STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget

525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **4**

to

Contract Number **071B7700208**

CONTRACTO	
	KELMAR ASSOCIATES, LLC
	500 Edgewater Drive, Suite 525
	Wakefield, MA 01880
	Kenneth Wagers
	781-928-9221
	kenneth.wagers@kelmarassoc.com
	CV0000962

STATE			
	Program Manager	Terry Stanton	TREA
		517-636-5307	
		StantonT@Michigan.gov	
	Contract Administrator	Jennifer May	DTMB
		(517) 242-6664	
		mayj7@michigan.gov	

CONTRACT SUMMARY

UNCLAIMED PROPERTY SYSTEM - TREASURY

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
September 14, 2017	September 13, 2022	5 - 1 Year	September 13, 2022

PAYMENT TERMS	DELIVERY TIMEFRAME

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

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☒	5 Years	☐		September 13, 2027

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$2,187,375.00	$2,250,000.00	$4,437,375.00

DESCRIPTION

Effective 7/19/2022, Five (5) option years are being exercised and the contract is increased by $2,250,000.00. The revised contract expiration date is 9/13/2027.

Services for this extension includes:

- Maintenance - $270,000 per year x 5 yrs. = $1,350,000.
- Fast Track - current FY22 PO - $100,000 annually x 5 yrs. = $500,000.
- Kelmar Fraud Index - estimated $80,000 per year x 5 yrs. = $400,000.

Contract Administrator has been updated to Jennifer May.

All other terms, conditions, and specifications remain the same. Per DTMB contractor (request/proposal) and agency (request) agreement, DTMB Procurement approval, and State Administrative Board Approval on 7/19/2022.

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

CONTRACT CHANGE NOTICE

Change Notice Number **3**

to

Contract Number **071B7700208**

CONTRACTOR	
	KELMAR ASSOCIATES, LLC
	500 Edgewater Drive , Suite 525
	Wakefield, MA 01880
	Kenneth Wagers
	781-928-9221
	kenneth.wagers@kelmarassoc.com
	CV0000962

STATE			
	Program Manager	Terry Stanton	TREA
		517-636-5307	
		StantonT@Michigan.gov	
	Contract Administrator	Mike Breen	DTMB
		(517) 249-0428	
		breenm@michigan.gov	

CONTRACT SUMMARY

UNCLAIMED PROPERTY SYSTEM - TREASURY

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
September 14, 2017	September 13, 2022	5 - 1 Year	September 13, 2022

PAYMENT TERMS	DELIVERY TIMEFRAME

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

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		September 13, 2022

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$2,179,375.00	$8,000.00	$2,187,375.00

DESCRIPTION

Effective with mutual signature attached SOW where vendor changes how they send files from KAPS system into Filenet and with the addition of funds to support the engagement. All other terms and conditions remain the same.

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

Project Title: **Changes to File Delivery to Michigan FTS for Claimant Document Uploads**	**Period of Coverage:** **8/1/2020 – 9/30/2020**
Requesting Department: **Michigan Department of Treasury**	**Date:** **7/29/2020**
Agency Project Manager: **Terry Stanton**	**Phone:** **517-636-5307**
DTMB Project Manager:	**Phone:**

Brief Description of Services to be provided:

BACKGROUND:

The Unclaimed Property system known as KAPS currently integrates with the State of Michigan's FileNet system. Due to enterprise changes to the FileNet system, services from Kelmar are needed to the current submission method.

PROJECT OBJECTIVE:

Kelmar will be required to make changes to the current submission method and group files together in a .zip format, submitting them at pre-determined intervals.

SCOPE OF WORK:

Kelmar to perform the following overall results:

1. Kelmar to modify existing document upload files and subsequent procedures that transmit files
2. Kelmar to write new procedure to zip files together. In lieu of sending a document and its associated index file as it comes in from the website, the files will be stored.
3. Kelmar to write new procedure to send zip files via a batch job every hour to FileNet.
4. Kelmar to test new procedures and file transmition
5. Files are zipped and ingested into the FileNet system as agreed upon but no less than once per hourn the hours of 7:00 AM EST and 3:00 PM EST Monday – Friday, and at least once per day on Saturday and Sunday.

TASKS:

Technical support is required to assist with the following tasks:

1. Development Work
2. Quality Assurance
3. Updating documentation, communication on progress of feature, business testing

DELIVERABLES:

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

1. Development work
    a. Determination of storage mechanism
    b. KAPS application code changes to save the uploaded file to storage mechanism

    c. Create associated index file
    d. Store index file to storage mechanism
    e. Create new batch process that runs hourly
        i. Retrieve all files from storage mechanism
        ii. Package all files into a .zip archive
        iii. FTP .zip archive to FileNet
2. Quality Assurance
    a. Testing new batch process for connections and ensuring files are batched and delivered correctly, within the proper timeframe
3. Updated documentation and business testing

ACCEPTANCE CRITERIA:

Deliverables will be deemed accepted when the State has determined the zip files are received once per hour, and have the ability to be unzipped and ingested into FileNet.

Business testing will be considered complete when files have been transferred and working in FileNet after one full business day in addition to a weekend (Saturday and Sunday) as agreed upon between the Contractor and the State.

Also, updated documentation will be deemed acceptable per the approval of the Project Manager.

PROJECT CONTROL AND REPORTS:

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

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

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

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

SPECIFIC DEPARTMENT STANDARDS:

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

PAYMENT SCHEDULE:

Payment will be made in installments to CONTRACTOR for each completed Deliverable (i.e. Milestone) identified in the Project Plan after CONTRACTOR satisfies the respective Acceptance Criteria associated therewith (see “Acceptance Criteria” identified above). . 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 DTMB within forty-five (45) days after receipt of properly completed invoices.

EXPENSES:

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

PROJECT CONTACTS:

The designated Agency Project Manager is:

Terry Stanton
Michigan Department of Treasury
Unclaimed Property
Operations Center/2nd Floor
7285 Parsons Drive
Dimondale, MI 48821
517-636-5307
StantonT@michigan.gov

LOCATION OF WHERE THE WORK IS TO BE PERFORMED:

Consultants will work at Kelmar's location in Wakefield, Massachusetts.

EXPECTED CONTRACTOR WORK HOURS AND CONDITIONS:
This is a milestone based agreement.

This purchase order is a release from Contract Number 071B7700208. This purchase order, statement of work, and the terms and conditions of Contract Number071B7700208 constitute the entire agreement between the State and the Contractor.

PROJECT PLAN: (examples listed in table below)

Tasks & Deliverables	Hours	Hourly Rate	Total
Milestone I Development Work	40	$175	$7,000
Milestone II Quality Assurance	8	$125	$1,000
Milestone II Updated documentation	16	$0.00	$0.00
TOTAL	64		$8,000.00

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

CONTRACT CHANGE NOTICE

Change Notice Number **2**

to

Contract Number **071B7700208**

CONTRACTOR	
	KELMAR ASSOCIATES, LLC
	500 Edgewater Drive , Suite 525
	Wakefield, MA 01880
	Kenneth Wagers
	781-928-9221
	kenneth.wagers@kelmarassoc.com
	CV0000962

STATE			
	Program Manager	Terry Stanton	TREA
		517-636-5307	
		StantonT@Michigan.gov	
	Contract Administrator	James Wilson	DTMB
		(517) 243-0434	
		wilsonj40@michigan.gov	

CONTRACT SUMMARY

UNCLAIMED PROPERTY SYSTEM - TREASURY

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
September 14, 2017	September 13, 2022	5 - 1 Year	September 13, 2022

PAYMENT TERMS	DELIVERY TIMEFRAME

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

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		September 13, 2022

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$1,869,375.00	$310,000.00	$2,179,375.00

DESCRIPTION

Effective 5/5/2020, this Contract is increased by $310,000.00 for Department of Treasury use. Please note the Contract Administrator has been changed to James Wilson. All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement Services approval, and State Administrative Board approval on 5/5/2020.

KAPS FastTrack Costs

Interested Parties:

Kelmar Associates, LLC to provide services to Michigan Treasury, Unclaimed Property Department

Proposed Services:

Claimant Authentication and LexId via integrated LexisNexis services

Date:

March 20, 2020

Description of Services:

Kelmar will continue to send eligible FastTrack claims to LexisNexis for claimant authentication. As holder reports are reconciled, Kelmar will send complete, domestic addresses to LexisNexis to obtain a LexId. Charges will be billed monthly on a transaction basis per claim ($1.25) and per reported owner ($0.04).

Pricing:

Cost	Description
$70,000	Year 2 LexisNexis claimant authentication and LexId charges
$80,000	Year 3 LexisNexis claimant authentication and LexId charges
$80,000	Year 4 LexisNexis claimant authentication and LexId charges
$80,000	Year 5 LexisNexis claimant authentication and LexId charges
$310,000	Total

Please contact Tanya Whitlow at (781) 928-9208 or tanya.whitlow@kelmarassoc.com for additional information.

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

CONTRACT CHANGE NOTICE

Change Notice Number **1**

to

Contract Number **071B7700208**

CONTRACTOR	
	KELMAR ASSOCIATES, LLC
	500 Edgewater Drive , Suite 525
	Wakefield, MA 01880
	Kenneth Wagers
	781-928-9221
	kenneth.wagers@kelmarassoc.com
	CV0000962

STATE			
	Program Manager	Terry Stanton	TREA
		517-636-5307	
		StantonT@Michigan.gov	
	Contract Administrator	Jennifer Bronz	DTMB
		(517) 249-0493	
		bronzj@michigan.gov	

CONTRACT SUMMARY

UNCLAIMED PROPERTY SYSTEM - TREASURY

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
September 14, 2017	September 13, 2022	5 - 1 Year	September 13, 2022

PAYMENT TERMS	DELIVERY TIMEFRAME

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

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		September 13, 2022

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$1,869,375.00	$0.00	$1,869,375.00

DESCRIPTION

Effective 12/28/2018, the following items are added to this Contract per the Attachment. All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Procurement approval.

Pricing Schedule

Contractor may charge the following Fees:

Item	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Est. Total
Pre-populate w/LexIDs (per property)	$0.04	$0.04	$0.04	$0.04	$0.04	**$130,089**
Populate w/LexIDs (monthly going fwd; per property)	$0.04	$0.04	$0.04	$0.04	$0.04	**$750/Mo**
Fast Track claim cost (per claim)	$1.25	$1.25	$1.25	$1.25	$1.25	**~$3,250/Mo** (~2,600 claims)
*Apply LexID when claim is created (cost per property)	$0.25	$0.25	$0.25	$0.25	$0.25	NA

**Once properties are pre-populated, there will no longer be a $0.25 per property cost for applying a LexID*

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

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

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **071B7700208**
between
THE STATE OF MICHIGAN
and

CONTRACTOR	
	Kelmar Associates, LLC,
	500 Edgewater Drive, Suite 525
	Wakefield, Massachusetts 01880
	Attn: Kenneth Wagers
	781-928-9221
	Kenneth.Wagers@kelmarassoc.com
	7426

STATE			
	Program Manager	Terry Stanton	DTMB
		517-636-5307	
		StantonT@michigan.gov	
	Contract Administrator	Malathi Natarajan	DTMB
		517-284-7030	
		NatarajanM@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Unclaimed Property System – Treasury			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
September 14, 2017	September 13, 2022	5, 1 year	August, 14, 2022
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-card ☐ Direct Voucher (DV) ☐ Other			☐Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
This Contract is awarded from Request for Proposal # 007116B0008765 published on Buy4Michigan.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			**$1,869,375.00**

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Malathi Natarajan, Category Specialist - IT

Central Procurement – Enterprise Sourcing

Date

STATE OF MICHIGAN

CONTRACT TERMS

Software Contract

This Software Contract (this "**Contract**") is agreed to between the State of Michigan (the "**State**") and Kelmar Associates, LLC, a Delaware limited liability company. This Contract is effective on September 14th, 2017 ("**Effective Date**"), and unless earlier terminated, will expire on September 13th, 2022 (the "**Term**").

This Contract may be renewed for up to five (5) additional one (1) year periods. Renewal must be by written notice from the State and will automatically extend the Term of this Contract.

1. Definitions. For the purposes of this Contract, the following terms have the following meanings:

"**Acceptance**" has the meaning set forth in **Section 13.5**.

"**Acceptance Tests**" means such tests as may be conducted in accordance with **Section 13** and the Statement of Work to determine whether the Software meets the requirements of this Contract and the Documentation.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control" (including the terms "controlled by" and "under common control with") means the direct or indirect ownership of more than fifty percent (50%) of the voting securities of a Person.

"**Allegedly Infringing Materials**" has the meaning set forth in **Section 26.3(b)(ii)**.

"**API**" means all Application Programming Interfaces and associated API Documentation provided by Contractor, and as updated from time to time, to allow the Software to integrate with various State and Third-Party Software.

"**Approved Open-Source Components**" means Open-Source Components that may be included in or used in connection with the Software and are specifically identified in an exhibit to the Statement of Work, and approved by the State.

"**Authorized Users**" means all Persons authorized by the State to access and use the Software under this Contract, subject to the maximum number of users specified in the applicable Statement of Work.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which the State is authorized or required by Law to be closed for business.

"Business Owner" is the individual appointed by the agency buyer to (a) act as the agency's representative in all matters relating to the Contract, and (b) co-sign off on notice of Acceptance for the Software. The Business Owner will be identified in the Statement of Work.

"**Business Requirements Specification**" means the initial specification setting forth the State's business requirements regarding the features and functionality of the Software, as set forth in the Statement of Work.

"**Change**" has the meaning set forth in **Section 2.2**.

"**Change Notice**" has the meaning set forth in **Section 2.2(b)**.

"**Change Proposal**" has the meaning set forth in **Section 2.2(a)**.

"**Change Request**" has the meaning set forth in **Section 2.2**.

"**Confidential Information**" has the meaning set forth in **Section 21.1**.

"**Configuration**" means State-specific changes made to the Software without Source Code or structural data model changes occurring.

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

"**Contract Start Date**" means November 6, 2017 or a date thereafter as mutually agreed upon by the Parties when finalizing the Implementation Plan in accordance with Section 6 of the Statement of Work.

"**Contract Administrator**" is the individual appointed by each party to (a) administer the terms of this Contract, and (b) approve any Change Notices under this Contract. Each party's Contract Administrator will be identified in the Statement of Work.

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

"**Contractor's Bid Response**" means the Contractor's proposal submitted in response to the RFP.

"**Contractor Personnel**" means all employees of Contractor or any Permitted Subcontractors involved in the performance of Services hereunder.

"**Contractor's Test Package**" has the meaning set forth in **Section 12.2**.

"**Customization**" mean State-specific changes made to the Software with Source Code or structural data model changes occurring.

"**Deliverables**" means the Software, and all other documents and other materials that Contractor is required to or otherwise does provide to the State under this Contract and otherwise in connection with any Services, including all items specifically identified as Deliverables in the Statement of Work.

"**Dispute Resolution Procedure**" has the meaning set forth in **Section 31.1**.

"**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 Software.

"**DTMB**" means the Michigan Department of Technology, Management and Budget.

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

"**Fees**" means collectively, the License Fees, Implementation Fees, and Support Services Fees.

"**Financial Audit Period**" has the meaning set forth in **Section 29.1**.

"**Force Majeure**" has the meaning set forth in **Section 32.1(a)**.

"**Harmful Code**" means any: (a) virus, trojan horse, worm, backdoor or other software or hardware devices the effect of which is to permit unauthorized access to, or to disable, erase, or otherwise harm, any computer, systems or software; or (b) time bomb, drop dead device, or other software or hardware device designed to disable a computer program automatically with the passage of time or under the positive control of any Person, or otherwise prevent, restrict or impede the State's or any Authorized User's use of such software.

"**HIPAA**" has the meaning set forth in **Section 20.1**.

"**Implementation Fees**" has the meaning set forth in **Section 17.2**.

"**Implementation Plan**" means the schedule included in the Statement of Work setting forth the sequence of events for the performance of Services under the Statement of Work, including the Milestones and Milestone Dates.

"**Integration Testing" has the meaning set forth in Section 13.1(c).**

"**Intellectual Property Rights**" means all or any of the following: (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 associated goodwill; (c) copyrights and copyrightable works (including computer programs), mask works 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.

"**Key Personnel**" means any Contractor Personnel identified as key personnel in the Statement of Work.

"**Law**" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree or other requirement or rule of any federal, state, local or foreign government or political subdivision thereof, or any arbitrator, court or tribunal of competent jurisdiction.

"**License Agreement**" has the meaning set forth in **Section 3**.

"**License Fee**" has the meaning set forth in **Section 17.1**.

"**Loss or Losses**" means all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable

attorneys' fees and the costs of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

"**Maintenance Release**" means any update, upgrade, release or other adaptation or modification of the 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 Software.

"**Milestone**" means an event or task described in the Implementation Plan under the Statement of Work that must be completed by the corresponding Milestone Date.

"**Milestone Date**" means the date by which a particular Milestone must be completed as set forth in the Implementation Plan under the Statement of Work.

"**New Version**" means any new version of the Software that the Contractor may from time to time introduce and market generally as a distinct licensed product, as may be indicated by Contractor's designation of a new version number.

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

"**Open-Source Components**" means any software component that is subject to any open-source copyright license agreement, including any GNU General Public License or GNU Library or Lesser Public License, or other obligation, restriction or license agreement that substantially conforms to the Open Source Definition as prescribed by the Open Source Initiative or otherwise may require disclosure or licensing to any third party of any source code with which such software component is used or compiled.

"**Open-Source License**" has the meaning set forth in **Section 5**.

"**Operating Environment**" means, collectively, the platform, environment and conditions on, in or under which the Software is intended to be installed and operate, as set forth in the Statement of Work, including such structural, functional and other features, conditions and components as hardware, operating software and system architecture and configuration.

"**Permitted Subcontractor**" has the meaning set forth in **Section 10.4**.

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

"**Pricing**" means any and all fees, rates and prices payable under this Contract, including pursuant to any Schedule or Exhibit hereto.

"**Pricing Schedule**" means the schedule attached as **Schedule D**, setting forth the License Fees, Implementation Fees, Support Services Fees, and any other fees, rates and prices payable under this Contract.

"**Project Manager**" is the individual appointed by each party to (a) monitor and coordinate the day-to-day activities of this Contract, and (b) for the State, to co-sign off on its notice of Acceptance for the Software. Each party's Project Manager will be identified in the Statement of Work.

"**Representatives**" means a party's employees, officers, directors, partners, shareholders, agents, attorneys, successors and permitted assigns.

"**RFP**" means the State's request for proposal designed to solicit responses for Services under this Contract.

"**Services**" means any of the services Contractor is required to or otherwise does provide under this Contract, the Statement of Work, or the Service Level Agreement.

"**Service Level Agreement**" means, if applicable, the service level agreement attached as **Schedule B** to this Contract, setting forth Contractor's obligations with respect to the hosting, management and operation of the Software.

"**Site**" means the physical location designated by the State in, or in accordance with, this Contract or the Statement of Work for delivery and installation of the Software.

"**Software**" means Contractor's software set forth in the Statement of Work, and any Maintenance Releases and New Versions provided to the State and any Configurations and Customizations made by or for the State pursuant to this Contract, and all copies of the foregoing permitted under this Contract and the License Agreement.

"**Source Code**" means the human readable source code of the Software to which it relates, in the programming language in which the Software was written, together with all related flow charts and technical documentation, including a description of the procedure for generating object code, all of a level sufficient to enable a programmer reasonably fluent in such programming language to understand, build, operate, support, maintain and develop modifications, upgrades, updates, adaptations, enhancements, new versions and other derivative works and improvements of, and to develop computer programs compatible with, the Software.

"**Specifications**" means, for the Software, the specifications collectively set forth in the Business Requirements Specification, Technical Specification, Documentation, RFP or Contractor's Bid Response, if any, for such Software, or elsewhere in the Statement of Work.

"**State**" means the State of Michigan.

"**State Data**" has the meaning set forth in **Section 20.1**.

"**State Materials**" means all materials and information, including documents, data, know-how, ideas, methodologies, specifications, software, content and technology, in any form or media, directly or indirectly provided or made available to Contractor by or on behalf of the State in connection with this Contract.

"**State Resources**" has the meaning set forth in **Section 11.1**.

"**Statement of Work**" means the statement of work attached as **Schedule A** to this Contract.

"**Stop Work Order**" has the meaning set forth in **Section 24**.

"**SUITE**" means the State Unified Information Technology Environment, which includes standards for project management, systems engineering, and associated forms and templates that must be followed by Contractor, and is available at http://www.michigan.gov/suite.

"**Support Services**" means the software maintenance and support services Contractor is required to or otherwise does provide to the State under the Service Level Agreement.

"**Support Services Commencement Date**" means, with respect to the Software, the date on which the Warranty Period for the Software expires or such other date as may be set forth in the Statement of Work.

"**Support Services Fees**" has the meaning set forth in **Section 17.3**.

"**Technical Specification**" means, with respect to any Software, the document setting forth the technical specifications for such Software and included in the Statement of Work.

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

"**Test Data**" has the meaning set forth in **Section 12.2**.

"**Test Estimates**" has the meaning set forth in **Section 12.2**.

"**Testing Period**" has the meaning set forth in **Section 13.1(b)**.

"**Third Party**" means any Person other than the State or Contractor.

"**Third-Party Software**" means software, content, and technology, in any form or media, in which any Person other than the State or Contractor owns any Intellectual Property Right, but excluding Open-Source Components.

"**Transition Period**" has the meaning set forth in **Section 23.3**

"**Transition Responsibilities**" has the meaning set forth in **Section 23.3**.

"**Unauthorized Removal**" has the meaning set forth in **Section 10.3(b)**.

"**Unauthorized Removal Credit**" has the meaning set forth in **Section 10.3(c)**.

"**User 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 Software by or on behalf of the State under this Contract, except that User Data does not include the 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 Software without additional user input.

"**Warranty Period**" means the one (1) year period commencing on the date of the State's Acceptance of the Software.

"**Work Product**" means all State-specific computer scripts, macros, user interfaces, reports, project management documents, forms, templates, and other State-specific documents and related materials.

2. Statements of Work. Contractor shall provide Services and Deliverables pursuant to the Statement of Work. The terms and conditions of this Contract will apply at all times to the Statement of Work. The State shall have the right to terminate, in whole or in part, the Statement of Work as set forth in **Section 23**. Contractor acknowledges that time is of the essence with respect to Contractor's obligations under the Statement of Work and agrees that prompt and timely performance of all such obligations in accordance with this Contract and the Statement of Work (including the Implementation Plan and all Milestone Dates) is strictly required.

2.1 Statement of Work Requirements. The Statement of Work will include the following:

(a) names and contact information for Contractor's Contract Administrator, Project Manager and Key Personnel;

(b) names and contact information for the State's Contract Administrator, Project Manager and Business Owner;

(c) a detailed description of the Services to be provided under this Contract, including any training obligations of Contractor;

(d) a detailed description of the Software to be provided under this Contract, including the:

(i) version and release number of the Software;

(ii) Business Requirements Specification;

(iii) Technical Specification; and

(iv) a description of the Documentation to be provided;

(e) an Implementation Plan that follows the State's SUITE methodology, including all Milestones, the corresponding Milestone Dates and the parties' respective responsibilities under the Implementation Plan;

(f) the due dates for payment of Fees and any invoicing requirements, including any Milestones on which any such Fees are conditioned, and such other information as the parties deem necessary;

(g) disclosure of all Open-Source Components (each identified on a separate exhibit to the Statement of Work), in each case accompanied by such related documents as may be required by this Contract;

(h) description of all liquidated damages associated with this Contract; and

(i) a detailed description of all State Resources required to complete the Implementation Plan.

2.2 Change Control Process. The State may at any time request in writing (each, a "**Change Request**") changes to the Statement of Work, including changes to the Services and Implementation Plan (each, a "**Change**"). Upon the State's submission of a Change Request, the parties will evaluate and implement all Changes in accordance with this **Section 2.2**.

(a) As soon as reasonably practicable, and in any case within twenty (20) Business Days following receipt of a Change Request, Contractor will provide the State with a written proposal for implementing the requested Change ("**Change Proposal**"), setting forth:

(i) a written description of the proposed Changes to any Services or Deliverables;

(ii) an amended Implementation Plan reflecting: (A) the schedule for commencing and completing any additional or modified Services or Deliverables; and (B) the effect of such Changes, if any, on completing any other Services under the Statement of Work;

(iii) any additional State Resources Contractor deems necessary to carry out such Changes; and

(iv) any increase or decrease in Fees resulting from the proposed Changes, which increase or decrease will reflect only the increase or decrease in time and expenses Contractor requires to carry out the Change.

(b) Within thirty (30) Business Days following the State's receipt of a Change Proposal, the State will by written notice to Contractor, approve, reject, or propose modifications to such Change Proposal. If the State proposes modifications, Contractor must modify and re-deliver the Change Proposal reflecting such modifications, or notify the State of any disagreement, in which event the parties will negotiate in good faith to resolve their disagreement. Upon the State's approval of the Change Proposal or the parties' agreement on all proposed modifications, as the case may be, the parties will execute a written agreement to the Change Proposal ("**Change Notice**"), which Change Notice will be signed by the State's Contract Administrator and will constitute an amendment to the Statement of Work to which it relates; and

(c) If the parties fail to enter into a Change Notice within fifteen (15) Business Days following the State's response to a Change Proposal, the State may, in its discretion:

(i) require Contractor to perform the Services under the Statement of Work without the Change;

(ii) require Contractor to continue to negotiate a Change Notice;

(iii) initiate a Dispute Resolution Procedure; or

(iv) notwithstanding any provision to the contrary in the Statement of Work, terminate this Contract under **Section 23**.

(d) No Change will be effective until the parties have executed a Change Notice. Except as the State may request in its Change Request or otherwise in writing, Contractor must continue to perform its obligations in accordance with the Statement of Work pending negotiation and execution of a Change Notice.

Contractor will use its best efforts to limit any delays or Fee increases from any Change to those necessary to perform the Change in accordance with the applicable Change Notice. Each party is responsible for its own costs and expenses of preparing, evaluating, negotiating, and otherwise processing any Change Request, Change Proposal, and Change Notice.

(e) The performance of any functions, activities, tasks, obligations, roles and responsibilities comprising the Services as described in this Contract are considered part of the Services and, thus, will not be considered a Change. This includes the delivery of all Deliverables in accordance with their respective Specifications, and the diagnosis and correction of Non-Conformities discovered in Deliverables prior to their Acceptance by the State or, subsequent to their Acceptance by the State, as necessary for Contractor to fulfill its associated warranty requirements and its Support Services under this Contract.

(f) Contractor may, on its own initiative and at its own expense, prepare and submit its own Change Request to the State. However, the State will be under no obligation to approve or otherwise respond to a Change Request initiated by Contractor.

3. Software License. Contractor hereby grants to the State and its Authorized Users the right and license to use the Software and Documentation in accordance with the terms and conditions of this Contract and the License Agreement set forth in **Schedule C** (the "**License Agreement**").

4. Third-Party Software Licenses. Any use hereunder of Third-Party Software shall be governed by, and subject to, the terms and conditions of the applicable Third-Party Software license agreement ("**Third-Party License**"), attached and incorporated by reference as **Schedule 1** to **Schedule C**. Contractor shall identify and describe in an exhibit to the Statement of Work any Third-Party Software being used in connection with the Services.

5. Open-Source Licenses. Any use hereunder of Open-Source Components shall be governed by, and subject to, the terms and conditions of the applicable open-source license ("**Open-Source License**"). Contractor shall identify and describe in an exhibit to the Statement of Work each of the Approved Open-Source Components of the Software, and include an exhibit attaching all applicable Open-Source Software Licenses or identifying the URL where these licenses are publicly available.

6. Software Implementation.

6.1 Implementation. Contractor will deliver, install, configure, integrate, and otherwise provide and make fully operational the Software on or prior to the applicable Milestone Date in accordance with the criteria set forth in the Statement of Work.

6.2 Site Preparation. Unless otherwise set forth in the Statement of Work, Contractor is responsible for ensuring the relevant Operating Environment is set up and in working order to allow Contractor to deliver and install the Software on or prior to the applicable Milestone Date. Contractor will provide the State with such notice as is specified in the Statement of Work, prior to delivery of the Software to give the State sufficient time to prepare for Contractor's delivery and installation of the Software. If the State is responsible for Site preparation, Contractor will provide such assistance as the State requests to complete such preparation on a timely basis.

7. Hosting. Contractor will maintain the Availability Requirement and the Support Service Level Requirement set forth in the Service Level Agreement attached as **Schedule B** to this Contract.

8. Support Services

8.1 Support Services for Hosted Software. Contractor shall provide the State with the Support Services described in the Service Level Agreement attached as **Schedule B** to this Contract. Such Support Services shall be provided:

(a) Free of charge during the Warranty Period, it being acknowledged and agreed that the License Fee includes full consideration for such Services during such period.

(b) Thereafter, for so long as the State elects to receive Support Services for the Software, in consideration of the State's payment of Support Services Fees in accordance with **Section 17** and the rates set forth in the Pricing Schedule.

9. Data Privacy and Information Security.

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

9.2 To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see http://michigan.gov/cybersecurity/0,1607,7-217-34395_34476---,00.html. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

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

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

9.5 State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or the Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this **Section 9**.

9.6 Security Requirements for Hosted Software. Contractor shall comply with the security requirements set forth in **Schedule E** to this Contract.

10. Performance of Services. Contractor will provide all Services and Deliverables in a timely, professional and workmanlike manner and in accordance with the terms, conditions, and Specifications set forth in this Contract and the Statement of Work.

10.1 Contractor Personnel.

(a) Contractor is solely responsible for all Contractor Personnel and for the payment of their compensation, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits.

(b) Prior to any Contractor Personnel performing any Services, Contractor will:

(i) ensure that such Contractor Personnel have the legal right to work in the United States;

(ii) upon request, require such Contractor Personnel to execute written agreements, in form and substance acceptable to the State, that bind such Contractor Personnel to confidentiality provisions that are at least as protective of the State's information (including all Confidential Information) as those contained in this Contract; and

(iii) the State will perform background checks on all Contractor Personnel in accordance with the requirements set forth in the Statement of Work.

(c) Contractor and all Contractor Personnel will comply with all rules, regulations, and policies of the State that are communicated to Contractor in writing, including security procedures concerning systems and data and remote access, building security procedures, including the restriction of access by the State to certain areas of its premises or systems, and general health and safety practices and procedures.

(d) The State reserves the right to require the removal of any 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. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and Contractor cannot immediately replace the removed personnel, the State agrees to negotiate an equitable adjustment in schedule or other terms that may be affected by the State's required removal.

10.2 Contractor's Project Manager. Throughout the Term of this Contract, Contractor must maintain a Contractor employee acceptable to the State to serve as Contractor's Project Manager, who will be considered Key Personnel of Contractor. Contractor's Project Manager will be identified in the Statement of Work.

(a) Contractor's Project Manager must:

(i) have the requisite authority, and necessary skill, experience, and qualifications, to perform in such capacity;

(ii) be responsible for overall management and supervision of Contractor's performance under this Contract; and

(iii) be the State's primary point of contact for giving and receiving all day-to-day approvals and consents.

(b) Contractor's Project Manager must attend all regularly scheduled meetings as set forth in the Implementation Plan, and will otherwise be available and perform the duties as set forth in the Statement of Work.

(c) Contractor will maintain the same Project Manager throughout the Term of this Contract, unless:

(i) the State requests in writing the removal of Contractor's Project Manager;

(ii) the State consents in writing to any removal requested by Contractor in writing;

(iii) Contractor's Project Manager ceases to be employed by Contractor, whether by resignation, involuntary termination or otherwise.

(d) Contractor will promptly replace its Project Manager on the occurrence of any event set forth in **Section 10.2(c)**. Such replacement will be subject to the State's prior written approval.

10.3 Contractor's Key Personnel.

(a) The State has 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, introduce the individual to the State's Project Manager, and 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.

(b) Contractor will not remove any Key Personnel from their assigned roles on this 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**"). An Unauthorized Removal 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. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under **Section 23.1**.

(c) It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal.

Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 23.1**, Contractor will issue to the State an amount equal to $25,000 per individual (each, an "**Unauthorized Removal Credit**").

(d) Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed under **Subsection (c)** above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any Fees or other charges payable to Contractor under this Contract.

10.4 Subcontractors. Contractor will not, without the prior written approval of the State, which consent may be given or withheld in the State's sole discretion, engage any Third Party to perform Services. The State's approval of any such Third Party (each approved Third Party, a "**Permitted Subcontractor**") does not relieve Contractor of its representations, warranties or obligations under this Contract. Without limiting the foregoing, Contractor will:

(a) be responsible and liable for the acts and omissions of each such Permitted Subcontractor (including such Permitted Subcontractor's employees who, to the extent providing Services or Deliverables, shall be deemed Contractor Personnel) to the same extent as if such acts or omissions were by Contractor or its employees;

(b) name the State a third party beneficiary under Contractor's Contract with each Permitted Subcontractor with respect to the Services;

(c) be responsible for all fees and expenses payable to, by or on behalf of each Permitted Subcontractor in connection with this Contract, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits; and

(d) notify the State of the location of the Permitted Subcontractor and indicate if it is located within the continental United States.

Notwithstanding the above, Subcontractors included in the Statement of Work shall be deemed approved Permitted Subcontractors.

11. State Obligations.

11.1 State Resources and Access. The State is responsible for providing the State Materials and such other resources as may be specified in the Statement of Work (collectively, "**State Resources**").

11.2 State Project Manager. Throughout the Term of this Contract, the State will maintain an individual to serve as the State's Project Manager under this Contract. The State's Project Manager will be identified in the Statement of Work. The State's Project Manager will be available as set forth in the Statement of Work.

12. Pre-Delivery Testing.

12.1 Testing By Contractor. Before delivering and installing the Software, Contractor must, unless otherwise specified in the Statement of Work:

(a) test the Software to confirm that it is fully operable, meets all applicable Specifications and will function in accordance with the Specifications and Documentation when properly installed in the Operating Environment;

(b) scan the Software using industry standard scanning software and definitions to confirm it is free of Harmful Code; and

(c) remedy any Non-Conformity or Harmful Code identified and retest and rescan the Software.

12.2 Test Data and Estimates. Unless otherwise specified in the Statement of Work, Contractor shall provide to the State all test data and testing scripts used by Contractor for its pre-delivery testing ("**Test Data**"), together with the results Contractor expects to be achieved by processing the Test Data using the Software ("**Test Estimates**," and together with Test Data, "**Contractor's Test Package**").

13. Acceptance Testing.

13.1 Acceptance Testing.

(a) Unless otherwise specified in the Statement of Work, upon installation of the Software, Acceptance Tests will be conducted as set forth in this **Section 13** to ensure the Software conforms to the requirements of this Contract, including the applicable Specifications and Documentation. The State may, but is not obligated, to perform its own pretest on the Software utilizing Contractor's Test Package. If the State does perform a pretest, and Contractor's Test Package does not conclusively illustrate that the Test Estimates match the actual results of the pretest, the State, at its discretion, is not obligated to move into the formal Acceptance Tests set forth in this Section. The State may elect to send Contractor's Test Package back to Contractor to correct any problems encountered with the Test Data or Test Estimates.

(b) All Acceptance Tests will take place at the designated Site(s) in the testing environment described in the Statement of Work, commence on the Business Day following installation of the Software and be conducted for the period set forth in the Implementation Plan (the "**Testing Period**"). Acceptance Tests will be conducted by the party responsible as set forth in the Statement of Work or, if the Statement of Work does not specify, the State, provided that:

(i) for Acceptance Tests conducted by the State, if requested by the State, Contractor will make suitable Contractor Personnel available to observe or participate in such Acceptance Tests; and

(ii) for Acceptance Tests conducted by Contractor, the State has the right to observe or participate in all or any part of such Acceptance Tests.

Contractor is solely responsible for all costs and expenses related to Contractor's performance of, participation in, and observation of Acceptance Testing.

(c) Upon delivery and installation of any API, Configuration, or Customization to the Software under the Statement of Work, additional Acceptance Tests will be performed on the modified Software as a whole to ensure full operability, integration, and compatibility among all elements of the Software ("**Integration Testing**"). Integration Testing is subject to all procedural and other terms and conditions set forth in **Section 13.1**, **Section 13.3**, and **Section 13.4** and the Statement of Work.

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

13.2 Notices of Completion, Non-Conformities, and Acceptance. Within fifteen (15) Business Days following the completion of any Acceptance Tests, including any Integration Testing, the party responsible for conducting the tests will prepare and provide to the other party written notice of the completion of the tests. Such notice must include a report describing in reasonable detail the tests conducted and the results of such tests, including any uncorrected Non-Conformity in the tested Software.

