not on that printout. If a contract has already been submitted, a duplicate is not required.

MICS # refers to the organization's registration or file number with this office. If you do not know the organization's file number, enter its employer identification number.

Contract types:

A = Consulting

B = Solicitation / event

To qualify as a Consulting contract, all of the following conditions must be met:

- the PFR must be retained by a charitable or religious organization for a fixed fee or rate that is not computed on the basis of funds raised;
- the PFR does not solicit funds, assets or property, but must only plan, advise, consult, or prepare materials for a solicitation or fundraising event in Michigan;
- the PFR must not receive or control funds, assets, or property solicited in Michigan; and
- the PFR must not employ, procure, or engage any compensated person to solicit, receive, or control funds, assets, or property.

6A Current Contract Schedule

Legal Name of Organization	Address	MICS # or EIN	Dates of contract	Contract Type	Sub-Contract
			Start date:	A ☐	☐
			End date:	B ☐	
			Start date:	A ☐	☐
			End date:	B ☐	
			Start date:	A ☐	☐
			End date:	B ☐	
			Start date:	A ☐	☐
			End date:	B ☐	
			Start date:	A ☐	☐
			End date:	B ☐	
			Start date:	A ☐	☐
			End date:	B ☐	
			Start date:	A ☐	☐
			End date:	B ☐	
			Start date:	A ☐	☐
			End date:	B ☐	
			Start date:	A ☐	☐
			End date:	B ☐	
			Start date:	A ☐	☐
			End date:	B ☐	

7 Campaign Financial Statements
Provide a fully completed Campaign Financial Statement for each Type B, Solicitation / Event, contract listed on Schedule 6A or the Supplemental Contract Printout if: • The campaign was concluded in the past year; or • The campaign is ongoing and a Campaign Financial Statement was not submitted within the past year. The Campaign Financial Statement form is available on our website. During the year as campaigns conclude, complete and submit the Campaign Financial Statement form within 90 days of the conclusion of the campaign.

		Yes	No
8	**Has the applicant or any of its officers, directors, or any person with an ownership interest in the applicant ever been enjoined from performing fundraising activities, or convicted of a crime related to the raising of funds by solicitations of the public? If yes, explain:**		

		Yes	No
9	**Has the applicant or any of its officers, directors, employees, or members of their immediate families received any part of the income or assets, other than a reasonable fee pursuant to a written contract, of a charitable or religious organization on whose behalf the applicant conducted a solicitation? If yes, explain:**		

		Yes	No
10	**Has the applicant or any of its officers, directors, managers, employees, or persons with an ownership interest made one or more payments to any individuals affiliated with a charitable or religious organization? If yes, explain:**		

	CERTIFICATION	
11	**I certify that I am an authorized representative of the organization and that to the best of my knowledge and belief the information provided, including all accompanying documents, is true, correct, and complete. False statements are prohibited by MCL 400.288(1)(u) and MCL 400.293(2)(c) and are punishable by civil and criminal penalties.**	
Type or Print Name (must be legible):		
Title:	Date:	

Return the completed Application to: ct_email@michigan.gov (SUBMISSIONS VIA EMAIL ARE PREFERRED).

CONTACT INFORMATION:
Attorney General Charitable Trust Section
PO Box 30214
Lansing, MI 48909
Telephone: 517-373-1152
Fax: 517-241-7074
Web: www.michigan.gov/charity

THIS IS A PUBLIC RECORD, COPIES OF WHICH ARE SENT, UPON REQUEST, TO ANY INTERESTED PERSON

Revised 3/11/15

Note – It is a violation of Michigan law for a professional fundraiser to:

- Solicit or receive contributions, conduct a charitable sales promotion, or sell memberships in Michigan on behalf of a charitable organization that is not registered with this office or exempt from registration;
- Fail to provide verification of current license status to any charitable organization with which it is contracted for Michigan solicitations.

If an organization with which you are doing business is not currently registered to solicit contributions in Michigan or does not have a determination of exemption from the registration requirement, the organization should be directed to our website to file the Initial Solicitation Registration Form or, if applicable, the Request for Exemption.

Charitable Trust Section Website:
www.michigan.gov/agcharity

Checklist of Items to Submit with this Application

Incomplete applications will not be approved until all required information is received.

☐ **SURETY BOND and SURETY'S POWER OF ATTORNEY signed by the bonding company.**
- Initial applicants must use the Uniform Professional Fund Raiser Surety Bond which is available on our website.
- Renewal applicants with the original bond already on file with this office, must provide a CONTINUATION CERTIFICATE showing the bond is continued through June 30 of the new license year.

☐ **ARTICLES OF INCORPORATION** or other organizing documents unless already on file with this office. Include all amendments and Certificates of Assumed Name. Documents must show acceptance by the state where filed.

☐ **SCHEDULE OF CONTRACTS.** For renewal applicants, complete and submit this form with your application if one was mailed to you.

☐ Copies of **ALL CONTRACTS** with organizations which solicit contributions from residents in Michigan unless already submitted to this office. For each new contract submitted, also complete and submit a **Professional Fundraiser Contract Summary Sheet** available on our website.

☐ REGISTRATION OF PROFESSIONAL SOLICITOR form for each solicitor retained to solicit contributions in the State of Michigan. These forms must be submitted to this office for approval prior to solicitation activity.

☐ **CAMPAIGN FINANCIAL STATEMENTS** for all solicitations in Michigan that were concluded over the past year and on which you have not yet reported. If a campaign is continual in nature, campaign reports are to be filed annually. The Campaign Financial Statement form is available on our website.

If you are incorporated in a state other than Michigan, it may be necessary to acquire a Certificate of Authority to Conduct Affairs in Michigan from the Michigan Department of Licensing and Regulatory Affairs, Corporations Division - (517) 241-6470.

MICHIGAN DEPARTMENT OF ATTORNEY GENERAL-CHARTIABLE TRUST SECTION

Cost Summary for Legal Files Automated Forms Submittal Solution

October 20, 2015

Submitted by:

Gordon Hack

Legal Files Software, Inc.

801 S. Durkin Drive

Springfield, Illinois 62704

(800) 500-0537, ext. 247

Gordon.Hack@LegalFiles.com

Project Description

Project will include:

Module capable of being deployed on a Web Server (IIS or Tomcat) containing 4 Web Forms:

1) Initial Solicitation Form

2) Renewal Solicitation Form

3) Request for Exemption

4) Application for License of Professional Fundraiser

These forms will contain a combination of field types – including entry (in some instances formatted entry to require specific datatype forms), drop-down values (either hard coded or populated from an internal table set), radio buttons, note records and attachment controls.

> **NOTE** The attachment control functionality and the corresponding capability of delivering said attachments to the Legal Files system is contingent upon a useable method being provided by DTMB of inserting documents into a staging area from outside the network via an automated process.

The forms will be accessible via multiple web browsers. The forms will be constructed to prevent cross site scripting and also allow for verification of entry by other than a Web Crawler/web robot.

9)

The forms will have the ability for a user to submit a key value (Name Card EIN) to the form for lookup back to a source database and return a set of data elements related to that key value (Name Card information).

The forms will have the ability to capture the submitting party's email address and pass that data along with email body information on to a previously existing mail server that exists within the DTMB architecture – to facilitate the transmission of an email back to the entity submitting the initial form.

The forms will have the ability to save to PDF/Image file the form itself – to allow the submitter to have a read-only copy of the submitted page and/or attach to the form for transmission.

Additionally a new Windows service will be created to insert the data captured from the forms into the Legal Files database. This service will read the staging tables that the forms module inserts the data into, creating data elements within the Legal Files database.

A new preview utility will be created – to allow a user within the Attorney General's office to review the submitted forms, make changes to specific key data elements if needed, and submit the records for processing into the Legal Files database.

Project Cost

Quantity	Custom Project	Cost
220	Custom Programming for Web Forms Development ($200/hour)	$146,000.00
140	Custom Programming for Communication Layer ($200/hour)	

60	Custom Programming for Staging Tables ($200/hour)	
180	Custom Programming for Import Previewer ($200/hour)	
130	Custom Programming for Database Import to Legal Files ($200/hour)	
9	Onsite Requirements Gathering and Data Mapping ($1,900/day)	$17,100.00
	TOTAL PROJECT	**$163,100.00**

Project Schedule

Legal Files Software, Inc. has developed a high-level, preliminary project schedule plan based on information known about the project at this time. Dates are based on a weekly schedule from contract date forward and assumes contract is approved the week of September 14th. The sample project plan is designed to provide scope of the tasks for the project and deliverable dependencies. The dates indicated are not presumed to be accurate as they depend on numerous external variables including, but not limited to, previous personnel commitments and other projects driving the development and operational schedules. Accurate dates for deliverables will be determined based on the completion of previous deliverables as defined in the project plan.

Week of Project	Deliverable	Task	Resource	Cost
Week of Sept 14th	Contract Award	Awarding of Contract	MIAG	
Week of Sept. 28th	Project Kick-Off Meeting	Project Management	LFS & MIAG	$30,000.00
	Delivery of Pre Form Design Draft	Project Management	Legal Files	$40,000.00
Week 3-11	Requirements Gathering, Specifications Development and Data Mapping	Project Management	LFS & MIAG	$11,550.00
Week 12 or sooner	Specification-Design Signoff	Project Management	MIAG	$20,000.00
Week 13-30	Custom Coding Services	Programming	Legal Files	
Week 31-33	Delivery of Custom Project for Testing	Project Management	LFS & MIAG	$50,000.00
Week 34-35	Custom Coding Adjustments	Programming	Legal Files	
Week 36	2nd Delivery-Review of Custom Project for Testing	Project Management	LFS & MIAG	

Week 38	Go Live Date		MIAG	$11,550.00

Staffing

The assigned Legal Files project manager is Dale Lowrance. Legal Files Software shall ensure that any substitutions in personnel are approved by the State of Michigan Attorney General's designated project manager or personnel.