(a) If such notice is provided by either party and identifies any Non-Conformities, the parties' rights, remedies, and obligations will be as set forth in **Section 13.3** and **Section 13.4**.

(b) If such notice is provided by the State, is signed by the State's Business Owner and Project Manager, and identifies no Non-Conformities, such notice constitutes the State's Acceptance of such Software.

(c) If such notice is provided by Contractor and identifies no Non-Conformities, the State will have thirty (30) Business Days to use the Software in the Operating Environment and determine, in the exercise of its sole discretion, whether it is satisfied that the Software contains no Non-Conformities, on the completion of which the State will, as appropriate:

(i) notify Contractor in writing of Non-Conformities the State has observed in the Software and of the State's non-acceptance thereof, whereupon the parties' rights, remedies and obligations will be as set forth in **Section 13.3** and **Section 13.4**; or

(ii) provide Contractor with a written notice of its Acceptance of such Software, which must be signed by the State's Business Owner and Project Manager.

13.3 Failure of Acceptance Tests. If Acceptance Tests identify any Non-Conformities, Contractor, at Contractor's sole cost and expense, will remedy all such Non-Conformities and re-deliver the Software, in accordance with the requirements set forth in the Statement of Work. Redelivery will occur as promptly as commercially possible and, in any case, within thirty (30) Business Days following, as applicable, Contractor's:

(a) completion of such Acceptance Tests, in the case of Acceptance Tests conducted by Contractor; or

(b) receipt of the State's notice under **Section 13.1(a)** or **Section 13.2(c)(i)**, identifying any Non-Conformities.

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

(a) continue the process set forth in this **Section 13**;

(b) accept the Software as a nonconforming deliverable, in which case the Fees for such Software will be reduced equitably to reflect the value of the Software as received relative to the value of the Software had it conformed; or

(c) deem the failure to be a non-curable material breach of this Contract and the Statement of Work and terminate this Contract for cause in accordance with **Section 23.1**.

13.5 Acceptance. Acceptance ("**Acceptance**") of the Software (subject, where applicable, to the State's right to Integration Testing) will occur on the date that is the earliest of the State's delivery of a notice accepting the Software under **Section 13.2(b)**, or **Section 13.2(c)(ii)**.

14. Training. Contractor shall provide training on all uses of the Software permitted hereunder in accordance with the times, locations and other terms set forth in the Statement of Work. Upon the State's request, Contractor shall timely provide training for additional Authorized Users or other additional training on all uses of the Software for which the State requests such training, at such reasonable times and locations and pursuant to such rates and other terms as are set forth in the Pricing Schedule.

15. Maintenance Releases; New Versions

15.1 Maintenance Releases. Provided that the State is current on its Support Services Fees, during the Term, Contractor shall provide the State, at no additional charge, with all Maintenance Releases, each of which will constitute Software and be subject to the terms and conditions of this Contract.

15.2 New Versions. Provided that the State is current on its Support Services Fees, during the Term, Contractor shall provide the State, at no additional charge, with all New Versions, each of which will constitute Software and be subject to the terms and conditions of this Contract.

15.3 Installation. The State has no obligation to install or use any Maintenance Release or New Versions. If the State wishes to install any Maintenance Release or New Version, the State shall have the right to have such Maintenance Release or New Version installed, in the State's discretion, by Contractor or other authorized party as set forth in the Statement of Work. Contractor shall provide the State, at no additional charge, adequate Documentation for installation of the Maintenance Release or New Version, which has been developed and tested by Contractor and Acceptance Tested by the State. The State's decision not to install or implement a Maintenance Release or New Version of the Software will not affect its right to receive Support Services throughout the Term of this Contract.

16. Source Code Escrow

16.1 Escrow Contract. The parties may enter into a separate intellectual property escrow agreement. Such escrow agreement will govern all aspects of Source Code escrow and release.

17. Fees

17.1 License Fee. In consideration of, and as payment in full for, the rights and license to use the Software and Documentation as provided in this Contract and the License Agreement, the State shall pay to Contractor the license fees (the "**License Fee**") set forth on the Pricing Schedule, subject to and in accordance with the terms and conditions of this Contract and the License Agreement, including the applicable timetable and other provisions of the Statement of Work and this **Section 17**.

17.2 Implementation Fees. In consideration of, and as payment in full for, Contractor's provision of implementation services as provided in this Contract and the Statement of Work, the State shall pay to Contractor the implementation fees (the "**Implementation Fees**") set forth on the Pricing Schedule, subject to and in accordance with the terms and conditions of this Contract, including the applicable timetable and other provisions of the Statement of Work and this **Section 17**.

17.3 Support Service Fees. In consideration of Contractor providing the Support Services as required under the Service Level Agreement, the State shall pay to Contractor the Support Services fees (the "**Support Service Fees**") set forth in the Pricing Schedule, subject to and in accordance with the terms and conditions of this Contract, including the applicable provisions of the Service Level Agreement and this **Section 17**.

17.4 Firm Pricing/Fee Changes. All Pricing set forth in this Contract is firm and will not be increased, except as otherwise expressly provided in this **Section 17.4**.

(a) The License Fee will not be increased at any time except for the addition of additional licenses, the fees for which licenses will also remain firm in accordance with the Pricing set forth in the Pricing Schedule.

18. Invoices and Payment.

18.1 Invoices. Contractor will invoice the State for Fees in accordance with the requirements set forth in the Statement of Work, including any requirements that condition the rendering of invoices and the payment of Fees upon the successful completion of Milestones. Contractor must submit each invoice in both hard copy and electronic format, via such delivery means and to such address as are specified by the State in the Statement of Work.

18.2 Payment. Invoices are due and payable by the State, in accordance with the State's standard payment procedures as specified in 1984 Public Act no. 279, MCL 17.51, *et seq*., within forty-five (45) calendar days after receipt, provided the State determines that the invoice was properly rendered. The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at http://www.michigan.gov/cpexpress to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment.

18.3 Taxes. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services or Deliverables purchased under this Contract are for the State's exclusive use. Notwithstanding the foregoing, all Fees are inclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

18.4 Payment Disputes. The State may withhold from payment any and all payments and amounts the State disputes in good faith, pending resolution of such dispute, provided that the State:

(a) timely renders all payments and amounts that are not in dispute;

(b) notifies Contractor of the dispute prior to the due date for payment, specifying in such notice:

(i) the amount in dispute; and

(ii) the reason for the dispute set out in sufficient detail to facilitate investigation by Contractor and resolution by the parties;

(c) works with Contractor in good faith to resolve the dispute promptly; and

(d) promptly pays any amount determined to be payable by resolution of the dispute.

Contractor shall not withhold any Services or fail to perform any obligation hereunder by reason of the State's good faith withholding of any payment or amount in accordance with this **Section 18.4** or any dispute arising therefrom.

18.5 Right of Setoff. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any undisputed amount owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

18.6 Responsibility for Costs. Contractor shall be responsible for all costs and expenses incurred in or incidental to the performance of the Services, including but not limited to all travel costs, and all other costs of doing business.

19. Intellectual Property Rights

19.1 Ownership Rights in Software

(a) Subject to the rights and licenses granted by Contractor in this Contract and the License Agreement, and the provisions of **Section 19.1(b)**:

(i) Contractor reserves and retains its entire right, title and interest in and to all Intellectual Property Rights arising out of or relating to the Software; and

(ii) none of the State or Authorized Users acquire any ownership of Intellectual Property Rights in or to the Software or Documentation as a result of this Contract.

(b) As between the State, on the one hand, and Contractor, on the other hand, the State has, reserves and retains, sole and exclusive ownership of all right, title and interest in and to User Data, including all Intellectual Property Rights arising therefrom or relating thereto.

19.2 Rights in Open-Source Components. Ownership of all Intellectual Property Rights in Open-Source Components shall remain with the respective owners thereof, subject to the State's rights under the applicable Open-Source Licenses.

19.3 Rights in Third-Party Software. Ownership of all Third-Party Software, and all Intellectual Property Rights therein, is and will remain with its respective owners, subject to any express licenses or sublicenses granted to the State under this Contract and the Third-Party Licenses.

19.4 Ownership Rights in API and Work Product. The State is and will be the sole and exclusive owner of all right, title, and interest in and to all API and Work Product developed exclusively for the State under this Contract, including all Intellectual Property Rights. In furtherance of the foregoing:

(a) Contractor will create all API and Work Product as work made for hire as defined in Section 101 of the Copyright Act of 1976; and

(b) to the extent any API or Work Product do not qualify as, or otherwise fails to be, work made for hire, Contractor hereby:

(i) assigns, transfers, and otherwise conveys to the State, irrevocably and in perpetuity, throughout the universe, all right, title, and interest in and to such API and Work Product, including all Intellectual Property Rights; and

(ii) irrevocably waives any and all claims Contractor may now or hereafter have in any jurisdiction to so-called "moral rights" or rights of *droit moral* with respect to the API and Work Product.

Notwithstanding the above, the State and Contractor acknowledge and agree that the API and Work Product shall be limited solely to the State specific customized modules, interfaces and source code developed, produced, and created expressly and solely for the State at the State's sole cost and expense. For the avoidance of doubt, any modules, interfaces and source code that is created by Contractor as part of its customary design, implementation, warranty and maintenance processes shall remain Contractor Property.

20. State Data.

20.1 Ownership. The State's data ("**State Data**"), which will be treated by Contractor as Confidential Information, includes: (a) User Data; and (b) any other data collected, used, processed, stored, or generated by the State in connection with the Services, including but not limited to (i) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Services, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and (ii) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Services, which is defined under the Health Insurance Portability and Accountability Act ("**HIPAA**") and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This **Section 20.1** survives termination or expiration of this Contract.

20.2 Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Services, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Services. Contractor must: (a) keep and

maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Services, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This **Section 20.2** survives termination or expiration of this Contract.

20.3 Loss or Compromise of Data. In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than forty-eight (48) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twelve (12) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within ten (10) calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. This **Section 20.3** survives termination or expiration of this Contract.

20.4 Data Retention. Specific data retention requirements for the State will be set forth in the Statement of Work.

20.5 Discovery. Contractor shall immediately notify the State upon receipt of any requests which in any way might reasonably require access to State Data or the State's use of the Software. Contractor shall notify the State by the fastest means available and also in writing. In no event shall Contractor provide such notification more than twenty-four (24) hours after Contractor receives the request. Contractor shall not respond to subpoenas, service of process, FOIA requests, and other legal requests related to State Data without first notifying State and obtaining the State's prior approval of Contractor's proposed responses. Contractor agrees to provide its completed responses to the State with adequate time for review, revision and approval

21. Confidential Information. Each party acknowledges that it may be exposed to or acquire communication or data of the other party that is confidential in nature and is not intended to be disclosed to third parties. This **Section 21** survives termination or expiration of this Contract.

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

21.2 Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to the Contractor's subcontractor is permissible where: (a) the subcontractor is a Permitted Subcontractor; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Permitted Subcontractor's responsibilities; and (c) Contractor obligates the Permitted Subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any of the Contractor's Representatives may be required to execute a separate agreement to be bound by the provisions of this **Section 21.2**.

21.3 Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has

violated or intends to violate the terms of this Contract. Each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

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

21.5 Surrender of Confidential Information upon Termination. Upon termination or expiration of this Contract or a Statement of Work, in whole or in part, each party must, within five (5) Business Days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control. If Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and certify the same in writing within five (5) Business Days from the date of termination to the other party.

22. ADA Compliance. The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. Contractor's Service Software must comply, where relevant, with level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.

23. Termination, Expiration, Transition. The State may terminate this Contract, the Support Services, or any Statement of Work, in accordance with the following:

23.1 Termination for Cause. In addition to any right of termination set forth elsewhere in this Contract:

(a) The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (i) endangers the value, integrity, or security of State Systems, State Data, or the State's facilities or personnel; (ii) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; or (iii) breaches any of its material duties or obligations under this Contract. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

(b) The Contractor may terminate this Contract for cause, in whole or in part, if State, as determined by the Contractor, violates the License Agreement attached and incorporated by reference at **Schedule C** of the Contract.

(c) If the State terminates this Contract under this **Section 23.1**, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of this Contract, the termination will be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in **Section 23.2**.

(d) The State will only pay for amounts due to Contractor for Services accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination, including any prepaid Support Services Fees. Further, Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Services from other sources.

23.2 Termination for Convenience. The State may immediately terminate this Contract in whole or in part, without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance immediately, or (b) continue to perform in accordance with **Section 23.3**. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities to the extent the funds are available.

23.3 Transition Responsibilities. Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days; the "**Transition Period**"), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract to continue without interruption or adverse effect, and to facilitate the orderly transfer of the Services to the State or its designees. Such transition assistance may include but is not limited to: (a) continuing to perform the Services at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Services to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all State Data; and (d) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, the "**Transition Responsibilities**"). The Term of this Contract is automatically extended through the end of the Transition Period.

23.4 Survival. This **Section 23** survives termination or expiration of this Contract.

24. Stop Work Order. The State may, at any time, order the Services of Contractor fully or partially stopped for its own convenience for up to ninety (90) calendar days at no additional cost to the State. The State will provide Contractor a written notice detailing such suspension (a "**Stop Work Order**"). Contractor must comply with the Stop Work Order upon receipt. Within 90 days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate this Contract. The State will not pay for any Services, Contractor's lost profits, or any additional compensation during a stop work period.

25. Contractor Representations and Warranties.

25.1 Authority. Contractor represents and warrants to the State that:

(a) It is duly organized, validly existing, and in good standing as a corporation or other entity as represented under this Contract under the laws and regulations of its jurisdiction of incorporation, organization, or chartering;

(b) It has the full right, power, and authority to enter into this Contract, to grant the rights and licenses granted under this Contract, and to perform its contractual obligations;

(c) The execution of this Contract by its Representative has been duly authorized by all necessary organizational action; and

(d) When executed and delivered by Contractor, this Contract will constitute the legal, valid, and binding obligation of Contractor, enforceable against Contractor in accordance with its terms.

25.2 Bid Response. Contractor represents and warrants to the State that:

(a) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other bidder to the RFP; 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;

(b) All written information furnished to the State by or for Contractor in connection with this Contract, including Contractor's Bid Response, 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;

(c) Contractor 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 within the previous five (5) years for the reason that Contractor failed to perform or otherwise breached an obligation of the contract; and

(d) If any of the certifications, representations, or disclosures made in Contractor's Bid Response change after contract award, the Contractor is required to report those changes immediately to the Contract Administrator.

25.3 Software Representations and Warranties. Contractor further represents and warrants to the State that:

(a) it is the legal and beneficial owner of the entire right, title and interest in and to the Software, including all Intellectual Property Rights relating thereto;

(b) it has, and throughout the license term, will retain the unconditional and irrevocable right, power and authority to grant and perform the license hereunder;

(c) the Software, and the State's use thereof, is and throughout the license term will be free and clear of all encumbrances, liens and security interests of any kind;

(d) neither its grant of the license, nor its performance under this Contract does or to its knowledge will at any time:

(i) conflict with or violate any applicable Law;

(ii) require the consent, approval or authorization of any governmental or regulatory authority or other third party; or

(iii) require the provision of any payment or other consideration to any third party;

(e) when used by the State or any Authorized User in accordance with this Contract and the Documentation, the Software or Documentation as delivered or installed by Contractor does not or will not:

(i) infringe, misappropriate or otherwise violate any Intellectual Property Right or other right of any third party; or

(ii) fail to comply with any applicable Law;

(f) as provided by Contractor, the Software does not or will not at any time during the license term contain any:

(i) Harmful Code; or

(ii) Open-Source Components or operate in such a way that it is developed or compiled with or linked to any Open-Source Components, other than Approved Open-Source Components specifically described in the Statement of Work.

(g) all Documentation is and will be complete and accurate in all material respects when provided to the State such that at no time during the license term will the Software have any material undocumented feature; and

(h) it will perform all Services in a timely, skillful, professional and workmanlike manner in accordance with commercially reasonable industry standards and practices for similar services, using personnel with the requisite skill, experience and qualifications, and will devote adequate resources to meet its obligations under this Contract.

(i) when used in the Operating Environment (or any successor thereto) in accordance with the Documentation, all Software as provided by Contractor, will be fully operable, meet all applicable specifications, and function in all respects, in conformity with this Contract and the Documentation; and

(j) no Maintenance Release or New Version, when properly installed in accordance with this Contract, will have a material adverse effect on the functionality or operability of the Software.

25.4 Disclaimer. OTHER THAN AS EXPRESSLY PROVIDED IN THIS AGREEMENT, CONTRACTOR EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, IMPLIED WARRANTY OF SATISFACTORY QUALITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. EXCEPT AS EXPRESSLY PROVIDED IN WRITING HEREIN, THERE IS NO WARRANTY THAT THE SOFTWARE DELIVERABLES OR ANY INFORMATION, COMPUTER PROGRAM, EFFORTS OR ANY SYSTEM PROVIDED BY CONTRACTOR WILL FULFILL ANY PARTICULAR PURPOSES OR NEEDS OF THE STATE.

26. Indemnification

26.1 General Indemnification. Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any Intellectual Property Right or other right of any Third Party; and (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

26.2 Indemnification Procedure. The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations. The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense, at its own cost and expense, if the State deems necessary. Contractor will not, without the State's prior written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. Any litigation activity on behalf of the State or any of its subdivisions, under this **Section 26**, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

26.3 Infringement Remedies.

(a) The remedies set forth in this **Section 26.3** are in addition to, and not in lieu of, all other remedies that may be available to the State under this Contract or otherwise, including the State's right to be indemnified for such actions.

(b) If any Software or any component thereof, other than State Materials, is found to be infringing or if any use of any Software or any component thereof is enjoined, threatened to be enjoined or otherwise the subject of an infringement claim, Contractor must, at Contractor's sole cost and expense:

(i) procure for the State the right to continue to use such Software or component thereof to the full extent contemplated by this Contract; or

(ii) modify or replace the materials that infringe or are alleged to infringe ("**Allegedly Infringing Materials**") to make the Software and all of its components non-infringing while providing fully equivalent features and functionality.

(c) If neither of the foregoing is possible notwithstanding Contractor's best efforts, then Contractor may direct the State to cease any use of any materials that have been enjoined or finally adjudicated as infringing, provided that Contractor will:

(i) refund to the State all amounts paid by the State in respect of such Allegedly Infringing Materials and any other aspects of the Software provided under the Statement of Work for the Allegedly Infringing Materials that the State cannot reasonably use as intended under this Contract; and

(ii) in any case, at its sole cost and expense, secure the right for the State to continue using the Allegedly Infringing Materials for a transition period of up to six (6) months to allow the State to replace the affected features of the Software without disruption.

(d) If Contractor directs the State to cease using any Software under **subsection (c)**, the State may terminate this Contract for cause under **Section 23.1**.

(e) Contractor will have no liability for any claim of infringement arising solely from:

(i) Contractor's compliance with any designs, specifications, or instructions of the State; or

(ii) modification of the Software by the State without the prior knowledge and approval of Contractor;

unless the claim arose against the Software independently of any of the above specified actions.

27. Liquidated Damages.

27.1 The parties agree that any delay or failure by Contractor to timely perform its obligations in accordance with the Implementation Plan and Milestone Dates agreed to by the parties will interfere with the proper and timely implementation of the Software, to the loss and damage of the State. Further, the State will incur major costs to perform the obligations that would have otherwise been performed by Contractor. The parties understand and agree that any liquidated damages Contractor must pay to the State as a result of such nonperformance are described in the Statement of Work, and that these amounts are reasonable estimates of the State's damages in accordance with applicable Law.

27.2 The parties acknowledge and agree that Contractor could incur liquidated damages for more than one event if Contractor fails to timely perform its obligations by each Milestone Date.

27.3 The assessment of liquidated damages will not constitute a waiver or release of any other remedy the State may have under this Contract for Contractor's breach of this Contract, including without limitation, the State's right to terminate this Contract for cause under **Section 23.1**, and the State will be entitled in its discretion to recover actual damages caused by Contractor's failure to perform its obligations under this Contract. However, the State will reduce such actual damages by the amounts of liquidated damages received for the same events causing the actual damages.

27.4 Amounts due the State as liquidated damages may be set off against any Fees payable to Contractor under this Contract, or the State may bill Contractor as a separate item and Contractor will promptly make payments on such bills.

28. Damages Disclaimers and Limitations.

28.1 The State's Disclaimer of Damages. THE STATE WILL NOT BE LIABLE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOST PROFITS AND LOST BUSINESS OPPORTUNITIES.

28.2 The State's Limitation of Liability. IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT.

28.3 Contractor's Limitation of Liability. EXCEPT FOR ANY INFRINGEMENT, MISAPPROPRIATION, OR OTHER VIOLATION OF ANY INTELLECTUAL PROPERTY RIGHT OR OTHER RIGHT OF ANY THIRD PARTY, IN NO EVENT WILL THE CONTRACTOR'S AGGREGATE LIABILITY TO THE STATE UNDER THIS CONTRACT REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED DOUBLE THE MAXIMUM VALUE OF THE CONTRACT.

29. Records Maintenance, Inspection, Examination, and Audit.

29.1 Right of Audit. The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain, and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to this Contract through the Term of this Contract and for four (4) years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Financial Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Financial Audit Period, Contractor must retain the records until all issues are resolved.

29.2 Right of Inspection. Within ten (10) calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Services are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of this Contract must be paid or refunded within forty-five (45) calendar days.

29.3 Application. This **Section 29** applies to Contractor, any Affiliate, and any Permitted Subcontractor that performs Services in connection with this Contract.

30. Insurance

30.1 Required Coverage.

(a) **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and

non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by an company with an A.M. Best rating of “A” or better and a financial size of VII or better.

Insurance Type	Additional Requirements
Commercial General Liability Insurance	
Minimal Limits: $1,000,000 Each Occurrence Limit $1,000,000 Personal & Advertising Injury Limit $2,000,000 General Aggregate Limit $2,000,000 Products/Completed Operations Deductible Maximum: $50,000 Each Occurrence	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0.
Umbrella or Excess Liability Insurance	
Minimal Limits: $5,000,000 General Aggregate	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds.
Automobile Liability Insurance	
Minimal Limits: $1,000,000 Per Occurrence	
Workers' Compensation Insurance	
Minimal Limits: Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimal Limits: $500,000 Each Accident $500,000 Each Employee by Disease	

$500,000 Aggregate Disease.	
Privacy and Security Liability (Cyber Liability) Insurance	
Minimal Limits: $1,000,000 Each Occurrence $1,000,000 Annual Aggregate	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.

(b) If Contractor's policy contains limits higher than the minimum limits, the State is entitled to coverage to the extent of the higher limits. The minimum limits are not intended, and may not be construed to limit any liability or indemnity of Contractor to any indemnified party or other persons.

(c) If any of the required policies provide claim-made coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of contract work; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the contract of work; and (c) if coverage is canceled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

(d) Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

30.2 Non-waiver. This **Section 30** is not intended to and is not be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

31. Dispute Resolution.

31.1 Unless otherwise specified in the Statement of Work, the parties will endeavor to resolve any Contract dispute in accordance with **Section 31** (the "**Dispute Resolution Procedure**"). The initiating party will reduce its description of the dispute to writing (including all supporting documentation) and deliver it to the responding

party's Project Manager. The responding party's Project Manager must respond in writing within five (5) Business Days. The initiating party has five (5) Business Days to review the response. If after such review resolution cannot be reached, both parties will have an additional five (5) Business Days to negotiate in good faith to resolve the dispute. If the dispute cannot be resolved within a total of fifteen (15) Business Days, the parties must submit the dispute to the parties' Contract Administrators. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

31.2 Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' Contract Administrators, and either Contract Administrator concludes that resolution is unlikely, or fails to respond within fifteen (15) Business Days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This **Section 31** does not limit the State's right to terminate this Contract.

32. General Provisions

32.1 Force Majeure.

(a) Force Majeure Events. Subject to **Subsection (b)** below, neither party will be liable or responsible to the other party, or be deemed to have defaulted under or breached this Contract, for any failure or delay in fulfilling or performing any term hereof, when and to the extent such failure or delay is caused by: acts of God, flood, fire or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date of this Contract, national or regional emergency, or any passage of law or governmental order, rule, regulation or direction, or any action taken by a governmental or public authority, including imposing an embargo, export or import restriction, quota or other restriction or prohibition (each of the foregoing, a "**Force Majeure**"), in each case provided that: (a) such event is outside the reasonable control of the affected party; (b) the affected party gives prompt written notice to the other party, stating the period of time the occurrence is expected to continue; (c) the affected party uses diligent efforts to end the failure or delay and minimize the effects of such Force Majeure Event.

(b) State Performance; Termination. In the event of a Force Majeure Event affecting Contractor's performance under this Contract, the State may suspend its performance hereunder until such time as Contractor resumes performance. The State may terminate this Contract by written notice to Contractor if a Force Majeure Event affecting Contractor's performance hereunder continues substantially uninterrupted for a period of five (5) Business Days or more. Unless the State terminates this Contract pursuant to the preceding sentence, any date specifically designated for Contractor's performance under this Contract will automatically be extended for a period up to the duration of the Force Majeure Event.

32.2 Further Assurances. Each party will, upon the reasonable request of the other party, execute such documents and perform such acts as may be necessary to give full effect to the terms of this Contract.

32.3 Relationship of the Parties. The relationship between the parties is that of independent contractors. Nothing contained in this Contract is to be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party has authority to contract for or bind the other party in any manner whatsoever.

32.4 Media Releases. News releases (including promotional literature and commercial advertisements) pertaining to this Contract or project to which it relates must not be made without the prior written approval of the State, and then only in accordance with the explicit written instructions of the State.

32.5 Notices. All notices, requests, consents, claims, demands, waivers and other communications under this Contract must be in writing and addressed to the parties as follows (or as otherwise specified by a party in a notice given in accordance with this **Section 32.5**):

If to Contractor: Kelmar Associates, LLC
500 Edgewater Drive, Suite 525
Wakefield, MA 01880
Email: David.Kennedy@kelmarassoc.com
Attention: David P. Kennedy, General Counsel & Member

With a copy to:
Catherine Zejnullahu, Associate General Counsel
Kelmar Associates, LLC
500 Edgewater Drive, Suite 525
Wakefield, MA 01880
Email: Catherine.zejnullahu@kelmarassoc.com

If to State: Malathi Natarajan
525 W. Allegan,
P.O. Box 30026,
Lansing, MI 48933
Email: natarajanm@michigan.gov
Attention: Malathi Natarajan – Buyer Specialist

Notices sent in accordance with this **Section 32.5** will be deemed effectively given: (a) when received, if delivered by hand (with written confirmation of receipt); (b) when received, if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail (with confirmation of transmission), if sent during normal business hours of the recipient, and on the next Business Day, if sent after normal business hours of the recipient; or (d) on the fifth (5^{th}) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

32.6 Headings. The headings in this Contract are for reference only and do not affect the interpretation of this Contract.

32.7 Assignment. Contractor may not assign or otherwise transfer any of its rights, or delegate or otherwise transfer any of its obligations or performance, under this Contract, in each case whether voluntarily, involuntarily, by operation of law or otherwise, without the State's prior written consent, which consent will not be unreasonably withheld or conditioned. The State has the right to terminate this Contract in its entirety or any Services or Statements of Work hereunder, pursuant to **Section 23.1**, if Contractor delegates or otherwise transfers any of its obligations or performance hereunder, whether voluntarily, involuntarily, by operation of law or otherwise, and no such delegation or other transfer will relieve Contractor of any of such obligations or performance. For purposes of the preceding sentence, and without limiting its generality, any merger, consolidation or reorganization involving Contractor (regardless of whether Contractor is a surviving or disappearing entity) will be deemed to be a transfer of rights, obligations, or performance under this Contract for which the State's prior written consent is required. Any purported assignment, delegation, or transfer in violation of this **Section 32.7** is void.

32.8 No Third-party Beneficiaries. This Contract is for the sole benefit of the parties and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to or will confer on any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Contract.

32.9 Amendment and Modification; Waiver. No amendment to or modification of this Contract is effective unless it is in writing, identified as an amendment to this Contract and signed by both parties Contract Administrator. Further, certain amendments to this Contract may require State Administrative Board Approval. No waiver by any party of any of the provisions of this Contract will be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Contract, no failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Contract will operate or be construed as a waiver. Nor will any single or partial exercise of any right, remedy, power or privilege under this Contract preclude the exercise of any other right, remedy, power or privilege.

32.10 Severability. If any term or provision of this Contract is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Contract or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto will negotiate in good faith to modify this Contract so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

32.11 Governing Law. This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in the Michigan Court of Claims. Complaints against the State must be initiated in Ingham County, Michigan. Contractor waives any objections, such as lack of personal jurisdiction or forum non conveniens. Contractor must appoint agents in Michigan to receive service of process.

32.12 Equitable Relief. Each party to this Contract acknowledges and agrees that (a) a breach or threatened breach by such party of any of its obligations under this Contract may give rise to irreparable harm to the other party for which monetary damages would not be an adequate remedy and (b) in the event of a breach or a threatened breach by such party of any such obligations, the other party hereto is, in addition to any

and all other rights and remedies that may be available to such party at law, at equity or otherwise in respect of such breach, entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction, without any requirement to post a bond or other security, and without any requirement to prove actual damages or that monetary damages will not afford an adequate remedy. Each party to this Contract agrees that such party will not oppose or otherwise challenge the appropriateness of equitable relief or the entry by a court of competent jurisdiction of an order granting equitable relief, in either case, consistent with the terms of this **Section 32.12**.

32.13 Nondiscrimination. Under the Elliott-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., Contractor and its Permitted Subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.

32.14 Unfair Labor Practice. Under MCL 423.324, the State may void any Contract with a Contractor or Permitted Subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.

32.15 Schedules All Schedules that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Schedule A	Statement of Work
Schedule B	Service Level Agreement
Schedule C	License Agreement
Schedule D	Pricing Schedule
Schedule E	Security Requirements
Schedule F	Disaster Recovery Plan

32.16 Counterparts. This Contract may be executed in counterparts, each of which will be deemed an original, but all of which together are 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 Contract. A signed copy of this Contract delivered by facsimile, e-mail or other means of electronic transmission (to which a signed copy is attached) is deemed to have the same legal effect as delivery of an original signed copy of this Contract.

32.17 Effect of Contractor Bankruptcy. All rights and licenses granted by Contractor under this Contract are and will be deemed to be rights and licenses to "intellectual property," and all Software and Deliverables are and will be deemed to be "embodiments" of "intellectual property," for purposes of, and as such terms are used in and interpreted under, Section 365(n) of the United States Bankruptcy Code (the "**Code**"). If Contractor or its estate becomes subject to any bankruptcy or similar proceeding, the State retains and has the right to fully exercise all rights, licenses, elections, and protections under this Contract, the Code and all other applicable bankruptcy, insolvency, and similar Laws with respect to all Software and other

Deliverables. Without limiting the generality of the foregoing, Contractor acknowledges and agrees that, if Contractor or its estate shall become subject to any bankruptcy or similar proceeding:

(a) all rights and licenses granted to the State under this Contract will continue subject to the terms and conditions of this Contract, and will not be affected, even by Contractor's rejection of this Contract; and

(b) the State will be entitled to a complete duplicate of (or complete access to, as appropriate) all such intellectual property and embodiments of intellectual property comprising or relating to any Software or other Deliverables, and the same, if not already in the State's possession, will be promptly delivered to the State, unless Contractor elects to and does in fact continue to perform all of its obligations under this Contract.

32.18 Compliance with Laws. Contractor and its Representatives must comply with all Laws in connection with this Contract.

32.19 Non-Exclusivity. Nothing contained in this Contract is intended nor is to be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Services from other sources.

32.20 Entire Agreement. This Contract, together with all Schedules, Exhibits, and the Statement of Work constitutes the sole and entire agreement of the parties to this Contract with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, representations and warranties, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements made in the body of this Contract, the Schedules, Exhibits, and the Statement of Work, the following order of precedence governs: (a) first, this Contract, excluding its Exhibits and Schedules, and the Statement of Work; and (b) second, the Statement of Work as of the Effective Date; and (c) third, the Exhibits and Schedules to this Contract as of the Effective Date. NO TERMS ON CONTRACTORS INVOICES, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE SERVICES, OR DOCUMENTATION HEREUNDER WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE OR ANY AUTHORIZED USER FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE AND THE AUTHORIZED USER, EVEN IF ACCESS TO OR USE OF SUCH SERVICE OR DOCUMENTATION REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

SCHEDULE A – STATEMENT OF WORK (SOW)

1. PROJECT IDENTIFICATION

1.1. PROJECT REQUEST

The State has issued this Contract for the purpose of implementing a Commercial off the Shelf Software (COTS) solution that will be used as the Michigan Department of Treasury Unclaimed Property System (UPS).

The purpose of this project is to obtain Contractor services for the implementation and configuration of a COTS software package to satisfy a need for transformation and modernization of the Michigan Department of Treasury's Unclaimed Property Systems and Processes ("Project"). The Contractor must provide a comprehensive system that meets the requirements designated in this Statement of Work. The requirements includes and is not limited to:

- Data conversion
- Migration
- System implementation
- Training
- Maintenance and support
- Services for future enhancements.

1.2. BACKGROUND

The Unclaimed Property (UP) assumes custody of unclaimed property on behalf of the State, preserves the property in trust for the owners or their heirs, and returns that property to the rightful owners or their heirs upon presentation of proof of ownership. There are several different types of unclaimed property received each year and can be separated into three main types: cash, securities, and contents from safe deposit boxes.

Background Information on the program:

The Unclaimed Property typically processes between 12,000 to 15,000 holder reports per year. Most holder reports are filed on electronic media such as on a CD-ROM, however, some holders reporting 10 properties or less may file a paper holder report. The Division has approximately 17 million properties in its unclaimed property system totaling over $2.8 billion; $1.9 billion of which has not yet been paid out to claimants. Over the past 3 fiscal years, the Division has averaged $193 million in receipts reported per year and has paid out an average of $93 million to claimants per year. Receipts include holder reports containing cash, proceeds from the liquidation of securities, dividends received, and tangible property such as jewelry, coins, and other valuables. Securities such as shares of stock, dividend reinvestment accounts, brokerage accounts, and mutual funds must be liquidated within a year of receipt. In addition, the State of Michigan conducts an annual auction of unclaimed tangible property after holding the property for about 2 years. Over the past 3 fiscal years, the Division has established an average of 70,000 claims per year and has paid an average of 44,000 claims per year. Claims may contain as little as one property for an individual or hundreds of properties for a large corporation. The current system interfaces with the State's accounting system, known as MAIN, in order to issue unclaimed property claim payments. There are approximately 30 Unclaimed Property staff that use the system regularly. The database is currently housed on a State of Michigan server. Please be advised that the State must maintain custody of unclaimed property until such property is returned to its rightful owner or their heir. .

The UPS system must collect, house, maintain and return unclaimed property. The system must also provide an interface with the daily and long-term implementation of the UP program and focus on the following:

1. Maximize the collection of receipts due to the State for safe keeping, effectively managing information and resources, allowing Unclaimed Property staff members to focus on more value-added activities.

2. Establish internal controls to ensure data integrity and accuracy to effectively safeguard property information.

3. Manage the increase in receipts and in the volume and amount of claims. Twenty years ago, the Division collected approximately $50 million in receipts and paid out approximately $10 million in claims per year. As indicated earlier, those figures have greatly increased over the last 20 years. The Division anticipates increasing receipts and claim volumes in future years, particularly with the growing popularity of the Unclaimed Property website for property searches and the continued expansion of holder and owner outreach.

4. Provide improved customer service in an environment where service demands are growing rapidly.

5. Reduce operating costs associated with the current paper-based processes.

6. Provide comprehensive management reports necessary to measure and manage workload.

More information about our Unclaimed Property Program can be found on www.michigan.gov/unclaimedproperty.

2. SCOPE OF WORK AND DELIVERABLES

2.1. IN SCOPE

The application will be hosted by the Contractor. Kelmar will host their KAPS system in its data center and maintain full responsibility of hardware operating system, system monitoring, system security and data backup.

Contractor will host the system in a US-based, Tier 4 SunGard owned data center located in Marlborough, Massachusetts. All backups and data at rest must be segregated from other clients. All data and images must be stored on Contractor's equipment, segregated from all other client's data, in a SunGard data center. The solution must provide for a dedicated and mirrored database instance that contains only the State's unclaimed property data. No other state's data shall be available on that instance, and no other state shall have access to the State's database instance.

This project consists of the following scope and activities:

Project Initiation and Planning	1.1 Project Planning 1.2 General Timeline 1.3 Confirm Infrastructure 1.4 Initial Product Installation
Requirements & Design	2.1 Requirements Definition 2.2 Functional Design
Construction & Testing	3.1 Construction and Testing Plan 3.2 Integrations 3.4 Transition and Operations Planning 3.5 System Testing 3.6 User Acceptance Testing
Implementation	4.1 Production Cutover – Final Installation 4.2 Final Product Installation Testing 4.3 Post Implementation Evaluation Report (PIER)
Warranty	5.1 Warranty
Maintenance and Support	6.1 System Maintenance
Supplemental Services	7.1 Change Request

No additional hardware or software will be required by the State.