Terms

I agree to pay by milestones listed above based on the acceptance of the deliverable.

Form No. DTMB-3521 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

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

CHANGE NOTICE NO. 2
to
CONTRACT NO. 071B1300063
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Legal Files Software, Inc. 2730 S. MacArthur Blvd. Springfield, IL 62704	Gordon Hack	Gordon.Hack@LegalFiles.com
	TELEPHONE	**CONTRACTOR #, MAIL CODE**
	(800) 500-0537 ext 247	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	AG	Jonathan Meyer	516-373-1114	Meyerj1@michigan.gov
BUYER	DTMB	Barb Suska	517-284-7026	suskab2@michgian.gov

CONTRACT SUMMARY:			
DESCRIPTION: **Software Maintenance, Support, Enhancements and Consulting Services**			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
October 1, 2010	September 30, 2013	3, one year	September 30, 2014
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			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	**EXERCISE CONTRACT OPTION YEAR(S)**	**EXTENSION BEYOND CONTRACT OPTION YEARS**	**LENGTH OF OPTION/EXTENSION**	**EXPIRATION DATE AFTER CHANGE**
☐ No ☒ Yes	☒	☐	2 years	Sept. 30, 2016
VALUE/COST OF CHANGE NOTICE:		**ESTIMATED REVISED AGGREGATE CONTRACT VALUE:**		
$0.00		$1,465,337.00		

Effective September 12, 2014, this contract exercises option years 2 and 3 and upgrades Legal Files Software Version 8.0, build #809 v7 to Legal Files Web Version 8.6.2 per the attached. New contract end date is September 30, 2016. Please also note that the buyer has been changed to Barb Suska. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval.

Change Notice No. 2 to Contract No. 071B1300063

This Change Notice No. 2 (this "**Change Notice**") to Contract No. 071B1300063 (the "**Contract**") is entered into this 12th day of September, 2014 (the "**Effective Date**"), by and between the State of Michigan, Department of Technology, Management and Budget Procurement on behalf of the Michigan Department of Attorney General (collectively, the "**State**") and Legal Files Software, Inc., an Illinois corporation ("**Contractor**").

Background

The Michigan Department of Attorney General ("**AG**") currently utilizes Legal Files version 8.0, build #809 v7 software as the application layer for its enterprise-wide, case management system ("**CMS**"). The AG uses its CMS to manage its core mission of providing effective and efficient legal representation to the State. To improve the speed and functionality of its current CMS, the AG is upgrading to Legal Files Web version 8.6.2, a totally browser-based version of the Legal Files software application.

Agreement

The parties agree as follows:

Definitions. For purposes of this Change Notice, the following terms shall have the meaning given to them below. All capitalized terms not defined in this Change Notice shall have the meanings given to them in the Contract.

"**Acceptance**" has the meaning set forth in **Section 0**.

"**Acceptance Tests**" has the meaning set forth in **Section 0**.

"**AG**" has the meaning set forth in the background section.

"**Authorized Users**" means the number of AG end users set forth on **Schedule A**, each of whom is authorized to use the Licensed Software and Desktop Software, and any additional end users that the AG adds for Licensed Software by paying to Contractor an additional per-user License Fee.

"**Business Day**" means a day other than a Saturday, Sunday or State Holiday.

"**Business Requirements**" means the functional requirements of the Licensed Software, as set forth in the attached **Schedule C**.

"**Change Notice**" has the meaning set forth in the preamble.

"**CMS**" has the meaning set forth in the background section.

"**Contract**" has the meaning set forth in the preamble.

"**Contractor**" has the meaning set forth in the preamble.

"**Contractor Personnel**" means all employees and agents of Contractor, all subcontractors and all employees and agents of any subcontractor hired by Contractor, involved in the performance of Services.

“**Desktop Software**” means the Legal Files version 8.0, build #809 v7 software application, and any Maintenance Releases provided to the State pursuant to this Change Notice, and all copies of the foregoing permitted hereunder.

"**Documentation**" means all user manuals, operating manuals, technical manuals and any other instructions, specifications, documents or materials, in any form or media, that describe the functionality, installation, testing, operation, use, maintenance, support, technical or other components, features or requirements of the Licensed Software and Desktop Software.

"**Effective Date**" has the meaning set forth in the preamble.

"**Fees**" has the meaning set forth in **Section 0**.

"**Harmful Code**" means any software, hardware or other technologies, devices or means, the purpose or effect of which is to: (a) permit unauthorized access to, or to destroy, disrupt, disable, distort, or otherwise harm or impede in any manner, any (i) computer, software, firmware, hardware, system or network, or (ii) any application or function of any of the foregoing or the integrity, use or operation of any data processed thereby; or (b) prevent the State or any Authorized User from accessing or using the Licensed Software as intended by this Change Notice, and includes any virus, bug, trojan horse, worm, backdoor or other malicious computer code and any time bomb or drop dead device.

"**Intellectual Property Rights**" means any and all rights comprising or relating to: (a) patents, patent disclosures and inventions (whether patentable or not); (b) trademarks, service marks, trade dress, trade names, logos, corporate names and domain names, together with all of the goodwill associated therewith; (c) authorship rights, copyrights and copyrightable works (including computer programs) and rights in data and databases; (d) trade secrets, know-how and other confidential information; and (e) all other intellectual property rights, in each case whether registered or unregistered and including all applications for, and renewals or extensions of, such rights, and all similar or equivalent rights or forms of protection provided by applicable law in any jurisdiction throughout the world.

“**License Fee**” has the meaning set forth in **Section 0**.

"**Licensed Software**" means version 8.6.2 of the Legal Files Web application, and any Maintenance Releases provided to the State pursuant to this Change Notice, and all copies of the foregoing permitted hereunder.

"**Maintenance Release**" means any new version, update, upgrade, release or other adaptation or modification of the Licensed Software or Desktop Software, including any updated Documentation, that Contractor may generally provide to its licensees from time to time during the Term, which may contain, among other things, error corrections, enhancements, improvements or other changes to the user interface, functionality, compatibility, capabilities, performance, efficiency or quality of the Licensed Software or Desktop Software.

"**Nonconformity**" or "**Nonconformities**" means any failure or failures of the Licensed Software to conform to the requirements of this Change Notice, including any applicable Documentation.

“**Nonconformance Notice**” has the meaning set forth in **Section 0**.

"**Operating Environment**" means, collectively, the platform, environment and conditions on, in or under which the Licensed Software is intended to be installed and operate, as set forth in the attached

Schedule C, including such structural, functional and other features, conditions and components as hardware, operating software and system architecture and configuration.

"**Services**" means any of the services Contractor is required to or otherwise does provide under this Change Notice, as more fully described in **Schedule C**.

"**State**" has the meaning set forth in the preamble.

"**State Data**" means all data, information and other content of any type and in any format, medium or form, whether audio, visual, digital, screen, GUI or other, that is input, uploaded to, placed into or collected, stored, processed, generated or output by any device, system or network by or on behalf of the State, including any and all works, inventions, data, analyses and other information and materials resulting from any use of the Licensed Software by or on behalf of the State under this Change Notice, except that State Data does not include the Licensed Software or data, information or content, including any GUI, audio, visual or digital or other display or output, that is generated automatically upon executing the Licensed Software without additional user input.

"**Statement of Work**" is the statement of work attached as **Schedule C**, setting forth the Services that Contractor will provide to the State to implement and configure the Licensed Software in the Operating Environment set forth in **Schedule C**.

"**Term**" has the meaning set forth in **Section 0**

License Grant and Restrictions.

License Grant. Contractor hereby grants to the State the right and license to use the Licensed Software and Documentation in accordance with the terms and conditions of this Change Notice and the Contract. The rights and licenses hereby granted are non-exclusive, royalty-free, perpetual, irrevocable and will be fully paid up upon the State's payment of the License Fee. The State has the right and license to do each of the following:

allow Authorized Users to access and use the Licensed Software, including in operation with other software, hardware, systems, networks and services, for the State's business purposes, including for processing State Data;

generate, print, copy, upload, download, store and otherwise process all GUI, audio, visual, digital and other output, displays and other content as may result from any access to or use of the Licensed Software;

prepare, reproduce, print, download and use a reasonable number of copies of the Documentation as may be necessary or useful for any use of the Licensed Software under this Change Notice; and

access and use the Licensed Software and Documentation for purposes of:

operation with other software or systems;

software, hardware or system configuration or testing;

maintenance, support and repair;

training;

disaster recovery; and

backup and archiving.

License Grant for Desktop Software. Contractor hereby grants to the State the right and license to use the Desktop Software and Documentation in accordance with the terms and conditions of this Change Notice and the Contract. The rights and licenses hereby granted are non-exclusive, royalty-free, perpetual, irrevocable and fully paid up. The State has the right and license to do each of the following:

allow Authorized Users to access and use the Desktop Software, including in operation with other software, hardware, systems, networks and services, for the State's business purposes, including for processing State Data;

generate, print, copy, upload, download, store and otherwise process all GUI, audio, visual, digital and other output, displays and other content as may result from any access to or use of the Desktop Software;

prepare, reproduce, print, download and use a reasonable number of copies of the Documentation as may be necessary or useful for any use of the Desktop Software under this Change Notice; and

access and use the Desktop Software and Documentation for purposes of:

operation with other software or systems;

software, hardware or system configuration or testing;

maintenance, support and repair;

training;

disaster recovery; and

backup and archiving

License Restrictions. The State shall not: (a) rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer or otherwise make the Licensed Software or Desktop Software available to any third party, except as expressly permitted by this Change Notice or the Contract; or (b) use or authorize the use of the Licensed Software, Desktop Software or Documentation in any manner or for any purpose that is unlawful under applicable law.

Term and Termination.

Term. The term of this Change Notice commences as of the Effective Date and will continue in effect until October 31, 2016, unless earlier terminated as provided under this Change Notice or the Contract (the "**Term**").

Fees.

Fees. Subject to the terms and conditions of this Change Notice and the Contract, including the provisions of this **Section 0**, the State shall pay the license fee (the "**License Fee**") and the maintenance and support fees set forth in the attached **Schedule A** (collectively, the "**Fees**").

Invoicing and Payment. Contractor shall invoice the State for payment of Fees in accordance with Section 2.044 of the Contract, and the State will pay Fess according to the following payment schedule:

Description	**Payment Dates**
License Fee	$200,000.00 shall be due and payable by the State within forty-five (45) days of the Effective Date and the remaining $200,000.00 balance shall be due and payable by the State within forty-five (45) days of Acceptance of the Licensed Software.
Maintenance and Support Fee for Option Year 2	Shall be due and payable by the State on November 1, 2014.
Maintenance and Support Fee for Option Year 3	Shall be due and payable by the State on November 1, 2015, provided the State has Accepted the Licensed Software.

Responsibility for Costs. Contractor shall be responsible for all costs and expenses incurred in or incidental to the performance of Services, including all costs of any materials supplied by Contractor, all fees, fines, licenses, bonds, or taxes required of or imposed against Contractor, and all other of Contractor's costs of doing business.

Taxes. All Fees and amounts set forth in this Change Notice are inclusive of taxes. Contractor shall be solely responsible for all sales, service, value-added, use, excise, consumption and any other taxes, duties and charges of any kind, if any, imposed by any federal, state or local governmental entity on any amounts payable by the State under this Change Notice.

Payment Does Not Imply Acceptance. The making of any payment or payments by the State, or the receipt thereof by Contractor, will in no way affect the responsibility of Contractor to perform the Services in accordance with this Change Notice, and will not imply the State's acceptance of the Licensed Software or Services or the waiver of any warranties or requirements of this Change Notice.

Acceptance Testing; Acceptance. The Licensed Software shall be tested in accordance with the terms of this Section 0 to determine whether it is fully operable, meets all applicable specifications and will function in accordance with the Documentation when properly installed and used for its intended purpose in the Operating Environment ("**Acceptance Tests**").

Acceptance Testing.

Upon the installation of the Licensed Software, the State shall conduct all Acceptance Tests required to determine whether, and the extent to which:

the Licensed Software conforms to the requirements of this Change Notice and the Contract, including the full operability, integration, interoperability and compatibility of the

Licensed Software with the components and functions of the Operating Environment in accordance with the Documentation;

the Licensed Software meets the Business Requirements; and

the Documentation effectively supports the Licensed Software, is complete and free of any material deficiencies.

All Acceptance Tests shall:

take place in the Operating Environment at the AG;

begin five (5) Business Days following completion of admin/project team training; and

be conducted diligently for up to sixty (60) days ("**Testing Period**") by the State.

The State may suspend Acceptance Tests and the corresponding Testing Period by written notice to Contractor if the State discovers a material Nonconformity in the tested Licensed Software or part or feature thereof. In such event, Contractor shall immediately, and in any case within fifteen (15) Business Days, correct such Nonconformity, whereupon the Acceptance Tests and Testing Period shall resume for the balance of the Testing Period.

If requested by the State, Contractor shall make suitable Contractor Personnel available to observe and participate in Acceptance Tests.

All Contractor performance of, participation in and observation of Acceptance Tests will be at Contractor's sole cost and expense.

Notices of Completion, Nonconformities and Acceptance. Within five (5) Business Days following the completion of Acceptance Tests, the State shall prepare and provide to Contractor written notice of the completion of the tests. Such notice shall include a report describing in reasonable detail the tests conducted and the results thereof, including any uncorrected Nonconformity in the tested Licensed Software (a "**Nonconformance Notice**").

If such notice identifies any Nonconformities, the parties' rights, remedies and obligations will be as set forth in **Section 0** and **Section 0**.

If such notice provided by the State identifies no Nonconformities, such notice shall constitute the State's Acceptance of the tested Licensed Software.

Failure of Acceptance Tests. If Acceptance Tests identify any Nonconformities, Contractor, at Contractor's sole cost and expense, shall remedy all such Nonconformities and re-deliver the Licensed Software as promptly as commercially possible and, in any case, within fifteen (15) Business Days following its receipt of the State's Non-Conformance Notice pursuant to **Section 0**.

Repeated Failure of Acceptance Tests. If Acceptance Tests identify any Nonconformity in the Licensed Software after a second or subsequent delivery thereof, or Contractor fails to re-deliver the Licensed Software on a timely basis, the State may, in its sole discretion, by written notice to Contractor:

continue the process set forth in this **Section 0**; or accept the nonconforming Licensed Software, in which case the License Fee and any related Service fees shall be reduced equitably to reflect the value of the Licensed Software as received relative to the value of the Licensed Software had it conformed to the requirements and specifications of this Change Notice and the Documentation; or

deem the failure to be a non-curable material breach of this Change Notice and terminate this Change Notice pursuant to Section 2.152 of the Contract.

Acceptance. Acceptance of the Licensed Software ("**Acceptance**") shall occur, if at all, on the date that is the earlier of:

The State's delivery of a notice accepting such Licensed Software pursuant to **Section 0**; and

Five (5) Business Days after the expiration of the Testing Period if the State has not notified Contractor of one or more Nonconformities prior to such date.

Training. Upon the State's request, Contractor shall timely provide training on all uses of the Licensed Software for which the State requests such training, at such reasonable times and locations as the State requests and pursuant to such rates as are set forth in **Schedule B**. Any applicable fees for training shall be invoiced by Contractor in accordance with Section 2.044 of the Contract.

Maintenance Releases.

Maintenance Releases. During the Term, Contractor shall provide the State with all Maintenance Releases, each of which will constitute Licensed Software and be subject to the terms and conditions of this Change Notice and the Contract.

Installation. The State has no obligation to install or use any Maintenance Release. If the State requests that Contractor install any Maintenance Release, Contractor shall do so promptly.

Contractor Representations and Warranties.

Contractor represents, warrants and covenants to the State that:

Contractor has and throughout the Term will retain the unconditional and irrevocable right, power and authority to grant and perform the license hereunder;

when used by the State or any Authorized User in accordance with this Change Notice and the Documentation, no Licensed Software, Desktop Software or Documentation does or will infringe, misappropriate or otherwise violate any Intellectual Property Right of any third party;

when used in the Operating Environment (or any successor thereto) in accordance with the Documentation, all Licensed Software, will be fully operable, meet all Business Requirements and any applicable specifications, and function in all respects, in conformity with this Change Notice and the Documentation;

no Maintenance Release, when installed by Contractor in accordance with this Change Notice, will have a material adverse effect on the functionality or operability of the Licensed Software or Desktop Software; and

no Licensed Software does or will at any time during the Term contain any Harmful Code.

General Provisions.

Schedules and Exhibits. All Schedules and Exhibits that are referenced in this Change Notice and attached hereto, are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Schedule A	Fees
Schedule B	Training
Schedule C	Statement of Work
Exhibit 1	Licensor Terms

Entirety. All terms, conditions, and specifications of the Contract not specifically modified in this Change Notice remain the same and in force and effect. The Contract, as modified by this Change Notice, represents the entire agreement and understanding between the parties and supersedes all prior and contemporaneous proposals or other agreements, oral or written, and all other communications between the parties, relating to the subject matter of the Contract. Where conflicts arise between this Change Notice and the Contract, this Change Notice shall govern.

Counterparts. This Change Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement and will become effective and binding upon the parties as of the Effective Date at such time as all the signatories hereto have signed a counterpart of this Change Notice. A signed copy of this Change Notice delivered by facsimile, e-mail or other means of electronic transmission (to which a signed PDF copy is attached) shall be deemed to have the same legal effect as delivery of an original signed copy of this Change Notice.

IN WITNESS WHEREOF, the parties hereto have caused this Change Notice to be executed as of the Effective Date by their duly authorized representatives.

Contractor
Legal Files Software, Inc.

By: ____________________

Name: ____________________
Title: ____________________
Date: ____________________

The State
Michigan Department of Technology, Management and Budget

By: ____________________

Name: ____________________
Title: ____________________
Date: ____________________

SCHEDULE A
FEES

License and Implementation Fees

Software and Services	Cost
590 Legal Files Web User Licenses (per-user License Fee of $678)[1] • User License Includes Legal Files Desktop Integration Suite: o Microsoft Outlook, Word & Excel o Drag & Drop Zone o Internet Explorer	$400,000.00
1 Server License	No Charge
Implementation and Configuration Services for Legal Files Web User Upgrade	No Charge
Project Management Services for Legal Files Web User Upgrade	No Charge
Remote Installation Support (Legal Files and Desktop Integration)	No Charge
Desktop Software Licenses for any AG end user that currently utilizes "green button" reports, up to 25 user licenses[2]	No Charge
Total:	**$400,000.00**

Notes:

1. Additional Legal Files Web User Licenses may be purchased at the discounted rate above for 12 months after initial purchase; thereafter, additional user licenses may be purchased at $1,071 per license.

2. Additional Legal Files Desktop User License, beyond the 25 included licenses, may be purchased for $400 per license.

Maintenance and Support Fees for Option Years 2 and 3

Quantity	Description	Cost
	Maintenance and Support Option Year 2 (11-1-2014 through 10-31-2015)	
590	User Licenses	$135,086.40
1	Web Forms Import and ACT Interface	$21,965.78
1	Server License	No Charge
	Total:	**$157,052.18**
	Maintenance and Support Option Year 3 (11-	

	1-2015 through 10-31-2016)	
590	User Licenses	$139,169.20
1	Web Forms Import and ACT Interface	$22,624.75
1	Server License	No Charge
	Total:	**$161,793.95**

SCHEDULE B
TRAINING RATES

Description	Cost	Quantity Estimate	Cost Estimate
Admin Training and Setup	$1,900 per day	3	$5,700.00
End User Training	$1,900 per day	25	$47,500.00
Online Follow Up Training Sessions	$300/2 hour session	12	$3,600.00

SCHEDULE C
STATEMENT OF WORK

1. Installation. Once the order is processed and a technical questionnaire is returned to Contractor, an installation package will be available for download within ten (10) Business Days. The State's Testing Period can occur once admin/project team training has been completed.