A more detailed description of the software, services (work) and deliverables sought for this project is provided in Section 4, Work and Deliverables.

2.2. OUT OF SCOPE

The following items are out of scope for this Contract unless authorized through a future change notice.

- The Contractor will not issue checks.
- The Contractor will not process claims or holder reports.

3. Environment

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

Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided shall comply with all applicable State IT policies and standards. Contractor is required to review all applicable links provided below and state compliance in their response.

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

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

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

The State's security environment includes:

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

Web Application Security
The Bidder shall have established adequate security controls for web application(s) to provide a high level of security to protect confidentiality of data transmitted over the public internet. The controls include, but are not limited to:

- Authentication
- Authorization and access control
- Web application and server configuration (e.g., patch management, deletion of unnecessary services, separation of the operating system and the web server)
- Session management (e.g., randomly generated unique session IDs, session encryption, time-out setting for inactive session)
- Input validation (e.g., avoid shell commands, system calls, and malicious codes),
- Encryption (e.g., protect confidential or sensitive information, encryption keys, passwords, shared secret),
- Audit logs (e.g., all authentication and authorization events, logging in, logging out, failed logins).

ADA Compliance
The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. The State is requiring that Contractor's solution conform, where relevant, to level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0. Contractor may provide a description of conformance with the above mentioned specifications by means of a completed Voluntary Product Accessibility Template for WCAG 2.0 (WCAG 2.0 VPAT) or other comparable document. Contractor may consider, where relevant, the W3C's Guidance on Applying WCAG 2.0 to Non-Web Information and Communications Technologies (WCAG2ICT) for non-web software and content. Any additional compliance requirements shall be specified in the Statement of Work.

Look and Feel Standard
This application must comply with the State of Michigan's Look and Feel Standards for Web Applications and Sites: MICHIGAN.GOV BRAND ELEMENTS, POLICIES AND INFORMATION ARCHITECTURE, Version 6.5, issued May 2015. This document may be found at www.michigan.gov/somlookandfeelstandards.

The State of Michigan conforms with federal laws and policies relating to the Rehabilitation Act, Section 508 Electronic and Information Technology Accessibility Standards. Section 508 addresses various means of disseminating information, including computers, software, and electronic office equipment. It also applies to the internet, intranet, and World Wide Web. In addition, the state conforms to the World Wide Web Consortium (W3C) regarding ADA accessibility and compliance. The Web Accessibility Initiative contains strategies, guidelines, resources to make the Web accessible to people with disabilities.

The state requires all Web site content and applications to meet **Level "AA" checkpoints**. The state uses the **Web Content Accessibility Guidelines 2.0** for all references to accessibility. The How to Meet WCAG 2.0 checklist can assist developers in verifying that they have complied with all Level AA State of Michigan intentions.

No standards document can take into account every possible combination of web technology. The Project Manager or responsible agent should contact eMichigan Web Development (EWD) to inquire and receive the latest updates and specifications regarding the look and feel standards for the Michigan.gov brand elements, policies, information architecture, and accessibility and ADA compliance.

A Look and Feel review must be completed to ensure standards are met. Use the http://www.michigan.gov/dtmb-3533 form to begin the review process. The Contractor must remediate all findings by eMichgian.

For more guidance on electronic and information technology, contact:

eMichigan Web Application Development
Center for Shared Solutions
Michigan Department of Technology, Management & Budget (DTMB)
Romney Building, Ninth Floor
111 South Capitol Avenue
Lansing, Michigan 48933
contactmichigan@michigan.gov

The State Unified Information Technology Environment (SUITE):
The State will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology, which includes standards for project management, systems engineering, and associated forms and templates – shall be followed: http://www.michigan.gov/suite

Agency Specific Technical Environment
The current application and database (test and production) are hosted by DTMB on a Dell Power Edge 2950 Physical Windows Server (HCS271UPS2PD001). The Operating System is Windows Server 2008, Enterprise x64 Edition. The server has 4 CPU processors (4 dual core) Intel Xeon X5450, 3 GHz processor clock speed, RAID 1, 2 x 146 GB of available disk space, 2 SAN ports, 432 GB SAN.

4. WORK AND DELIVERABLES

4.1. SERVICES AND DELIVERABLES TO BE PROVIDED

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

The following table lists the high-level phases as well as the required milestones, deliverables and tasks.

Ref. #	Phase	Milestone/Deliverable Task or Artifact
4.1.1.	**Project Initiation and Planning**	4.1.1.1. Project Planning
		4.1.1.2. General Timeline
		4.1.1.3. Confirm Infrastructure
		4.1.1.4. Initial Product Installation
4.1.2.	**Requirements and Design**	4.1.2.1. Requirements Definition
		4.1.2.2. Functional Design
4.1.3.	**Construction and Testing**	4.1.3.1. Construction and Testing Plan (SEM 02-Exp)
		4.1.3.2. Integrations to SIGMA
		4.1.3.3. Transition and Operations Planning
		4.1.3.4. System Testing
		4.1.3.5. User Acceptance Testing
4.1.4.	**Implementation**	4.1.4.1. Production Cutover - Final Product Installation
		4.1.4.2. Final Product Installation Testing
		4.1.4.3. Post Implementation Evaluation Report (PIER)
4.1.5.	**Warranty**	4.1.5.1. Warranty
4.1.6.	**Maintenance and Support**	4.1.6.1. System Maintenance
4.1.7.	**Supplemental Services**	4.1.7.1. Change Request

4.1.1. PHASE: PROJECT INITIATION AND PLANNING

Objective
The objective of the Project Initiation and Planning Phase is for the project management team to develop the project definition and planning tools and artifacts for the Michigan Department of Treasury Unclaimed Property System Project.

Description
The following activities are performed during initiation and planning and continue through the project execution, as appropriate and necessary to control and report on the project.

Tasks
4.1.1.1. Project Planning
4.1.1.2. General Timeline
4.1.1.3. Confirm Infrastructure
4.1.1.4. Initial Product Installation

4.1.1.1. Project Planning

4.1.1.1.1. Project Charter (PMM 002)

The Project Charter communicates the existence of a project once the Contractor is awarded the Contract for implementation. It contains vital information about the project and its leadership.

The State – with Contractor input – shall create this deliverable.

Deliverables

- Project Charter

State Responsibility

- Create and submit Project Charter

Contractor Responsibility

- Provide input and clarifications to the State as needed

Acceptance Criteria

- None required – State Deliverable

4.1.1.1.2. Project Management Plan (PMM 003-Exp)

The Project Management Plan ("PMM") shall address all components of the SUITE PMM-003-Exp. The Project Management Plan creates a consistent, coherent document that is used to guide both Project execution and Project control. The State - with input from the Contractor - will create the Project Management Plan and its subcomponents and maintain the document throughout the life of the project. The State is responsible for establishing the overall Project Management Plan. The Contractor is also responsible for creating these plans, as they relate to their project activities. The State will incorporate the Contractor plan into a State document that will be followed during project execution. At a minimum, the Project Management Plan shall include: General Project Information (points of contact, phone numbers, etc.), Project Executive Summary, Detailed Project Scope Statement, Resource Planning, Project Budget Estimate, Communications Planning, Quality Planning and Risk Planning.

Deliverables

- Project Management Plan (PMM 003-Exp)

State Responsibility

- Create the Project Management Plan (PMM-003-Exp) and subcomponent plans
- Provide access to policies and procedures
- Provide State project resource estimates for State specific tasks
- Review and update the Project Management Plan

Contractor Responsibility

- Provide input and clarifications to the State as needed

Acceptance Criteria

- None required – State Deliverable

4.1.1.1.3. Project Phase Kick-off Meetings

The Project Kickoff meeting provides opportunities to recognize the start of the project formally, meet project participants, communicate a shared view of the project, ensure understanding of the approved project charter, and clarify next steps for staff.

Timeframe

- Kick-off Meeting shall be held within 15 business days of Effective Date of the Contract.

Deliverables

- None for this task

State Responsibility

- Provide input to agenda for Kick-off Meetings
- Attend Kick-off Meetings

Contractor Responsibility

- Develop specific objectives and agenda for the Kick-off Meetings
- Schedule and chair the Kick-off Meetings
- Generate meeting record for the Kick-off Meetings

Acceptance Criteria

- Completion of Project Kick-off Meeting

4.1.1.1.4. Create Status Report - Weekly Reporting

The Contractor shall prepare a weekly project status report and submit it to the State project management team. The weekly status report shall follow the PMM defined format and content, and cover the previous weekly period.

As part of the Weekly Status Report, the Contractor shall submit Action Items, Issues and Risk items, identify any staffing problems and other issues that may affect the project scope, schedule, budget or work products.

Deliverables

- Weekly Status Report

State Responsibility

- Review weekly status reporting format and content
- Review the Weekly Status Reports
- Chair Weekly Status Reporting meetings

Contractor Responsibility

- Comply with the PMM defined Status Report format and content
- Completion of Weekly Project Status Reports
- Attend the Weekly Status Reporting meetings

Acceptance Criteria

- Status reports submitted weekly by the Contractor to the State.

4.1.1.1.5. Create/Update Issue & Risk Report – As Needed

The State is responsible for establishing issues and risk reporting and process, including the identification and recording of issues/risk items, prioritization, definition of mitigation strategies, monitoring of items, and regularly scheduled assessment reviews with the Contractor.

The State will provide a tool for issue and risk tracking. All project staff are requested and encouraged to identify and report issues and risks. Managing, mitigating and/or eliminating assigned issues/risks are the responsibility of the State, with assistance from the Contractor.

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

Level 1 – Business leads
Level 2 – Project Managers

Deliverables

- Issue/risk report and process

State Responsibility

- Provide the issue and risk tracking document/tool
- Identify the criteria to categorize, prioritize and determine the severities for issues and risks
- Submit issues and risks, and determine mitigations/resolutions
- Determine how issues shall be assigned
- Include escalation procedures for issues and risks

Contractor Responsibility

- Submit Issues and Risks, and recommend mitigations/resolutions
- Collaborate with State on tools and processes for issue and risk management
- Provide input to the criteria to categorize, prioritize and determine the severities for issues and risks
- Correction of all issues and risks assigned to the Contractor
- Inclusion of issue/risk reporting as part of the weekly status meetings
- Identify timeframes for resolution and mitigation plans for issues and risks

Acceptance Criteria

- None required - State deliverable

4.1.1.2. General Timeline

The proposed rollout plan approach and dates are validated, refined, and confirmed. The Contractor detailed Project Schedule artifact is prepared.

4.1.1.2.1. Project Schedule

The Contractor is required to provide a project schedule that details the tasks and resources (including State and Contractor staff) (the “Project Schedule”). The Contractor shall work with the State to update the Project Schedule. The updated Project Schedule shall contain, at a minimum, the following level of detail:

- Deliverables and Milestone tasks
- Dependency Relationships
- Task expected start and finish dates
- Task actual start and finish dates
- Task durations
- Task actual work effort (percent complete)
- Task description
- Resource allocation (by individual role) for each task, including State positions

This detailed schedule will feed or link to the Implementation Plan, which will be prepared and maintained by the State.

Timeframe

- The final Project Schedule shall be completed within thirty (30) days from Contract Start Date

Deliverables

- Project Schedule

State Responsibility

- Incorporate the Contractor Project schedule into Implementation Plan
- Provide status and clarifications to the project team, as needed
- Provide access to policies and procedures related to Contractor deliverables
- Review, maintain and report on the Implementation Plan

Contractor Responsibility

- Update the Contractor Project Schedule
- Review, maintain and report on the Contractor Project Schedule
- Provide input and clarifications to the State as needed
- Correct any issues identified by the State

Acceptance Criteria

- Approval of Contractor Project Schedule

4.1.1.2.2. Update Project Schedule – Weekly Reporting

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

Deliverables

- Updated Contractor detailed Project Schedule

State Responsibility

- Create and update the Implementation Plan

Contractor Responsibility

- Update the Contractor detailed Project Schedule

Acceptance Criteria

- Approval of the updated Contractor detailed Project Schedule

4.1.1.3. Confirm Infrastructure

This step ensures that the project infrastructure is in place. This includes location, network, hardware, development software, and associated logistics. The Technical Architecture Plan artifact is created.

Confirmation of the project infrastructure is usually done in parallel with a review of the technical infrastructure. This review includes network, hardware, operating system and desktop software, and determination of what changes in infrastructure, if any, are required for the production system.

4.1.1.3.1. Enterprise Architecture (EA) Solution Assessment Worksheet

This worksheet documents the Contractor's proposed tools and provides the number of licenses needed for the project team. Any exceptions to the preferred software/tools listed in the Contractor EA Solution Assessment Worksheet require documented justification from the Contractor.

The State and the Contractor will review the Preliminary EA Solution Assessment (Attachment E) that the Contractor submitted with its proposal and identify any issues that needs to be addressed. The Contractor will

then participate in EA Solution Assessment workshops with the Enterprise Architecture group to review, discuss and complete the final EA Solution Assessment Worksheet. The State will assign a liaison from the State project team to work with the Enterprise Architecture group and track the overall progress of the work sessions and approval of the final EA Solution Assessment. The Contractor then submit a Final EA Solution Assessment to the State for their review and approval.

Deliverables

- EA Solution Assessment Worksheet

State Responsibility

- Assign a project liaison to work with the EA group
- Provide input and clarifications to the Contractor as needed
- Collaborate with Contractor to complete the EA Solution Assessment Worksheet
- Review and approve the Contractor's EA Solution Assessment Worksheet

Contractor Responsibility

- Collaborate with State on the necessary hardware and software provisions
- Document all necessary hardware and software
- Document the use of all hardware and software
- Create EA Solution Assessment Worksheet

Acceptance Criteria

- Approval of EA Solution Assessment Worksheet

4.1.1.3.2. Project Security Plan & Assessment

The Contractor shall provide input to the Office of Enterprise Security (OES) to support the Security Plan and Assessment for the State of Michigan Department of Treasury Unclaimed Property System. In this task, the Contractor shall engage the Project's Security Liaison, review State and Agency Security Policies, and comply with the process to complete the Security Plan and Assessment, including Data Classification and System Criticality sections. When establishing the Security Plan, identify any security risks, and describe how those risks will be mitigated.

Deliverables

- Security & Assessment Plan

State Responsibility

- Create the Security Plan & Assessment
- Provide acceptable Contractor security access to project environments

Contractor Responsibility

- Provide input to the Security Plan & Assessment
- Collaborate with State on the necessary security architecture, features, processes and procedures
- Comply with the State's described security approach for the project environments

Acceptance Criteria

- None Required – State deliverable

4.1.1.3.3. Technical Architecture Plan

The Contractor shall provide a Technical Architecture Plan containing detailed technical architectural diagrams with textual support describing the system, its function, software deployed to it, and how the State of Michigan Department of Treasury Unclaimed Property System interacts with the other systems contained in the overall architecture. This information shall be provided for each of the **three (3) environments** required for the project: Development, UAT, and Production. The Technical Architecture Plan shall be kept up to date throughout the project if any changes are made to the technical architecture. The technical architecture plan shall include:

- Overall detailed architectural diagrams, including network topology, protocols and features, such as encryption, connection types and transfer rates where appropriate
- Required servers and their general specifications, identifying each server by its purpose, security zone, and environment
- Required software for each server, including number of licenses and versions
- Encryption for sensitive data in flight and at rest
- Touch points to other systems
- Security Policy, Access Control and Auditing
- Obfuscation of sensitive data and session security
- All major system components, data flows and how they are installed in each server environment
- Other software required, such as client licensing, including the total number of licenses and the structure of pricing and usage of the licenses (floating vs. workstation)

Deliverables
- Technical Architecture Plan

State Responsibility
- Provide input and clarifications to the Contractor as needed
- Provide State of Michigan standards for existing Enterprise Architecture
- Make available the appropriate personnel per the resource plan, to attend in the Technical Architecture requirement/design sessions
- Review and approve the Technical Architecture Plan

Contractor Responsibility
- Review State of Michigan architecture and technical standards
- Compliance with the technical requirements documented in this Contract
- Create Technical Architecture Plan that is compliant with the State's Enterprise Architecture

Acceptance Criteria
- Approval of Technical Architecture Plan

4.1.1.4. Initial Product Installation

4.1.1.4.1. Environment Installations

The Contractor is responsible for working with the State to install the necessary hardware and software in accordance with the environment installation plans. The Contractor shall ensure that all operating systems, services, security controls, and software are properly installed. The Contractor shall document the results of each environment build when installed, as per the approved project schedule.

The State of Michigan can typically procure equipment suitable for a development environment in 90 days from the contract start date. If the development environment requires non-standard state configurations, it can add substantial time to the procurement process.

Deliverables
- Environments built

State Responsibility
- Provide Contractor access to server environments
- Purchase and Install all hardware and operating systems as necessary
- Configure hardware and software as necessary
- Configure any network devices as necessary
- Create users as needed and configure users into necessary security groups
- Apply security policy to permit or deny access by Contractor staff
- Install system certificates
- Review and approve all environment builds

Contractor Responsibility

- Install and configure all hardware and software as necessary
- configure any network devices as necessary
- Create users as needed and configure users into necessary security groups
- Install and deploy final installation of all environments

Acceptance Criteria

- Completion of all environment builds

4.1.1.4.2. Environment Installation Testing

Upon completion of the installation of the environment, the Contractor shall execute their installation tests to validate that installation was executed successfully.

The installation testing shall include testing the connectivity to the State network infrastructure, as well as testing of the security access appropriate to the security zone that the environment is installed within. The Contractor shall define and document the plan for testing failure points and the appropriate mitigation strategies. The Contractor is expected to work with State to conduct these runs and review the results. The Contractor is responsible for demonstrating that the complete environment can be restored to a fully operation state, with efficiency.

Deliverables

- Environments fully tested

State Responsibility

- Support the Contractor installation tests
- Communicate any issues and defects to the Contractor for resolution

Contractor Responsibility

- Complete the environment installation tests

Acceptance Criteria

- Completion of environment installation tests

4.1.2. PHASE: REQUIREMENTS AND DESIGN

Objective

The objective of the Requirements & Design Phase is to develop a mutual understanding between the business owners/users and the project team with regards to the business requirements stated in Attachment C – Requirements Matrix for this project. The Contractor will map the 'what to do' of the requirements specification into the 'how to do' of the design specifications. Finally, the user-oriented functional design specifications are translated into a set of technical system design specifications.

Description

The Project Teams will be defined and the Contractor shall complete the definition sessions to understand the State's requirements and overall functionality of the system. The following tasks are performed during the requirements and design phase and continue through the project execution, as appropriate and necessary to control and report on the project.

Tasks

- Requirements Definition
- Functional Design

4.1.2.1. Requirements Definition

The Requirements Definition task develops a basis of mutual understanding between the business owner/users and the project team with regards to the business requirements of the State of Michigan Unclaimed Property System/Solution. The result of this understanding is a mutually agreed upon Requirements Specification – which becomes the initial baseline for product design. The functional and technical/general requirements for the system are reviewed and confirmed.

Activities include:

- Select Requirements Analysis Technique
- Define System Requirements
- Compile and Document System Requirements
- Develop System Test Requirements
- Develop Acceptance Test Requirements
- Establish Functional Baseline

Deliverables

- Initiation and Requirement sections of the Initiation, Requirements and Design Plan (SEM 01-Exp), including attached SEM templates

State Responsibility

- Complete Infrastructure Services Request (DIT-0184)
- Develop Acceptance Test Requirements
- Provide input to Contractor on Initiation and Requirements sections of SEM 01-Exp
- Participate in system requirement workshops and sessions as needed
- Review Initiation and Requirements sections of the Initiation, Requirements and Design Plan (SEM 01-Exp) including required SEM templates

Contractor Responsibility

- All of the product design requirements related to the hardware and software installation and configuration for UAT and production environments will be the responsibility of Kelmar.
- Verification of functional requirements, technical/general and services requirements
- Lead requirement workshops and sessions to confirm and finalize functional, technical/general and services requirements with the State
- Provide input and clarifications to the State as needed
- Complete Initiation and Requirements sections of Initiation, Requirements and Design Plan (SEM 01-Exp)
- Develop System Test Requirements

Acceptance Criteria

- Completion of Initiation and Requirements sections of the Initiation, Requirements and Design Plan (SEM 01-Exp) including required SEM templates

4.1.2.2. Functional Design

During Functional Design the ‘what to do’ of the requirements specification are mapped into the ‘how to do it’ of the design specifications. During this activity, the overall structure of the system is defined from a functional viewpoint. The functional design describes the logical system flow, data organization, system inputs and outputs, and processing rules including response time optimization. The goal of this activity is to define and document the functions of the system to the extent necessary to obtain the system owner and users’ approval to the level of detail necessary to configure the system. The functional and technical/general requirements are all mapped to system design specifications. The Contractor must Identify and write all needed interfaces to the State systems. Any one-off interfaces after go live, will have to follow a change order process as defined in section 7.3 System Change Management.

Activities include:

- Determine System Structure
- Design Content of System Inputs & Outputs to SIGMA
- Design System Interfaces
- Design System Security Controls
- Develop Functional Design
- Develop Test Cases

Deliverables

- Design Plan section of Initiation, Requirements and Design Plan (SEM 01-Exp) including required SEM templates

State Responsibility

- Review Initiation, Requirements and Design Plan (SEM 01-Exp)
- Provide input to Contractor on Initiation and Requirements sections of SEM 01-Exp
- Participate in functional design workshops and sessions
- Provide input to Contractor on required response time
- Develop User Acceptance Test Cases
- Attend walkthrough of Initiation, Requirements and Design Plan (SEM 01-Exp)

Contractor Responsibility

- Lead functional design workshops and sessions to confirm and finalize functional design with the State
- Provide input and clarifications to the State as needed
- Complete functional system design
- Complete technical/general design
- Develop System Test Scenarios
- Complete Design section of Initiation, Requirements and Design Plan (SEM 01-Exp)
- Update Initiation, Requirements and Design Plan (SEM 01-Exp)
- Conduct walkthrough of Initiation, Requirements and Design Plan (SEM 01-Exp)

Acceptance Criteria

- Approval of the Initiation, Requirements and Design Plan (SEM 01-Exp) including required SEM templates.

4.1.3. PHASE: CONSTRUCTION & TESTING

Objective

The objective of the Construction and Testing Phase is to configure the system to conform to the system design specifications.

Description

The tasks and activities of this stage result in the transformation of the system design into the complete executable representation of the system. Functionality is tested to determine the system meets predetermined functionality, performance, quality, and security requirements. System testing is conducted to validate the system will operate in its intended environment, satisfies all the user requirements, and is supported with complete and accurate documentation. User Acceptance Testing (UAT) follows system testing, and solicits feedback from users for the Contractor to make any final adjustments before releasing the system for implementation.

Tasks

4.1.3.1. Construction and Testing Plan (SEM 02-Exp)
4.1.3.2. Integrations
4.1.3.3. Transition and Operations Planning
4.1.3.4. System Testing
4.1.3.5. User Acceptance Testing (UAT)

4.1.3.1. Construction and Testing Plan (SEM 02-Exp)

The Contractor is responsible for completing the Construction and Testing Plan which contains the essentials for test reporting, transition planning, installation planning and State acceptance of the tested system.

Deliverables

- Construction and Testing Plan (SEM 02-Exp)

State Responsibility

- Provide timely feedback and information required by the Contractor
- Attend walkthrough of Construction and Testing Plan

Contractor Responsibility

- Solicit information from the State as needed
- Complete initial Construction and Testing Plan (SEM 02-Exp)
- Conduct walkthrough of Construction and Testing Plan

Acceptance Criteria

- Approval of Construction and Testing Plan (SEM 02-Exp)

4.1.3.2. Integrations

Contractor must provide system interfaces/integration to the applications identified in Attachment C.

Deliverables

- Interface Design documents
- Integration from Current Software to Future Software
- Integrations to SIGMA must be completed after November 2017
- Interface with FileNet.
- Interface with Filent P8 Imaging
- Interface with CEPAS

State Responsibility

- Assist in creating the Interface Design documents
- Provide documentation on required interfaces
- Provide input and clarifications to the Contractor as needed

Contractor Responsibility

- Coordinate with the State on questions and problems relating to interfaces
- Identify modifications needed to required interfaces
- Create Interface Design documents
- Develop interfaces
- Perform unit testing on interfaces

Acceptance Criteria

- Approval of Contractor prepared Interface Design document
- Demonstration of successful integration current software and future software.
- System is integrated with SIGMA for testing by the beginning of February 2018

4.1.3.3. Transition and Operations Planning

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

- Transition schedules and tasks
- Software deployment strategy
- Personnel requirements

- Facilities
- Risk Mitigation Strategies
- Management Controls
- Reporting
- Acceptance Criteria
- Data conversion

Contractor shall work with the State to identify relationships and responsibilities between the Contractor and State personnel for data conversion operations transition. During this process, Contractor shall gather information as is available from State, including:

- Complete listing of all systems to be converted
- Database schemas for each system to be converted
- Database dictionaries for each system to be converted
- Details of any known data issues
- Electronic copies, delivered securely, of all known system data

State shall be responsible for identifying each data source to be converted, data tables, and other elements to be converted, as well as for providing record counts for all tables to be converted and final record counts in KAPS tables post conversion. Additionally, State shall be responsible for reviewing and approving numerical totals for all dollar and share columns for all tables, and final numerical totals in KAPS tables post conversion. State shall also provide historical context for data elements, and explain and expand on requested information necessary to facilitate conversion deliverables.

Deliverables

- Operations Transition Plan

State Responsibility

- Review and approve the Operations Transition Plan
- Provide input and clarifications to the Contractor as needed

Contractor Responsibility

- Develop an Operations Transition Plan
- Define the relationships and responsibilities between the Contractor and State personnel

Acceptance Criteria

- Approval of Operations Transition Plan

4.1.3.4. System Testing

The Test Plan created in the Construction and Testing Template (SEM 02-Exp) is executed for system testing. Once the product is fully integrated, system testing is conducted to validate that the product will operate in its intended environment, satisfies all user requirements, and is supported with complete and accurate operating documentation. Anomalies identified at this step are recorded and tracked to resolution.

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

The State is responsible for supporting the Contractor in system testing of the entire Michigan Department of Treasury Unclaimed Property System Project.

The Contractor shall also correct defects discovered during system testing by following normal application development procedures – modifying the appropriate configuration items in the development environment, unit and integration testing the change, and promoting the configuration and new development items to the testing environment.

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

The Contractor shall complete system and vendor unit testing. The Contractor shall correct defects discovered during system testing by following normal application development procedures – modifying the appropriate configuration items in the development environment, system testing, unit testing and integration testing the change, and promoting the configuration and new development items to the testing environment per the schedule as agreed by the State .

The Contractor shall then deliver test cases and their respective results to the State. User acceptance testing (UAT) shall be performed per the section 4.1.3.5. If any defects are identified by the State, the State will compare those defects to the Contractor's test case results. If the defects were not identified by the Contractor, the State will assess liquidated damages for every unidentified defect as identified in section 8.2, Final Acceptance.

Contractor's approach for completing system testing:

- Contractor and the State, based on their assigned conversion responsibilities, shall identify applicable test scripts and installation instructions, adapt them to the software application specifics, test the business process, and compare with the documented expected results.
- Contractor and the State, based on their assigned conversion responsibilities, shall execute the applicable test scripts that complete the conversion and compare execution results with the documented expected results.
- The State is responsible for documenting the technical specifications of all programs that extract and format data from the legacy systems for use by the conversion processes. This refers to any interfaces from the State's existing unclaimed property system to other State or external systems, such as check writing interfaces, advertising formats, cash receipts imports. This would include any transfers of information to and from the existing unclaimed property system.
- Contractor and the State, based on their assigned conversion responsibilities, shall develop and Unit Test their assigned conversions.

The State and Contractor shall jointly conduct system and integration testing, verifying and validating the accuracy and completeness of the conversions. The State and Contractor shall jointly verify and validate the accuracy and completeness of the conversions for acceptance testing and production.

Deliverables

- System Test results

State Responsibility

- Provide assistance and input to Contractor on data and test scenarios necessary to support testing
- Approval of the testing plan
- Review test data
- Assist with the creation of the system test schedule and test procedures
- Review failed test scenarios
- Participate in status meetings

Contractor Responsibility

- Create test scripts
- Review test data
- Create test procedures
- Execute test scripts
- Conduct tests to validate results
- Document test results
- Record defects
- Modify test scripts, if needed

- Create additional test scripts and scenarios, if needed
- Retest resolved defects and perform regression testing
- Ensure that data is loaded to the Test Environment
- Provide customized data or interface files, as needed
- Correct defects found
- Conduct status meetings

Acceptance Criteria

- All system tests pass

4.1.3.5. User Acceptance Testing (UAT)

The Test Plan created in the Construction and Testing Template (SEM 02-Exp) is executed for User Acceptance Testing. Anomalies identified at this step are recorded and tracked to resolution, via defined defect log and schedule of planned releases to correct. User Acceptance Testing begins upon completion of System Testing.

The Contractor shall schedule, coordinate, and monitor all UAT activities. The State is responsible for providing end users and SMEs to perform UAT.

The Contractor will devise the test with the end user but the Contractor will implement the testing. The State will provide assistance and input to assist Contractor with the development of appropriate test data.

The Contractor shall also correct defects discovered during UAT by following normal application development procedures – modifying the appropriate configuration items in the development environment, unit and integration testing the change, and turn over the test cases to the State. Contractor shall continue to provide comprehensive list of defects. Contractor shall list defects and enhancements separately in the defect log. Contractor shall include release schedule for all defects and enhancements in the defect log.

State shall conduct user acceptance testing with vendor's assistance per the schedule decided during regular weekly meetings unless it is an emergency (e.g., UAT cannot continue until the problem is resolved).

The State will take the lead on conducting UAT. The Contractor is responsible for participating and supporting the State users in UAT of the entire Michigan Department of Treasury Unclaimed Property System Project. This activity includes specifying dates and time for end users to conduct testing, training on any tools to assist end users on how test results will be produced, viewed, and reported.

The Contractor will train the State UAT team in the functionality and capabilities of Michigan Department of Treasury Unclaimed Property System before conducting the UAT task.

The Contractor will review common defects reported in UAT testing and collaborate with the State to improve configuration, development and testing processes with the objective of minimizing the occurrence of these issues and improving the efficiency.

Below is the Contractor's initial training and support plan. The Contractor will work with the State and develop a final training plan documenting how State staff will be trained on how to operate and maintain the Michigan Department of Treasury Unclaimed Property System. The plan shall include a list of all formal courses provided by the Contractor to State staff along with who should attend each class. The Contractor shall also provide a list of any pre-requisite classes the State staff needs to operate and maintain the System.

Contractor's initial training and support plan:

Contractor's training and support specialists will be available in State offices or remotely as required. Below are the training options:

- Pre-Implementation: Forty (40) Contractor staff hours of onsite State staff training before the implementation date.

    - Training delivered to Power Users nine (9) months prior to implementation; training delivered to all other users ninety (90) days before implementation
    - Comprehensive test cases and situations
    - Webinar follow-up sessions
    - Training materials including but not limited to documents and videos
- Post-Implementation: Full-time Contractor staff member onsite at State offices
    - Ongoing training sessions provided as needed
    - Access to Contractor support staff during normal business hours
- Support and Documentation:
    - Electronic documentation including system functional documentation and system workflow documentation
    - Documented support process
    - Weekly status meeting for issues review
    - Online issue tracking and management system

Training Strategy and Deliverables

Below is the Contractor's comprehensive training plan to meet implementation, operation and configuration needs of the State. Include in the training plan are the following:

    - Listing of recommended audience
    - Description of user training
    - Recommended pre-requisite skills and the level of expertise required to support and operate the Michigan Department of Treasury Unclaimed Property System
- Instructor-Led Class Training: This method will help build the in-depth knowledge and hands-on experience that State employees will need to succeed in their job role. From in-class demonstrations led by experienced Contractor instructors, to realistic hands-on labs, Instructor-Led Class Training courses provide a dynamic learning environment. The instruction will target to train users and selected Subject Matter Experts (SMEs).
- End-User Training: This method will help meet the following training objectives:
    - Developing "In House" experts and end-user support channels that involve and leverage internal resources plus SMEs
    - Leveraging statewide access to computers and the Web by accessing online courses whenever possible to lessen time away from the job and reduce travel costs.
- Train the Trainer: This method will help meet training objectives for unclaimed property programs with large staff size.
    - Train-the-trainer sessions will prepare SMEs to present information effectively, respond to participant questions and lead activities that reinforce learning. They also direct participants to supplementary resources and reference materials. Instructors learn to lead discussions, listen effectively, make accurate observations and help participants to link training to their jobs all while communicating issues as well as users' concerns to the Contractor KAPS staff.
    - In the train-the-trainer model, a new SME will attend sessions and an experienced instructor from Contractor will teach. Once they complete each section the SME will practice teaching segments to other participants.
    - Initial overview of the material will be conducted by experienced Contractor instructors. Contractor will then conduct detailed training session with SMEs who will conduct their own trainings with the larger staff groups.

Training deliverables are as listed below:

Training deliverables includes categorizing end users, implementing the training plan, as well as developing client-specific curriculum, materials and end-user documentation.

- Identify State End Users: Contractor shall lead the State in identifying and categorizing end users:
    - Power User Training: Power Users are those employees who frequently use KAPS®. Training shall consist of a series of courses based on job functions, business processes specific to job roles, and associated transactions. The training strategy shall be organized around the State's business processes and detailed transactions that support these processes.

- Casual User Training: Casual Users shall access KAPS® for inquiries or report viewing on an occasional basis. Their courses shall focus on the end-to-end business process instruction and structured inquiry exercises.
- Specialty Users: Specialty Users include functional and technical analysts. They shall be trained on KAPS® on the basis of assignments, and may include navigation training and module overview/orientation courseware, functional (modules/business process) training, and configuration.

- Training Plan: Contractor shall act as the training lead and shall provide guidance, coaching, materials, and tools to assist the State to structure and implement a Training Plan. The Training Plan shall depict a strategy that outlines the scope, roles, audiences, and deployment timeline throughout the project lifecycle. The Training Plan is intended to:
  - Reinforce knowledge comprehension across the State by employing a train-the-trainer approach
  - Train employees on what they need to know and do to perform their jobs effectively
  - Establish an ongoing skills development process
  - Offer training solutions that address the immediate and ongoing needs of the State to train new hires and transfers
  - Implement a blended training delivery solution that utilizes instructor-led and online training to support learner interaction, while at the same time promote effective, timely, and cost-efficient learning.
- The Training Plan shall address the specific curriculum for each user category and provide support for the design, development, and deployment of training for each user category. It shall also provide a blueprint for the State to manage its resources, activities, and timeline throughout the course of the initiative.
  - Training Curriculum: Contractor shall make changes to the existing training curriculum based on the needs of State end users. Contractor has developed a curriculum based on the training modules identified below. The curriculum for training consists of a combination of documentation and the training methodology provided in the document.
  - Training Materials and End-User Documentation: Contractor shall lead the efforts to produce the training materials and end-user documentation. Currently, documentation exists to aid in the training of end users. Additional documentation can be written to complement existing end-user documentation to address the State's specific needs.

Training Modules:

Training modules will be developed to assist users in mastering various system functions. These modules will include an introduction to KAPS® as well as instructions on managing system controls, holder reporting, securities, tangibles, receipts, claims, business intelligence and the support ticket system. A summary of available modules is included below; however, additional modules will be customized as needed to meet the specific needs of the State.