2. Business Requirements. When used in the Operating Environment (or any successor thereto) in accordance with the Documentation, the Licensed Software will meet the following Business Requirements:

Multiple Sites. The AG currently has 5 Legal Files sites (including Enterprise). It is expected that these multiple sites will be supported by the new Licensed Software.

Calendaring. All AG employees currently use the same calendaring system. It is expected with the new Licensed Software that the syncing of calendar items (currently using a scheduled task) will no longer cause duplicate entries in either Outlook or Legal Files.

Adult Case Tracking (ACT). AG employees use the Adult Case Tracking (ACT) interface within Legal Files. The AG will continue to utilize the Desktop Software for the ACT interface to transfer information from Legal Files to the ACT system. It is expected that the Licensed Software and Desktop Software may run concurrently on an Authorized User's machine.

Webforms. The AG currently uses web forms in 6 Divisions. This system allows citizens to submit complaints via a form on the AG's web site which is then imported into the Legal Files system. It is expected that these web forms will still function as they currently function in the new Licensed Software.

Crystal Reports. The AG uses hundreds of standardized reports that must be generated regarding assignments for internal review, reports to the Legislature, and to other areas of state government. It is critical and expected that the new Licensed Software continue to provide fast and efficient access to information across CMS users. Reports are currently written in SQL and generated by the user in Legal Files Crystal Report Runtime. It is imperative that these reports, including "green button" reports, continue to function, and that new reports can be created in the same manner. Continued functioning of existing reports will be accomplished through one of the following two methods: (i) Contractor will add the necessary parameters to a future release of the Licensed Software to allow Crystal Reports to be executed from a Custom Window, or (ii) Authorized Users will have access to the existing Desktop Software in order to generate such reports.

Document Generation. The AG has hundreds of document templates that are used to generate various documents in the Desktop Software. It is expected that document assembly will continue to function in the new Licensed Software. If tokens that are currently used in the AG's document templates in their production client/server environment are found to be missing from the Licensed Software, Contractor will make a commercially reasonable effort to add those tokens to a future release of the Licensed Software.

Scanners. The AG currently has a number of desktop scanners configured to scan documents directly into Legal Files using Legal Files "Drag and Drop." It is expected that this feature will continue to function with the new Licensed Software. The ability to launch the "Drag and Drop" from the Fujitsu ScanSnap desktop scanners is a function of the scanner and not the Licensed Software. The Licensed Software Drag and Drop will need to be reattached to the ScanSnap software and will work as it does today.

Microsoft PDF Viewer. The AG has pictures stored in the document store area of Legal Files that can currently be accessed with Microsoft PDF Viewer by users that do not have security permissions on the Legal Files file. It is expected that this issue will be corrected with the new Licensed Software; *provided*, that once the Licensed Software is deployed, the State will be able to remove the network access to all standard users, thereby negating this issue. The exception will be for Admin users that are attaching reports through AddOns or creating/editing document templates; those users will still need read/write access to the document directory.

Customization. The AG has customized windows created within its database. It is expected that, if necessary, the ability to add additional fields to windows will still exist within the new Licensed Software.

Features. It is expected that the following features that Contractor presented to the AG as upgrades and enhancements will be present in the new Licensed Software:

- Faster response time because of thin client
- Proven technology with multiple 1,500+ user installations
- Updated Interface with new technologies
- User friendly interface with hyperlink connections for easier navigation
- As an option, iPad/iPhone Portal Application
- Outlook Integration rewritten completely in .NET for greater stability
- Outlook Integration written for the Office Ribbon versus the unreliable Office COM add ins
- Expanded Outlook integration to include saving email as documents.
- Enhanced search capability due to design of "Advance Search" options on search windows
- Selectable Saved Searches and User Default Search on all Advance Search windows
- Expanded use of "Recent Files"
- Document Folder View based on Classification and Type fields

- Enhanced flexibility to Manage My Day adding a deleted box in Heads Up and increased user preference options
- File/Case Home Page with user selectable preview windows
- Document Generation and Report Generation is server based versus client workstation driven
- All indexes provide sorting by column heading
- "File Access" to a matter can be given by Team versus using "Assigned Users"
- "File Access" Wizard by user or team (multiple files/cases)
- Expanded features for Workflow Wizards and Wizard Triggers
- Management Dashboard Reports based on File Setup criteria
- Custom Windows data presentation enhancements (elimination of tabs)
- Custom Windows preview window
- File Setup data presentation enhancements (elimination of tabs)
- Advance Search provides enhanced search options on Conflict Check Wizard

Growth. Continued growth on the size of the database is expected, and the new Licensed Software must be able to accommodate such growth.

Operating Environment. The Operating Environment for the Licensed Software is set forth below:

Attorney General – Legal Files 809v10 Hosting Environment

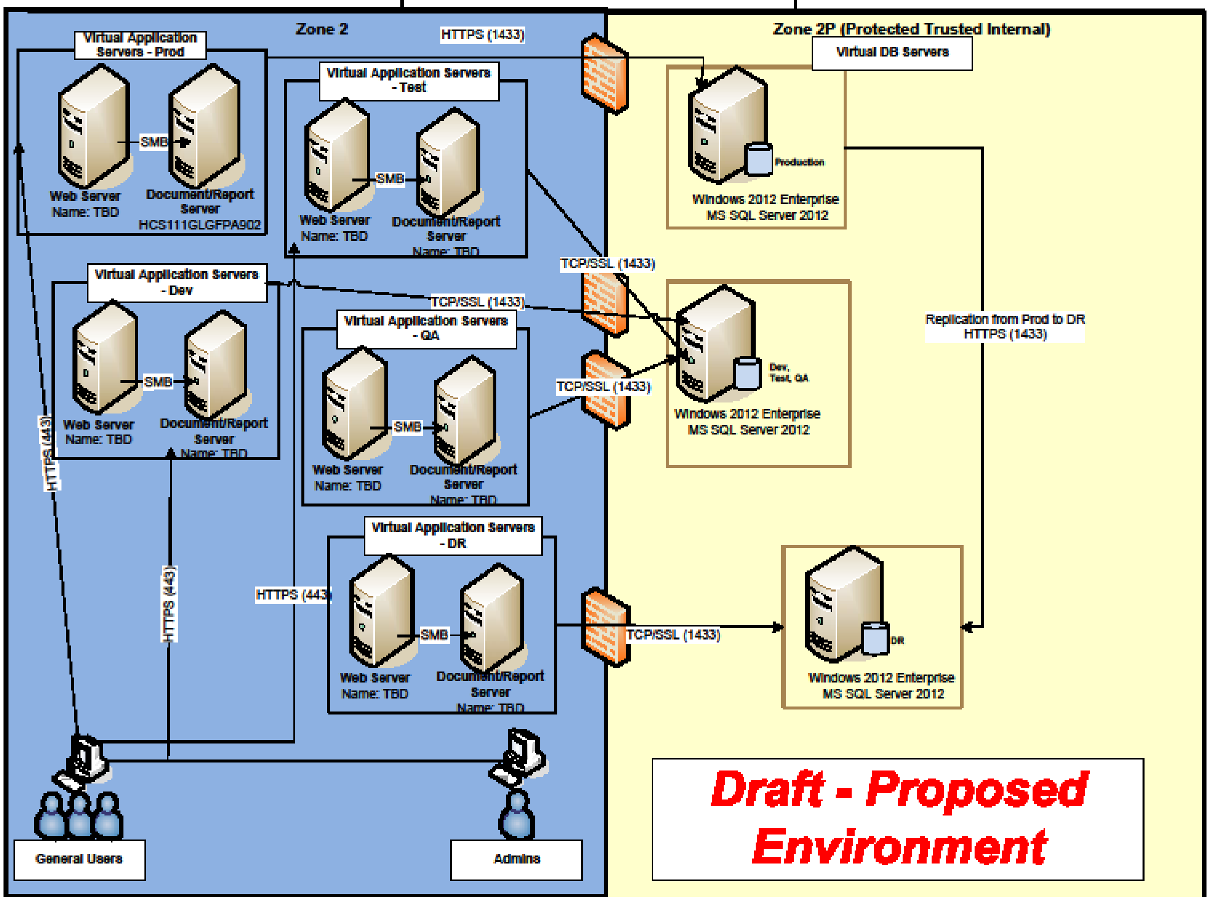


Exhibit 1

Licensor Terms

1.**EXCLUSIONS.** The Software and Services warranties provided by Licensor under this Change Notice and the Contract specifically exclude, and Licensor makes no warranties and assumes no Support or other obligations or liabilities for problems arising out of or related to: (i) misuse, neglect or abuse of the Software; (ii) modifications to the Software or to Customer's database structure not made or approved by Licensor; (iii) failure to install and use the most current release of the Software or the immediately prior release, or to implement Updates, recommendations or solutions previously supplied or made available by Licensor; (iv) Customer's network, firewall, systems, hardware, third party software, or data, including a decision to operate on a system incompatible with the then-current system requirements for the Software, it being understood and agreed by the parties that Customer's system at time of installation satisfies the system requirements for the Software; (v) back-up, replication or recovery of files or data, including corruption or loss of data or Software due to Customer hardware failure or fault (although Licensor will use reasonable efforts to assist if such problems arise); or (vi) acts or omissions of third parties, telecommunications failures, force majeure or other events beyond Licensor's reasonable control. Licensor reserves the right to charge at its then-current time and materials rates for any services provided in connection with responding to, investigating and resolving warranty claims or Support requests made by Customer that are outside the scope of warranty and Support coverage.

2. **DISCLAIMER.** EXCEPT FOR THE WARRANTIES SET FORTH ELSEWHERE IN THIS CHANGE NOTICE AND THE CONTRACT, THE SOFTWARE AND SERVICES ARE PROVIDED "AS IS" AND "WITH ALL FAULTS" WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, AND ALL USE OF THE SOFTWARE IS AT CUSTOMER'S OWN RISK. WITHOUT LIMITING THE FOREGOING, LICENSOR HEREBY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT. LICENSOR DOES NOT REPRESENT OR WARRANT THAT THE SOFTWARE WILL OPERATE UNINTERRUPTED OR ERROR-FREE OR MEET CUSTOMER'S PARTICULAR BUSINESS, TECHNICAL OR OTHER REQUIREMENTS. CUSTOMER IS SOLELY RESPONSIBLE FOR THE SECURITY AND INTEGRITY OF ITS NETWORK, SYSTEMS AND DATA.

3. **PROPRIETARY RIGHTS.** The Software is licensed, not sold. Licensor and its suppliers retain exclusive right, title and interest in and to the Software, including the executable code, source code, program architecture, design, coding methodology, Documentation, screen shots, "look and feel," Support and other Services therefor, all Updates thereto, all goodwill arising therefrom, and all present and future copyrights, trademarks, trade secrets, patent rights and other intellectual property rights of any nature throughout the world embodied therein and appurtenant thereto. All rights and licenses to the Software not expressly granted to Customer by this Agreement are reserved by Licensor and its suppliers.

4. **LIMITATIONS ON LIABILITY.** IN NO EVENT WILL LICENSOR BE LIABLE FOR ANY INDIRECT, INCIDENTAL, EXEMPLARY, PUNITIVE, SPECIAL, CONSEQUENTIAL OR SIMILAR DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE SOFTWARE OR THE SERVICES, INCLUDING LOSS OF BUSINESS, PROFITS, OR REVENUE, LOSS OR DESTRUCTION OF DATA, OR BUSINESS INTERRUPTION OR DOWNTIME, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE TOTAL CUMULATIVE LIABILITY OF LICENSOR ARISING OUT OF AND RELATED TO THIS AGREEMENT, THE SOFTWARE AND THE SERVICES WILL NOT, REGARDLESS OF THE NUMBER OF INCIDENTS OR CAUSES GIVING RISE TO ANY SUCH LIABILITY, EXCEEDTHE VALUE OF THIS CHANGE NOTICE. THE LIMITATIONS ON LIABILITY IN THIS SECTION WILL APPLY TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, REGARDLESS OF THE CAUSE OF ACTION OR BASIS OF LIABILITY (WHETHER IN CONTRACT, TORT OR OTHERWISE). THESE LIMITATIONS ON LIABILITY ARE AN ESSENTIAL PART OF THIS AGREEMENT, AND WILL BE VALID AND BINDING EVEN IF ANY REMEDY IS DEEMED TO FAIL OF ITS ESSENTIAL PURPOSE.

Form No. DTMB-3521 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

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

May 21, 2013

CHANGE NOTICE NO. 1
to
CONTRACT NO. 071B1300063
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Legal Files Software, Inc. 2730 S. MacArthur Blvd. Springfield, IL 62704	Gordon Hack	Gordon.Hack@LegalFiles.com
	TELEPHONE	**CONTRACTOR #, MAIL CODE**
	(800) 500-0537 ext 247	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DTMB-IT	Barb Suska		suskab@michigan.gov
BUYER	DTMB	Reid Sisson	517-241-1638	sissonr@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: **Software Maintenance, Support, Enhancements and Consulting Services**			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
October 1, 2010	September 30, 2013	3, one year	September 30, 2013
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			

DESCRIPTION OF CHANGE NOTICE:				
EXTEND CONTRACT EXPIRATION DATE	**EXERCISE CONTRACT OPTION YEAR(S)**	**EXTENSION BEYOND CONTRACT OPTION YEARS**	**LENGTH OF OPTION/EXTENSION**	**EXPIRATION DATE AFTER CHANGE**
☐ No ☒ Yes	☒	☐	1 year	Sept. 30, 2014
VALUE/COST OF CHANGE NOTICE:		**ESTIMATED REVISED AGGREGATE CONTRACT VALUE:**		
$0.00		$1,465,337.00		

Effective May 14, 2013, contract utilizes a contract option year. Contract end date is now September 30, 2014. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement and DTMB Procurement approval.

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET **October 8, 2010**
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

NOTICE
OF
CONTRACT NO. 071B1300063
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR **Legal Files Software, Inc.** **2730 S. Mac Arthur Blvd.** **Springfield, IL 62704** **Email: Gordon.Hack@LegalFiles.com**		TELEPHONE Gordon Hack **1-800-500-0537 ext 247** VENDOR NUMBER/MAIL CODE BUYER/CA (517) 373-3993 **Dale N. Reif**	
Contract Compliance Inspector: Barb Suska **Software Maintenance, Support, Enhancements and Consulting Services**			
CONTRACT PERIOD: **3 yrs. + 3 one-year options**	From: **October 1, 2010**	To: **September 30, 2013**	
TERMS N/A		SHIPMENT N/A	
F.O.B. N/A		SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS **N/A**			
MISCELLANEOUS INFORMATION:			

TOTAL ESTIMATED CONTRACT VALUE: $1,465,337

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

CONTRACT NO. 071B1300063
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR	TELEPHONE Gordon Hack **1-800-500-0537 ext 247**
Legal Files Software, Inc. **2730 S. Mac Arthur Blvd.** **Springfield, IL 62704** **Email: Gordon.Hack@LegalFiles.com**	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-3993 **Dale N. Reif**

Contract Compliance Inspector: Barb Suska

Software Maintenance, Support, Enhancements and Consulting Services

CONTRACT PERIOD: **3 yrs. + 3 one-year options** From: **October 1, 2010** To: **September 30, 2013**

TERMS	SHIPMENT
N/A	N/A
F.O.B.	SHIPPED FROM
N/A	N/A

MINIMUM DELIVERY REQUIREMENTS
N/A

MISCELLANEOUS INFORMATION:
The terms and conditions of this Contract are those of RFP 084R0200063 this Contract Agreement and the vendor's quote. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: $1,465,337

THIS IS NOT AN ORDER: Orders for delivery of equipment will be issued directly by the Department of Technology, Management and Budget through the issuance of a Purchase Order.

All terms and conditions of the invitation to bid are made a part hereof.

FOR THE VENDOR:

Legal Files Software, Inc.
Firm Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature
Greg, Faremouth, Division Director
Name
IT Division
Title

Date

STATE OF MICHIGAN
Department of Technology, Management and Budget
Purchasing Operations

Buyer Name: Dale N. Reif
Telephone Number: (517) 373-3993
e-mail Address: reifd@michigan.gov

Contract Number: 071B1300063
Office of the Attorney General
Software Maintenance, Support, Enhancements and Consulting Services
Legal Files, Inc. Software

Table of Contents

Article 1 – Statement of Work (SOW)

1.000 Project Identification

1.001 Project Request

The Contract is for maintenance, support and services for the Case Management System (CMS).

1.002 Background

The Office of the Attorney General (AG) uses the CMS to manage its core mission of providing effective and efficient legal representation to the State. The AG converted its core CMS into Legal Files software in 2007-2009 and now manages all of its case management through a single enterprise application. This system also provides an integrated calendar and can generate over 400 standardized reports. Reports must be generated regarding assignments for internal review, reports to the Legislature and to other areas of state government. It is critical that this application continues to provide fast and efficient access to information across the CMS users and that it can be customized for individual needs as necessary. Continued growth in the size of this database is expected.

1.100 Scope of Work and Deliverables

1.101 In Scope

This project consists of the following scope:
Business Requirements

  - Validation and Verification
- Software
- Application Design
- Application Development
- Implementation
  - Data Conversion
  - Data Migration
  - Configuration
  - Customization (COTS)
  - Interfaces/Integration
  - Testing
- Training
  - End user
  - Web training
  - Technical
  - System Administration
- Documentation
- Maintenance and Support
  - Help Desk
  - Onsite Technical Support
- Future enhancements and/or legislative mandates

1.102 Out Of Scope

The purchase of a new or replacement Case Management System, all hardware and the Operating System software associated with this solution are out of scope.

1.103 Environment

The links below provide information on the State's Enterprise 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). Contractor is required to review all applicable links provided below and state compliance in their response.

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. The Contractor awarded the contract must request any exception to State IT policies and standards in accordance with MDTMB processes. The State may deny the exception request or seek a policy or standards exception.

Enterprise IT Policies, Standards and Procedures:
http://www.michigan.gov/dit/0,1607,7-139-34305---,00.html

All software and hardware items provided by the Contractor must run on and be compatible with the MDTMB 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 MDTMB. 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 State's Project Manager and MDTMB 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 MDTMB, before work may proceed based on the changed environment.

Enterprise IT Security Policy and Procedures:
http://www.michigan.gov/dit/0,1607,7-139-34305-108216--,00.html

The State's security environment includes:

- MDTMB Single Login.
- MDTMB provided SQL security database.
- Secured Socket Layers.
- SecureID (State Security Standard for external network access and high risk Web systems)

IT Strategic Plan:
http://www.michigan.gov/dit/0,1607,7-139-30637-135173--,00.html

IT eMichigan Web Development Standard Tools:
http://www.michigan.gov/documents/Look_and_Feel_Standards_2006_v3_166408_7.pdf

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

Case Management System Specific Technical Environment (see attached diagram) - The technology environment to run the CMS application is established and functioning. The CMS is currently run as a client–server application on Microsoft SQL 2005 backend using two (2) active passive clusters of quad core servers. A few clients may still run the application through Citrix in order to access the database from remote locations.