- *KAPS® 101: introduction to KAPS®, including:*
  - □ Login to KAPS®
  - □ Reset/Change Password
  - □ General KAPS® Navigation
  - □ Introduction to Main Menu Tiles
  - □ Consistent System Behavior Internet Explorer Setting for KAPS®
- *Administration: how an administrator can manage system controls, including:*
  - □ Manage System Configuration
  - □ Manage Users, Teams and Permissions
  - □ Manage Correspondence Templates

- *Holder Reporting: how to load, validate and process electronic report NAUPA files received from holders, including:*
  - □ Upload NAUPA Files
  - □ File Validation
  - □ View NAUPA Files
  - □ Report Errors and Warnings
  - □ Reject/Purge Reports
  - □ View and Process Holder Reports
  - □ Link a Holder to a Report
  - □ Manual Entry of Reports
- *Securities: how to post dividends, mergers and other transactions. In addition to instruction on how to sell securities, enter and manage custodians and CUSIP numbers and post securities pricing information, including:*
  - □ Manage Custodians
  - □ Manage Securities Issues (CUSIP's)
  - □ Manage Security Sales
  - □ Add Custodial Transactions
  - □ Add Securities Pricing Information
  - □ Upload of Custodian Report
- *Receipts: how to enter receipts of cash, securities and tangible property, including:*
  - □ Manage Receipt Batches
  - □ Create Receipts
  - □ Manage Receipts
  - □ Print Receipts in a Batch
  - □ Reconcile Holder Reports with Receipts
  - □ Research Receipts with Unapplied Amounts
- *Claims Payments: how to create payment batches, manage payments including:*
  - □ Create Payment Batches
  - □ Add/Remove Claims to Batches
  - □ Print/Generate Files
  - □ Post Payments
  - □ Release Securities
  - □ Release Tangibles
- *Holder Compliance: how to manage third party and in house audits including:*
  - □ Manage VDA's
- Holders, Reports, Properties and Owners: how to search, view and edit information in the system for Holders, Reports, Properties and Owners along with related data, including:
  - □ View/Add/Edit a Holder
  - □ View/Add/Edit a Report
  - □ View/Add/Edit Property
  - □ View/Add/Edit an Owner
  - □ View/Add/Edit Holder, Report, Property and Owner related information
  - □ Link a Receipt to a Report
  - □ Reconcile a Report
- Tangibles: how to manage tangible property, including inventory of property, auctions, sales and return of property, including:
  - □ Tangible Inventory Management
  - □ Manage Tangible Transactions
  - □ Tangible Appraisal
  - □ Tangible Auction
  - □ Tangible Allocation of Proceeds
- *Claims: how to create claims, search for properties, request documentation, and approve claims, including:*
  - □ Manage Claims
  - □ Copy, Merge, Split a Claim
  - □ Search for Properties to Add to Claim
  - □ Manage Claim Workflow
  - □ Print/Email Claim Form, Evidence Letter, and Other Correspondence
  - □ Assign Claim
  - □ Add/Edit Claim Endpoint
- *Outreach: how to create outreach documents/files, management batches including:*
  - □ Create Outreach Files
  - □ Manage Outreach Batches
- *Batch Processing: how to manage batch processes including:*
  - □ ETM Batches for Holder Reports Received

- □ Manage WIP Files
- □ Manage Audits
- □ Manage Contacts

- *Business Intelligence: how to create and manage ad hoc reports, and set up auto-emailing of reports on a schedule, including:*
  - □ Create an Ad Hoc Report in a Design View
  - □ Create a Report from an Ad Hoc Design
  - □ Manage Reports Out of KAPS®
  - □ Export Reports for Data Analysis or External Viewing
  - □ Schedule Reports to be Emailed
  - □ Purge Reports
  - □ Emails to Holders/Claimants
  - □ Deactivate Stale Claims
- *Support Ticket System: instruction on entering and managing support tickets in the KAPS® Support System, including:*
  - □ Add a Ticket to Support
  - □ Manage Entered Tickets
  - □ View KAPS® Documentation/Videos
  - □ Send a Screenshot
  - □ View Ticket Template
  - □ Auto Responses from Support System
  - □ Correspond with Support Staff

Training Approach and Technology:

KAPS® documentation is stored in the HelpSpot Support System. The documentation is separated by help topics based on each section in KAPS® (KAPS® 101, Receipts, Holder Reporting, Securities, Administration, Claims, Claim Payment, etc.). Unlike other provider materials that remain stagnant, the KAPS® training modules are consistently updated to reflect system advancements and user feedback. Additionally, Contractor will use the support questions received to improve and/or supplement the documentation and training by posting the answers to the knowledgebase in the Support System.

In addition to documentation, KAPS® also provides a series of video tutorials. The videos are located in the appropriate section along with the documents. Each video focuses on one or two functions, incorporates descriptive dialog spoken and written, and are limited to a max of 5 minutes. Videos are added regularly as new features and enhancements are implemented.

Along with its HelpSpot Support System, Contractor also offers on-site training that may be held at State offices as well as interactive web training to KAPS® users. Since most people learn better in person, the on-site training is given priority; however, the benefits of web based training at times makes this the preferred option. Web training sessions permit flexible scheduling and give KAPS® staff and the users a convenient and efficient means for quickly addressing training needs. Notwithstanding the method, feedback from the users is a vital component to the success of Contractor's training methods and is continuously utilized to improve materials and documentation as well as training techniques.

The use of webinars allows KAPS® support staff to hold online live training sessions with audience participation, in addition to recording training sessions for future new hire/transfers use. Additionally, common Support System questions/comments/concerns will be turned into FAQ's and posted in the knowledgebase section of the Support System that will be easily searchable by the user.

Deliverables

- UAT Plan
- UAT results
- Comprehensive training plan designed to meet implementation, operation, and configuration needs of the State
- Listing of formal training courses, recommended audience, duration and a current schedule for each course
- Description of training courses

State Responsibility

- Schedule State UAT Testers for training
- Review and approve training meets needs of the State
- Attend training
- Provide input to Contractor on data necessary to support testing
- Review test data
- Create UAT schedule and test procedures
- Conduct tests to validate results
- Document test results
- Record defects
- Document defects using Incident Reports
- Conduct Problem Review meeting
- Modify the Test Scenarios, if needed
- Create additional Test Scenarios, if needed
- Retest resolved defects and perform regression testing
- Attend status meetings

Contractor Responsibility

- Ensure that all modifications to the Michigan Department of Treasury Unclaimed Property System are thoroughly system tested prior to transferring new versions to UAT Testing including test cases.
- Ensure that data is loaded to the Test Environment
- Provide customized data or interface files to the State, as needed, to complete test scenario execution
- Provide training
- Upgrades and new versions to the system that affect end-user functionality include training at no additional cost (e.g. classroom or online training, training flier, release features, etc.)
- Assist with the creation of the UAT Test schedule and test procedures
- Review failed test scenarios and recommend most efficient and accurate resolutions
- Participate in Problem Review meeting(s)
- Correct defects found
- Assist with coordination of regression testing as needed
- Conduct status meetings

Acceptance Criteria

- All UAT test cases pass formal and informal
- Approval of comprehensive training plan designed to meet implementation, operation, and configuration needs
- Approval of listing of formal training courses, recommended audience, duration and a current schedule for each course
- Approval of description of training courses

4.1.4. PHASE: IMPLEMENTATION

Objective

The objective of the Implementation Phase is to prepare a production environment for deployment of the system.

Description

The Implementation Phase involves verification that the production environment hardware and software is production ready. The system security plan is finalized to ensure the product environment meets all security requirements for the system and data, including data at rest and data in transit. The disaster recovery procedures for the system are added to the State business continuity plan for the State. A fail-over data center in case of disaster shall be maintained by the Contractor.

Once the preparation is complete, a detailed cutover task list and schedule are prepared. Each step to be performed is included, along with checkpoints and rollback procedures. The production software goes live, and

the system data and functionality is validated. The results of this validation will drive a "go/no go" decision from the State. If there are significant issues, the system deployment may be rolled back, per procedures. Refer to Attachment F – Implementation Process for an overview of Contractor's approach to implantation.

After UAT for implementation of the production environment, Data conversion shall occur over a weekend mutually agreed upon by the Contractor and the State. At that time, the State shall deliver a full export of the database to the Contractor. The database will be available for inquiry only on the Friday of the data conversion weekend. KAPS® advanced reporting tools shall be available to both current production data as well as the conversion systems, allowing users to report on and extract data from the legacy systems without requiring custom reports or data extracts.

During the KAPS® implementation, the Contractor shall move all existing legacy systems to an archived database, and provide an ad hoc reporting utility to access the legacy database systems. As part of the legacy conversion to KAPS®, Contractor shall review each legacy system and determine a conversion plan to include any data elements and records that were not converted as part of the prior data conversions. The Contractor shall also assist the State with identifying problem areas within the legacy system data.

- Work with State staff to determine data that was not converted, or was not converted correctly into the database.
- Table column listing for all data to be converted, with mapping information to the KAPS® table and column, or indication that the data element is to be abandoned
- Record counts for all legacy tables to be converted and final record counts in KAPS® tables post conversion
- Numerical totals for all dollar and share columns for all legacy tables, and final numerical totals in KAPS® tables post conversion

Tasks

4.1.4.1. Production Cutover – Final Product Installation
4.1.4.2. Final Product Installation Testing
4.1.4.3. Post Implementation Evaluation Report (PIER)

4.1.4.1. Production Cutover – Final Product Installation

The System goes live. Desk-side support is provided to end users and operations are carefully monitored.

The Contractor develops an Installation Plan which provides the list of interrelated steps and activities that shall be coordinated to ensure a smooth and successful rollout.

A high-level checklist is prepared for general consumption within the agency to communicate the general schedule. A detailed, step-by-step checklist is prepared for the project team to follow.

The Installation Plan (SEM-0702) is followed during the Production Cutover Phase.

Perform Software Implementation

The Contractor shall provide the necessary resources to install the Michigan Department of Treasury Unclaimed Property System onto the production hardware per the Installation Plan. Any and all issues shall be resolved during the installation procedures prior to cutover to the new software.

Deliverable

- Installation of the Michigan Department of Treasury Unclaimed Property System onto the production environment
- Installation Plan (SEM-0702)
- "Go/no go" Check List

State Responsibility

- Provide support during the implementation

- Attendance of Appropriate Personnel in the “go/no-go” review meeting
- Review Installation Plan
- Prepare the “go/no-go” checklist
- Make “go/no go” decision
- Installation of the Michigan Department of Treasury Unclaimed Property System onto the production environment
- Verification of the successful installation of the Michigan Department of Treasury Unclaimed Property System

Contractor Responsibility
- Prepare the Installation Plan
- Follow the Installation Plan working along with DTMB
- Review the “go/no-go” Check List
- On-site support for the cutover to the new software

Acceptance Criteria
- Approval of the Installation Plan

4.1.4.2. Final Product Installation Testing

The Contractor shall test the Michigan Department of Treasury Unclaimed Property System in the State production environment to ensure the software is installed and functioning properly. The State and Contractor shall identify applicable test scripts and installation instructions, adapt them to the software application specifics, test the business process, and compare with the documented expected results. The State and Contractor shall execute the applicable test scripts that complete the conversion and compare execution results with the documented expected results. The State shall be responsible for documenting the technical specifications of all programs that extract and format data from the legacy systems for use by the conversion processes. The State and Contractor shall develop and Unit Test their assigned conversions. The State and Contractor shall jointly conduct system and integration testing, verifying and validating the accuracy and completeness of the conversions. The State and Contractor shall jointly verify and validate the accuracy and completeness of the conversions for acceptance testing and production.

The State and Contractor shall jointly conduct system and integration testing, verifying and validating the accuracy and completeness of the conversions. The State and Contractor shall jointly verify and validate the accuracy and completeness of the conversions for acceptance testing and production.

These tests should:
- Ensure the environment is properly installed and configured
- Ensure the Michigan Department of Treasury Unclaimed Property System is completely functional
- Ensure data is ported to the production environment
- Identify any defects or problems in the environment against expected results for all tests

Deliverables
- Conduct Installation Testing

State Responsibility
- Provide staff to assist the Contractor in the Installation Testing activity
- Review and approve Installation Test results

Contractor Responsibility
- Properly test the production environment to ensure it is fully installed and operating properly
- Ensure data is ported to the production environment
- Resolve any issues/problems for installation
- Provide installation test results

Acceptance Criteria

- Approval of Installation Testing results

Contractor's proposed approach to installation testing:

Contractor and the State, based on their assigned conversion responsibilities, shall identify applicable test scripts and installation instructions, adapt them to the software application specifics, test the business process, and compare with the documented expected results.

Contractor and the State, based on their assigned conversion responsibilities, shall execute the applicable test scripts that complete the conversion and compare execution results with the documented expected results.

The State is responsible for documenting the technical specifications of all programs that extract and format data from the legacy systems for use by the conversion processes.

Contractor and the State, based on their assigned conversion responsibilities, shall develop and Unit Test their assigned conversions.

The State and Contractor shall jointly conduct system and integration testing, verifying and validating the accuracy and completeness of the conversions. The State and Contractor shall jointly verify and validate the accuracy and completeness of the conversions for acceptance testing and production.

4.1.4.3. Post Implementation Evaluation Report (PIER)

The Contractor is responsible – with input from the State – for completing the Post-Implementation Evaluation Report (PMM-0016).

Deliverable

- Post Implementation Evaluation Report (PIER)

State Responsibility

- Review the Post Implementation Evaluation Report
- Provide feedback to Contractor
- Approve the Post Implementation Evaluation Report

Contractor Responsibility

- Complete the Post Implementation Evaluation Report
- Correct any identified deficiencies

Acceptance Criteria

- Approval of Post Implementation Evaluation Report

4.1.5. PHASE: WARRANTY

Objective

The Contractor is required to support the system for the duration of the one (1) year warranty period, which begins after **final acceptance of the phases identified in Section 4** have been granted by the State. The Contractor is required to provide maintenance and support until final contract completion.

Description

For the warranty period, the Contractor warrants that the system shall conform in all respects to the requirements of the system as set out in the Contract and the accepted deliverables.

For the warranty period, the Contractor also warrants that all new versions and new releases of the Contractor's software shall be available to the State at free of cost. If, within the warranty period, the System fails to comply with this warranty, Contractor shall repair defects as necessary at no cost to bring the system into compliance with the warranty.

The State is responsible for notifying the Contractor of the failure in writing, describing the correct operation, providing the Contractor with adequate documentation and evidence to reproduce the failure, and, when necessary, demonstrating the failure so that the cause of the failure may be traced and corrected. The

Contractor shall make such warranty repairs as expeditiously as necessary, following written notification or such longer period as may be necessary using diligence and dispatch. For the purpose of this project, "Defect" means any error in the System that prevents the System from performing in compliance with the required functionality.

Warranty Period

- Software Maintenance initiates at the end of the warranty period
- One (1) year warranty

4.1.6. PHASE: MAINTENANCE AND SUPPORT

4.1.6.1. System Maintenance

Objective

The Contractor will provide maintenance and support from the **end of the Contract Warranty Period** until the end of the Contract Maintenance and Support period, as defined in the approved project schedule.

The Contractor shall work with the State to perform a knowledge transfer of the Michigan Department of Treasury Unclaimed Property System. This knowledge transfer shall include involving State personnel in ongoing configuration activities.

Description

The Contractor will provide maintenance and support which includes items such as:

- Access to applicable service packs
- Access to new versions of the Michigan Department of Treasury Unclaimed Property Software
- Access to new and revised documentation
- Help Desk and Technical Support - Contractor shall provide a dedicated help desk and technical support team that shall be accessible through both phone and e-mail from 8:00am – 5:00pm EST, Monday to Friday.
- Defect repair - core Michigan Department of Treasury Unclaimed Property Software bugs repaired at no cost to State
- Performance Maintenance Activities
  - Contractor will assist State staff in performance maintenance activities to improve the performance of the application. Contractor will provide database monitoring via remote access upon request to help identify any potential performance problems.
  - Contractor will perform maintenance changes in a monthly patch release or, for major changes requiring significantly more time to develop, test, and implement, the changes should be completed as part of a development release or quarterly release.
  - Activities that typically can be completed independent of a production release (e.g., data set expansions, data purges) may be completed on a more frequent basis (e.g., daily or weekly).
- Documentation Updates
  - Contractor will provide updated documentation with each new release or change to system. Any specific or unique changes made to system for the State will be documented and provided as required.
- The Contractor is required to develop a System Maintenance Plan (SEM-0301). The Contractor will include a complete description of their maintenance and support services within the Plan.
- The State intends to identify individuals to participate in ongoing production support activities. Staff shall have the requisite skills to participate on the team as identified by the Contractor in the Transition Plan. The Contractor shall communicate concerns regarding specific areas/individuals if the Contractor feels there is an elevated level of schedule risk. The State shall pursue other methods of performing the knowledge transfer for the given area in this situation.

Service Level Agreement

A Service Level Agreement (SLA) will be required between the Contractor and the State of Michigan. The SLA must document, at a minimum:

- Availability and uptime -- the percentage of the time services will be available

- The number of concurrent users that can be served (There are 30 Unclaimed Property staff)
- Application response time
- The schedule for notification in advance of software and maintenance changes that may affect users
- Contractor response time for various classes of problems

The system shall track and maintain the status of and provide summary reporting to Treasury all change requests according to matrix identified in Schedule B, Section 5.4.

All issues not meeting the above response times must be communicated in writing to Treasury with an explanation of the delay. This may result in a reduction of prepaid maintenance fees.

For the duration of the Contract, the Contractor will ensure that the new system is current on service packs, new versions and / or releases.

The Contractor shall include support services during the maintenance and support period at sufficient levels to ensure, at a minimum, that:

- service packs are installed
- upgrades are installed
- hot fixes are installed
- defects with code are resolved
- defects resulting from configurations are resolved
- the overall system is kept in good running order

Deliverable

- System Maintenance Plan (SEM-0301)

State Responsibility

- Provide qualified State resources to assist in Maintenance and Support
- Provide qualified State resources to assist in performing upgrades
- Report and classify all defects
- Approval of software version upgrades
- Retest all reported defects before releasing back into production
- Review and approval of the System Maintenance Plan

Contractor Responsibility

- Develop System Maintenance Plan (SEM-0301)
- Provide a narrative for all software releases
- Provide services as defined in the System Maintenance Plan
- Provide Michigan Department of Treasury Unclaimed Property Solution performance tuning, defect repair and service pack releases

Acceptance Criteria

- Approval of System Maintenance Plan (SEM-0301)

Contractor's Commitment:

An integrated help desk ticketing system will be provided. All issues, whether critical or enhancement, will receive a ticket written into the tracking system. Users will document an issue or enhancement in the help desk ticketing system for the Support Associate to analyze. The Support Associate will then create a ticket in the development tracking system. The business analyst will assign the ticket to the appropriate developer indicating time lines for resolution. Once the developer has completed the fix or the enhancement has been created, it will be tested first by the state's support representative and then, if necessary, by the state prior to entering production. Enhancements will be entered into a "Sprint" which encompasses a six (6) week period including two (2) weeks of development, two (2) weeks of quality assurance and two (2) weeks of testing by Contractor

support staff and the State. At the end of the six (6) week period, the enhancement will be entered into production.

The State shall have the ability to generate, update and view the current status of support and system change requests, as outlined in the following support process:

- Access to the Support System will be through KAPS®. Contractor shall provide the State with a dedicated link to the KAPS® support system. If the question or issue cannot be answered by searching through the KAPS® Documentation, then a support ticket will be entered.
- A confirmation email will be sent to the person who entered the ticket and can now be managed by logging into HelpSpot to see the status.
- If the ticket can be completed by answering a question, then the ticket is closed. If the ticket needs to have development work done on it because it is a feature or a bug, there will be a ticket entered into a separate system (YouTrack) to track development work.
- The ticket will then be prioritized and, when the ticket is completed, the change will be communicated out by looking at the change list for each new deployment.

Contractor's development process allows users to readily gain access and use of the most current release of Contractor's products. Contractor's automated database and application update process make upgrading to new versions easy. The State shall maintain full control of when to update as well as the option of deploying to a test system first.

- Program Updates Availability: Contractor will release regular updates to the KAPS® system. Major system upgrades shall generally be released each quarter, with minor releases more frequently. Contractor request that the State test each release. It is installed and made available for testing two weeks before the production date. As part of each release, Kelmar will distribute release notes and will hold a webinar to discuss the changes. Since changes are released frequently, the scope of the changes is relatively small. All updates and upgrades will be included in the KAPS® support agreement. Following every upgrade or significant change in the Unclaimed Property System over the term of the contract, the Contractor shall provide webinar training to all end users if necessary.
- Program Updates Accessibility: Contractor's development process shall allow State users to readily gain access and use of the most current release of Contractor products. Contractor's automated database and application update process make upgrading to new versions easy. Every new build of the application runs through an extensive automated battery of tests to help ensure that issues are identified and resolved before users operate the system. The State shall maintain full control of when to update as well as the option of first deploying to a test system environment. The State shall have a dedicated User Acceptance Test environment, allowing testing and evaluation of system updates and upgrades before being moved into the production environment.
- Program Edits and Corrections: For any program issues that may arise, the KAPS® support staff work with the developers to address required changes, ensure new features are properly implemented, and communicate progress back to the user on a frequent basis. The KAPS® support staff's first priority is to communicate as issues come up and troubleshoot issues in a timely fashion.

Contractor will launch bi-weekly webinars to demonstrate new and updated system features. The bi-weekly webinars will be performed by KAPS® Support Staff on the Tuesday after a Sprint is released to the UAT environment. Any state users can join and watch the new features webinar. Questions can be submitted during the webinar and are addressed if applicable to all KAPS® clients. If a question is not addressed during the webinar, a KAPS® support staff member will follow up directly with the client after the session. Webinars will be recorded and posted to the KAPS® HelpSpot. Prior to the webinar, the state clients shall be provided with detailed Release Notes describing all enhancements, fixes, and updates to the system. The State shall test the items detailed in the release notes in the UAT environment and report back any findings to Contractor's support representative. Updated documentation and video tutorials will also be posted to HelpSpot concurrent with the Sprint release into Production.

4.1.7. PHASE: SUPPLEMENTAL SERVICES

Objective

As the result of Legislation changes, rule changes, policy and procedural changes and changes to existing systems that will be interfacing with the Michigan Department of Treasury Unclaimed Property System, existing services provided via this Contract may be impacted.

This section is intended to facilitate the handling of these requests so that only those with a solid business case can be efficiently incorporated into the project, that are not already defined in the scope of the Contract.

Description

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

4.1.7.1. Change Requests

Future enhancements may be required based on various sources including federal and state requirements. A separate Statement of Work (SOW) will be written for required enhancements. The Contractor must be able to respond to all requests to modify the solution to meet future needed functionality.

For estimation purposes, the State intends to establish funding for a 150 bank of hours per year for the Contract. Actual funding for enhancements will occur on a yearly basis, and there is no guarantee as to the level of funding, if any, available to the project.

1. **Application Adjustments & New Development** - Contractor must provide the ability to request changes or new development work of the system. The Contractor will work with the State to prioritize all open work and provide status updates.

2. **Interoperability Development with Other Applications** - Contractor must provide the ability to request integrations or interoperability with other products or services of the system.

3. **System Interface Adjustments & New Interfaces** – Contractor must provide the ability to request changes or customizations to the application user interface of the system.

4. **Future enhancement process** -The Contractor must bid each enhancement request as a fixed price proposal. The Contractor must not begin work until authorized by the Agency and DTMB Project Managers. The order of completion will be determined by the Agency/DTMB Project Managers. All approvals will be in writing and signed by Agency/DTMB Project Managers.

If applicable in a subsequent Statement of Work, Contractor must provide the following for any enhancements requested during the Contract period:

a. Develop Requirements Documentation. The requirement document must be delivered to the Agency/DTMB Project Managers within one week of the last requirements meeting.
b. Develop Project plan to include the following:
    i. A work breakdown structure of the major phases of the project, accounting for all tasks, deliverables, resources and milestones for the design, development, testing and implementation of the enhancement including all interfaces and other agency resources.
    ii. Estimated hours and timetable for each task, deliverable, and milestone.
    iii. Vendor resource loading by task and role.
    iv. State resource loading by task and role. Note that any use of State personnel must be consistent with the description of the available state project team described in Section 5.2. If

there are needs for State staff in addition to those referenced in Section 5.2, the Vendor should note this need.

v. Critical path with parallel and dependent project tasks.
vi. Any assumptions of constraints identified by the Vendor must be listed in the Project Plan.
vii. The project plan must be delivered to the Agency/DTMB Project Manager within one week of the approval of the requirements document.

c. Develop design documentation
d. Program the application enhancement.
e. Develop test cases and conduct unit testing.
f. Develop installation plan.
g. Conduct user acceptance testing to ensure that the requirements are satisfied and to validate the results.
    i. Vendor will demonstrate to the State that all of the system requirements and functions have been satisfied.
    ii. The State will determine if the Contractor has fulfilled all of the requirements.
    iii. The Contractor will be responsible to modify any functionality or requirement that is viewed by the State as not acceptable.
    iv. The Contractor will be responsible to add a function or requirement as defined in the requirements document that the Contractor failed to include.
    v. All modifications and/or additions to a function in the system as defined in the requirements document will be performed without any additional cost.
    vi. This entire process will take place prior to installation and live implementation.
h. Documentation - Provide complete, up-to-date, electronic manuals for the system and its components, operations, maintenance, administration and use that are easily referenced, easily used and searchable.
i. Develop User Training for State staff. The training can be by Web conferencing or at State of Michigan's facilities.
j. Provide technical support during installation to State's production environment. This includes a 90-day warranty period for the enhancement.
k. Systems information and site data reports must be available on request.

Requests may be considered for inclusion in an existing release, for a future planned release or bundled for an entirely new release. Requests for impact assessment and estimates may be made on an individual (request-by-request) basis or on a request group basis.

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

Deliverables

- Change Request

State Responsibility

- The State will review and either approve or deny a change request based on impact to the project schedule, resources and budget

Contractor Responsibility

- The Contractor shall submit a change request detailing the proposed changes to incorporate the new/changed functionality; a change request should additionally include impact to the project schedule, and FTEs required to incorporate and implement the change; the change request will follow the defined and approved process

Acceptance Criteria

- Approval of Change Request

5. ROLES AND RESPONSIBILITIES

5.1. CONTRACTOR STAFF, ROLES, AND RESPONSIBILITIES

The following Contractor positions are identified as key personnel for this project:

KAPS® Implementation Team Member	Project Role
Kristi Carlow, Unclaimed Property Operations Senior Manager	Post Conversion Support Lead
Sasha MacDougall, Implementation Project Manager	Project Manager
Gina Powell, Business Systems Analyst	Business Analyst
Kenneth G. Wagers, Vice President	Technical Lead, Contractor Service Manager and Client Relationship Manager
Ramaleela Muppala, Quality Assurance Analyst	Lead Tester/Test Manager
Kristi Carlow, Unclaimed Property Operations Senior Manager	Training and Documentation Manager
Sean O'Connell, Director of Information Systems	Information Security Officer
Siddhartha Datta, Director of Development	KAPS® Development
T.O. (Virge) Owens, Data Architect	KAPS® Design and Implementation

The duties of the SPOC shall include, but not be limited to:

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

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

The duties of the Project Manager shall include, but not be limited to:

- Interact with the designated personnel from the State to ensure a smooth transition to the new system.
- The project manager will coordinate all of the activities of the Contractor personnel assigned to the project and create all reports required by State.
- Manage all defined Contractor responsibilities in this Scope of Services.
- Manage Contractor's subcontractors, if any.
- Develop the Implementation Plan including project plan and schedule, and update as needed.
- Serve as the point person for all project issues.
- Coordinate and oversee the day-to-day project activities of the project team.
- Assess and report project feedback and status.
- Escalate project issues, project risks, and other concerns.
- Review all project deliverables and provide feedback.
- Proactively propose/suggest options and alternatives for consideration.
- Utilize change control procedures.
- Prepare project documents and materials.
- Manage and report on the project's budget.

The duties of the Service Manager shall include, but not be limited to:

- Serve as a primary contact with respect to the Services and will have the authority to act on behalf of Contractor in matters pertaining to the receipt and processing of Support Requests and the Support Services.

The duties of the Security Officer shall include, but not be limited to:

- Respond to the State's inquiries regarding the security of the Contractor Systems.
- Should have sufficient knowledge of the security of the Contractor Systems and the authority to act on behalf of Contractor in matters pertaining thereto.

Organizational chart attached to this Contract as Attachment G – Organizational Chart indicates lines of authority for personnel involved in performance of this Contract and relationships of this staff to other programs or functions of the Contractor. The chart also show lines of authority to the next senior level of management and indicates who within Kelmar will have prime responsibility and final authority for the work.

Unauthorized Removal of Key Personnel
Changes to staffing must be planned and agreed by the State as it is acknowledged the unplanned removal of key personnel will interfere in the timely and proper execution of the Contract resulting in damage to the State. As it would be impracticable and extremely difficult to remedy the actual damage sustained by the State as a result of any Unauthorized Removal, the State will assess liquidated damages as provided in section 8.2, Final Acceptance.

Subcontractor:

While the Contractor is solely responsible for the design, implementation, and servicing of KAPS®, the Contractor at times utilizes Jahnel Group, Inc as Subcontractor. Below is more detail about the Subcontractor.

Legal business name and full address.	Jahnel Group, Inc. 242 Union Street, Schenectady, NY 12305
State in which business was incorporated.	New York
Phone number.	518-356-0039
Website address.	www.jahnelgroup.com

On Site Work Requirements

1. **Location of Work**
   The work is to be performed, completed, and managed at the Operations Center in Dimondale, Michigan. The State will allow offsite work to be performed at Contractor's location, which must be within the United States, however the following contract activities must be completed onsite:

   - Key Meetings (as determined by the State of Michigan)
   - Requirements Validation
   - Training
   - Go Live Activities As Appropriate

2. **Hours of Operation:**
   a. Normal State working hours are 7:00 a.m. to 5:00 p.m. ET, Monday through Friday, with work performed as necessary after those hours to meet project deadlines. No overtime will be authorized or paid.
   b. The State is not obligated to provide State management of assigned work outside of normal State working hours. The State reserves the right to modify the work hours in the best interest of the project.
   c. Contractor shall observe the same standard holidays as State employees. The State does not compensate for holiday pay.

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

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

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

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

5.2. STATE STAFF, ROLES, AND RESPONSIBILITIES

Agency should specify State personnel dedicated to project, and identify their associated roles and responsibilities.

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

- Work space
- Desk
- Printer
- Access to copiers and fax machine

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

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

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

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

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

- Provide State facilities, as needed
- Coordinate the State resources necessary for the project
- Facilitate coordination between various external contractors
- Facilitate communication between different State departments/divisions
- Provide acceptance and sign-off of deliverable/milestone
- Review and sign-off of timesheets and invoices
- Resolve project issues
- Escalate outstanding/high priority issues

- Utilize change control procedures
- Conduct regular and ongoing review of the project to confirm that it meets original objectives and requirements
- Document and archive all important project decisions
- Arrange, schedule and facilitate State staff attendance at all project meetings.

The State project managers will be:

• **Name**	• **Agency/Division**	• **Title**
Lisa Sivaraman	DTMB Agency Services	Project Manager and IT Manager
Terry Stanton	Agency	Project Manager

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

• **Name**	• **Agency/Division**	• **Title**
Malathi Natarajan	DTMB	Contract Administrator

6. PROJECT PLAN

6.1. PROJECT PLAN MANAGEMENT

The Contractor shall implement their system within nine months from Contract Start Date or as otherwise mutually agreed upon by the Parties.

Final Project Plan
Contractor shall provide a Final Project Plan that will identify necessary time frames and deliverables for the various stages of the project and the responsibilities and obligations of both the Contractor and the State.

1. In particular, the Project Plan will include a MS Project plan or equivalent:

    a. A description of the deliverables to be provided under this contract.
    b. Target dates and critical paths for the deliverables.
    c. Identification of roles and responsibilities, including the organization responsible. Contractor is to provide a roles and responsibility matrix.
    d. The labor, hardware, materials and supplies required to be provided by the State in meeting the target dates established in the Preliminary Project Plan.
    e. Internal milestones
    f. Task durations

2. The Final Project Plan shall include the following deliverable/milestones for which payment shall be made.
    a. Payment to the Contractor will be made upon the completion and acceptance of the deliverable or milestone, not to exceed contractual costs of the phase. A milestone is defined as complete when all of the deliverables within the milestone have been completed.
    b. Failure to provide deliverable/milestone by the identified date may be subject to liquidated damages identified in this Contract.
3. Any changes to scope or schedule or budget shall follow a System Change Management process (Section 7.3), and shall be communicated to the State's Project Manager(s) or designee(s) in writing explaining the reason for the change and the impact.

Contractor's Commitment:

Contractor's preliminary project plan is attached to this Contract as Attachment A –Preliminary Project Plan. The Contractor will work with the State Project Manager and develop a final project plan within thirty (30) days from the Effective Date of the Contract which plan shall thereafter be referred to as the "Implementation Plan".

Orientation Meeting
Upon 30 calendar days from the Effective Date of the Contract, the Contractor will be required to attend an orientation meeting to discuss the content and procedures of the Contract. The meeting will be held in Dimondale, Michigan, at a date and time mutually acceptable to the State and the Contractor. The State shall bear no cost for the time and travel of the Contractor for attendance at the meeting.

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

Project Control
1. The Contractor will carry out this project under the direction and control of DTMB and Treasury.
2. Within 30 days of the Effective Date of the Contract, the Contractor will submit to the State project manager(s) for final approval of the project plan. This project plan shall be in agreement with Schedule A, Section 4 Work and Deliverables, and shall include the following:
    - The Contractor's project organizational structure.

- The Contractor's staffing table with names and title of personnel assigned to the project. This shall be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.
- The project work breakdown structure (WBS) showing sub-projects, activities and tasks, and resources required and allocated to each.
- The time-phased plan in the form of a graphic display, showing each event, task, and decision point in the WBS.

3. The Contractor will manage the project in accordance with the State Unified Information Technology Environment (SUITE) methodology, which includes standards for project management, systems engineering, and associated forms and templates which is available at http://www.michigan.gov/suite
   a. Contractor will use an automated tool for planning, monitoring, and tracking the Contract's progress and the level of effort of any Contractor personnel spent performing Services under the Contract. The tool shall have the capability to produce:
      - Staffing tables with names of personnel assigned to Contract tasks.
      - Project plans showing tasks, subtasks, deliverables, and the resources required and allocated to each (including detailed plans for all Services to be performed within the next 20 calendar days, updated semi-monthly).
      - Updates shall include actual time spent on each task and a revised estimate to complete.
      - Graphs showing critical events, dependencies and decision points during the course of the Contract.
   b. Any tool(s) used by Contractor for such purposes shall produce information of a type and in a manner and format that will support reporting in compliance with the State standards.

Contractor and the State agree that if there is delay or failure by Contractor to timely perform its obligations the State is entitled to collect liquidated damages as provided in section 8.2, Final Acceptance.

6.2. REPORTS

The State will mutually agree with the Contractor on the format of reports. Reporting formats shall be submitted to the State's Project Manager for approval within thirty (30) days after the Effective Date of the Contract. Once both parties have agreed to the format of the report, it shall become the standard to follow for the duration of the contract. Contractor's Client Relationship Manager or Project Manager shall coordinate the following status reports regarding system operations, customer service tools, and problem resolution, including, but are not limited to:

- Weekly or Biweekly Project status to include a brief written summary of the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Project Manager; and notification of any significant deviation from previously agreed-upon work plans with a corrective action plan established.
- Updated project plan
- Deliverable status
- Schedule status
- Action Item status
- Issues
- Change Control
- Repair status
- Maintenance Activity

Subsequent to implementation, the Contractor Team and the Project Manager(s) or designee(s) will meet quarterly, at a minimum. After implementation, the weekly/biweekly summary reports will be replaced by Incident Reports as needed. The incident report will include contact information, issue information and resolution information. The State will review and approve the format of the Contractor's weekly/biweekly summary report. Incident reports will be utilized to document serious problems and issues and action taken to resolve them.

Contractor shall provide system reports as specified by Treasury. Including, but not limited to:

- How many users access the system but don't complete and submit a return.

- Filing activity reports.
- Return/reject rate.
- Average length of time for users to access the system and submit a return.
- System response time.

7. PROJECT MANAGEMENT

7.1. ISSUE MANAGEMENT

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

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

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

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

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

Contractor's Commitment:

KAPS® support personnel, business analysts, and developers will address all critical issues and enhancements from state clients and will evaluate service level commitment. Critical and priority matters will always be immediately elevated to management. Daily meetings will be held to discuss the progress of services provided, and members of Contractor's management team will attend these meetings to provide input and solutions as necessary to ensure the needs of the State are being met and addressed in a timely manner. For any program issues that may arise, the KAPS® support staff will work with the developers to address required changes, ensure new features are properly implemented, and communicate progress back to the user on a frequent basis. The KAPS® support staff's first priority is to communicate as issues come up and troubleshoot issues in a timely fashion.

7.2. RISK MANAGEMENT

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

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

A risk management plan format shall be submitted to the State for approval within thirty (30) business days after the Effective Date of the Contract. The risk management plan will be developed during the initial planning phase of the project, and be in accordance with the State's PMM methodology. Once both parties have agreed to the format of the plan, it shall become the standard to follow for the duration of the contract. The plan shall be updated bi-weekly, or as agreed upon.

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

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

7.3. SYSTEM CHANGE MANAGEMENT

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

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

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

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

Contractor's Commitment:

Using KAPS®, the State shall have the ability to generate, update and view a current status of support and system change requests. A change list shall be made available to the State to track all new deployments and Contractor's production database support team shall manage any agreed upon database and support changes. Contractor will also provide an automated process that updates the application servers, and implements any required database schema changes. All updates will be installed as part of a single package to ensure that the application and database remain synchronized.