1.104 Work And Deliverables

A. Business Requirements

The AG requires a fully integrated solution for a CMS using the Legal Files, Inc. software. The AG may have the need to develop new functionality based on its current use of the Legal Files, Inc software or as a result of legislative changes or the changing needs of the legal community. The AG may require the assistance of the Contractor in verifying and validating the business requirements developed. The business requirements document will be mutually agreed to.

Deliverable(s)

- Verification and validation of business requirements documentation.

Acceptance Criteria

The AG Project Manager approves the verification and validation document.

B. Software

The Contractor must be able to provide Legal Files, Inc. software licenses version 8.0 to the State. The AG currently has 590 licensed users. The Legal Files, Inc. software must be able to run on Microsoft SQL 2008.

Deliverable(s)

- Legal Files, Inc. software version 8.0 licensed to the State.

Acceptance Criteria

Software Licenses Delivered including installation, implementation and integration as needed.

C. Application Design

The AG may require the bidder to produce applications that work with, interface with, or assist the AG in making functional use of Legal Files, Inc. software. In order to accomplish this requirement, the Contractor must cooperate with the AG Project Manager and the MDTMB Project Manager in designing these types of applications to the Legal Files, Inc. software or interfaces that may be used within the Legal Files, Inc. software framework. Design documentation must be completed on a Business Requirement Design Document (BRDD).

Deliverable(s)

- Application design document

Acceptance Criteria

Each BRDD will contain its own acceptance criteria.

D. Application Development

Based on a BRDD, the Contractor must create an application or enhancement as required by the AG Project Manager.

Deliverable(s)

- The deliverable will be either an upgrade to Legal Files software or a stand-alone application or script to perform the requirements of the BRDD.

Acceptance Criteria

Each BRDD will contain its own acceptance criteria.

E. Implementation

Based on the accepted BRDD, the Contractor must provide services for data conversion, customization, integration and interfaces with other database systems used by the AG. Contractor must continue to provide appropriate system interfaces/integration to the following applications:

Name of application:	PACC-PAAM Adult Case Tracking (ACT)
Owner of application:	PACC-PAAM
Details of interface:	The interface is defined by the ACT mapping document. The most recent ACT mapping document is attached.

Name of application:	Webform
Owner of application:	Michigan Attorney General
Details of interface:	The Webform interface is built of a number of Webform mapping documents based on the different information collected. The most recent Webform mapping documents are available upon request.

Other application interfaces may be added to this list as defined by the AG Project Manager on a BRDD. Any changes or upgrades will require the Contractor to perform their own testing based on sample database information provided by the AG before releasing the code to the AG.

Deliverable(s)

- Services to implement the application, including
  - Data conversion
  - Data migration (may include transition of business operations to the new application)
  - Configuration
  - Customization
  - Interfaces/Integration

Acceptance Criteria

Each BRDD will have its own acceptance criteria.

F. Training

Depending on the use and needs of the AG, the Contractor may be asked to provide on-site or web-based training on the CMS. The training may include technical training on system administration; train the trainer or end user training.

Deliverable(s)

- Train the trainer
- End user
- Technical training for State individuals who will be working with the Contractor to configure the applications including establishing databases and interfaces, data conversion, customization, and upgrading the customized software.
- System Administration training for State personnel who will be responsible for ongoing maintenance and administration of the system, including security

All training manuals, training plans and other documentation specifically created for the State will be the property of the State.

Acceptance Criteria

The acceptance criteria for Training will be determined at the time the need for training is established.

G. Documentation

The Contractor must develop and submit for AG Project Manager approval complete, accurate, and timely system, operations, and user documentation. The Contractor must document every upgrade to the Legal Files, Inc. software application. Any significant changes to user functionality shall require the Contractor to produce instructions or technical information about implementation and use of the application.

The Contractor must provide all updates of documentation during the term of the Contract. The documentation of components, features, and use of the hardware/software shall be detailed such that resolution of most problems can be determined from the documentation, and most questions can be answered.

All system, operational, user, change, and issue documentation must be available in electronic format, published to an intranet website, accessible to State users, updated regularly, with unique numerical identifiers for each section and be consistent with the most current version of the application(s) and three (3) previous versions.

All documentation, systems, operations, users, change and issues must be organized in a format, which is approved by the State and facilitates updating, that allows for revisions to the documentation to be clearly identified including the three (3) previous versions.

The Contractor must notify the State of any discrepancies or errors outlined in the system, operations, and user documentation.

Deliverable(s)

- User manuals
  - Baseline End-User training manuals to be used as a basis for "User Manuals" and online help
- Technical manuals
  1. A minimum of two (2) copies of the following documentation in an electronic format, online or hard copy will be provided:
     a. User and Technical Manuals - On-line and Hard Copy
     b. Data Element Dictionary
     c. Operations Manual
     d. Installation procedure
  2. Modules and program development manuals:
     a. System-wide documentation and specifications
     b. Module configuration documents sufficient for configuration maintenance purposes
     c. Testing scripts
     d Specification documentation
     e. Production migration

Acceptance Criteria

Documentation and manuals must comport to the actual functioning of the application.

H. Maintenance and Support

Contractor must provide on-going maintenance and support for the Legal Files software platform. Maintenance of software must be available on an annually renewable contract. The software maintenance program must include all future software updates, bug fixes and system enhancements delivered, 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. During the term of the Contract, Contractor must support all releases or versions of Legal Files software in use by the State.

The Contractor must provide information to the AG Project Manager and the MDTMB Project Manager on software problems encountered at other locations, along with the solution to those problems, when such information is relevant to State software.

Contractor must notify the AG Project Manager of any material errors or defects in the deliverables known, or made known to Contractor from any source during the Contract term that could cause the production of inaccurate, or otherwise materially incorrect, results and shall initiate actions as may be commercially necessary or proper to effect corrections of any such errors or defects.

Contractor must provide helpdesk support for functional or technical questions. Help desk support must be available during regular support hours, with escalation as necessary to senior technical/engineering staff, and then to higher management and/or senior management.

I. Future Development Services

New requirements may be imposed by external or internal sources that will require modification of the current system. The AG Project Manager will create a BRDD for any of these services. Each BRDD will identify the Level of Effort required to implement the proposed solution.

The services to be drawn from this Contract will be dependent upon individual and mutually agreed upon a Statement of Work between the Contractor and the AG Project Manager. Once agreed to, the Contractor shall not be obliged or authorized to commence any work to implement a Statement of Work until authorized via a Purchase Order issued against this Contract.

Deliverable(s)

- Contractor proposal and quotation in response to each future develop statement of work requesting services to meet new requirements (reserve bank of hours)

1.200 Roles and Responsibilities

1.201 Contractor Staff, Roles, And Responsibilities

A. Contractor Staff

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

The Contractor will provide and keep current an organizational chart 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.

The Contractor will provide a Project Manager to interact with the designated personnel from the State. The Project Manager will coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by State. The Contractor's Project Manager will work with the AG Project Manager on all issues surrounding the application and any on-going projects. All services under this Contract must be performed within the borders of the United States.

B. On Site Work Requirements

1. **Location of Work**
   All work is to be performed, completed and managed at any Michigan Attorney General location.

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

3. **Travel:**
   No travel, travel time or expenses will be reimbursed. This includes travel costs related to training provided to the State by Contractor.

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

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

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

1.202 State Staff, Roles, And Responsibilities

The State project team will consist of an AG Project Manager and a MDTMB Project Manager. The MDTMB Project Manager will be responsible for the State's infrastructure and coordinate with the Contractor in determining the system configuration. The AG Project Manager will be the point of contact for all Legal Files software applications matters.

Name	Agency/Division	Title
Mitch Montgomery/Sherin Grossi	MDTMB	MDTMB Project Manager
Matthew Keck	Office of the Attorney General	AG Project Manager

The named Contract Administrator's duties include support and management of the Contract.

Name	Agency/Division	Title
Barb Suska	MDTMB Contracts and Procurement	Contract Administrator

1.300 Project Plan

1.301 Project Plan Management - DELETED NA

1.302 Reports

The Contractor's Project Manager will work with the AG Project Manager and the MDTMB Project Manager to determine and agree to the report requirements, types, format and frequency.

1.400 Project Management

The Contractor's Project Manager will work with the AG Project manager and the MDTMB Project Manager to maintain a current issue list with any unresolved issues as determined by the AG Project Manager and the MDTMB Project Manager.

1.500 Acceptance – Deleted NA

1.600 Compensation and Payment

1.601 Compensation and Payment

Contractor will be compensated upon receipt of properly completed invoices submitted not more often than monthly. All invoices should reflect actual work completed by payment date, describe and document the work performed. When expenses are invoiced, receipts must be provided along with a detailed breakdown of each type of expense. Incorrect or incomplete invoices will be returned to Contractor for correction and reissue.

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

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

Invoicing - Contractor will submit properly itemized invoices to "Bill To" Address on 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 any commodities/hardware, including quantity ordered;
- Date(s) of delivery and/or date(s) of installation and set up;
- Price for each item, or Contractor's list price for each item and applicable discounts;
- Maintenance charges;
- Net invoice price for each item;
- Shipping costs;
- Other applicable charges;
- Total invoice price; and
- Payment terms, including any available prompt payment discount.

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

Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

This Contract is for a period of three (3) years beginning October 1, 2010 through September 30, 2013. 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 in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to three (3) additional one-year periods.

2.003 Legal Effect

Contractor shall show acceptance of this Contract by signing two copies of the Contract and returning them to the Contract Administrator. 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 assumes no liability 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), approved and 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 will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, 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 also 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 will 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, which 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 the Office of the Attorney General (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:

Dale N. Reif, Buyer
Purchasing Operations
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
reifd@michigan.gov
(517) 373-3993

2.022 Contract Compliance Inspector – Deleted NA

2.023 Project Manager – Deleted NA

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 is to be performed on a time and materials basis, the Amendment Labor Rates shall apply to the provision of such Services. If Contractor provides a written proposal and should Contractor be of the opinion that a requested Change is not to be recommended, it shall communicate its opinion to the State but shall nevertheless carry out the Change as specified in the written proposal if the State directs it to do so.
(4) By giving Contractor written notice within a reasonable time, the State 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 Technology, 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: Dale N. Reif
PO Box 30026
530 West Allegan
Lansing, Michigan 48909

Contractor: Legal Files Software, Inc.
2730 S. Mac Arthur Blvd.
Springfield, IL 62704
Attn: Gordon Hack

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 must be or must be deemed to be an employee, agent or servant of the State for any reason. Contractor will 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 must act reasonably and in good faith. Unless stated otherwise in the Contract, the parties will 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 must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

2.034 Website Incorporation

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

2.035 Future Bidding Preclusion

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

2.036 Freedom of Information

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

2.037 Disaster Recovery

Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by Federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under this Contract will 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 must 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

For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under this Contract, the State shall not be obligated to pay any amounts in addition to the charges specified in 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 1.600**.

(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 Technology, 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 any 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 will 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 will be made by electronic fund transfer (EFT).

2.050 Taxes

2.051 Employment Taxes

Contractors are expected to collect and pay all applicable federal, state, and local employment taxes, including the taxes.

2.052 Sales and Use Taxes

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

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

2.063 Re-assignment of Personnel at the State's Request

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

2.064 Contractor Personnel Location

All staff assigned by Contractor to work on the Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, 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 will 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 will 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 will include monitoring and reporting the State's performance of its participation and support responsibilities (as well as Contractor's own responsibilities) and providing timely notice to the State in Contractor's reasonable opinion if the State's failure to perform its responsibilities in accordance with the Project Plan is likely to delay the timely achievement of any Contract tasks.

The Contractor will provide the Services/Deliverables directly or through its affiliates, subsidiaries, subcontractors or resellers. Regardless of the entity providing the Service/Deliverable, the Contractor will 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 must 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 will 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 will 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 will 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 will 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 will 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 will provide only the equipment and resources identified in the Statements 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 must 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 will 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 will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will 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 will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel will also be expected to comply with the State's security and acceptable use policies for State IT equipment and resources. See http://www.michigan.gov/dit. Furthermore, Contractor personnel will be expected to agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will 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 will 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 will 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, will 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 will continue to treat cardholder data as confidential upon contract termination.

The Contractor will provide the Department of Technology, Management and Budget, Financial Services documentation showing PCI Data Security certification has been achieved. The Contractor will 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 will provide a time line for corrective action.

2.100 Confidentiality

2.101 Confidentiality

Contractor and the State each acknowledge that the other possesses and will 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 will 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 will (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 will 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 will 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 will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

2.104 No Implied Rights

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

2.105 Respective Obligations

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

2.110 Records and Inspections

2.111 Inspection of Work Performed

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

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

2.113 Retention of Records

Contractor must 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 must be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

2.114 Audit Resolution

If necessary, the Contractor and the State will meet to review each audit report promptly after issuance. The Contractor will 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 must 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 must be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of the contract, whichever is earlier.

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

2.120 Warranties

2.121 Warranties and Representations

The Contractor represents and warrants:
(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner 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 contractor for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other contractor; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.

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

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

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

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

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

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

Within 45 business days of notification from the State, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

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

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

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

2.126 Equipment to be New

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

2.127 Prohibited Products

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

2.128 Consequences for Breach

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

2.130 Insurance

2.131 Liability Insurance

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

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

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

2.172 Contractor Personnel Transition

The Contractor must 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 other third parties 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 other third parties. Contractor will notify all its subcontractors of procedures to be followed during transition.

2.173 Contractor Information Transition

The Contractor agrees to 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 must 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 must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must 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 must be deemed to be a termination for convenience under **Section 2.153**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not 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 must be resolved under the Contract Management procedures in this Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DTMB, or designee, for the purpose of attempting 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 in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must 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 will 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 will 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, must 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 will 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 will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

2.193 Injunctive Relief

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

2.194 Continued Performance

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

2.200 Federal and State Contract Requirements

2.201 Nondiscrimination

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

2.202 Unfair Labor Practices

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

The rates of wages 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. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Labor and Economic Development, the office responsible for enforcement of the wage rates and fringe benefits. You 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 must 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 must be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

2.220 Limitation of Liability

2.221 Limitation of Liability

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

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

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

2.230 Disclosure Responsibilities

2.231 Disclosure of Litigation

Contractor must 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) must 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 must 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 will 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 must 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 must 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 must 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 must 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 must 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 must 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 must 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 – Deleted NA

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 must be corrected prior to approval of the Written Deliverable (or at the State's election, subsequent to approval of the Written Deliverable). If the State delivers to Contractor a notice of deficiencies, Contractor will correct the described deficiencies and within five (5) Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts will be made at no additional charge. Upon receipt of a corrected Written Deliverable from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Written Deliverable to confirm that the identified deficiencies have been corrected.

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 – Deleted NA

2.262 Vesting of Rights – Deleted NA

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 – 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 must 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 must provide a safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State must 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 must 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 must order a suspension of Work in writing. The State must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State must 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 must 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 must 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 execution 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.