8. ACCEPTANCE

8.1. CRITERIA

The State will review and approve each deliverable identified in Section 4 Work and Deliverables.

8.2. FINAL ACCEPTANCE

The Contractor will be paid upon completion of each Phase as identified in Section 4. Final payment will be made after final acceptance has been granted by the State.

Liquidated Damages
Any delay or failure by Contractor to timely perform its obligations in accordance with the requirements set forth in Schedule A, Statement of Work for Milestone/Task listed in below table will be subject to liquidated damages as provided.

Milestone/Task	Precipitating Event	Liquidated Damages	Method of Compensation
	Unauthorized Removal	$5,000 per Unauthorized Removal	Withhold from payments by reducing

Contractor Staff, Roles and Responsibilities - Unauthorized Removal of Key Personnel	of Key Personnel	or as agreed	invoice by amount of damages prior to payment.
Contractor Staff, Roles and Responsibilities - Unauthorized Removal of Key Personnel	Failure of the Contractor to assign acceptable replacements to fill identified gaps in staffing as agreed	In the amount of $100.00 per vacancy per day. In no event will the damage exceed $1,000 per vacancy.	Withhold from payments by reducing invoice by amount of damages prior to payment.
Project Plan Management	Failure of Contractor to complete the work per milestone date unless a delay is mutually agreed to between the parties.	In the amount of $5,000.00 and an additional $100.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.	Withhold from payments by reducing invoice by amount of damages prior to payment.

9. COMPENSATION AND PAYMENT

9.1. COMPENSATION AND PAYMENT

Services will be paid on sign-off of identified project milestones, less identified holdbacks. Please see Schedule D – Pricing Schedule, Table 2: Project Work and Deliverables Cost Detail, regarding the milestones for UPS project. Software Maintenance and Support will be paid for the installed software, starting after the Warranty Period has expired. Future Service Engagements will be paid according to a defined schedule in the individual engagement statement of work.

Maintenance and Support will be paid starting for the period after the warranty period has expired. Please see Schedule D – Pricing Schedule, Table 1: Software System and Maintenance Cost

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

Statements of Work and Issuance of Purchase Orders
Unless otherwise agreed by the parties, each Statement of Work will include:

- Background
- Project Objective
- Scope of Work
- Deliverables
- Acceptance Criteria
- Project Control and Reports
- Specific Department Standards
- Payment Schedule
- Project Contacts
- Agency Responsibilities and Assumptions
- Location of Where the Work is to be performed
- Expected Contractor Work Hours and Conditions

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

Invoicing
Contractor will submit properly itemized invoices to

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

Invoices shall provide and itemize, as applicable:

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

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

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

9.2. HOLDBACK

The State shall have the right to hold back an amount equal to twenty percent (20%) of all amounts invoiced by Contractor for Services/Deliverables. The amounts held back shall be released to Contractor after the State has granted Final Acceptance.

SCHEDULE B – SERVICE LEVEL AGREEMENT

1. Definitions. For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Section 1** shall have the respective meanings given to them in the Contract.

"**Actual Uptime**" means the total minutes in the Service Period that the Hosted Services are Available.

"**Availability**" has the meaning set forth in **Section 4.1**.

"**Availability Requirement**" has the meaning set forth in **Section 4.1**.

"**Available**" has the meaning set forth in **Section 4.1**.

"**Contractor Service Manager**" has the meaning set forth in **Section 3.1**.

"**Corrective Action Plan**" has the meaning set forth in **Section 5.6**.

"**Critical Service Error**" has the meaning set forth in **Section 5.4(a)**.

"**Exceptions**" has the meaning set forth in **Section 4.2**.

"**Force Majeure Event**" has the meaning set forth in **Section 6.1**.

"**Hosted Services**" has the meaning set forth in **Section 2.1(a)**.

"**Priority Service Error**" has the meaning set forth in **Section 5.4(a)**.

"**Resolve**" has the meaning set forth in **Section 5.4(b)**.

"**Scheduled Downtime**" has the meaning set forth in **Section 4.3**.

"**Scheduled Uptime**" means the total minutes in the Service Period.

"**Service Availability Credits**" has the meaning set forth in **Section 4.6(a)**.

"**Service Error**" means any failure of any Hosted Service to be Available or otherwise perform in accordance with this Schedule.

"**Service Level Credits**" has the meaning set forth in **Section 5.5**.

"**Service Level Failure**" means a failure to perform the Software Support Services fully in compliance with the Support Service Level Requirements.

"**Service Period**" has the meaning set forth in **Section 4.1**.

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

"**Software Support Services**" has the meaning set forth in **Section 5**.

"**State Service Manager**" has the meaning set forth in **Section 3.2**.

"**State Systems**" means the information technology infrastructure, including the computers, software, databases, electronic systems (including database management systems) and networks, of the State or any of its designees.

"**State Website Module**" means the public facing unclaimed property website for public citizen access.

"**Support Request**" has the meaning set forth in **Section 5.4(a)**.

"**Support Service Level Requirements**" has the meaning set forth in **Section 5.4**.

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

2. Services.

2.1 Services. Throughout the Term, Contractor will, in accordance with all terms and conditions set forth in the Contract and this Schedule, provide to the State and its Authorized Users the following services:

(a) the hosting, management and operation of the Software and the State Website Module, and other services for remote electronic access and use by the State and its Authorized Users ("**Hosted Services**");

(b) the Software Support Services set forth in **Section 5** of this Schedule;

3. Personnel

3.1 Contractor Personnel for the Hosted Services. Contractor will appoint a Contractor employee to serve as a primary contact with respect to the Services who will have the authority to act on behalf of Contractor in matters pertaining to the receipt and processing of Support Requests and the Software

Support Services (the "**Contractor Service Manager"). The Contractor Service Manager** will be considered Key Personnel under the Contract.

3.2 State Service Manager for the Hosted Services. The State will appoint and, in its reasonable discretion, replace, a State employee to serve as the primary contact with respect to the Services who will have the authority to act on behalf of the State in matters pertaining to the Software Support Services, including the submission and processing of Support Requests (the "**State Service Manager**").

4. Service Availability and Service Availability Credits.

4.1 Availability Requirements. Contractor will make the Software Available, as measured over the course of each calendar month during the Term, between the hours of 7:00 am ET and 7:00 pm ET Monday through Friday, excluding State Holidays (unless otherwise mutually agreed upon by the Parties) (each such calendar month, a "**Software Service Period**"), at least 99.00% of the time, excluding only the time the Software is not Available solely as a result of one or more Exceptions (the "**Availability Requirement**"). Contractor will make the State Website Module Available, as measured over the course of each calendar month during the Term, 24 hours a day, 7 days a week (each such calendar month, a "Website **Service Period**"), at least 99.00% of the time, excluding only the time the State Website Module is not Available solely as a result of one or more Exceptions (the "**Availability Requirement**"). "**Available**" means the Software or State Website Module, as applicable, are available and operable for access and use by the State and its Authorized Users over the Internet in material conformity with the Contract. "**Availability**" has a correlative meaning. Neither the Software nor State Website Services shall be considered Available in the event of a material performance degradation or inoperability of the respective service, in whole or in part. The Availability Requirement will be calculated for the respective service periods as follows: (Actual Uptime – Total Minutes in the respective service period where the Software or State Website Module (as applicable) is not Available Due to an Exception) ÷ (Scheduled Uptime – Total Minutes in the respective service period when the Software and/or State Website Module (as applicable) is not Available Due to an Exception) x 100 = Availability.

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

(a) failures of the State's or its Authorized Users' internet connectivity;

(b) Scheduled Downtime as set forth in **Section 4.3**.

4.3 Scheduled Downtime. Scheduled Downtime is defined as a planned outage of the Hosted Services in whole or in part. Scheduled Downtime for the Software shall only occur during the hours of

7:15 pm ET and 6:45 am ET, Monday through Friday or any time on Saturdays and Sundays (unless otherwise agreed upon by the Parties). In the event of Scheduled Downtime for the State Website Module, Contractor shall notify the State at least twenty-four (24) hours in advance of any scheduled outage. All such scheduled outages of the State Website Module will: (a) last no longer than five (5) hours; (b) be scheduled between the hours of 12:00 a.m. and 5:00 a.m., Eastern Time; and (c) occur no more frequently than once per week; provided that Contractor may request the State to approve extensions of Scheduled Downtime for the State Website Module above five (5) hours, and such approval by the State may not be unreasonably withheld or delayed.

4.4 Software Response Time. Software response time, defined as the interval from the time the end user sends a transaction to the time a visual confirmation of transaction completion is received, must be less than two (2) seconds for 98% of all transactions. The Statement of Work will set forth the acceptable testing plan, tracking plan, and reporting process for measuring and tracking Software Response Time. Unacceptable response times shall be considered to make the Software unavailable and will count against the Availability Requirement.

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

4.6 Remedies for Service Availability Failures.

(a) If the actual Availability of the Software or the State Website Module is less than the applicable Availability Requirement for any Service Period, such failure will constitute a Service Error for which Contractor will issue to the State the following credits on the fees payable for the respective portion of the Hosted Services (i.e. the Software or the State Website Module or both) provided during the Service Period ("**Service Availability Credits**"):

Availability	**Credit of Fees**
≥99.00%	None

<99.00% but ≥97.00%	10%
<97.0% but ≥95.0%	15%
<95.0%	30%

(b) Any Service Availability Credits due under this **Section 4.6** will be applied in accordance with the payment terms of the Contract. The Annual Maintenance Cost classified and as set forth in Schedule D is allocated for the Hosted Services in the following manner: eighty percent (80%) of the fee is for the Software and twenty percent (20%) of the fee is for the State Website Module. Availability Credits shall be applied to the respective Service accordingly. Any reference to the term fee in the above section refers to Annual maintenance Cost.

(c) If the actual Availability of any portion of the Hosted Services is less than the Availability Requirement in any two (2) of four (4) consecutive Service Periods, then, in addition to all other remedies available to the State, the State may terminate the Contract on written notice to Contractor with no liability, obligation or penalty to the State by reason of such termination.

(d) Service Availability Credits due under **Section 4.6** may not exceed the total amount of Fees that would be payable for the relevant service period in which the credits are assessed. Further, the State may not assess both Availability Credits and Service Level Credits for the same incident.

5. Support and Maintenance Services. Contractor will provide Hosted Service maintenance and support services (collectively, "**Software Support Services**") in accordance with the provisions of this **Section 5**. The Software Support Services are included in the Services, and Contractor may not assess any additional fees, costs or charges for such Software Support Services.

5.1 Support Service Responsibilities. Contractor will:

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

(b) provide unlimited telephone support between the hours of 7:00 am ET and 7:00 pm ET Monday through Friday, excluding State Holidays;

(c) provide unlimited online support between the hours of 7:00 am ET and 7:00 pm ET Monday through Friday, excluding State Holidays;

(d) provide unlimited online access to the KAPS® online service ticketing system, technical support bulletins and other user support information and forums, to the full extent Contractor makes such resources available to its other customers; and

(e) respond to and Resolve Support Requests as specified in this **Section 5**.

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

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

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

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

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

(ii) if Contractor's facility check in accordance with clause (i) above confirms a Hosted Service outage in whole or in part: (A) notifying the State in writing pursuant to the procedures set forth herein that an outage has occurred, providing such details as may be available, including a Contractor trouble ticket number, if appropriate, and time of outage; and (B) working all problems causing and caused by the outage until they are Resolved as Critical Service Errors in accordance with the Support Request Classification set forth in **Section 5.4**, or, if determined to be an internet provider problem, open a trouble ticket with the internet provider; and

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

5.3 Service Maintenance. Contractor will continuously maintain the Hosted Services to optimize Availability that meets or exceeds the Availability Requirement. Such maintenance services include providing to the State and its Authorized Users:

(a) all updates, bug fixes, enhancements, Maintenance Releases, New Versions and other improvements to the Hosted Services, including the Software, provided that Contractor shall consult with the State and is required to receive State approval prior to modifying or upgrading Hosted Services, including Maintenance Releases and New Versions of Software; and

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

5.4 Support Service Level Requirements. Contractor will correct all Service Errors and respond to and Resolve all Support Requests between the hours of 7:00 am ET and 7:00 pm ET Monday through Friday, excluding State Holidays in accordance with the required times and other terms and conditions set forth in this **Section 5.4** ("**Support Service Level Requirements**"), and the Contract.

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

Support Request Classification	**Description:** **Any Service Error Comprising or Causing any of the Following Events or Effects**
Critical Service Error	(a) Issue affecting entire system or single critical production function; (b) System down or operating in materially degraded state; (c) Data integrity at risk; (d) Material financial impact; (e) Widespread access interruptions; or (f) Classified by the State as a Critical Service Error

Priority Service Error	(a) A Priority Service Error for which the State has received, within the Resolution time for Critical Service Errors, a work-around that the State has accepted in writing; or (b) Data entry or access is materially impaired on a limited basis.

(b) Response and Resolution Time Service Levels. Response and Resolution times will be measured during the hours of 7:00 am ET and 7:00 pm ET Monday through Friday, excluding State Holidays, from the time Contractor receives a Support Request until the respective times Contractor has (i) responded to, in the case of response time and (ii) Resolved such Support Request, in the case of Resolution time. "**Resolve**" (including "**Resolved**", "**Resolution**" and correlative capitalized terms) means that, as to any Service Error, Contractor has provided the State the corresponding Service Error correction and the State has confirmed such correction and its acceptance thereof. Contractor will respond to and Resolve all Service Errors within the following times based on the severity of the Service Error:

Support Request Classification	**Service Level Metric** **(Required Response Time)**	**Service Level Metric** **(Required Resolution Time)**	**Service Level Credits** **(For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)**
Critical Service Error	Contractor shall acknowledge receipt of a Support Request within three (3) hours.	Contractor shall Resolve the Support Request as soon as practicable, and no later than eight (8) hours after Contractor's receipt of the Support Request. If the Contractor Resolves the Support Request by way of a work-around accepted in writing by the State, the severity level assessment will be reduced to a Priority	An amount equal to five percent (5%) of the then current monthly Support Fee for each hour by which Contractor's Resolution of the Support Request exceeds the required Resolution time.

		Service Error.	
Priority Service Error	Contractor shall acknowledge receipt of a Support Request or, where applicable, the State's written acceptance of a Critical Service Error work-around, within four (4) hours.	Contractor shall Resolve the Support Request as soon as practicable and no later than five (5) business days after Contractor's receipt of the Support Request or, where applicable, the State's written acceptance of a Critical Service Error work-around.	An amount equal to one percent (1%) of the then current monthly Support Fee for each day, by which Contractor's Resolution of the Support Request exceeds the required Resolution time.

(c) Escalation. With respect to any Critical Service Error Support Request, until such Support Request is Resolved, Contractor will escalate that Support Request within one hundred eighty (180) minutes of the receipt of such Support Request by the appropriate Contractor support personnel, including, as applicable, the Contractor Service Manager and Contractor's management or engineering personnel, as appropriate.

5.5 Support Service Level Credits. Failure to achieve any of the Support Service Level Requirements for Critical and High Service Errors will constitute a Service Level Failure for which Contractor will issue to the State the corresponding service credits set forth in **Section 5.4(b)** ("**Service Level Credits**") in accordance with payment terms set forth in the Contract. Service Level Credits may not exceed the total amount of Fees that would be payable for the relevant service period in which the credits are assessed. Further, the State may not assess both Availability Credits and Service Level Credits for the same incident.

5.6 Corrective Action Plan. If two or more Critical Service Errors occur in any thirty (30) day period during (a) the Term or (b) any additional periods during which Contractor does or is required to perform any Hosted Services, Contractor will promptly investigate the root causes of these Service Errors and provide to the State within five (5) Business Days of its receipt of notice of the second such Support Request an analysis of such root causes and a proposed written corrective action plan for the State's review, comment and approval, which, subject to and upon the State's written approval, shall be a part of, and by this reference is incorporated in, the Contract as the parties' corrective action plan (the "**Corrective Action Plan**"). The Corrective Action Plan must include, at a minimum: (a) Contractor's commitment to the State to devote the appropriate time, skilled personnel, systems support and

equipment and other resources necessary to Resolve and prevent any further occurrences of the Service Errors giving rise to such Support Requests; (b) a strategy for developing any programming, software updates, fixes, patches, etc. necessary to remedy, and prevent any further occurrences of, such Service Errors; and (c) time frames for implementing the Corrective Action Plan. There will be no additional charge for Contractor's preparation or implementation of the Corrective Action Plan in the time frames and manner set forth therein.

6. Force Majeure.

6.1 Force Majeure Events. Subject to **Section 6.3**, neither party will be liable or responsible to the other party, or be deemed to have defaulted under or breached the Contract, for any failure or delay in fulfilling or performing any term hereof, when and to the extent such failure or delay is caused by: acts of God, flood, fire or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date of the Contract, national or regional emergency, or any passage of law or governmental order, rule, regulation or direction, or any action taken by a governmental or public authority, including imposing an embargo, export or import restriction, quota or other restriction or prohibition (each of the foregoing, a "**Force Majeure Event**"), in each case provided that: (a) such event is outside the reasonable control of the affected party; (b) the affected party gives prompt written notice to the other party, stating the period of time the occurrence is expected to continue; (c) the affected party uses diligent efforts to end the failure or delay and minimize the effects of such Force Majeure Event.

6.2 State Performance; Termination. In the event of a Force Majeure Event affecting Contractor's performance under the Contract, the State may suspend its performance hereunder until such time as Contractor resumes performance. The State may terminate the Contract by written notice to Contractor if a Force Majeure Event affecting Contractor's performance hereunder continues substantially uninterrupted for a period of five (5) Business Days or more. Unless the State terminates the Contract pursuant to the preceding sentence, any date specifically designated for Contractor's performance under the Contract will automatically be extended for a period up to the duration of the Force Majeure Event.

6.3 Exclusions; Non-suspended Obligations. Notwithstanding the foregoing or any other provisions of the Contract or this Schedule:

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

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

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

7. Disaster Recovery and Backup. Throughout the Term and at all times in connection with its actual or required performance of the Services, and in addition to requirements set forth in the Statement of Work, Contractor will:

(a) maintain and operate a backup and disaster recovery plan to achieve a Recovery Point Objective (RPO) of 24 hours, and a Recovery Time Objective (RTO) of 72 hours (the "**DR Plan**"), and implement such DR Plan in the event of any unplanned interruption of the Hosted Services. Contractor's current DR Plan, revision history, and any reports or summaries relating to past testing of or pursuant to the DR Plan are attached as **Schedule F**. Contractor will actively test, review and update the DR Plan on at least an annual basis using industry best practices as guidance. Contractor will provide the State with copies of all such updates to the Plan within fifteen (15) days of its adoption by Contractor. All updates to the DR Plan are subject to the requirements of this **Section 7**; and

(b) provide the State with copies of all reports resulting from any testing of or pursuant to the DR Plan promptly after Contractor's receipt or preparation. If Contractor fails to reinstate all material Hosted Services within the periods of time set forth in the DR Plan, the State may, in addition to any other remedies available under this Contract, in its sole discretion, immediately terminate this Contract as a non-curable default.

SCHEDULE C - LICENSE AGREEMENT

KAPS® LICENSE TERMS AND CONDITIONS

1. LICENSE. In accordance with the terms and conditions of this Contract (inclusive of all Exhibits and Schedules attached hereto and incorporated herein by reference), Contractor grants to the State, and the State accepts, a limited, nontransferable, non-exclusive license to use the Software under the terms and conditions stated herein for the State's use in the administration of its unclaimed property program and business related thereto. The grant of rights hereunder to license and utilize the Software is *not* a sale of the Software or any portion thereof, and does not convey any rights of ownership in the Software to the State. Contractor reserves all rights not expressly granted by this Contract and the State hereby agrees that all title and ownership of the Software and all Software Deliverables and associated intellectual property rights are and shall always remain with Contractor except where expressly agreed otherwise by the Parties. Furthermore, Contractor shall grant the State with a license to utilize Kelmar's LexisNexis® Instant Verify® and LexID® Identification Services ("Kelmar LN Services") on the terms and conditions set forth in **Schedule 1**, attached hereto and incorporated herein by reference.

2. LICENSE RESTRICTIONS. Contractor and the State acknowledge and reaffirm that the State shall have restricted rights in data, including computer software and all accompanying documentation, and manuals and instructional materials. This Contract does not include the right to perform, and the State agrees to refrain from performing, the following: (i) selling, marketing, making copies, translations, adaptations, or modifications of or to the Software or any portion thereof, except as expressly agreed in writing by the Parties; and (ii) reverse-engineering, reverse-translating, disassembling, or decompiling the Software, the Software Deliverables or the Documentation or any portion thereof or attempting to do so, or otherwise attempting to discover the Source Code, and/or techniques incorporated into the Software, and that it shall not hire, direct, influence or aid any other person or entity to do or attempt to do the same. The State further agrees that it may not create any derivative work based upon the Software by altering, modifying, or translating the Source Code or any portion thereof, and that it shall not hire, direct, influence or aid any other person or entity to do or attempt to do the same.

3. PROPERTY RIGHTS. The Parties expressly agree that the KAPS® Software is, and shall remain, the sole and exclusive property of the Contractor with all title and rights of ownership therein. Nothing contained in this Contract shall be construed as a sale of the KAPS® Software or any portion thereof to the State. Further, Contractor reserves all rights not expressly granted by this Contract and the State hereby agrees that all title and ownership of "Contractor Property" (as defined below) is and shall always remain the property of Contractor. Contractor Property shall include property that is (i) owned by Contractor prior to commencement of the Services including specifically, and without limitation, the KAPS® Software System, Source Code, and website interfaces (inclusive of all intellectual property associated therewith); (ii) developed by Contractor after commencement of the Services, but only to the extent such property is not designed expressly and exclusively for the State using State funds; (iii) developed by Contractor after commencement of the Services for common use by KAPS® System users notwithstanding that such property may

contain customized changes utilized by the State; and/or (iv) developed by Contractor separate and apart from this Contract and without use of for reference to any State assets. The State acknowledges that its possession, installation, and/or use of Contractor Property, as may be permitted under this Contract pursuant to the license granted hereunder, does not constitute a sale of such property and/or a transfer of title or ownership of such property.

The Parties acknowledge and agree that the "API and Work Product" set forth in Section 19.4 of the Contract Clauses shall be limited solely to the State specific customized modules, interfaces and source code developed, produced, and created expressly and solely for the State at the State's sole cost and expense. For the avoidance of doubt, any modules, interfaces and source code that is created by Contractor as part of its customary design, implementation, warranty and maintenance processes shall remain Contractor Property.

SCHEDULE 1

SUBSCRIPTION TERMS & CONDITIONS – KAPS® LEXISNEXIS® MODULE

For the purposes of SCHEDULE C - KAPS® LICENSE TERMS AND CONDITIONS to which this Schedule 1 is attached and incorporated, the following subscription terms and conditions shall apply to all data received by the State in connection with its license to utilize Kelmar's LexisNexis® Instant Verify® and LexID® verification and authentication services. The subscription terms and conditions contained herein shall supersede and govern in the event of a conflict between the terms of the Contract and any other writing concerning the aforementioned identification verification and authentication services.

1. **RESTRICTED LICENSE.** Pursuant to the authority granted to Kelmar under the LexisNexis Risk Solution Non-FCRA Government Reseller Agreement dated January 14, 2015, Kelmar hereby grants to the State a restricted license to use the KAPS® integrated LexisNexis® Instant Verify® and LexID® Identification Services (collectively hereinafter the "Kelmar LN Services") and any data contained therein, subject to the restrictions and limitations set forth below:

(i) **Generally.** Kelmar hereby grants to the State a restricted license to use the Kelmar LN Services solely for the State's own internal government purposes. The State represents and warrants that all of the State's use of the Kelmar LN Services shall be for only legitimate government purposes, including those specified by the State in connection with a specific information request, relating to the administration of the State's unclaimed property program and as otherwise governed by the Contract. The State shall not use the Kelmar LN Services for marketing purposes or to resell or broker the Kelmar LN Services to any third party and shall not use the Kelmar LN Services for personal (non-government) purposes. The State shall not use the Kelmar LN Services to provide data processing services to third-parties or evaluate the data of or for third-parties. The State agrees that if Kelmar, as verified by LexisNexis, determines or reasonably suspects that continued provision of the Kelmar LN Services to the State entails a potential security risk, or that the State is engaging in marketing activities, reselling, brokering or processing or evaluating the data of or for third-parties, or using the Kelmar LN Services for personal (non-government) purposes or using the Kelmar LN Services' information, programs, computer applications, or data, or is otherwise violating any provision of this Contract, or any of the laws, regulations, or rules described herein, Kelmar may take immediate action, including, without limitation, terminating the delivery of, and the license to use, the Kelmar LN Services. The State shall not access the Kelmar LN Services from Internet Protocol addresses located outside of the United States and its territories without Kelmar's prior written approval. The State shall comply with all laws, regulations and rules

which govern the use of the Kelmar LN Services and information provided therein. Kelmar may, upon thirty (30) days advance notice, mask or cease to provide the State access to certain portions of the Kelmar LN Services which Kelmar may deem, in Kelmar's sole discretion, to be sensitive or restricted information unrelated to the State's "Permitted Purpose" (as such term is defined by the GLBA and DPPA).

(ii) **GLBA Data.** Some of the information contained in the Kelmar LN Services is "nonpublic personal information," as defined in the Gramm-Leach-Bliley Act (15 U.S.C. § 6801, et seq.) and related state laws, (collectively, the "GLBA"), and is regulated by the GLBA ("GLBA Data"). The State shall not obtain and/or use GLBA Data through the Kelmar LN Services, in any manner that would violate the GLBA, or any similar state or local laws, regulations and rules. The State acknowledges and agrees that it may be required to certify its permissible use of GLBA Data falling within an exception set forth in the GLBA at the time it requests information in connection with certain Kelmar LN Services and will recertify upon request by Kelmar. The State certifies with respect to GLBA Data received through the Kelmar LN Services that it complies with the Interagency Standards for Safeguarding Information issued pursuant to the GLBA.

(iii) **DPPA Data.** Some of the information contained in the Kelmar LN Services is "personal information," as defined in the Drivers Privacy Protection Act (18 U.S.C. § 2721, et seq.) and related state laws, (collectively, the "DPPA"), and is regulated by the DPPA ("DPPA Data"). The State shall not obtain and/or use DPPA Data through the Kelmar LN Services in any manner that would violate the DPPA. The State acknowledges and agrees that it may be required to certify its permissible use of DPPA Data at the time it requests information in connection with certain Kelmar LN Services and will recertify upon request by Kelmar.

(iv) **Social Security and Driver's License Numbers**. Kelmar may in its sole discretion permit the State to access QA Data (as defined as Social Security or Driver's License numbers). If the State is authorized by Kelmar to receive QA Data, and the State obtains QA Data through the Kelmar LN Services, the State certifies it will not use the QA Data for any purpose other than as expressly authorized by Kelmar's policies, the terms and conditions herein, and applicable laws and regulations. In addition to the restrictions on distribution otherwise set forth in Paragraph 2 below, the State agrees that it will not permit QA Data obtained through the Kelmar LN Services to be used by an employee or contractor that is not an Authorized User with an Authorized Use. The State agrees it will certify, in writing, its uses for QA Data and recertify upon request by Kelmar. The State may not, to the extent permitted by the terms of this Contract, transfer QA Data via email or ftp without Kelmar' prior written consent. However, the State shall be permitted to transfer such information so long as: (a) a secured method (for example, sftp) is used, (b) transfer is not to any third party, and (c) such transfer is limited to such use as permitted under this Contract. Kelmar may at any time and for any or no reason cease to provide or limit the provision of QA Data to the State.

(v) **Copyrighted and Trademarked Materials.** The State shall not remove or obscure any trademarks, copyright notices or other notices contained on materials accessed through the Kelmar LN Services.

(vi) **National Change of Address Database.** Kelmar is a licensee of the United States Postal Service's NCOALINK database ("NCOA Database"). The information contained in the NCOA Database is regulated by the Privacy Act of 1974 and may be used only to provide a mailing list correction service for lists that will be used for preparation of mailings. If the State receives all or a portion of the NCOA Database through the Kelmar LN Services, the State hereby certifies to Kelmar that it will not use such information for any other purpose. Prior to obtaining or using information from the NCOA Database, the State agrees to complete, execute and submit to Kelmar the NCOA Processing Acknowledgement Form.

(vii) **Additional Terms.** Certain materials contained within the Kelmar LN Services are subject to additional obligations and restrictions. Without limitation, these services include news, business information (e.g., Dun & Bradstreet reports), and federal legislative and regulatory materials. To the extent that the State receives such materials through the Kelmar LN Services, the State agrees to comply with the Supplemental Terms and Conditions for Use of Kelmar LN Services contained at the following website: www.lexisnexis.com/terms/supplemental.aspx (the "Supplemental Terms"). The Supplemental Terms are hereby incorporated into this Contract by reference.

(viii) **Fair Credit Reporting Act.** The Kelmar LN Services provided pursuant to this Contract are not provided by "consumer reporting agencies," as that term is defined in the Fair Credit Reporting Act, (15 U.S.C. §1681, et seq.), (the "FCRA"), and do not constitute "consumer reports" as that term is defined in the FCRA. Accordingly, the Kelmar LN Services may not be used in whole or in part as a factor in determining eligibility for credit, insurance, employment or another purpose in connection with which a consumer report may be used under the FCRA. Further, (a) the State certifies that it will not use any of the information it receives through the Kelmar LN Services to determine, in whole or in part an individual's eligibility for any of the following products, services or transactions: (1) credit or insurance to be used primarily for personal, family or household purposes; (2) employment purposes; (3) a license or other benefit granted by a government agency; or (4) any other product, service or transaction in connection with which a consumer report may be used under the FCRA or any similar state statute, including without limitation apartment rental, check-cashing, or the opening of a deposit or transaction account; (b) by way of clarification, without limiting the foregoing, the State may use, except as otherwise prohibited or limited by this Contract, information received through the Kelmar LN Services for the following purposes: (1) to verify or authenticate an individual's identity; (2) to prevent or detect fraud or other unlawful activity; (3) to locate an individual; (4) to review the status of a legal proceeding; (5) to collect a debt, provided that such debt collection does not constitute in whole or in part, a determination of an individual consumer's eligibility for

credit or insurance to be used primarily for personal, family or household purposes; or (6) to determine whether to buy or sell consumer debt or a portfolio of consumer debt in a commercial secondary market transaction, provided that such determination does not constitute in whole or in part, a determination of an individual consumer's eligibility for credit or insurance to be used primarily for personal, family or household purposes; (c) specifically, if the State is using the Kelmar LN Services in connection with collection of a consumer debt on its own behalf, or on behalf of a third party, the State shall not use the Kelmar LN Services: (1) to revoke consumer credit; (2) to accelerate, set or change repayment terms; or (3) for the purpose of determining a consumer's eligibility for any repayment plan; provided, however, that the State may, consistent with the certification and limitations set forth in this Subparagraph (viii), use the Kelmar LN Services for identifying, locating, or contacting a consumer in connection with the collection of a consumer's debt or for prioritizing collection activities; and (d) the State shall not use any of the information it receives through the Kelmar LN Services to take any "adverse action," as that term is defined in the FCRA.

(ix) **MVR Data.** If the State is permitted to access Motor Vehicle Records ("MVR Data") from Kelmar, without in any way limiting the State's obligations to comply with all state and federal laws governing use of MVR Data, the following specific restrictions apply and are subject to change:

(a) The State shall not use any MVR Data provided by Kelmar, or portions of information contained therein, to create or update a file that the State uses to develop its own source of driving history information.
(b) As requested by Kelmar, the State shall complete any state forms that Kelmar is legally or contractually bound to obtain from the State before providing the State with MVR Data.
(c) Kelmar (and certain third party vendors) may conduct reasonable and periodic audits of the State's use of MVR Data. Further, in response to any audit, the State must be able to substantiate the reason for each MVR Data order.

(ix) **HIPAA.** The State represents and warrants that the State will not provide Kelmar with any Protected Health Information (as that term is defined in 45 C.F.R. Sec. 160.103) or with Electronic Health Records or Patient Health Records (as those terms are defined in 42 U.S.C. Sec. 17921(5), and 42 U.S.C. Sec. 17921(11), respectively) or with information from such records without the execution of a separate Contract between the Parties.

(x) **Retention of Records.** For uses of GLB Data, DPPA Data and MVR Data, as described in Paragraphs 1(ii), 1(iii) and 1(ix), the State shall maintain for a period of five (5) years a complete and accurate record (including consumer identity, purpose and, if applicable, consumer authorization) pertaining to every access to such data.

2. **SECURITY.** The State acknowledges that the information available through the Kelmar LN Services may include personally identifiable information and it is the State's obligation to keep all such accessed information confidential and secure. Accordingly, the State shall: (a) restrict access to Kelmar LN Services to those employees who have a need to know as part of their official duties; (b) ensure that none of its employees shall (i) obtain and/or use any information from the Kelmar LN Services for personal reasons, or (ii) transfer any information received through the Kelmar LN Services to any party except as permitted hereunder; (c) keep all user identification numbers, and related passwords, or other security measures (collectively, "User IDs") confidential and prohibit the sharing of User IDs; (d) immediately deactivate the User ID of any employee who no longer has a need to know, or for terminated employees on or prior to the date of termination; (e) in addition to any obligations under Paragraph 1, take all commercially reasonable measures to prevent unauthorized access to, or use of, the Kelmar LN Services or data received therefrom, whether the same is in electronic form or hard copy, by any person or entity; (f) maintain and enforce data destruction procedures to protect the security and confidentiality of all information obtained through Kelmar LN Services as it is being disposed; (g) unless otherwise required by law, purge all information received through the Kelmar LN Services and stored electronically or on hard copy by the State within ninety (90) days of initial receipt; (h) be capable of receiving the Kelmar LN Services where the same are provided utilizing "secure socket layer," or such other means of secure transmission as is deemed reasonable by Kelmar; (i) not access and/or use the Kelmar LN Services via mechanical, programmatic, robotic, scripted or other automated search means, other than through batch or machine-to-machine applications approved by Kelmar; and (j) take all steps to protect their networks and computer environments, or those used to access the Kelmar LN Services, from compromise. The State agrees that it shall periodically review searches performed by its User IDs to ensure that such searches were performed for a legitimate business purpose and in compliance with all terms and conditions herein. The State will implement policies and procedures to prevent unauthorized use of User IDs and the Kelmar LN Services and will immediately notify Kelmar, in writing to Kelmar if the State suspects, has reason to believe or confirms that a User ID or the Kelmar LN Services (or data derived directly or indirectly therefrom) is or has been lost, stolen, compromised, misused or used, accessed or acquired in an unauthorized manner or by any unauthorized person, or for any purpose other than legitimate business reasons. In the event that the Kelmar LN Services provided to the State include personally identifiable information (including, but not limited to, social security numbers, driver's license numbers or dates of birth), and to the extent such personally identifiable information is stored or otherwise maintained by the State or its employees outside of the KAPS® System, the following shall apply: The State acknowledges that, upon unauthorized acquisition or access of or to such personally identifiable information, including but not limited to that which is due to use by an unauthorized person or due to unauthorized use (a "Security Event"), the State shall, in compliance with law, notify the individuals whose information was potentially accessed or acquired that a Security Event has occurred, and shall also notify any other parties (including but not limited to regulatory entities and credit reporting agencies) as

may be legally required in the State's reasonable opinion. The State agrees that such notification shall not reference Kelmar or the product through which the data was provided, nor shall Kelmar be otherwise identified or referenced in connection with the Security Event, without Kelmar's express written consent. The State shall be solely responsible for any other legal or regulatory obligations which may arise under applicable law in connection with such a Security Event and shall bear all costs associated with complying with legal and regulatory obligations in connection therewith. The State shall remain solely liable for claims against the State that may arise from a Security Event. The State shall provide samples of all proposed materials to notify consumers and any third-parties, including regulatory entities, to Kelmar prior to distribution. In the event of a Security Event, Kelmar may, in its sole discretion, take immediate action, including suspension or termination of the State's account, without further obligation or liability of any kind.

3. **PERFORMANCE.** Kelmar will use commercially reasonable efforts to deliver the Kelmar LN Services requested by the State and to compile information gathered from selected public records and other sources used in the provision of the Kelmar LN Services; provided, however, that the State accepts all information "**AS IS**." The State acknowledges and agrees that Kelmar obtains its data from third party sources, which may or may not be completely thorough and accurate, and that the State shall not rely on Kelmar for the accuracy or completeness of information supplied through the Kelmar LN Services. Without limiting the foregoing, the criminal record data that may be provided as part of the Kelmar LN Services may include records that have been expunged, sealed, or otherwise have become inaccessible to the public since the date on which the data was last updated or collected. The State understands that the State may be restricted from accessing certain Kelmar LN Services which may be otherwise available. Kelmar reserves the right to add materials and features to, and to discontinue offering any of the materials and features that are currently a part of, the Kelmar LN Services. In the event that Kelmar discontinues a material portion of the materials and features that the State regularly uses in the ordinary course of its business, and such materials and features are part of a flat fee subscription plan to which the State has subscribed, Kelmar will, at the State's option, issue a prorated credit to the State's account.

4. **INTELLECTUAL PROPERTY; CONFIDENTIALITY**. The State agrees that the State shall not reproduce, retransmit, republish, or otherwise transfer for any commercial purposes the Kelmar LN Services' information, programs or computer applications. The State shall use such materials in a manner consistent with Kelmar's interests and the terms and conditions herein, and shall notify Kelmar of any threatened or actual infringement of Kelmar's rights. Notwithstanding anything in this Contract to the contrary, Kelmar's data provider shall own the State's search inquiry data used to access the Kelmar LN Services (in the past or future) and may use such data for any purpose consistent with applicable federal, state and local laws, rules and regulations. For purposes of this Paragraph 4, "search inquiry data" means the data collected during the processing of the search request inclusive of the search query, the libraries and data points accessed, the search results and/or information matches produced in connection

with the Kelmar LN Services. For the avoidance of doubt, search inquiry data shall not include the State's Confidential Information (as defined in Section 21.1 of the Contract). The State and Kelmar acknowledge that they each may have access to confidential information of the disclosing party ("Disclosing Party") relating to the Disclosing Party's business including, without limitation, technical, financial, strategies and related information, computer programs, algorithms, know-how, processes, ideas, inventions (whether patentable or not), schematics, Trade Secrets (as defined below) and other information (whether written or oral), and in the case of Kelmar's information, product information, pricing information, product development plans, forecasts, data contained in Kelmar LN Services, and other business information ("Confidential Information"). "Trade Secret" shall be deemed to include any information which gives the Disclosing Party an advantage over competitors who do not have access to such information as well as all information that fits the definition of "trade secret" set forth in the the Delaware Uniform Trades Secrets Act, Del. Code Ann. Title 6 Secs. 2001 *et seq.*. Each receiving party ("Receiving Party") agrees not to divulge any Confidential Information or information derived therefrom to any third party and shall protect the confidentiality of the Confidential Information with the same degree of care it uses to protect the confidentiality of its own confidential information and trade secrets, but in no event less than a reasonable degree of care. Notwithstanding the foregoing, the Receiving Party may disclose Confidential Information solely to the extent required by subpoena, court order or other governmental authority, provided that the Receiving Party shall give the Disclosing Party prompt written notice of such subpoena, court order or other governmental authority so as to allow the Disclosing Party to have an opportunity to obtain a protective order to prohibit or restrict such disclosure at its sole cost and expense. Confidential Information disclosed pursuant to subpoena, court order or other governmental authority shall otherwise remain subject to the terms applicable to Confidential Information. Each Party's obligations with respect to Confidential Information shall continue for the term of this Contract and for a period of five (5) years thereafter, provided however, that with respect Trade Secrets, each party's obligations shall continue for so long as such Confidential Information continues to constitute a Trade Secret.

5. **WARRANTIES/LIMITATION OF LIABILITY.** Neither Kelmar, nor its subsidiaries and affiliates, nor any third party data provider (for purposes of indemnification, warranties, and limitations on liability, Kelmar, its subsidiaries and affiliates, and its data providers are hereby collectively referred to as "Kelmar") shall be liable to the State (or to any person claiming through the State to whom the State may have provided data from the Kelmar LN Services) for any loss or injury arising out of or caused in whole or in part by Kelmar's acts or omissions in procuring, compiling, collecting, interpreting, reporting, communicating, or delivering the Kelmar LN Services. If, notwithstanding the foregoing, liability can be imposed on Kelmar, then the State agrees that Kelmar's aggregate liability for any and all losses or injuries arising out of any act or omission of Kelmar in connection with anything to be done or furnished under this Contract, regardless of the cause of the loss or injury, and regardless of the nature of the legal or equitable right claimed to have been violated, shall never exceed One Hundred Dollars

($100.00); and the State covenants and promises that it will not sue Kelmar for an amount greater than such sum even if the State and/or third parties were advised of the possibility of such damages and that it will not seek punitive damages in any suit against Kelmar. Kelmar does not make and hereby disclaims any warranty, express or implied with respect to the Kelmar LN Services. Kelmar does not guarantee or warrant the correctness, completeness, merchantability, or fitness for a particular purpose of the Kelmar LN Services or information provided therein. In no event shall Kelmar be liable for any indirect, incidental, or consequential damages, however arising, incurred by the State from receipt or use of information delivered using the Kelmar LN Services or the unavailability thereof. Due to the nature of public record information, the public records and commercially available data sources used in Kelmar LN Services may contain errors. Source data is sometimes reported or entered inaccurately, processed poorly or incorrectly, and is generally not free from defect. Kelmar LN Services are not the source of data, nor are they a comprehensive compilation of the data. Before relying on any data, it should be independently verified.

6. **AUDIT.** The State understands and agrees that, in order to ensure compliance with the FCRA, GLBA, DPPA, other applicable state or federal laws, regulations or rules, regulatory agency requirements, this Contract, and Kelmar's obligations under its contracts with its data providers and Kelmar's policies, Kelmar may conduct periodic reviews of the State's use of the Kelmar LN Services and may, upon reasonable notice, audit the State's records and procedures solely related to the State's use, storage and disposal of Kelmar LN Services and the information received therefrom; provide, however, that Kelmar shall use all reasonable efforts to limit disruption to the State and the conduct of its business during the audit. The State agrees to cooperate fully with any and all audits and to respond to any such audit inquiry within ten (10) business days, unless an expedited response is required. Violations discovered in any review and/or audit by Kelmar will be subject to immediate action including, but not limited to, suspension or termination of the license to use the Kelmar LN Services, reactivation fees, legal action, and/or referral to federal or state regulatory agencies.

7. **EMPLOYEE TRAINING.** As part of the Implementation Services provided to the State by Kelmar, Kelmar shall conduct an initial training on the State's obligations under this Contract, including, but not limited to, the licensing requirements and restrictions under Paragraph 1 and the security requirements of Paragraph 2, and make available the training materials for the State's continued use. Thereafter, the State shall train new employees prior to allowing access to Kelmar LN Services on the State's obligations under this Contract, including, but not limited to, the licensing requirements and restrictions under Paragraph 1 and the security requirements of Paragraph 2. The State shall conduct a similar review of its obligations under this Contract with existing employees who have access to Kelmar LN Services no less than annually. The State shall keep records of such training.

8. **CHANGE IN CONTRACT.** Kelmar may, upon thirty (30) days advance notice, impose restrictions and/or prohibitions on the State's use of the Kelmar LN Services or certain data; provided, however, that no advance notice shall be required where the restriction and/or prohibition results from compliance with an applicable state or federal law. The State understands that such restrictions or changes in access may be the result of a modification in Kelmar policy, a modification of third party agreements, a modification in industry standards, a Security Event or a change in law or regulation, or the interpretation thereof. Upon written notification by Kelmar of such restrictions, the State agrees to comply with such restrictions. In the event the State objects to the change or modification, Kelmar may terminate the State's access to the Kelmar LN Services.

9. **PUBLICITY.** The State will not name Kelmar or refer to its use of the Kelmar LN Services in any press releases, advertisements, promotional or marketing materials or, unless legally required, make any other third party disclosures regarding Kelmar or the State's use of the Kelmar LN Services.

10**.** **PRIVACY PRINCIPLES.** With respect to personally identifiable information regarding consumers, the Parties further agree as follows: Kelmar has adopted the "Kelmar Data Privacy Principles" ("Principles"), which may be modified from time to time, recognizing the importance of appropriate privacy protections for consumer data, and the State agrees that the State (including its directors, officers, employees or agents) will comply with the Principles or the State's own comparable privacy principles, policies, or practices. The Principles are available at: http://www.lexisnexis.com/privacy/data-privacy-principles.aspx.

11. **ENTIRE AGREEMENT.** Except as otherwise provided herein, this Exhibit E constitutes the final written agreement and understanding of the Parties concerning the Kelmar LN Services and is intended as a complete and exclusive statement of the terms of the agreement with respect to the licensing of the Kelmar LN Services, which shall supersede all other representations, agreements, and understandings, whether oral or written, which relate to the use of the Kelmar LN Services. Without limiting the foregoing, the provisions related to confidentiality and exchange of information contained in this Contract shall, with respect to the Kelmar LN Services and all matters within the scope of this Contract, supersede any separate non-disclosure agreement that is or may in the future be entered into by the Parties hereto. Any new, other, or different terms supplied by the State beyond the terms contained herein, including those contained in purchase orders or confirmations issued by the State, are specifically and expressly rejected by Kelmar unless Kelmar agrees to them in a signed writing specifically including those new, other, or different terms. The terms contained herein shall supersede and govern in the event of a conflict between these terms and any new, other, or different terms in any other writing concerning the Kelmar LN Services. **SCHEDULE D – PRICING SCHEDULE**

1. The pricing presents the total firm fixed price to perform all of the requirements of this Contract including but not limited to, any travel and expenses (no travel and living expenses are billable to the Treasury), one-time or set-up charges, fees, and potential costs that Contractor may charge the State.

2. All labor rates must be "fully loaded" to represent services provided at the project site in Lansing, MI (i.e., travel and living expenses must be included in the rates). All cost shall be inclusive of all taxes. The Treasury will not pay any taxes separately.

3. The Contractor agrees that all terms, warranties, and prices, as a whole, are comparable to or better than the equivalent terms, warranties, and prices, as a whole, offered by the Contractor to any present customer meeting substantially the same requirements or qualifications as the State. If the Contractor shall, during the term of this contract, enter into arrangements with any other customer providing greater benefits or more favorable terms, as a whole, the Contractor shall provide the same to the State.

4. The Pricing does not include exceptions or additional terms and conditions

A) **Software System and Maintenance Cost** : Table 1 provides the breakdown and summary Software System and Maintenance Cost

Table 1: Software System and Maintenance Cost

Description	Cost ($)	Contractor Comments
Pre-Go Live Contract Activity Costs • Initial Design Completed • UAT Completed • Final Acceptance • Go-Live	 $50,000.00 $50,000.00 $50,000.00 $50,000.00	Includes general system integration and analysis, development of FileNet and First Data PayPoint (CEPAS) interfaces. Please refer to Section C. Optional Functionality Costs below for additional associated costs.
Software License Cost (Year 1) (if the software application is modularized please provide breakup cost for each module)	$230,000.00	License costs are included in the annual maintenance costs.
Initial Contract Period Annual Maintenance Cost (Year 2) Annual Maintenance Cost (Year 3) Annual Maintenance Cost (Year 4) Annual Maintenance Cost (Year 5)	 $270,000.00 $270,000.00 $270,000.00 $270,000.00	Annual costs include both KAPS® and Contractor's public website solution.
Optional Contract Years Annual Maintenance Cost (Year 6) Annual Maintenance Cost (Year 7) Annual Maintenance Cost (Year 8) Annual Maintenance Cost (Year 9) Annual Maintenance Cost (Year 10)	 $270,000.00 $270,000.00 $270,000.00 $270,000.00 $270,000.00	Five (5) one-year Optional Contract Years upon mutual agreement of both Contractor and State.

B) **Implementation Cost**: Table 2 provides the breakdown and summary of costs for the implementation of the application, and covers the following major project activities:

Milestones	**Milestone Activities**
Project Initiation and Planning	1.1 Project Planning 1.2 General Timeline 1.3 Confirm Infrastructure 1.4 Initial Product Installation
Requirements & Design	2.1 Requirements Definition 2.2 Functional Design
Construction & Testing	3.1 Construction and Testing Plan 3.2 Integrations 3.3 Transition and Operations Planning 3.4 System Testing 3.5 User Acceptance Testing
Implementation	4.1 Production Cutover – Final Product Installation 4.2 Final Product Installation Testing 4.3 Post Implementation Evaluation Report (PIER)

Table 2: Project Work and Deliverable Costs (Integration with SIGMA) Summary of costs for the implementation of the application, and covers the following major project activities:

Milestones	**Milestone Activities**
Project Initiation and Planning	1.1 Project Planning 1.2 General Timeline 1.3 Confirm Infrastructure 1.4 Initial Product Installation
Requirements & Design	2.1 Requirements Definition 2.2 Functional Design
Construction & Testing	3.1 Construction and Testing Plan 3.2 Integrations 3.3 Transition and Operations Planning 3.4 System Testing 3.5 User Acceptance Testing
Implementation	4.1 Production Cutover – Final Product Installation 4.2 Final Product Installation Testing 4.3 Post Implementation Evaluation Report (PIER)

Table 2: Project Work and Deliverables Cost (Integration with SIGMA)

Project Work and Deliverables Cost Detail	Estimated Level of Effort in Hours*	Milestone Cost ($)	20% Holdback ($)	Net Payment Amount ($), less Holdback	Contractor Comments
Project Initiation and Planning	100	$12,500.00	$2,500.00	$10,000.00	
Requirements & Design	100	$12,500.00	$2,500.00	$10,000.00	
Construction & Testing (with SIGMA integration)	200	$25,000.00	$5,000.00	$20,000.00	
Implementation	75	$9,375.00	$1,875.00	$7,500.00	
Total Cost	475	$59,375.00	$11,875.00	**$47,500.00**	**This cost is for SIGMA integration only**

* Any reference to hour is for estimation purposes only as this is a firm not to exceed cost.

Table 3: Optional Functionality Costs. Software cost and implementation cost for OPTIONAL requirements listed in Attachment C - Requirement Matrix that are not mandatory.

Section	Comments	Estimated Firm Fixed Price	Estimated Hourly Rate
F. Imaging, Question 1 FileNet P8 Imaging Interface	Additional FileNet information required to determine interface requirements and resulting costs.	Determined after on-site analysis	Per rates stated in Table 4
J. Claims, Question 36 Electronic submission of documentation FileNet Interface	Additional FileNet information required to determine file transmission requirements, project scope and resulting costs.	Determined after on-site analysis	Per rates stated in Table 4
K. Interfaces, Question 7 CEPAS Interface	Additional CEPAS information required to determine interface requirements, project scope and resulting costs.	$10,000.00 not to exceed rate	

L. Electronic Reporting, Questions 2 & 5 CEPAS Interface	Additional CEPAS information required to determine interface requirements, project scope and resulting costs.	Included in line K above.	
O. Securities, Question 11 FileNet Interface	Additional FileNet information required to determine file transmission requirements, project scope and resulting costs.	Included in line F above.	

Table 4: Future Offeror Rates. The below rates will be used to calculate the cost for any additional services in case the State may request from the Contractor. The hourly rates includes all cost figures including travel and expenses - no travel and living expenses shall be billable to the State. These rates are fixed for the life of the project.

Position Title	**Hourly Rate**
Post Conversion Support Lead	$125.00
Project Manager	$200.00
Business Analyst	$150.00
Technical Lead	$175.00
Lead Tester/Test Manager	$125.00
Training and Documentation Coordinator	$125.00

SCHEDULE E – SECURITY REQUIREMENTS

1. Definitions. For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Section 1** shall have the respective meanings given to them in the Contract.

"**Contractor Security Officer**" has the meaning set forth in **Section 2** of this Schedule.

"**Hosted Services**" means the hosting, management and operation of the computing hardware, ancillary equipment, Software, firmware, data, other services (including support services), and related resources for remote electronic access and use by the State and its Authorized Users

"**NIST**" means the National Institute of Standards and Technology.

"**PCI**" means the Payment Card Industry.

"**PSP**" means the State's IT Policies, Standards and Procedures located at: http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html

"**SSAE**" means Statement on Standards for Attestation Engagements.

2. Contractor will appoint a Contractor employee to respond to the State's inquiries regarding the security of the Contractor Systems who has sufficient knowledge of the security of the Contractor Systems and the authority to act on behalf of Contractor in matters pertaining thereto ("**Contractor Security Officer**"). The Contractor Security Officer will be considered Key Personnel under the Contract.

3. Protection of the State's Confidential Information. Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will:

3.1 maintain an annual SSAE 16 SOC 2 Type 2 audit for the Hosted Services throughout the Term;

3.2 ensure that the Software and data, including backup data, is securely hosted, supported, administered, and accessed in a data center that resides in the continental United States, and minimally meets Uptime Institute Tier 3 standards (www.uptimeinstitute.com), or its equivalent;

3.3 maintain and enforce an information security program including safety and physical and technical security policies and procedures with respect to its Processing of the State's Confidential Information that comply with the requirements of the State's data security policies as set forth in the Contract**,** and must, at a minimum, remain compliant with NIST Special Publication 800.53 (most recent version) MOD Controls using minimum control values as established in the applicable PSP;

3.4 provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, transfer, commingling or processing of such information that ensure a level of security appropriate to the risks presented by the processing of the State's Confidential Information and the nature of such Confidential Information, consistent with best industry practice and standards;

3.5 take all reasonable measures to:

(a) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Services against "hackers" and others who may seek, without authorization, to disrupt, damage, modify, access or otherwise use Contractor Systems or the information found therein; and

(b) prevent (i) the State and its Authorized Users from having access to the data of other customers or such other customer's users of the Services; (ii) the State's Confidential Information from being commingled with or contaminated by the data of other customers or their users of the Services; and (iii) unauthorized access to any of the State's Confidential Information;

3.6 State Data must be encrypted in transit and at rest using AES 256bit or higher encryption;

3.7 the Hosted Services must support Identity Federation/Single Sign-on (SSO) capabilities using SAML or comparable mechanisms, including support for a secure multi-factor method of authentication as required based on data classification; and

3.8 the Hosted Services must have a secure multi-factor method of authentication for privileged/administrative access.

4. Unauthorized Access. Contractor may not access, and shall not permit any access to, State Systems, in whole or in part, whether through Contractor's Systems or otherwise, without the State's express prior written authorization. Such authorization may be revoked by the State in writing at any time in its sole discretion. Any access to State Systems must be solely in accordance with the Contract and this Schedule, and in no case exceed the scope of the State's authorization pursuant to this **Section 4**. All State-authorized connectivity or attempted connectivity to State Systems shall be only through the State's security gateways and firewalls and in compliance with the State's security policies set forth in the Contract as the same may be supplemented or amended by the State and provided to Contractor from time to time.

5. Security Audits. During the Term, Contractor will:

5.1 maintain complete and accurate records relating to its data protection practices, IT security controls, breach notification response plan, and the security logs of any of the State's Confidential Information, including any backup, disaster recovery or other policies, practices or procedures relating to the State's Confidential Information and any other information relevant to its compliance with this Schedule;

5.2 upon the State's request, make all such records, appropriate personnel and relevant materials available during normal business hours for inspection and audit by the State or an independent data security expert that is reasonably acceptable to Contractor, provided that the State: (i) gives Contractor at least five (5) Business Days prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for good cause shown; and (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract. The State may, but is not obligated to, perform such security audits, which shall, at the State's option and request, include penetration and security tests, of any and all Contractor Systems and their housing facilities and operating environments; and

5.3 if requested by the State, provide a copy of Contractor's SSAE 16 SOC 2 Type 2 audit report to the State within thirty (30) days after Contractor's receipt of such report. Any such audit reports will be recognized as Contractor's Confidential Information.

6. Nonexclusive Remedy. Any failure of the Services to meet the requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices or procedures, is a material breach of the Contract for which the State, at its option, may terminate the Contract immediately upon written notice to Contractor without any notice or cure period, and Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination.

7. PCI Compliance.

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

7.2 The Contractor must notify the State's Contract Administrator (within 48 hours of discovery) of any breaches in security where cardholder data has been compromised. In that event, the Contractor must provide full cooperation to the card associations (e.g. Visa, MasterCard, and Discover) and state acquirer representative(s), or a PCI approved third party, to conduct a thorough security review. The

Contractor must provide, at the request of the State, the results of such third party security review. The review must validate compliance with the PCI Data Security Standard for protecting cardholder data. At the State's sole discretion, the State may perform its own security review, either by itself or through a PCI approved third party.

7.3 The Contractor is responsible for all costs incurred as the result of the breach. Costs may include, but are not limited to, fines/fees for non-compliance, card reissuance, credit monitoring, breach notification, and any costs associated with a card association, PCI approved third party, or State initiated security review.

7.4 Without limiting Contractor's obligations of indemnification as further described in this Contract, Contractor must indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the breach.

7.5 The Contractor must dispose of cardholder data when it is no longer needed in compliance with PCI DSS policy. The Contractor must continue to treat cardholder data as confidential upon contract termination.

7.6 The Contractor must provide the State's Contract Administrator with an annual Attestation of Compliance (AOC) and Report on Compliance (ROC) (if required) showing the contractor is in compliance with the PCI Data Security Standard. The Contractor must notify the State's Contract Administrator of all failures to comply with the PCI Data Security Standard.

SCHEDULE F – DISASTER RECOVERY PLAN

Disasters can strike without notice at any time. Consequently, Kelmar recognizes the importance of maintaining sufficient procedures and redundancy capabilities to assure continued processing in an emergency and the accurate back-up and full recovery of all data storage systems. These procedures are outlined in Kelmar's comprehensive Business Continuity Plan ("BCP"). Having a BCP provides Kelmar with a comprehensive plan for recovering critical business functions and data in a timely fashion with minimal interruption in the event of a disaster. Below is an overview of Kelmar's BCP. A complete copy of the BCP is available upon request.

- Contingency Planning: Kelmar's BCP identifies the necessary personnel and resources required for both disaster preparation and response, and also outlines the proper steps to be taken to ensure the timely restoration of critical business functions without undue delay in the event of a disaster.

  - Executing the BCP may include employees working from remote locations or home residences. In the event that a geographic business disruption occurs, all critical staff will be instructed to work in a virtual environment from a safe location. Staff laptops are equipped with remote mobility and soft-phones. All staff will have full access to the wide area network ("WAN") and can remain operable until the local office is safe to resume normal business operation.

  - In addition, key Kelmar response staff members carry personal cell phones for response outside of Kelmar's telecommunications network and Kelmar maintains call trees with personal contact information for use when normal communication channels fail. Kelmar's KAPS® support team will notify customers within one (1) business hour of a known outage that affects that customer. Kelmar asks that clients provide a call tree of state personnel to contact in case of disaster or outage.

  - All employees who are part of Kelmar's disaster recovery team are required to cross-train on any new system or disaster recovery process that is classified as critical to the Company's business operations. All identified system controls and processes are documented, and there are primary and secondary employees responsible for all support and maintenance activities. Consequently, in the event any key employee is incapacitated due to illness there is sufficient coverage for his/her duties. Likewise, Kelmar has relationships with supporting vendors that may be utilized in the unlikely event Kelmar's alternative staffing member is similarly incapacitated.

  - Likewise, in the event of a disaster requiring the replacement of equipment, Kelmar's vendors play a critical role in its continued business operations. For this reason, Kelmar has partnered with major information technology hardware/software providers and entered Service Level Agreements which guarantee less than four (4) hour response times, Gold Support Level, and next day replacement parts which greatly reduce the recovery timeframe in the event of a major disaster. Each of these data and equipment restoration protocols allows Kelmar to resume operations in an efficient manner following the identification and/or declaration of a disaster.

  - Kelmar maintains a separate near-line recovery site in case disaster strikes. All critical business systems are failed over to the backup location and operations of those systems will remain at this location until the Kelmar BCP team determines that it is safe for normal operations to continue at the primary location(s). Kelmar's data center is housed in one of the country's most secure environments. This data center provider secures state-of-the-art systems for a significant portion

of the nation's leading finance and insurance companies, as well as many governmental agencies. The data center is SSAE-16 Type II certified as well as PCI, DSS, and HIPAA compliant.

- Recovery Actions: In the event of a disaster affecting Kelmar, the Business Continuity Management Team ("BCMT") will be activated. Members of Kelmar's BCMT include Kelmar's Executive Management, Service Line Leaders and Director of Information Services. The BCMT will respond in accordance with the BCP and will initiate specific actions for recovery.

  - Once activated, the BCMT will evaluate the initial status of the disaster, estimate the method and time for recovery, and assess the salvageability of the affected resources. The problem or disaster will be categorized by incident level. A Level One incident impacts, or is likely to impact, a number of critical functions and will require minimal level of recovery efforts. A Level Two incident impacts, or is likely to impact, a geographic location preventing staff from safely traveling to their respective offices. A Level Three incident impacts, or is likely to impact, a large number of critical functions and will require significant recovery efforts.

  - Kelmar's Director of Information Services along with the IT staff will commence troubleshooting procedures and institute the Plan in accordance with a Criticality of Service List, which denotes the technology resources utilized by Kelmar's personnel to conduct business operations. For the Criticality of Service List, each technology resource was evaluated and allocated a place in one of four categories based on the level of criticality to Kelmar's business operations.

  - If server or network device hardware fails, the vendor will be contacted for delivery of replacement parts. The defective hardware will be replaced based on a reimage with the latest full server image. The Director and his staff will restore all differential backups to point of failure, test for validity, bring the affected systems back online and document the incident and all action steps taken.

  - If software or an operating system fails, the vendor will be contacted, when applicable. The Director and IT staff will determine the most efficient timeline for total restoration. Both the device and the Server OS will be restored to full operation with a valid backup. Prior to placement in production, the device or server will be fully patched with all applicable vendor security patches and the incident and all action steps taken will be documented.

- Business Continuity Plan Training: BCP training of personnel is an integral component of the disaster recovery process. The goal of training is to ensure that the recovery team personnel are able to execute their respective recovery roles.

  - The system specialist is responsible for developing the training program. Training is conducted annually of the entire system and periodically throughout the year to address key areas and functionalities. Additional training is provided when significant changes are made to the IT system environment, Kelmar's business processes, or the BCP generally. New employees who have contingency plan responsibilities also receive training promptly after hire.

  - Personnel training consists of individual and team training to ensure currency of knowledge and skills necessary to implement the BCP and carry out essential functions. Training incorporates simulated events to facilitate effective response by personnel in a crisis.

- Kelmar's BCP is made available to all employees on the company's intranet and is provided upon hire. Members of the recovery team are responsible for maintaining and updating BCP documentation upon the occurrence of any system or process changes.

- Restoration Protocols and Testing: At the foundation of its BCP, Kelmar has implemented the following daily data restoration protocols and regular plan testing to ensure preparedness.

  - Data Restoration: Each of the following data types, Client data, Kelmar data, email, databases and the Company's EFTP server, are evaluated and assessed a rating of one (1) to four (4) (on a scale of one (1) to four (4) with four (4) being the highest level of sensitivity) to Kelmar's business. This data is stored on RAID Server Storage and is also encrypted. Kelmar's data backup strategies include full backups once per week; differential backups four (4) times a week; and offsite storage based on a four (4) week rotation. Full server images, which can be restored to hardware, are deployed for all critical business systems. Tapes are stored offsite, rotated every four (4) weeks and certified destroyed after six (6) months of use.

  - Plan Testing: Kelmar's BCP is reviewed annually to reflect and incorporate necessary changes and is enforced by Kelmar's Director of Information Services. Partial tests of individual components are routinely carried out under the direction of the Director of Information Services. Likewise, on a bi-annual basis, Kelmar's Information Technology Department personnel perform tests of randomly selected critical services by simulating a total systems failure. All tests are documented and logged in accordance with the BCP.

ATTACHMENT A – PRELIMINARY IMPLEMENTATION PLAN

Michigan KAPS® Implementation Plan 8.2017				
Owner	**Task Name**	**Start***	**Finish***	**Duration**
Stakeholders	**Stakeholders**			
	State			
	Kelmar			
Phase	**State Introduction**	**11/06/17**	**03/09/18**	**90d**
Kelmar	Initial Introductory Call with State	11/06/17	11/06/17	1d
CAT	Completion of KAPS® Go-Live Discovery Packet	11/06/17	12/01/17	20d
Kelmar	Delivery of Go-Live Packet	11/06/17	11/06/17	1d
State	State gather and return Discovery Documents and Go-Live Packet	11/06/17	12/01/17	20d
CAT	Database Transfer	11/06/17	11/24/17	15d
State	EPortal Established	11/06/17	11/17/17	10d
State	Database Transferred	11/20/17	11/24/17	5d
State	Copies of Key Reports Sent (same day as DB transfer)	11/20/17	11/24/17	5d
CAT	Completion of the State Website (SWS) Discovery Document	11/13/17	02/23/18	75d
Kelmar	Review state website and complete SWS	11/13/17	12/01/17	15d
State	State review of SWS Document	12/04/17	01/05/18	25d
Kelmar	Edits made to SWS Document	01/08/18	02/23/18	35d
CAT	State report development	01/08/18	03/09/18	45d
Kelmar	Business Intelligence (BI) Discovery Packet sent to State	01/08/18	01/08/18	1d
State	State completion of BI Discovery Packet	01/08/18	02/08/18	24d
Kelmar	Review of BI Discovery Response	02/12/18	03/09/18	20d
Kelmar	Review of Discovery Material	11/20/17	12/08/17	15d
Kelmar	Onsite Discovery: Kelmar onsite to review Go Live packet content, collect data and document all processes	12/11/17	12/14/17	4d
Phase	**Initial Implementation Phase**	**11/06/17**	**06/29/18**	**170d**

Kelmar	Go Live Necessities captured	01/08/18	03/16/18	50d
Kelmar	Tickets created/edited and submitted for sprint completion	01/29/18	06/22/18	105d
Kelmar	Report development	02/12/18	06/29/18	100d
Kelmar	Interface documentation for the SIGMA system completed	11/06/17	12/29/17	40d
**The proposed start and completion dates identified in the implementation project plan are subject to revision as determined by events including, without limitation, the contract execution date, changes in project scope, state resources and participation, and other state activities including, without limitation, holder reporting deadlines and outreach events.*				
Phase	**Environment Implementation Phase**	**11/13/17**	**07/27/18**	**185d**
CAT	KAPS® UAT Environment Build	11/13/17	02/02/18	60d
Kelmar	Database framework established	11/13/17	11/24/17	10d
CAT	Implement Claims Workflow completed	11/27/17	01/26/18	45d
Kelmar	Evidence extracted from database	11/27/17	12/08/17	10d
Kelmar	Workflow designed	11/27/17	01/05/18	30d
Kelmar	Workflow implemented into UAT	01/01/18	01/26/18	20d
Kelmar	Initial Database conversion completed	01/08/18	02/02/18	20d
Kelmar	Jasper framework established	01/22/18	02/02/18	10d
Kelmar	Sprint Ticket Completion	01/10/18	07/25/18	141d
CAT	SWS UAT Environment Build	05/07/18	07/27/18	60d
Kelmar	SWS Development & Internal Testing	05/07/18	06/15/18	30d
Kelmar	SWS Demo	06/18/18	06/22/18	5d
State	State review of data	06/25/18	07/13/18	15d
Kelmar	Edits to SWS	07/16/18	07/27/18	10d
State	State signoff on SWS	07/27/18	07/27/18	1d
Phase	**Training and State Feedback Phase**	**12/11/17**	**08/24/18**	**185d**
Kelmar	KAPS® Superuser Training	12/11/17	12/14/17	4d
Kelmar	Setup State User Roles and Teams	12/11/17	07/27/18	165d
Kelmar	Review Training Agenda	05/28/18	06/01/18	5d
Kelmar	(Onsite) State training/testing with KAPS® staff	06/18/18	06/22/18	5d
State	Weekly training sessions and state assignments	06/25/18	08/17/18	40d
State	User Testing	06/25/18	08/24/18	45d

State	System UAT	07/02/18	08/10/18	30d
Kelmar	Critical issues addressed	06/25/18	08/24/18	45d
State	Final submission date for Go-Live requirements	06/15/18	06/15/18	1d
State	State signoff on UAT	08/03/18	08/03/18	1d
Phase	**Change Management**	**07/23/18**	**08/03/18**	**10d**
State	Adjust current website-advertise new UCP	07/23/18	08/03/18	10d
Kelmar	Notify outside agencies of upcoming changes	07/23/18	08/03/18	10d
**The proposed start and completion dates identified in the implementation project plan are subject to revision as determined by events including, without limitation, the contract execution date, changes in project scope, state resources and participation, and other state activities including, without limitation, holder reporting deadlines and outreach events.*				
Phase	**Pre Go Live Review**	**05/21/18**	**08/17/18**	**65d**
State	State to load all Holder Reports/HDE files into UPS2000 before final conversion for decryption (these do not need to be processed, just in the report import area of UPS)	05/21/18	08/10/18	60d
Kelmar	Implementation agenda discussed with State	07/02/18	08/17/18	35d
Phase	**Final Conversion**	**08/16/18**	**08/20/18**	**3d**
State	Final database transfer	08/16/18	08/16/18	1d
Kelmar	Final cut of conversion data implemented and tested in PROD	08/16/18	08/17/18	2d
State	Data testing and signoffs completed with State Managers	08/19/18	08/19/18	1d
State	Review and acceptance of results of security testing	08/20/18	08/20/18	1d
State	State signoff received	08/20/18	08/20/18	1d
Phase	**Go Live**	**08/20/18**	**08/24/18**	**5d**
Kelmar	Onsite visit	08/20/18	08/24/18	5d
Kelmar	Helpspot and supporting videos/documents delivered	08/20/18	08/24/18	5d
Phase	**Implementation Close Out**	**08/22/18**	**08/22/18**	**1d**
State	Implementation Feedback/Support Transition	08/22/18	08/22/18	1d

ATTACHMENT B – HARDWARE AND RELATED SERVICES

Kelmar provides all required hardware and software as required by the Kelmar-hosted solution. The software and hardware below represents the currently implemented solution in Kelmar's data center. The Company reserves the right to substitute or upgrade hardware and software components as it deems necessary.

Item	Brand	Size	Model # and Description	Comments
Microsoft Windows Server / Virtual Machine Server for all Virtual Servers	Cisco	Two (2) UCS B200M3 Servers with 256G RAM each	USC 5100 Series Blade Server Chassie	One (1) Year OEM Warranty Included
Microsoft SQL Server (2014 or higher, in a mirrored or clustered implementation)	Microsoft	Two (2) Standard or Data Center edition	Microsoft Windows Server 2012 (or later)	OEM Warranty as provided by Microsoft
RedHat Linux virtual servers	RedHat	Twelve (12) Standard Release	Redhat Enterprise Linux	Annual support from Redhat
Proxy Server / Load Balancer	ALOHA	Minimum of two (2)	ALOHA Load Balancer Appliance Rack 1U ALB-3100-04K-BUN	One (1) Year OEM Warranty Included
SSL Certificates for servers	Verisign, Thawte, DigiCert, Symantec or other provider	One (1) for each server accessed by internal staff or public users	Server SSL Certificates 2048-Bit SSL	Annual subscription
SAN-based Disk Storage (sufficient for servers and required database storage)	EMC	One (1)	Recommend 10T of disk before array configuration VNX5400	One (1) Year OEM Warranty Included

ATTACHMENT C – REQUIREMENTS MATRIX

A	**System Overview**
B	**Receipts**
C	**Holder Reports**
D	**Tangible Property**
E	**Reciprocity Claims and Reports**
F	**Imaging**
G	**Fast Tracking Claims**
H	**Penalty & Interest**
I	**Knowledge Transfer / Training**
J	**Claims**
K	**Interfaces**
L	**Electronic Reporting**
M	**Data Conversion to/Transition from**
N	**Tracking of Holder Audits**
O	**Securities**
P	**Reporting**
Q	**System Integrity/Data Quality**
R	**Security/Internal Controls:**

Column instructions

Column A

This column indicates a numeric sequence of each function.

Column B

This column describes a particular technical and functional requirement.

Column C

This column indicates whether the Contractor complies with a particular requirement or not.

Column D

This column indicates how the Contractor will comply with a particular requirement.

1. Currently provided within the standard service.
2. Currently provided through configuration to standard service at no additional cost.
3. Currently provided through configuration to standard service at an additional cost detailed in the Schedule D – Pricing Schedule.
4. Not currently provided but will be added through customization at no additional cost.
5. Not currently provided but will be added through customization at the additional cost detailed in the Schedule D – Pricing Schedule.
6. Service will not be provided.

Column E

This column provides Contractor’s comment related to their solution to meet specific requirement.