2.303 Equipment to be New

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

2.304 Equipment to be New and Prohibited Products

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

2.310 Software Warranties

2.311 Performance Warranty

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

2.312 No Surreptitious Code Warranty

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

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

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

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

2.313 Calendar Warranty

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

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

2.314 Third-party Software Warranty

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

2.315 Physical Media Warranty

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

2.320 Software Licensing

2.321 Cross-License, Deliverables Only, License to Contractor – Deleted NA

2.322 Cross-License, Deliverables and Derivative Work, License to Contractor – Deleted NA

2.323 License Back to the State – Deleted NA

2.324 License Retained by Contractor

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

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

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

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

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

2.325 Pre-existing Materials for Custom Software Deliverables

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

2.330 Source Code Escrow – Deleted NA

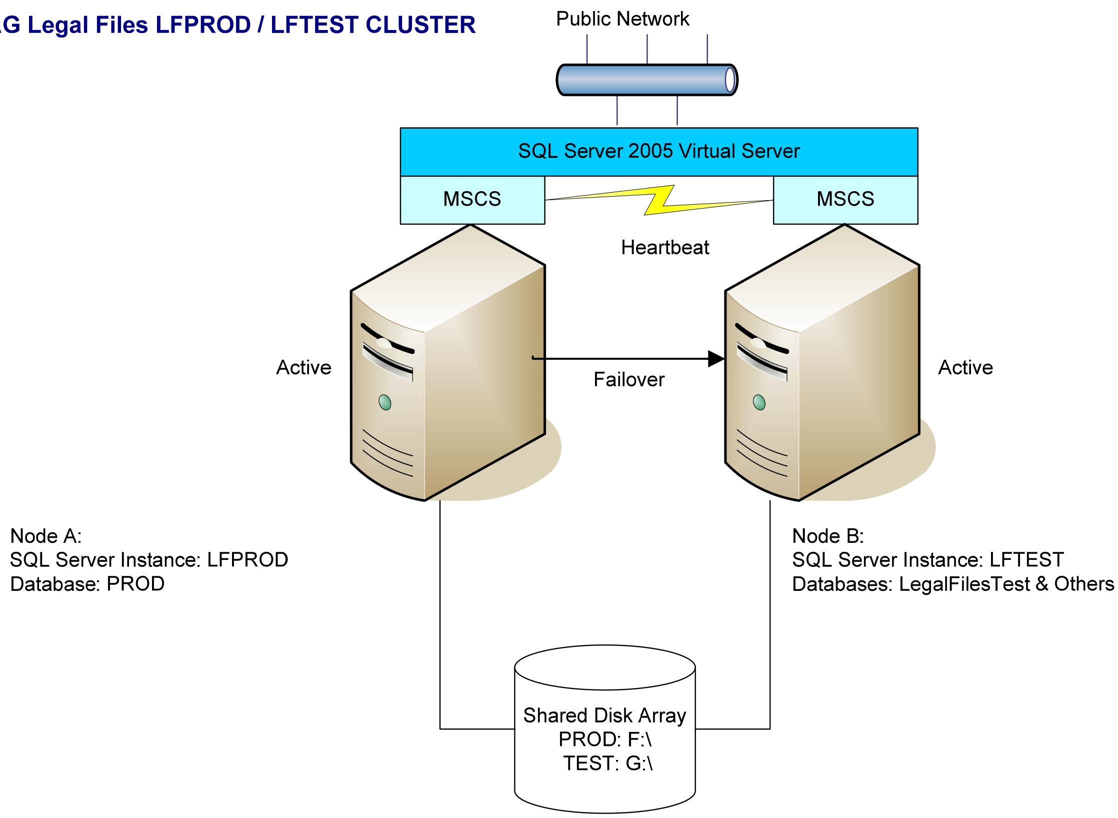
Glossary

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

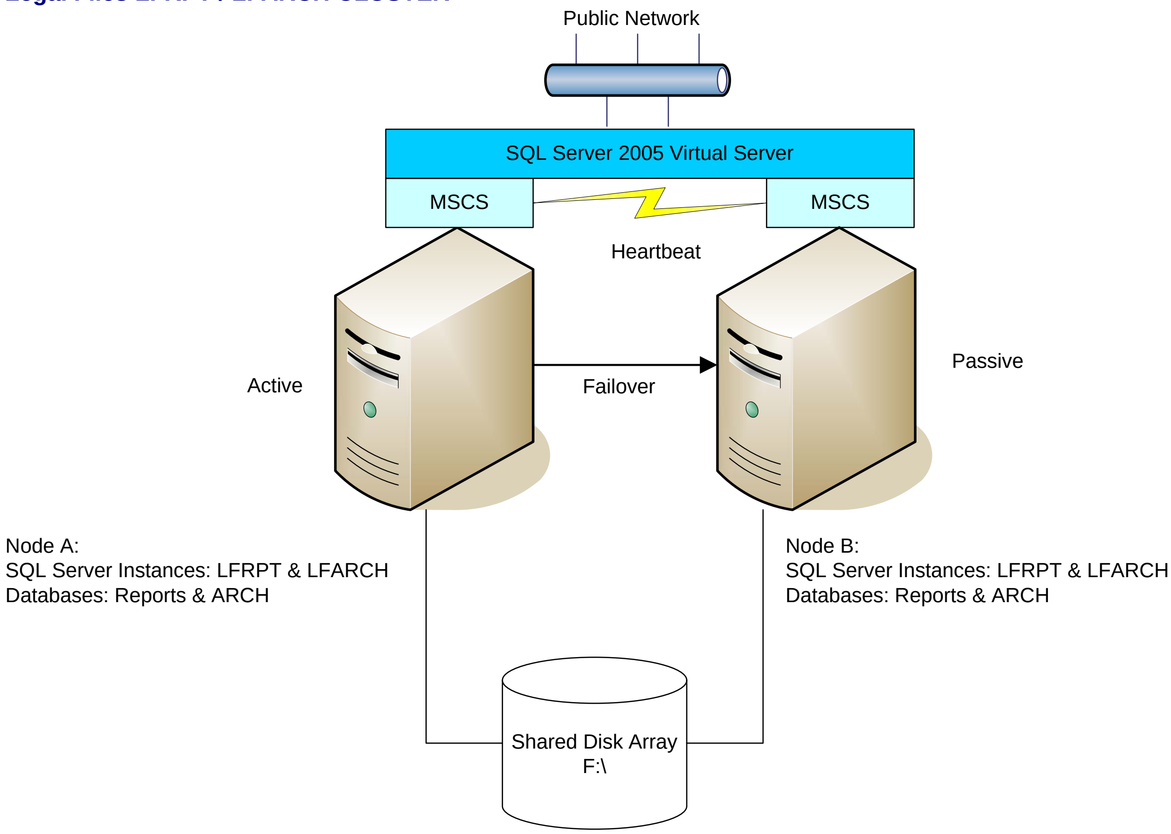
Services	Any function performed for the benefit of the State.
Source reduction	Any practice that reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment prior to recycling, energy recovery, treatment, or disposal.
State 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.

Case Management System Specific Technical Environment

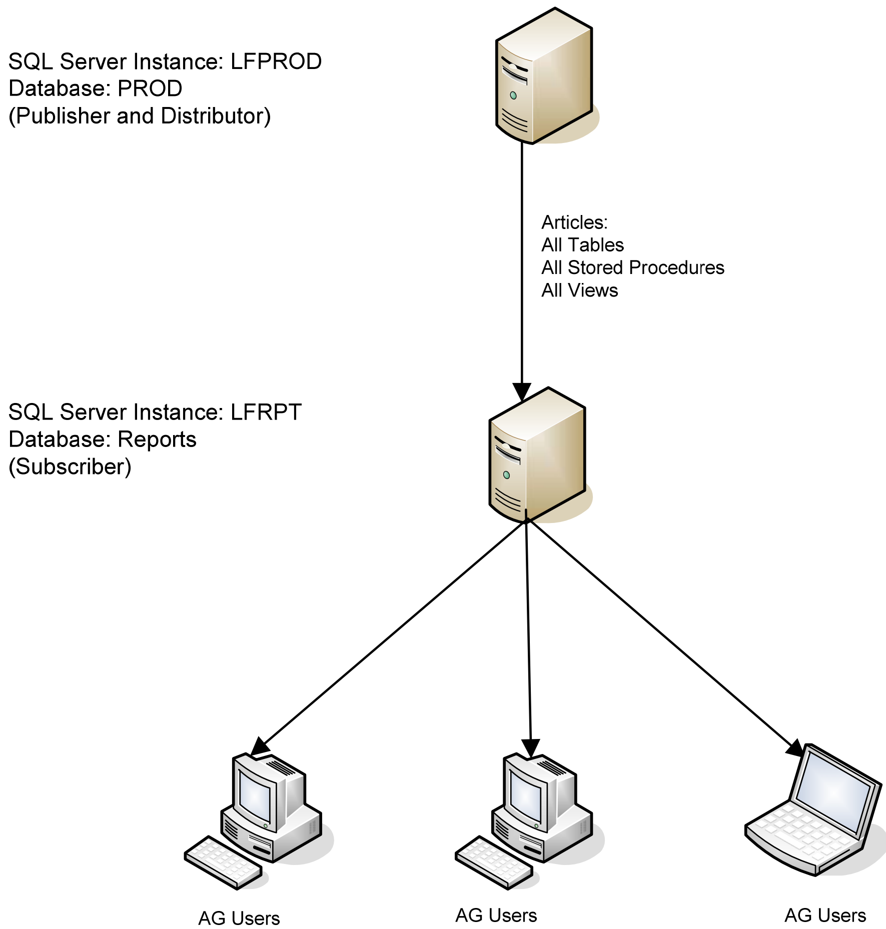
AG Legal Files LFPROD / LFTEST CLUSTER



AG Legal Files LFRPT / LFARCH CLUSTER



AG Legal Files PROD / Reports Replication



Attachment A - Pricing Tables

Table 1 Software Pricing:

Software	Base Cost	Number of Users/Licenses	Total Cost with Discount	Per Seat Cost
Legal Files 8.0 Individual User License Fee for New User License over the 500- base user licenses.	$1,190.00	1 (individual user license)	_40__% Discount	$714.00
		Up to 200 additional licenses @ $714.00	$142,800	40% discount only applies if 500 user licenses are maintained
Legal Files Individual User Fee for MyLegalFiles Web-based License	$1,190.00	1 (individual user license)	_10__% Discount	$1,071.00
		Up to 50 licenses @ $1071.00	$53,550	10% discount only applies if 50 user licenses are purchased
MyLegalFiles Server License Fee	$14,995.00		_0__% Discount	$14,995/unlimited web/app servers
		Up to 2 servers	$14, 995.00	
		TOTAL	**$211,345.00**	

Table 2 Software Maintenance Pricing*:

Item	Year 1	Year 2	Year 3	OPTION 1 Year 4	OPTION 2 Year 5
Dates of coverage	**11/1/10 – 10/31/11**	**11/1/11 – 10/31/12**	**11/1/12 – 10/31/13**	**11/1/13 – 10/31/14**	**11/1/14 – 10/31/15**
Maintenance on the Base of 500 - Legal Files 8.0 Licenses	**$101,715**	**$104,765**	**$107,910**	**$111,145**	**$114,480**
Cost per each additional Legal Files 8.0 Individual User License	$203.43 (as of Year 1 the State currently owns 90 additional = 90 x 203.43 **= $18308.70)**	$209.53	$215.82	$222.29	$228.96
Total for up to 200 additional licenses	$40,686.00	$41,906.00	$43,164.00	$44,458.00	$45,792.00
Maintenance per each MyLegalFiles web-based license	$238.00 (as of Year 1 State does not own any)	$249.90	$262.40	$275.52	$289.30
Total for up to 50 additional licenses	$11,900.00	$12,495.00	$13,120.00	$13,776.00	$14,465.00
Maintenance of Webforms and ACT	**$19,516.32**	**$20,101.80**	**$20,704.86**	**$21,326.00**	**$21,965.78**
TOTALS	**$139,540.02**	**TBD**	**TBD**	**TBD**	**TBD**
Yearly Not to exceed contract rate	$173,817.00	$179,268.00	$184,899.00	$190,705.00	$196,703.00
				5 YEAR TOTAL	**$925,392.00**

**Items in BOLD are required to be renewed on a yearly basis. In addition the State may purchase up to an additional 110 Legal Files 8.0 Licenses and 50 MyLegalFiles web-based licenses. As of 10/1/10 the State of Michigan owns and maintains 590 Legal Files 8.0 licenses and zero (0) MyLegalFiles web-based licenses. If the State of Michigan purchases any of the additional licenses after the annual maintenance purchase order is issued, the maintenance for the additional licenses will be prorated to co terminate with the existing license maintenance end date. For Years 2-5 the annual maintenance amount will be reviewed to see if any additional licenses were purchased in the prior fiscal year to determine annual maintenance renewal amount. The annual maintenance must not exceed the Yearly not to exceed contract total for that year in Table 2.

Table 3 Custom Programming/Configuration/Training:

Description	Unit (Hour/Day)	Unit Rate	Total Cost
Custom Programming/Configuration	Up to 1250 hours	$ 200/hour	$250,000
Data Conversion	Up to 100 hours	$ 150/hour	$15,000
Training for Users Administrative Training (Onsite)	Up to 4 days	$ 1,900/day	$7600
Train the Trainer Training (Onsite)	Up to 4 days	$ 1,900/day	$7600
Technical Training for Custom Reports (Onsite)	Up to 4 days	$ 2,400/day	$9600
Technical Training (Onsite)	Up to 2 days	$ 2,400/day	$4800
End User Training (Onsite)	Up to 10 days	$ 1,400/day	$14,000
Training (Web-based)	Up to 20 days	$ 1,000/day	$20,000
		TOTAL	$328,600.00

TOTAL COST TABLE

Description	Total Cost
Software	$211,345
Software Maintenance	$925,392
Custom Programming/Configuration/Training	$328,600
Total Project Cost for 5 years	$1,465,337