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
A	**System Overview**	N/A		N/A
	1. System shall be end-user friendly by providing a sound operational framework that combines optimal screen appearances, efficient transaction recording and offers keyboard shortcuts (a keyboard shortcut is use of certain keys to route from one screen to another in the system).	YES	1	
	2. System shall be able to maintain all historical records including holder reports, properties, claims, system notes, legacy data, user audit trails, etc.	YES	1	
	3. System shall allow authorized staff to adjust reference tables and system parameters (i.e.: adding a property type, adding a claim source, etc.)	YES	1	Some reference tables must be maintained by Kelmar support staff to ensure data integrity.
	4. System shall be role-based and permit an authorized Treasury staff member to assign roles to staff, as required.	YES	1	
B	**Receipts**	N/A		N/A
	1. System shall receipt cash, securities and tangible property.	YES	1	
	2. System shall provide for search functions in every fillable field at both the batch and individual receipt levels.	YES	1	
	3. System will automatically assign consecutive receipt batch ID numbers.	YES	1	
	4. System shall have a balancing feature to require the reconciliation of individual receipts to the batch totals.	YES	1	
	5. System shall allow staff to record notes on both batch level and receipt level.	YES	4	
	6. System shall allow receipts to be linked to reports, safekeeping properties, stock properties.	YES	1	
	7. System shall have ability to reverse a cash receipt received in error.	YES	1	
	8. System shall allow an individual receipt to be split and linked to multiple holder reports/stock transactions.	YES	1	
	9. System shall provide navigation along the link between an individual receipt and the items it is attached to.	YES	1	

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	10. System shall display status of the individual receipts (fully linked, partially linked, not linked at all.)	YES	1	
	11. System shall provide the ability for staff to unbalance and edit receipt batches and maintain audit tracking when this occurs	YES	2	
	12. System shall provide the ability to record different types of receipts (reports, dividends, liquidations, royalties, safe deposit box cash, auction proceeds, etc.)	YES	1	
	13. System shall provide the ability to sort the data displayed within the receipt batch by any entered field (amount, payor, description, etc.)	YES	1	
	14. System shall provide the ability to record different forms of payment (check, cash, EFT, ACH, State inter-agency transfer).	YES	1	
C	**Holder Reports**	N/A		N/A
	1. System shall be able to process various types of holder reports (cash, securities, tangible properties) either in the NAUPA I or NAUPA II format.	YES	1	
	2. System shall be able to link receipts to reports.	YES	1	
	3. System shall have a balancing feature to require the reconciliation of individual properties and linked receipts to the report totals.	YES	1	
	4. System shall allow for the recording of multiple holder contacts (representatives) and allow a single contact to be linked to a specific holder report.	YES	1	
	5. System shall allow for processing of electronic holder reports received through a variety of media and websites, as well as manually entered reports.	YES	1	
	6. System shall allow for the recording of reporting agent and report type on each individual report.	YES	1	
	7. System shall allow for standard and customized letters to be generated from within the Holder module.	YES	1	
	8. System shall allow staff to record notes	YES	1	

A	B	C	D	E
#	Requirement	Yes/No	Response (1,2,3,4,5,6)	Comments
	on both holder and report level.			
	9. System shall not allow properties to be edited once they are attached to a claim with an approved or paid status.	YES	1	
	10. System will prevent a property from being approved and paid if it is on a report that is not cleared.	YES	1	
	11. System will allow for the manual itemization of tangible property items for each property.	YES	1	
	12. System will allow for multiple owners to be listed individually on a property with their specific relationship to the property (Primary/Joint, Remitter/Payee, etc.)	YES	1	
	13. System will allow for the calculation of interest on properties reported with an interest rate in accordance with the Unclaimed Property Act (Michigan Uniform Unclaimed Property Act, Public Act 29 of 1995).	YES	4	
	14. System shall allow for force-balancing an out-of-balance report in certain circumstances by an authorized staff member.	YES	4	KAPS® is built to prevent users from force balancing however; if the State requires this functionality Kelmar will work with State to develop a role related function or discuss alternative methods for reaching desired goal.
	15. System shall allow for balancing a report where the remittance is slightly lower than the reported properties.	YES	4	KAPS® is built to prevent users from force balancing however; if the State requires this functionality Kelmar will work with State to develop a role related function or discuss alternative methods for reaching desired goal.
	16. System shall allow for balancing an out-of-balance report (i.e. lawsuit settlement).	YES	1	
	17. System shall be able to save an unedited version of the electronic holder report.	YES	1	
	18. System shall allow for the tracking and reporting of Voluntary Disclosure Agreements.	YES	1	
	19. System shall allow for the calculation, generation and tracking of penalty and	YES	2	

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	interest invoices.			
	20. System shall provide the ability to sort the data displayed within the report property batch by any entered field (amount, payor, description, etc.)	YES	1	
	21. System shall be flexible enough to allow for multiple holders with the same FEIN as well as multiple reports in the same year for an individual holder group.	YES	1	
	22. System should have the ability to link multiple subsidiaries to the parent company. (OPTIONAL)	YES	1	
	23. System shall be able to track and display changes to Holder names, addresses and FEIN.	YES	1	
	24. System shall have a comment box at the holder level.	YES	1	
	25. System should be able to auto-correct or populate fields as needed.	YES	1	Kelmar would need to understand which fields the State desires to be auto populated or corrected. For example, KAPS® will auto correct invalid Property Types, Owner Types and Relationship codes through translation tables. Addresses will auto-populate via Kelmar's address confirmation service.
	26. System shall maintain a centralized, selectable list of all reports and properties submitted by the holder.	YES	1	
	27. System shall provide for search functions in every fillable field at the holder, report and property levels.	YES	1	
	28. System shall allow for authorized staff to delete a report in its entirety in isolated incidents when a holder notifies the Unclaimed Property Division that their report is contaminated with errors and no claims have been paid out.	YES	1	
D	**Tangible Property**	N/A		N/A
	1. The system shall be able to assign individual item numbers to each tangible property item.	YES	1	
	2. The system shall allow the ability to enter property description for each	YES	1	

A	B	C	D	E
#	Requirement	Yes/No	Response (1,2,3,4,5,6)	Comments
	tangible property item.			
	3. The system shall allow for the entering of appraised value for items to be sold at an auction.	YES	1	
	4. The system shall be able to link all safekeeping items contained within a safe deposit box to a single property.	YES	1	
	5. The system shall allow updates and display the status, location and value of the tangible items.	YES	1	
	6. The system shall allow the ability to input staff members' names or initials involved in opening and inventorying the contents from a safe deposit box.	YES	1	
	7. System will allow for the recording of safe deposit box drilling and rental fees provided by the holder. These fees are to be deducted from the cash value of the property when the property is paid on a claim.	YES	1	
	8. System shall be able to account for safe deposit box drilling and rental fees and have a mechanism by which a claim can be made by a financial institution in order to obtain a reimbursement of their drilling and rental fees.	YES	4	
	9. System shall be able to categorize and lot similar safekeeping items from various safekeeping properties.	YES	1	User can complete this function by reviewing categories.
	10. System shall be able to establish auction lots based on certain criteria and parameters (safekeeping categories, dates received, number of items and/or maximum value.)	YES	1	
	11. System shall have the ability to drop claims according to a predetermined date in order to determine which tangible items should be included in the auction, excluding items from the auction that are on pending claims.	YES	1	
	12. System shall have the ability to return items into inventory if they are not sold at auction or are mailed to the owner and returned as undeliverable by the delivery service.	YES	2	

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	13. System shall be able to allocate auction proceeds from a lot to the individual safekeeping items contained within that lot.	YES	1	
	14. System shall be able to allocate auction fees among all auctioned items.	YES	1	
	15. System should be able to link bonds contained in a safe deposit box of one individual to a separate property naming the registered owner of the bond. (OPTIONAL)	YES	4	
	16. System should be able to automatically update the status on properties contained in a Record Center box that has been destroyed in accordance with our retention schedule. (OPTIONAL)	YES	4	This could be done via interface if a separate listing will be provided.
	17. System should provide for barcoding of safekeeping items for the purpose of inventory management. (OPTIONAL)	YES	1	
	18. System should allow for the entry of the appraiser's initials and date of appraisal on each safekeeping item to be sold at an auction. (OPTIONAL)	YES	1	
	19. System shall be able to distinguish between safekeeping items to be sold at an auction and those which will not be sold (i.e.: U.S. Savings Bonds vs jewelry).	YES	1	
	20. System shall allow entering or editing estimated values, safekeeping descriptions, appraiser identification and allocating auction proceeds without having to unbalance a report.	YES	1	KAPS® allows for the editing of appraisal, auction proceeds, and appraisal descriptions, however it does *not* allow the editing of the inventory description once reconciled.
	21. System should have the ability to post cash receipts through a batch transaction. These receipts are generated by cash received from safe deposit boxes. (OPTIONAL)	YES	1	
	22. System shall allow for staff to enter notes at the auction level.	YES	2	
E	**Reciprocity Claims and Reports**	N/A		N/A
	1. System shall be able to generate reciprocity claims and reports based upon the state code in the reported property owners' addresses.	YES	1	
	2. System shall allow staff to add or remove	YES	1	

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	properties from a system-generated reciprocity report.			
	3. System shall allow staff to include or exclude certain types of properties (securities, tangible property).	YES	4	
	4. System shall be able to exclude any properties with multiple addresses in which more than one state is reported.	YES	1	
	5. System shall be able to produce an encrypted holder report in the NAUPA format.	YES	1	KAPS® produces a file in NAUPA format, however it is not HDE encrypted
F	**Imaging**	N/A		N/A
	1. System shall be able to interface with the FileNet P8 imaging product currently in use by the Michigan Department of Treasury (currently version 5.2).	YES	5	Please refer to the Optional Functionality Costs section of Kelmar's Price Proposal for additional cost information concerning FileNet integration.
	2. System shall be able to access the images stored on the FileNet system, establish a link and display them within the unclaimed property system.	YES	5	Included with other FileNet integration projects. Please refer to the Optional Functionality Costs section of Kelmar's Price Proposal for additional cost information.
	3. System shall utilize certain to be determined image index fields when retrieving an imaged document. These fields will include but are not limited to the claim number, claimant name and claimant social security number or Federal Employer Identification Number (FEIN).	YES	5	Included with other FileNet integration projects. Please refer to the Optional Functionality Costs section of Kelmar's Price Proposal for additional cost information.
	4. System shall be able to establish multiple links to an individual image (i.e.: one imaged document supporting multiple claims.)	YES	5	Included with other FileNet integration projects. Please refer to the Optional Functionality Costs section of Kelmar's Price Proposal for additional cost information.
	5. System shall be able to interface with FileNet to remove images in accordance with Unclaimed Property's retention schedule.	YES	5	Included with other FileNet integration projects. Please refer to the Optional Functionality Costs section of Kelmar's Price Proposal for additional cost information.
	6. System shall provide specified barcodes on claim forms to assist in the retrieval of data when imaging the document. Barcodes should be able to retrieve data	YES	1	

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	such as claimant number.			
	7. System shall be comparable with either a Code 39 or Code 128 type Barcode. Information	YES	1	
G	**Fast Tracking Claims**	N/A		N/A
	1. System should be able to receive electronic inquiries from a State of Michigan website or the Missing Money website and be able to compare claimant-provided information to the UPD data and identity verification system (the State currently has a contract with Accurint) and establish a claim for review and determination. (OPTIONAL)	YES	1/2	KAPS® currently integrates with Missing Money. Please see pricing proposal for cost to integrate with State website or utilize Kelmar's state website solution and LexisNexis®.
	2. System should be able to establish claims using information provided electronically by claimants and should be able to combine multiple electronic inquiries for the same owner into a single claim. (OPTIONAL)	YES	2	Included as part of Kelmar's state website solution.
	3. System shall be able to capture claimant's contact information (i.e.: address, email, phone number).	YES	2	Included as part of Kelmar's state website solution.
H	**Penalty & Interest**	N/A		N/A
	1. System shall be able to calculate penalty and interest in accordance with Treasury specific guidelines and the Unclaimed Property statute and be able to generate assessments.	YES	4	
	2. System shall be able to generate multiple assessment notices for a single holder report in accordance with Treasury Collections Division specific guidelines in order to meet due process requirements.	YES	4	
	3. System shall be able to generate and print assessments in group batches or individually.	YES	4	
	4. System shall be able to link payment receipts to penalty and interest assessments.	YES	4	
	5. System shall be able to adjust or waive penalty and interest assessments. In addition, system shall be able to allow for holder provided changes to the holder report which will lead to an adjustment to the assessment (i.e.:	YES	4	

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	changes in last activity dates).			
	6. System shall be able to produce a detailed calculation report showing the interest calculated on each property and the penalty calculation for the total amount of the report.	YES	4	
	7. System shall be able to interface with the Collections Division system in order to refer past-due assessments to that Division. Also, the system shall be able to retrieve payments made to the Collections Division pertaining to Unclaimed Property assessments.	YES	4	
I	**Knowledge Transfer / Training**	N/A		N/A
	1. Vendor shall provide a training manual and any other necessary training materials in an electronic format for navigating and processing transactions on the system.	YES	1	
	2. Vendor shall provide a training plan; the plan shall include timing of training, knowledge transfer efforts, and the steps that the Vendor shall take to verify that required knowledge has been transferred and retained (tracking and monitoring the effectiveness of the training).	YES	1	
	3. Vendor will be required to provide formal classroom instructor-led on-site training to Unclaimed Property staff for each of the modules to be implemented prior to and after implementation. If possible, State would prefer a training video along with on-site training.	YES	1	
	4. Vendor may be required to provide follow-up training to staff depending upon staff needs.	YES	1	
	5. Vendor shall provide a help line between 8:00 am and 5:00 pm eastern time during the duration of the contract.	YES	1	
J	**Claims**	N/A		N/A
	1. System shall allow for a search to be conducted based upon a number of data fields (i.e.: name, Social Security Number, tax ID number, property ID number, date of birth, dollar amount, account number, description field, etc.)	YES	1	

A	B	C	D	E
#	Requirement	Yes/No	Response (1,2,3,4,5,6)	Comments
	2. System should allow for a search to be conducted based upon the reported address of a property. (OPTIONAL)	YES	1	
	3. System shall allow search results to be sorted and arranged by staff according to their needs.	YES	1	
	4. System shall allow staff to choose whether to filter out paid properties in conducting a search.	YES	1	
	5. System shall allow staff to generate a letter directly off of a property, not requiring the property to be attached to a claim.	YES	4	
	6. System shall allow for multiple properties of different types to be attached to a claim (i.e.: cash, securities, intangible properties).	YES	1	
	7. System shall allow individual properties to be split among multiple claims.	YES	1	
	8. System shall allow for a property to be attached (but not paid) to multiple claims.	YES	1	
	9. System shall allow for the entry of work history notes by staff pertaining to a claim.	YES	1	
	10. System shall allow for the option to generate or not generate an itemized claim form.	YES	2	
	11. System shall be able to produce an itemized claim form listing all of the properties contained on the claim.	YES	1	
	12. System shall allow for the storage and retrieval of letter templates to be used by staff to communicate with claimants and holders.	YES	1	
	13. System shall allow for the generation and editing of letters issued to claimants and stored within the claim.	YES	1	
	14. System shall be able to calculate amounts remaining on a property that have not yet been paid.	YES	1	
	15. System shall be able to prevent payment of more than 100% of the property.	YES	1	
	16. System shall be able to copy claimant information, properties and percentages	YES	1	

A	B	C	D	E
#	Requirement	Yes/No	Response (1,2,3,4,5,6)	Comments
	from one claim and establish a duplicate claim.			
	17. System shall have a workflow process where claims can be advanced through an approval queue process, including the viewing of the imaged claim if it has been imaged.	YES	1	
	18. System shall have a five-level approval process based upon dollar parameters established by Treasury.	YES	2	
	19. System shall be able to search for a tax ID number under both a social security format as well as FEIN format by only entering the tax ID number once.	YES	1	
	20. System shall allow staff to add or remove properties on an unpaid claim.	YES	1	
	21. System shall allow staff to adjust the payment amount for a property on a claim by either using a dollar amount or a percentage.	YES	1	
	22. System should allow staff to enter a single percentage amount that will be applied to all properties on a claim when splitting properties among multiple claims. (OPTIONAL)	YES	1	
	23. System should allow for rounding to the nearest cent when splitting properties among multiple claims. (OPTIONAL)	YES	1	
	24. System shall allow for notes to be recorded on properties (i.e.: document outreach efforts made in contacting the property owners).	YES	1	
	25. System should have the capability to temporarily freeze a claim from being paid (i.e.: court freeze order). (OPTIONAL)	YES	2	
	26. System shall indicate the status of each claim and update and display the status of checks after claims have been approved and a check issued. Updates shall occur daily; undeliverable checks will have their status updated by the system to allow the check to be reissued to the updated address.	YES	1	
	27. System should be able to display an	YES	1	

A	B	C	D	E
#	Requirement	Yes/No	Response (1,2,3,4,5,6)	Comments
	employee's individual production stats for a selectable time period.			
	28. System shall be able to process claims with no cash value (i.e.: claims containing tangible property, claims containing worthless shares, claims where shares of stock are being returned.)	YES	1	
	29. System shall be able to process claims where no check is being issued (i.e.: funds transferred to another state agency through the state's accounting system, de minimis claims.)	YES	2	
	30. System shall be able to calculate and pay interest on interest-bearing properties reported with an interest rate in accordance with the Unclaimed Property Act.	YES	4	
	31. System shall be able to produce a file for interest paid to individual claimants requiring 1099 reporting in accordance with the IRS code.	YES	4	
	32. System should be able to have an evidence module that automatically populates claim requirements based upon the property types, amounts and type of claim (i.e.: deceased, joint, etc.) Claim requirements should be generated and printed by the system on a claim, letter or instruction sheet. System should be flexible enough in order to allow for changes in the documentation required. (OPTIONAL)	YES	1	
	33. System shall allow for payments to foreign addresses.	YES	1	
	34. System should have a window that displays in a grid format all properties and associated owners attached to a claim; this grid should have the capability to be sorted by column and columns should be able to be arranged according to staff needs.	YES	1	
	35. System shall be able to create a payment file which will interface with the state's accounting system so that checks can be issued. The creation of the payment file shall be flexible and allow either batch	YES	4,5	Kelmar will work with State to produce proper files to integrate with state's accounting system. Individual quotes for integration with SIGMA are provided in

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	payment or selection of individual claims for payment.			Table 2 of Kelmar's Price Proposal.
	36. System should allow for electronic submission of documentation for inquiries and claims using a secured environment. (OPTIONAL)	YES	3	Included as part of Kelmar's state website solution.
	37. System should be able to provide an alert to staff for claims containing either tangible property or unliquidated securities. (OPTIONAL)	YES	4	
K	**Interfaces**	N/A		N/A
	1. System shall be able to interface with the state's accounting system currently known as MAIN. Please note that the state is anticipating a conversion to a new accounting system on 10/1/2017. This system is currently under development and will be known as SIGMA. The state's accounting system is used to issue unclaimed property claim payments. System shall be able to retrieve a daily interface file from SIGMA and update check payment information (check date, check number, etc.) as well as the status of the check (issued, canceled, cashed, escheated, etc.)	YES	4	Kelmar will work with state on an interface with the State's accounting system.
	2. System shall be able to interface with Treasury's State Treasury Accounts Receivable (STAR) collections system. Current interfaces include a program that compares the unclaimed property data to debtors on the STAR system. Also, the unclaimed property system shall be able to send past-due unclaimed property penalty and interest assessments to STAR and retrieve payment information from STAR.	YES	4	
	3. System shall be able to interface with the Income Tax DMSII Unisys Mainframe database. This interface is used to send outreach letters to property owners using the last known address on the Income Tax	YES	4	

A	B	C	D	E
#	Requirement	Yes/No	Response (1,2,3,4,5,6)	Comments
	system.			
	4. System should be able to interface with a State identity verification system (the State currently has a contract with Accurint) to match UPD data that contains a social security number with the owner's probable current address on the identity verification system. The system should be able to retrieve this information and automatically establish a claim on the system. These claims will then be reviewed and approved by UPD staff in accordance with standard procedure. (OPTIONAL)	YES	4	
	5. System shall be able to receive an Excel file from a governmental entity containing debtor's social security numbers and have the functionality to compare this file with the unclaimed property database and be able to provide feedback to the entity as to whether or not we have funds belonging to those individuals.	YES	4	
	6. System shall be able to interface with Unclaimed Property Division's securities custodian, currently BNYMellon, to download market values of securities at certain times during the year.	YES	1	
	7. System should interface with First Data PayPoint (CEPAS) to provide the ability to import electronic payments into receipt batches. (OPTIONAL)	YES	5	Included with L(2) CEPAS integration. Please refer to the Optional Functionality Costs section of Kelmar's Price Proposal for additional cost information.
	8. System should interface with Eagle Technology Management's UPExchange and UPExpress programs and provide the ability to download electronic holder reports.	YES	1	
L	**Electronic Reporting**	N/A		N/A
	1. System shall provide for a secure internet portal, hosted by the State of Michigan, to allow holders to submit holder reports	YES	2	

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	in an electronic format.			
	2. System shall integrate with the electronic payment portal currently used by the State of Michigan, allowing holders to submit a holder report and remittance in the same online session. The current vendor and product is First Data PayPoint (CEPAS).	YES	5	Included in CEPAS interface project. Please refer to the Optional Functionality Costs section of Kelmar's Price Proposal for additional cost information.
	3. System shall be able to validate various types of holder reports (cash, securities, tangible properties) either in the NAUPA I or NAUPA II format.	YES	2	Currently supported by Kelmar's state website solution
	4. System shall reject holder reports which are not in the proper format or contain errors, alerting the holder to what corrections are necessary.	YES	2	Currently supported by Kelmar's state website solution
	5. System shall be able to cross-reference an electronic report to an electronic payment with a common identifying number.	YES	5	Included with other CEPAS interface project. Please refer to the Optional Functionality Costs section of Kelmar's Price Proposal for additional cost information.
	6. System shall be able to accept an electronic holder report without requiring an electronic payment.	YES	2	Currently supported by Kelmar's state website solution
	7. System should allow for notification to system users, alerting them that holder reports have been submitted and validated and are ready for processing. (OPTIONAL)	YES	1	
M	**Data Conversion to/Transition from**	N/A		N/A
	1. Vendor shall provide a data conversion strategy to convert the data from the current system to the proposed system and provide a reconciliation to ensure none of the records are lost or damaged during the conversion.	YES	1	
	2. Vendor shall identify problem areas encountered during the conversion process and assist Treasury in developing a system.	YES	1	
	3. Vendor shall be responsible for data mapping, conversion, translation and loading all data from the current system to the new system.	YES	1	
	4. Vendor shall provide documentation	YES	1	

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	illustrating the data mapping, conversion, translation and loading of data from the current system to the new system.			
	5. Vendor shall initiate and complete conversion on a weekend to minimize the disruption to the operations of the Unclaimed Property Division.	YES	1	
N	**Tracking of Holder Audits**	N/A		N/A
	1. System shall be able to record audit information pertaining to unclaimed property audits of holders, such as auditing firm name, date initiated, property types being reviewed, date completed, issues encountered, audit periods, etc.	YES	1	
	2. System shall be able to record VDA information such as date filed, periods covered, reports received, entities covered under the VDA, etc.	YES	1	
O	**Securities**	N/A		N/A
	1. System shall be able to account for all types of securities, including: corporate stocks, dividend reinvestment plans, mutual funds and bonds.	YES	1	
	2. System shall be able to accept entries related to securities such as issue name, ticker symbol, CUSIP, security pricing history, etc.	YES	1	
	3. System shall be able to identify the custodian holding the securities (i.e.: BNYMellon, certificated shares, brokerage accounts, mutual funds, etc.)	YES	1	
	4. System shall be able to account for security transactions such as sales, dividends, fractional share sales, mergers, spin-offs, stock splits, reverse stock splits, etc.	YES	1	
	5. System shall be able to accept adjustments entered by staff in posting transactions (i.e.: include non-transferable security on a paid claim by adjusting the share balance to zero.)	YES	1	
	6. System shall be able to allocate corporate actions and liquidations to the affected property owners based on the	YES	1	

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	number of shares owned and adjust for rounding, if necessary.			
	7. System should have a tracking mechanism for situations where whole shares and fractional shares are held by two different custodians (i.e.: BNY Mellon vs transfer agent book entry).	YES	1	
	8. System shall allow the entry of transactions in either a batch or directly to an individual property.	YES	1	
	9. System shall allow for posting of the transactions to be limited by a specific report(s) or property(ies) as well as the ability to isolate securities into separate Custodians.	YES	1	
	10. System should have the ability to generate specific correspondence by extracting pertinent information from securities custodian data (i.e.: liquidation request). (OPTIONAL)	YES	1	
	11. System should have the ability to interface with Treasury's imaging system (FileNet) to retrieve securities statements and establish a connection to the related custodian or property. (OPTIONAL)	YES	5	Included with other FileNet integration projects. Please refer to the Optional Functionality Costs section of Kelmar's Price Proposal for additional cost information.
	12. System shall be able to connect cash receipts, such as liquidations and dividends, to the posted security transaction.	YES	1	
	13. System shall be able to account for stock dividends as well as cash dividends.	YES	1	
	14. System shall be able to account for cash receipts in lieu of fractional shares.	YES	1	
	15. System shall have the ability for staff to enter notes pertaining to corporate actions on the batch transactions and/or the stock property itself.	YES	1	
	16. System shall have the ability to record stock values at certain intervals in order to calculate penalty and interest and issue assessments.	YES	1	
P	**Reporting**	N/A		N/A
	1. System shall have ad hoc report creation capabilities, accessible only to authorized	YES	1	

A	B	C	D	E
#	Requirement	Yes/No	Response (1,2,3,4,5,6)	Comments
	users, allowing reports to be customized from any data element contained within the unclaimed property system.			
	2. System shall have the capability to produce a report in an Excel format, to be sold to the public, of claimable properties based upon dollar amounts, reported county, and report date. This report shall be flexible to allow staff to determine the data elements contained within the report.	YES	1	
	3. System shall produce a report indicating the number of properties added to the system after a certain date (last publishing) and the dollar value of properties available to be claimed.	YES	1	
	4. System shall produce a monthly data extract containing certain property information for the public to conduct searches through the Missing Money website as well as the State of Michigan's website. Vendor shall provide a system for the extract to interface with the two websites.	YES	1	
	5. System should produce a cash flow lag schedule report showing receipts received from reports in a particular year and claim payouts from those reports in subsequent years. (OPTIONAL)	YES	2	
Q	**System Integrity/Data Quality**	N/A		N/A
	1. System should be reconciled to assure the data records in the system are not inappropriately altered, deleted or added. Additionally, this process will help ensure all data in the system is properly updated when properties are added and claims are paid. (OPTIONAL)	YES	1	
	2. System should reconcile the value of the property records; in general, each day will begin with the prior days balance and when properties are loaded (added) or paid (subtracted), the prior days balance will be increased and decreased to resulting in the current day's balance. The current day's balance will be used as the next day's "prior day's balance".	YES	4	

A	B	C	D	E
#	**Requirement**	**Yes/No**	**Response (1,2,3,4,5,6)**	**Comments**
	Other transactions which result in the value of the property being increased or decreased would be added or subtracted. An example of other values being added is auction proceeds. An example of other values being subtracted is when a holder incorrectly reports property and the property is subsequently returned to the holder. (OPTIONAL)			
	3. System shall provide reports on a daily basis to ensure the integrity of the system's data.	YES	4	
R	**Security/Internal Controls:**	N/A		N/A
	1. System shall contain proper internal controls to ensure data integrity and accuracy to effectively safeguard property information.	YES	1	
	2. System shall provide audit trail reports showing differences between reported property information by the holder and the same property as it has been edited by unclaimed property staff. The report, at a minimum, shall indicate what was originally reported, what the information was changed to and identify the staff member making the change. This audit trail shall be available at any time.	YES	1	
	3. System shall be interlinked between the numerous tables and functions and maintain detailed accounting and audit history capabilities.	YES	1	
	4. System shall provide and maintain detailed balancing and reconciling functions throughout the transactions and functions of the program and data tables.	YES	1	
	5. System shall be able to prevent staff who process holder reports and establish claims from putting an approval on a claim containing a property from a report processed by that staff person.	YES	2	
	6. System shall enforce an approval process requiring two to five independent approvals for each claim, depending on the dollar amount of the claim.	YES	2	
	7. System shall require complex passwords and	YES	2	

A	B	C	D	E
#	Requirement	Yes/No	Response (1,2,3,4,5,6)	Comments
	require that passwords be changed periodically.			
	8. System should allow staff to input a fraud alert notice into the system which would highlight names and/or addresses on a watch list as claims are being established or approved.	YES	1	
	9. System shall be role-based. Assignment of roles and rights shall be coordinated between the vendor and the treasury system administrator.	YES	1	

The Contractor's approach to meeting the above requirements:

A) System Overview: KAPS® is a proven, flexible and customized unclaimed property system developed to retain data records and perform numerous accounting, database utility functions, and comprehensive interface and interactive program functions in a reliable and secure manner. KAPS® is designed to easily connect securely to web services and other industry standard interface types. During the implementation process, Kelmar's implementation team identifies all opportunities for integration with external systems and, where appropriate, develops those interfaces for its client state, including email integration services and direct-email interfaces. KAPS® provides external interface integration points in the areas of Receipts, Owner Outreach, Claims Payment and Securities.

KAPS® has been developed with the philosophy that each unclaimed property department should be able to configure the system to meet its precise needs. KAPS® avoids the use of coding styles that create department-specific code in favor of code that is controlled via system configurable controls. Features and functions that are developed for other state clients can, therefore, be made available to the State with the simple change of a system configuration control. By design, KAPS® automates many common tasks performed by users and assists users in determining workflow and next steps. In addition, the system provides dashboard reports in major areas so managers can easily see a visual representation of the workload for their teams and users. One of the central components to KAPS® is the My Queue area of the system. All work assigned to the user that is ready for processing can be easily found in one central area. Supervisors can assign work to staff while keeping track of each user's productivity and workload. With KAPS®, the State can manage systems users, teams and permissions, as well as maintain system reference tables and configure KAPS®.

Below is an overview of each interactive program function.

B) Receipts: KAPS® automates the holder report reconciliation process and links holder reports with associated payments where possible. KAPS® provides significant improvements in receipts processing and management including:

- Receipts tracking for cash, securities and tangible property;
- Automated application of security receipts, and securities reconciliation by each CUSIP included on a holder report;
- Receipts links to all areas of property values;

- Separation of duties for data entry, validation and reconciliation of receipt batches;

- Integration with state revenue systems in order to reconcile recorded receipts in KAPS® with receipts received in the state revenue system;

- Import of external system receipts such as from lockbox or securities custodians;

- All changes made to receipt-related data are included in the KAPS® data change management system;

- Kelmar requires that reports containing securities be reconciled to each individual CUSIP remitted on a holder report. KAPS® provides on-screen listings of "Reports not Reconciled", as well as reports at additional system statuses including "Created", "Out of Balance", "In Balance, not Reconciled" and others. All key report and receipt related data is included in the change tracking systems in KAPS®, and all records created, edited, or deleted are identified by date and user who made the change; and

- Each Receipt and Holder Report is assigned to a system user and/or processing team, and may be reassigned as needed. KAPS® provides for automated load-leveled work assignment.

C) Holder Reports: KAPS® includes a complete Holder Reporting solution. In addition to housing all holder reports and owner data, KAPS® offers interactive search/report capability including, but not limited to, viewing and managing holder names, data and records, as well as accessing reports and utilities. Key features in the KAPS® holder reporting solution include the following:

- Automated file loading from external sources including the KAPS® state website solution and ETM's UPExchange reporting solution;

- Automated data correction abilities including configurable data translations for Property Types, Owner Types, and Relationship Codes;

- Report rejection with automated email reporting to holders with details of the report errors;

- Configurable errors and warnings including determining which errors and warnings are reported to holders;

- Automated report and receipt linking with optional automated report reconciliation; and

- Complete traceable data integrity from the original NAUPA report through the import process and final report reconciliation.

D) Tangible Property: KAPS® contains a detailed and integrated management system for tangible property received and managed by the State. Tangible property inventorying and receipts is integrated into the holder report balancing process, allowing the State to confirm a holder has submitted all reported tangible property boxes. During the inventory of each individual box, KAPS® will print barcoded inventory labels which can be affixed to the property received. This barcode includes a unique tracking number that follows each piece of inventory through the process of initial receipt, inventory, appraisal, possible sale and return to a successful claimant. KAPS® includes a comprehensive appraisal and inventory module and supports sale of individual items through services such as eBay, or in-person auctions where similar property is included in lots for sale. The tangible auction process supports appraisal of tangible items to be sold, grouping of items for sale, and electronic loading of auction proceeds from data files.

KAPS® is designed to provide easy integration with third party tools and systems to track and report on tangible property. The KAPS® report writing and ad hoc generation modules allow export of all

data to Excel and many other formats. KAPS® provides full text search of information stored for individual properties. Searches for the auction lot number, lot ID, safekeeping location, and transaction date and amount can be added upon request. The system provides over ninety (90) system lookup tables that can be configured for the State during the implementation process. Kelmar expects to modify the KAPS® tangible property management to match the State's specific requirements, and integrate with the State's selected third party auction and appraisal vendors.

E) Reciprocity Claims and Reports: KAPS® claims solution provides significant improvement in identifying property owed to other states. Using a reciprocity modal from the claims detail screen, the KAPS® user enters high level information about the state they wish to report reciprocal property to, such as State name and address information.

- After choosing the reciprocal state, KAPS® sweeps all active properties reported with the reciprocal states' code and adds all properties to the claim. Using predetermined workflow, the claim form can be sent to the other State for signature.

- When all items are collected from the reciprocal state, the KAPS® user can then complete the claim which puts the claims in a payment batch and also creates a report for the reciprocal state in NAUPA format.

F) Imaging: Kelmar proposes that KAPS® imaging and document management is integrated via the State's existing FileNet P8 product. Document management integration features include the following:

- Documents are indexed based on Key ID and System Area. System Areas will include Claims, Holder Reports, Custodian, Property, and others. Any system area can be linked into the imaging system.

- Once the documents are loaded into the imaging system, KAPS® provides direct access to the images via a single click linking button that opens the imaging system, and retrieves all associated images.

- Images are displayed using the FileNet P8 components and tools.

- When the images are loaded into the imaging system and indexed, a process will run that identifies the various system areas as ready for processing. For example, if a claim is at the status "Waiting for Claimant", and an image is received and processed, the claim would be moved to a "Ready to Process" status, and moved to an appropriate users' work queue.

G) Fast Tracking Claims: Kelmar recommends extensive integration with LexisNexis® authentication services. As part of Kelmar's claims workflow process, LexisNexis® Instant Verify® and LexID® authentication may be utilized as part of the claims process. These enhanced services allow automated fast track, paperless claims as well as assistance in minimizing fraudulent claims. Kelmar's integration with LexisNexis® services puts the state in control, only allowing authorized use of the services, and deep integration with the resulting data verification process. Information concerning the LexisNexis® integration is attached hereto and incorporated herein by reference under Supporting Documentation TAB 1 of Kelmar's Proposal.

H) Penalty & Interest: KAPS® follows each state's laws and regulations related to interest and penalty provisions. Examples of penalty and interest could be late property, early property, late payment, late report, improper payment type (such as requiring EFT over a certain value), and others. Where applicable, KAPS® supports reducing or forgiving interest and penalties.

I) Knowledge Transfer/Training: Kelmar understands that support is a critical component of making KAPS® work for the State. Utilizing the latest tools, documentation and knowledge bases, Kelmar's support team will be available in State offices or remotely to ensure that all end users are getting the most out of KAPS®. As KAPS® is delivered over the internet, the learning curve involved with

adopting Kelmar's unclaimed property computer software management program is short, as most employees are familiar with the internet and currently work with browser based applications.

Support, training, and documentation in KAPS® all go hand-in-hand both during implementation and on an on-going basis. Kelmar uses a combined approach to ensure that users are provided with all available tools to make them successful. Kelmar shall provide extensive staff training along with, but not limited to, long-term telephone support and remote access support. Kelmar's developed training strategy specifies the approach and steps to be taken to ensure necessary skills and abilities are learned by State personnel to operate the application. The training strategy includes timing of training, knowledge transfer efforts, and the action items necessary to verify that required knowledge has been transferred and retained (tracking and monitoring the effectiveness of the training). Kelmar has also created and maintains online reference guides that document the KAPS® system, provide step-by-step instructions for common tasks, and contain detailed articles to assist users and State IT staff. These reference guides are maintained on the KAPS® system in the resource tab to allow for easy accessibility for system users and support staff for ongoing training and refresher courses as needed.

J) Claims: KAPS® provides a complete solution to manage the entire claims processing cycle. The system includes a comprehensive, highly customizable claims workflow process that allows the State to create custom claim workflows for all claims. Customizations can be based on value, type of claim, type of owner, property type, and many other criteria. During implementation, Kelmar's professionals will work closely with State staff to build workflows that match the desired processes thereby ensuring that KAPS® meets all of the required claims functionality. Kelmar will also work closely with the State to develop templates and correspondences that will be sent to claimants via email or physical mail. In so doing, the State will be able to take advantage of the significant improvements KAPS® provides in claims management and tracking, claims payment, and integration support for external receipting and payment systems.

K) Interfaces: KAPS® is designed to implement with external services and data. KAPS® provides for automation and scheduling of batch services such as receipts import, accounting system claim and vouchering interface files, automatic emailing of claim forms and follow-up letters, as well as allowing authorized users to manage the schedules of routine tasks such as importing holder NAUPA files, website interface files, and MissingMoney.com data among others. All information is available and displayed in the application thus removing the need for system administrators to monitor jobs at the database server level. KAPS® provides for both accessing external web services and publishing needed web services to integrate with various systems.

To the extent that KAPS®, in its current configuration, does not meet the State's current desired requirements, Kelmar proposes modifying and customizing KAPS® to conform to State specifications. In the initial phase of the project, Kelmar shall review the requirements in detail with State staff to develop a comprehensive gap analysis and feature specification documents. These documents will then be used to manage the development of the required interfaces and the necessary system customization.

L) Electronic Reporting: Kelmar's State Website Solution (SWS) includes a secure, comprehensive portal for holders of unclaimed property to meet their annual reporting requirements. The SWS allows holders to upload both positive reports in the NAUPA II format, as well as enter information related to negative (or 'nothing to report') reports. The SWS system prohibits upload of invalid reports, requiring all uploaded files to meet the NAUPA II standard, and supports cash, securities and tangible reports. Reports are encrypted while in transit via SSL, and are encrypted immediately as they are stored for processing.

As part of the SWS report loading process, Kelmar will work with the State's electronic payment portal, First Data PayPoint to integrate payment capture during the report upload process. This integration will allow the system to automatically link the payment with the uploaded report during the reconciliation process. Electronic payment will not be required as part of the report upload process.

Once reports are loaded from the SWS system, they are loaded into the KAPS® report processing area, and each report is automatically checked for potential errors and warnings. Should the uploaded report pass the initial NAUPA format check, but fail a later more detailed error check, the report can be rejected, and the holder notified via email with the details of the rejection, indicating what needs to be corrected. When reports complete processing, they are moved into the production area of KAPS, and cash and securities receipts are automatically linked to the report.

M) Data Conversion to/transition from: During the KAPS® implementation, Kelmar will move all existing legacy systems to an archived database, and provide an ad hoc reporting utility to access the legacy database systems. As part of the legacy conversion to KAPS®, Kelmar proposes to review each legacy system and determine a conversion plan to include any data elements and records that were not converted as part of the prior data conversions. Kelmar will work with State staff familiar with the various systems to identify problem areas such as orphan records, invalid lookup table values, improperly balanced reports, and other items. In addition to discussing data issues with State staff, Kelmar will analyze the system data for relational integrity, missing information, and other challenges.

N) Tracking Holder Audits: The KAPS® Holder Compliance module provides advanced holder compliance tracking, reports, and features to help improve the State's holder compliance, and provide detailed tracking of all the State's audit and compliance activities. The module permits State to do the following:

- KAPS® tracks departmental compliance activities including correspondence sent by State users, and responses received from holders or potential holders. Correspondence can be generated based on the results identified in overall reporting trends or individual holder analysis.

- When holder reports are received as a result of desk compliance activities, KAPS® provides a link between the desk audit and report to help provide analytics to evaluate the effectiveness of various compliance activities.

- State-led field audit activities are tracked from audit candidate identification, audit opening, audit closing and all possible stages in between. Audit management tools are designed to be highly configurable to each department's audit process, and include tools to manage correspondence, email management, telephone logs, and time tracking.

- Similar to managing internal audit activities, audits managed by third party auditors are comprehensively tracked. Activities from Kelmar's work-in-process reports are automatically updated via a web service, providing a convenient and updated view into the audit work.

- KAPS® analyzes claims paid against specific reports to determine if holders are completing effective due diligence by tracking property return rates and trends. Trends include comparing percentages of claims returned over time, as compared to departmental wide averages.

- KAPS® tracks Voluntary Disclosure Agreements, including full tracking of the dates the VDA is received, approved, and completed. Estimated payments are tracked and are linked to the final report received in KAPS®. Analysis reports help determine the effectiveness of the program, as well as compare VDA-reporting to regular reporting histories received by comparable holders.

- KAPS® tracks extensions granted or denied to holders, and provides follow-up reports to ensure that holders granted extensions have filed timely. If applicable, estimated payments are tracked and linked to the report and extension. Trends for

extensions granted are analyzed to determine if specific holders or groups of holders are overusing the extension process.

- KAPS® can calculate interest and penalties on holder reports automatically as each report is loaded, or on demand for specific reports. KAPS® manages the entire process, from tracking details of the calculation, initial and follow up invoicing, and tracking of payments received.

- KAPS® follows each state's laws and regulations related to interest and penalty provisions. Examples of penalty and interest could be late property, early property, late payment, late report, improper payment type (such as requiring EFT over a certain value), and others. Where applicable, KAPS® supports reducing or forgiving interest and penalties.

- The reporting module will provide audit-specific reporting capabilities, including exporting of summary and detailed reporting data to Excel for further analysis.

- As with other areas of KAPS®, all changes to, or deletion of, key data is tracked in the system thereby providing a comprehensive audit log.

O) Securities: Kelmar's KAPS® system has comprehensive securities (i.e., stock, mutual funds, bonds) processing features, including transaction management. In the Securities area, KAPS® provides several connection points to external systems including, without limitation, management of securities pricing, allowing the value of shares to be used in system workflows and securities reconciliation, and confirming that the system detail matches the shares held. KAPS® provides a comprehensive solution to manage the entire securities processing cycle. Significant improvements in securities processing and management include the following:

- Comprehensive securities tracking includes securities transactions at the property and issue level, detailed security sales management and reconciliation, and other securities related utilities. The system tracks both record and settlement dates, allowing proper posting of transactions to the securities held by the state. All types of transactions are managed, including dividends, splits, mergers, spin-offs, reinvestments and sales.

- KAPS® provides for securities tracking among multiple custodians, and provides for transfers between custodians, allowing full traceability as securities move through the system from initial receipt through reconciliation, custodial transactions, sale, and return to claimant. KAPS® supports the following securities transactions: Initial deposit from reporting holder; Transfer between custodians; Dividends (cash and stock); Adjustments; Sales; Fractional share sale; Splits; Mergers; Redemptions; Return to successful claimant; Interest; Distributions (LTCG / STCG); and Royalties. Where appropriate, transactions are posted on the individual or batch level. Transactions track both record date and settlement date thereby allowing accurate posting of transactions. Transactions can be posted at the issue level, report level, or property level.

- Securities data can be managed at a sub-custodian level, and then reported and managed on a "rolled up" basis to allow for reporting of such categories as reconciled and non-reconciled securities held at the same custodian.

- KAPS® provides a comprehensive interface module for managing securities. The interface includes securities pricing, securities receipts, release to claimant, and other transactions. Security sales can be managed in batches, individually, or by claimant request. KAPS® tracks sale request date, sale date, and sale related fees.

As with other areas of KAPS®, there are extensive data auditing capabilities and built in and ad hoc reporting capabilities.

P) Reporting: KAPS® provides an advanced reporting module, based on the Jaspersoft reporting engine. Standard system reports allow reporting on transactions, balances, productivity and other areas. This advanced reporting engine also provides robust and easy to use "ad hoc" reporting capabilities that allow authorized system users to generate their own activity and transaction reports, schedule regularly required reports via email, and export data in a wide variety of formats.

The majority of reports may be generated from the ad hoc reporting section thereby allowing users to modify and set desired report parameters including, without limitation, date ranges, users, amounts, and status. Users can also control the format of the report including grouping, totals and other items, as well as export the reports to common formats such as Excel, PDF and CSV. KAPS® system security is tightly integrated into the reporting modules, allowing only designated users access to sensitive information. All transactions in KAPS® are tied to an individual user, and the date and time of the transaction for audit purposes.

Q) System Integrity/Data Quality: KAPS® Business Intelligence platform allows for easy authorized end user reporting, data exports, and scheduling of reports and extracts without requiring IT assistance. Below are some examples:

- System reports can be generated for automatic delivery, such as Receipts by Date, Current Claims Inventory, and any other user-designed reports
- Strict control and complete change log control of activities related to properties, reports and the reconciliation process
- User editing of holder data is strictly limited

- Interactive search and report capabilities include, but are not limited to, viewing and managing holder names, data, and records, as well as accessing reports/utilities. Additional features include the following:

  - Automated processes to load and process holder reports without user intervention when reports are received via website, vendor website, UPExchange or other method.
  - Advanced holder report error checking which allows the capability to enable or disable desired errors and warnings. KAPS® will not allow duplicate reports to be loaded. Files are checked for duplicate entries based on the Cyclical Redundancy Check value (CRC) as well as Federal Tax ID, year, amount, and number of properties reported.
  - Auto correction of common errors including property types, owner types, owner relationship codes, and others.
  - Automated linking of system holders to imported reports where possible.
  - Automated email updates to holders which provide immediate feedback to holders regarding the quality of their holder reports and notification of report status, acceptances, and rejections.
  - Automated reconciliation (if desired) when reports are in balance; and
  - A permanent record is maintained of all holder report errors and warnings

R) Security/Internal Controls: KAPS® provides advanced tools, reports, and features to help the State manage the risks associated with internal and external fraud, including user role assignments and security function features.

- Security Architecture: KAPS® prevents access to the database outside of the user interface. Below are additional details concerning the security architecture of KAPS®:
  - KAPS® completely isolates the database from the system user by prohibiting third party tools from connecting to the underlying database.
  - All interfaces from the application to the database are managed through stored procedures and views, allowing for additional control, security checks, and greatly reducing the risk of SQL injection attacks. KAPS® Business Intelligence reporting tools only provide access to pre-configured data sets thereby eliminating direct access to system data.
  - KAPS® integrates directly with LexisNexis® services such as Instant Verify and LexID®. Using these services in an automated fashion, rather than relying on separate access and interpretation by staff, promotes efficiency and accuracy by ensuring that the data in the system is actually the data that was verified via LexisNexis®. Results of the LexisNexis® services and decisions are stored within KAPS® for review.
- Secure and Encrypted Storage: KAPS® maintains an archived and encrypted copy of each holder report imported into the system. With the option to import reports directly from website submitted reports (including from the KAPS® website and ETM's UP Exchange interface), holder reports are securely managed from the time the holder submits the file through the time the report is reconciled in KAPS®.
- Access Controls: Access to information within KAPS® is established through the use of controls and assigned roles which are determined by the system administrator. This facilitates greater control over access to the data as well as systems functions.
  - Each user in the KAPS® system may be assigned memberships in teams as well as individual security roles. Roles in KAPS® only allow access to authorized areas of the system, and authorized functions. KAPS® provides over one hundred (100) individually managed rights and roles.
  - Similarly, system functions that allow for the export of data, such as generating exports to Excel, are assigned roles thereby reducing the risk that information may be transmitted outside the system in an impermissible fashion. Data extracted is also limited to authorized data sets which provides for greater security as well.
  - In KAPS®, all roles and rights are managed from within the user interface. There is no need to separately assign rights and roles at the database level or through a third party tool.
  - KAPS® provides a complete picture of the rights and roles assigned to a user, including those rights that are inherited from team membership.
  - KAPS® allows for configuration of teams and roles to prevent assigning of conflicting roles where possible. For example, a user who has the authority to reconcile a holder report would be prevented from approving claims.

- For smaller unclaimed property departments, additional controls may be configured to allow cross functional teams. For example, KAPS® can prevent claims approval where the same user reconciled the claimed property's report.

- Data Masking: KAPS® provides data masking for Tax ID numbers.

  - Tax ID numbers are masked for unauthorized users: KAPS® allows for masking or suppressing of Tax ID and Social Security Numbers at the database level.

  - There are three (3) levels of security around these data elements: 1) complete suppression of the value, 2) partial suppression of the value, such as '***-**-1234', and 3) display the entire value. Users and teams can be assigned the appropriate role that allows both protection of data and the requirements of their position.

  - Kelmar can add additional data masking capabilities to KAPS® as requested. These additional requirements will operate in the same manner as masking of Tax ID numbers.

- Data Change and Inquiry Tracking: KAPS® effectively tracks and manages user data changes and inquiry data.

  - Data change tracking in KAPS® is fully configurable. The State can determine which data elements should be included in change and delete tracking. For all data elements included in the change tracking system, KAPS® includes the table name, table column, user, date of change, original value and the new value for the change.

  - KAPS® supports generation of data change reports by user, report, date range and many other options. Reports of system critical data changes can be configured as regularly scheduled emailed reports to State supervisors thereby providing timely notification and oversight.

  - No editing of holder reported data: In KAPS®, users are prevented from changing data during the holder report import process. Certain data errors such as invalid property type codes, invalid owner relationship codes, and owner type codes can be corrected automatically in the system. Users are prevented from changing any key data including key fields such as owner name, address, account number and amount.

KAPS® tracks individual owner searches by system user. Tracking inquiry data allows information related to productivity, as well as identifying potential unauthorized searches in the system for famous persons or high value properties

ATTACHMENT D – SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA

This section sets forth the safeguard requirements for handling, storage, and processing of confidential tax information for a Contractor and their subcontractor(s) and is incorporated as an integral part of the Contract. It will facilitate administration and enforcement of the laws of the State of Michigan in a manner consistent with the applicable statutes, regulations, published rules and procedures or written communication.

I. Authority

Authority for the Michigan Department of Treasury to require that this section be included in the Contract is contained in l941 PA 122, as amended, MCL 205.28(1)(f), which subjects current or former contractors to the same restrictions and penalties imposed upon department employees regarding the treatment of confidential information. A private contractor or its employees are strictly prohibited from disclosing taxpayer information to a third party. The prohibition against disclosure does not bar an employee of a private contractor with whom the State of Michigan (State) contracts that processes tax returns or payments pursuant to the Contract from having access to confidential information that is reasonably required for the processing or collection of amounts due this State. Private contractors and any subcontractors will follow Treasury guidelines for Authorized representatives.

II. Confidentiality

It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained in the Revenue Act, MCL 205.28(1)(f)-which states in part;

> "Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department."

Confidential information obtained under this contract will not be disclosed except as required by state law, or in the proper administration of applicable laws, promulgated rules and procedures. In the event, confidentiality statutes are amended, Treasury will notify Contractor of any changes. No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency whether local, state, federal or foreign, department or unit within such governmental agency, or any unauthorized third party. No tax returns or tax return information accessed by Contractor will be duplicated or disseminated within or outside the company without the written approval of the Contract Compliance Inspector. Tax returns and tax return information remain the property of Treasury.

Contractor may use a taxpayer's name, address and Social Security number or employer identification number to the extent necessary in connection with the processing and mailing of

forms for any report or return required in the administration of any tax in the performance of the Contract. The use of the Social Security number must be in accordance with the state Social Security Number Privacy Act 454 of 2004, as amended.

Confidential information obtained under this agreement will not be disclosed in part of a report or document that is subject to FOIA.

The penalties for violating the confidentiality provisions of the Revenue Act are contained in, MCL 205.28(2) and MCL 205.27(4). MCL 205.28(2) states:

> "A person who violates subsection (1)(e), (1)(f), (4) or (5) is guilty of a felony, punishable by a fine of not more than $5,000.00, or imprisonment for not more than 5 years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person will be dismissed from office or discharged from employment upon conviction."

MCL 205.27(4) states:

> A person who is not in violation pursuant to subsection (2), but who knowingly violates any other provision of this act, or of any statute administered under this act, is guilty of a misdemeanor, punishable by a fine of not more than $1,000.00, or imprisonment for not more than 1 year, or both.

Information received by Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other federal agency will not be subject to the exchange.

III. Procedure for Security

Contractor will safeguard any tax return information obtained under the Contract as follows:

A. Access to the tax returns and tax return information will be allowed only to those authorized employees and officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in this Contract.

B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours and locked in a secure area during non-duty hours, or when not in use.

C.

D. Any records matched and any records created by the match will be processed under the immediate supervision and control of authorized personnel in a manner in which will protect the confidentiality of the records, and in such a way that unauthorized persons cannot retrieve any such records by means of a computer, remote terminal or other means.

E. All personnel who will have access to the tax returns and tax return information and to any records created by the tax return information will be advised annually of the confidential nature of the information, the safeguards required to protect the information and the civil and criminal sanctions for noncompliance contained in MCL 205.28 (2) and MCL 205.27(4) and will sign confidentiality certifications.

F. All confidential information, electronic and paper, will be secured from unauthorized access and with access limited to designated personnel only. State tax return information will not be commingled with other information. All Michigan tax returns and return information will be marked as follows: **CONFIDENTIAL - DO NOT DISCLOSE - MICHIGAN TREASURY TAX RETURN INFORMATION**

G.

H. Treasury, Office of Privacy and Security or Contract Compliance Inspector may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.

I. The Treasury Office of Privacy and Security may monitor compliance of systems security requirements during the lifetime of the Contract or any extension.

J. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as stipulated in the Contract.

IV. Computer System Security of Tax Data

The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Computer system security and physical security of tax data stored and processed by Contractor must be in compliance with the following security guidelines and standards established by Treasury. These guidelines apply to any computer system developed by Contractor, either through its own systems staff, or through a contractor, subcontractor or vendor):

A. **Controlled Access Protection**

All computer systems processing, storing and transmitting Michigan tax information must have computer access protection controls These security standards are delineated in the National Institute of Standards and Technology (NIST) Special Publications number 800-53 "Recommended Security Controls for the Federal Information Systems" at http://csrc.nist.gov/publications/PubsSPs.html. To meet these standards, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation.

1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.

2) **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails, identification and authentication) and activated to prevent unauthorized users from

indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.

a) On-line Access –Users will be limited to any Treasury on-line functions, by limiting access through functional processing controls and organization restrictions.

Any employee granted access privileges through the Contractor's Security Administrator will be approved for access and viewing rights to Treasury on-line systems by the Department of Treasury, Office of Privacy and Security.

b) Operating Features of System Security
Contractor must meet the following levels of protection with respect to tax return information. Individual user accountability must be ensured through user identification number and password.

i. Access rights to confidential tax information must be secured through appropriate levels of authorization.

ii. An audit trail must be maintained of accesses made to confidential information.

iii. All confidential and protected information must be cleared from a system before it is used for other purposes not related to the enforcement, collection or exchange of data not covered by this section or by an addendum to this Contract.

iv. Hard copies made of confidential tax return information must be labeled as confidential information.

v. Confidential Treasury tax information will be blocked or coded as confidential on system.

vi. Any computer system in which Michigan tax return information resides must systematically notify all users upon log-in of the following disclosure penalties for improperly accessing or making an authorized disclosure of Michigan tax return information:
NOTICE TO EMPLOYEES AND AUTHORIZED REPRESENTATIVES

This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** with unauthorized individuals. The Revenue Act at MCL 205.28(1)(f) prohibits such disclosure.

MICHIGAN PENALTIES
A person making a willful unauthorized disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:

- Criminal penalties up to $5,000 and/or imprisonment for 5 years, plus costs and dismissal from employment if it is found that a current or former employee or authorized representative has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters. [MCL 205.28(2)]

- A misdemeanor, punishable by a fine of not more than $1,000.00, or imprisonment for not more than 1 year, or both if the person is not in violation pursuant to MCL 205.27(2), but who knowingly violates any other provision of this act, or of any statute administered under this act.

This statement is subject to modification. A confidentiality statement, subject to modification, will be sent as needed by the Security Administrator to all employees, contractors, and legal representatives of Contractor.

3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to a security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.

   a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Contract Compliance Inspector. Notice of the corrective action must be provided to the Contract Compliance Inspector. All non-conformities must be reported to the Contract Compliance Inspector with the following:

      a. Duration of non-conformity/interruption
      b. Reason for non-conformity/interruption
      a. Resolution.

   b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Contract Compliance Inspector for approval.

4) **Documentation** – Design and test documentation must be readily available to the state. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be

passed on to the security officer or supervisor. Test documentation should describe how and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.

Additionally, documentation must include a security administrator's guide. The security administrator's guide is addressed to the System's Administrator and Security Officer and will describe the protection mechanisms provided by the security system, guidelines on their use and how they interact. This document will present cautions about security functions and describe privileges that should be controlled when running a secure system. The document will be secured and locked at all times with access rights only by the Systems Administrator and Security Officer.

Note: When a security system is designed or purchased for a specific computer or computer system, the security mechanisms must be reviewed by the State to ensure that needed security parameters are met. An independent test should be implemented on the specific computer or computer system to ensure that the security system meets the security parameters within this contract and developed with the computer system. The test may be arranged by the developer but must be done by an independent organization. Contractor must assign responsible individuals (Security Officers) with knowledge of information technology and applications to oversee the testing process. These individuals must be familiar with technical controls used to protect the system from unauthorized entry.

Finally, contingency and backup plans must be in place to ensure protection of Michigan tax information.

V. Electronic Transmission of Michigan Tax Information

The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and using guided media. Encryption involves altering data objects in a way that the objects become unreadable until deciphered with the appropriate software at the intended destination. Guided media involves transmission of data over twisted pair cable, coaxial cable or end to end fiber optics which are typically used in secure computer networks like the state's Local Area Network (LAN), telephone systems, and television distribution.

Cryptography standards have been adopted by the IRS and can be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with or without an associated certification infrastructure. For further information, see IRS Publication 1075 at the IRS web site.

Unencrypted cable circuits of fiber optics are an acceptable alternative for transmitting Michigan tax information. Adequate measures must be taken to ensure that circuits are maintained on cable and not converted to unencrypted radio or microwave transmission.

Additional precautions should be taken to protect the cable, i.e., burying the cable underground or in walls or floors and providing access controls to cable vaults, rooms and switching centers.

A. **Remote Access**
Accessing databases containing Michigan tax information from a remote location – that is, a location not directly connected to the Local Area Network (LAN) will require adequate safeguards to prevent unauthorized entry.

For remote access, the contractor is required to use an identification security card that requires both PIN and card in possession. The Sate identified and approved methods for remote vendor access are as follows:

- SecureID through VPN – Sate provided SecureID taken and VPN software in order to access State of Michigan resources. Appropriate Acceptable Use policies and signoffs are required
- Follow-the Sun SecureID – Vendor is provided with VPN software and a SOM technical resource coordinates with the DTMB Client Service Center to provide secure ID code access to specific State of Michigan resources. Appropriate Acceptable Use Policies and signoffs are required.

B. **Portable Computer Devices**
Any entrusted confidential information collected or accessed during this Contract must be encrypted when stored on all storage devices and media. This includes, but not limited to, disk drives for servers and workstations, and portable memory media (PDAs, RAM drives, memory sticks, etc.).

VI. Record Keeping Requirements for Information Received
Each Contractor, requesting and receiving information will keep an accurate accounting of the information received. The audit trail will be required which will include the following information:

a. Taxpayer's name
b. Identification number
c. Information requested
d. Purpose of disclosure request
e. Date information received
f. Name of Division and employee making request
g. Name of other employees who may have had access
h. Date destroyed
i. Method of destruction

The Contractor will adopt and implement formal procedures to:

- Ensure proper handling of tax returns and tax return information;
- Secure and safeguard information from unauthorized use; and
- Ensure appropriate destruction of information and materials retrieved from Treasury.

A. **Electronic Media**
Contractor will keep an inventory of magnetic and electronic media received under the Contract.

Contractor must ensure that the removal of tapes and disks and paper documents containing Michigan tax return information from any storage area is properly recorded on charge-out records. Contractor is accountable for missing tapes, disks, and paper documents.

B. **Recordkeeping Requirements of Disclosure Made to State Auditors**
When disclosures are made by Contractor to State Auditors, these requirements pertain only in instances where the Auditor General's staff extracts Michigan tax returns or tax information for further review and inclusion in their work papers. Contractor must identify the hard copies of tax records or if the tax information is provided by magnetic tape format or through other electronic means, the identification will contain the approximate number of taxpayer's records, the date of inspection, the best possible description of the records and the name of the Auditor(s) making the inspection.

The Disclosure Officer must be notified, in writing, of any audits done by auditors, internal or otherwise, of Contractor that would involve review of Treasury processing parameters.

VII. Contract Services

To the extent the Contractor employs an independent agency, consultant, or agent to process confidential information which includes Michigan tax return information; the Contractor will notify the Treasury Disclosure Officer before the execution of any such agreement. Each agreement will include in the agreement the following recommended safeguard provisions:

A. The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

B. Definition of Treasury Tax Return Information as defined in Revenue Administrative Bulletin (RAB) 1989-39:

> Taxpayer's identity, address, the source or amount of his/her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments whether the taxpayer's return was, is being or will be examined or subject to their investigation or processing, or any other data, received by, recorded by, prepared by, furnished to or collected by the agency with respect to a return or with respect to the determination of the existence, or liability (or the amount thereof) of any person under the tax laws administered by the Department, or related statutes of the state for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. The term "tax return information" also includes any and all account numbers assigned for identification purposes.

C. An acknowledgment that a taxpayer has filed a return is known as a "fact of filing" and may not be disclosed. All tax return data made available in any format will be used only for

the purpose of carrying out the provisions of the Contract between Contractor and the sub-contractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.

D. The subcontractor will certify that the data processed during the performance of the Contract between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor's computer facility, and no output will be retained by the subcontractor at the time the work is completed. ~~.~~

E. Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used. Destruction parameters must meet the standards of Section IX, Disposal of Tax Information, of this agreement.

F. Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by this contract. See section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.

G. The Contractor will be responsible for maintaining a list of employees authorized to access Michigan tax return information and will provide a copy of such list to Treasury.

H. No work involving information furnished under the contract will be subcontracted without the specific approval of Treasury. Contractor and approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337, see Appendix A). The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Contract Compliance Inspector.

VIII. Transport of Tax Information

I. In the event, it is necessary to transport confidential tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Appendix A) for each carrier employee who has access to Michigan tax return information. The original agreements will be returned to the Department of Treasury, Disclosure Officer and a copy sent to the Contract Compliance Inspector.

J. If it is necessary to transfer records and responsibility for transport to a third carrier due to a mishap during transportation, the Contractor is responsible for ensuring safeguard standards remain enforce. This type of incident will be documented in accordance with the incident reporting guidelines in procedure PT-03253, "Incident Reporting and Handling".

K. Any such incidents must be reported to the Contract Administrator immediately.

IX. Disposal of Tax Information
Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be destroyed by burning, mulching, pulverizing or shredding. If shredded, destroy paper using cross cut shredders which produce particles that are 1 mm x 5mm (0.04in x 0.2 in.) in size (or smaller).

Data tracks should be overwritten or reformatted a minimum of three times or running a magnetic strip over entire area of disk at least three (3) times to remove or destroy data on the disk media-Electronic data residing on any computer systems must be purged based on Treasury's retention schedule.

Contractor and its subcontractor(s) will retain all confidential tax information received by Treasury only for the period of time required for any processing relating to the official duties and then will destroy the records. Any confidential tax information that must be kept to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security (Section III of this agreement) for more details.

X. Security Responsibility
Contractor will designate a security person who will ensure that each individual having access to confidential tax information or to any system which processes Michigan tax return information is appropriately screened, trained and executes a *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Appendix A) before gaining access or transaction rights to any process and computer system containing Treasury tax return information.

Each Contractor or their subcontractor(s) employees' access and transaction rights will be reviewed periodically to ensure that there is a need to know Treasury tax return information displayed in any media.

Michigan tax return information will be made available only to individuals authorized by the Contract. Contractor will maintain a list of persons authorized to request and receive information and will update the list as necessary**.** A copy of the list must be furnished to the Michigan Department of Treasury Disclosure Officer and Contract Compliance Inspector.

XI. Security Breach Notification
The Contractor is required to report to Treasury, on Form 4000, Incident Reporting (Appendix B) any use or disclosure of confidential information, whether suspected or actual, **immediately** after becoming aware of the misuse or disclosure. The Contractor may substitute its internal form for Form 4000 if all pertinent information is included.

The Contractor agrees to immediately contain the breach if it is determined ongoing.

Treasury has the right to terminate the Contract when a breach has occurred and the Contractor cannot demonstrate proper safeguards were in place to avert a breach. Treasury must approve Contractor's resolution to the breach.

XIII. Certification of Compliance

The Contractor will fully protect State Tax Information (STI) entrusted to them. Each Contractor or subcontractor who will have access to STI must read and sign a confidentiality agreement. This contract requires that all information obtained from the Michigan Department of Treasury under the Revenue Act, PA 122 of 1941, MCL 205.28 (1)(f) be kept confidential. In the event of a security breach involving STI in the possession of the Contractor, the Contractor agrees to provide full cooperation to conduct a thorough security review. The review will validate compliancy with the Contract, and state laws and regulations.

If, as a result of the Contractor's failure to perform as agreed, the State is challenged by a governmental authority or third party as to its conformity to or compliance with State, Federal and local statutes, regulations, ordinances or instructions; the Contractor will be liable for the cost associated with loss of conformity or compliance.

The Contractor understands the cost reflects violation fines identified by the Michigan Social Security Number Privacy Act, 454 of 2004 and the Michigan Identity Theft Protection Act, Act 452 of 2004 as amended.

XI. Effective Date

These Safeguard requirements will be reviewed whenever the Contract modifications include specifications or processes that affect tax data.

Appendix A

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

Vendor, Contractor or Subcontractor Confidentiality Agreement

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

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

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

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

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.
- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be needed to perform official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a **need-to-know** basis only. Before you disclose returns or return information to other employees in your organization, they must be authorized by Michigan Department of Treasury to receive the information to perform their official duties.
- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC, R 205.1004(1).

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

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

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

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

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

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

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

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

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

Appendix B

Michigan Department of Treasury
4000 (Rev. 05-11)

Incident Report

INSTRUCTIONS: Complete Parts 1 and 2 and immediately submit Initial Report to the Privacy and Security Division. After incident resolution, submit Final Report (Parts 1, 2 and 3) to the Privacy and Security Division. Refer to Procedure PT-03253, Incident Reporting and Handling.

PART 1: A. CONTACT INFORMATION (Reporting Entity)		
Full Name (Last, First, Middle Initial)	Division/Office	
Telephone Number	Fax Number	E-Mail Address
B. CONTACT INFORMATION (Affected Entity)		
Full Name (Last, First, Middle Initial)	Division/Office	
Telephone Number	Fax Number	E-Mail Address

PART 2: INCIDENT INFORMATION

Whose information was involved in the incident?

☐ Treasury ☐ Federal Tax Information ☐ Other State Agency, specify _____ ☐ Other

Incident Category (select all that apply)

☐ Passwords Shared/Stolen ☐ Computer Virus/Spam ☐ Paper Archives Compromised

☐ Misrouted Communications ☐ Data Destruction/Deletion ☐ Safe/Lockbox/other Compromise

☐ Unauthorized Access ☐ Backups Missing or Stolen ☐ Delivery of Documents Lost

☐ Fraudulent Actions ☐ Hacking of Networks/Systems ☐ Inappropriate Destruction

☐ Paper Lost/Stolen Information/Data ☐ Improperly Secured Sys/Web ☐ Inappropriate Destruction

☐ Media Lost/Stolen Cash/Checks ☐ Circumvention of Security Protocols ☐ Lost/Stolen Equipment

☐ Inappropriate Building Access

Incident Affects

☐ Financial Information/Resources ☐ Personal Information (SSN, Dirver License No. Financial information) ☐ Unauthorized/Unlawful Activity

☐ Confidential/Sensitive Information ☐ Human Resources (threat) ☐ Other

Date Incident Occurred	Time Incident Occurred	Date Incident Discovered	Time Incident Discovered

Incident Location	Number of Individuals Affected
Involved Parties/Entities	Does this involve personal information (last and first name along with a SSN, Driver License No., or Credit/Debit Card Account No.)? Yes No
Date of Initial Report	
Description of Incident	

Form 4000, Page 2

PART 3: INCIDENT RESOLUTION

Notification issued to affected individuals? ☐ Yes ☐ No	How many notifications were sent?	Breach Notification Method? ☐ E-mail ☐ Telephone ☐ US Mail ☐ Web
Who was notified?		Date notification was issued

Incident Cost.

☐ Check if incident costs are less than $250. If $250 or more, complete the detailed summary of costs below.

Manhours:

Treasury $_____

DIT-OES $_____

DIT-Treasury Agency Services $_____

Other:

Postage $

Credit Monitoring Service $

_____ $

Total Cost of Incident $

Action Taken

Incident Impact

Post Incident Recommendations			
PART 4: REPORT PREPARER INFORMATION			
Final Report Prepared By:	Date Prepared	Preparer Title	Preparer's Telephone Number
Preparer Signature			Date
PRIVACY AND SECURITY DIVISION USE ONLY			
Privacy and Security Division Signature		Date	

ATTACHMENT E - PRELIMINARY ENTERPRISE ARCHITECTURE SOLUTION ASSESSMENT

Select all that apply ✓ (vendor complete)	**Enterprise Architecture Solution Assessment**	
	Architecture Overview (vendor version)	
	Vendor: the technologies listed below are standards used by the State of Michigan. Utilization of existing technology for new solutions is encouraged. The left column is checked if the technology can be used with the solution being proposed. Comments are added as needed.	
1	***Server/Application Hosting***	***Comments***
✓	Internally Hosted	KAPS® supports internal or external hosting
✓	Externally Hosted	KAPS® supports internal or external hosting
	Internally & Externally Hosted	
2	***User Interface Type***	***Comments (e.g. version or release)***
✓	Browser	IE 9 or higher, Firefox or Chrome
	Citrix	
	Client	
✓	Mobile Browser	For public website, all modern browsers supported.
	Mobile Client	
	Terminal	
	Other (explain =>)	
3	***Supported Browsers (internet)***	***Comments***
✓	IE 11.0+ (internet, intranet)	
✓	Firefox 3.0.x (internet)	
✓	Chrome 3.0 (internet)	
✓	Safari 4.x (internet)	
	Other (explain =>)	
4	***Data Exchange Interface***	***Comments (e.g. version or release)***
	EDI (industry protocol)	
✓	Flat File (private protocol)	Typically for claims payment processes
✓	Web Service	Address correction, claimant authentication

✓	XML	As needed
	Other (explain =>)	
5	***System Access***	***Comments***
✓	Internal (SOM only)	Internal staff using KAPS®
✓	External (general public)	General public using the public website solution, including claimants and holders submitting reports.
	External (authorized)	
	Mixed (internal-external)	
6	***User Access***	***Comments***
✓	Internet	If hosted by Kelmar
✓	Intranet	If hosted by State
	Local Government (LGNet)	
	Public facing internet	
	Kiosk terminal	
	Vendor Net	
	VPN	
	Other (explain =>)	

7	***Data Classification***	***Comments***
	Non-sensitive	
✓	Sensitive w/ personal ID info	
	Sensitive w/ no personal ID info	
	Not classified	
	Other (explain =>)	
8	***PCI-DSS Compliance Needed?***	***Comments***
	Yes	
✓	No	
9	***Data Audit Trail Implementation***	***Comments***
	Application Code	
✓	Database Audit Files	
✓	Database Triggers	
✓	Stored Procedures	
	Other (explain =>)	
10	***IT Services (Centers of Excellence)***	***Comments***
✓	x86 Virtualization	Kelmar recommends virtualization of all servers.
✓	Address Verification	KAPS® utilizes external address verification services.
	Business Objects Reporting	
	Digital Electronic Gateway (DEG)	
✓	Extract Transform Load (ETL)	Data will be converted from the State's existing system to KAPS® formats.
	Citrix Virtualization	
11	***Enterprise Data Storage***	***Comments***
	<10GB (small)	
✓	10GB-500GB (medium)	
	500GB - 4TB (large)	

	>4TB (x-large)	
12	***Database (RDBMS)***	***Comments***
✓	MS SQL Server 2012	KAPS® state solution
✓	MySQL 5.1	Public website solution
	Oracle 11g	
	TeraData TD 13.0	
	Other (explain =>)	
13	***Database Modeling Tools***	***Comments***
	Erwin 7.x, 8x	
✓	MSSQL Server Mgmt Studio (match db)	
	MySQL Workbench (match db)	
	Oracle Designer (match db)	
	TeraData Utilities (match db)	
	Other (explain =>)	
14	***Development Framework***	***Comments***
	.NET Framework 4.5	
✓	Java J2EE 5.x, 6x	
	Other (explain =>)	
15	***Development Platform***	***Comments***
✓	Eclipse 3.x, 4.x	
✓	Hibernate 3.x	
	IBM Websphere Integration Dev 6.x, 7.x	
	Microsoft SilverLight Expression (match VS)	
	Microsoft Team Foundation System 2010	
	Microsoft Visual Studio 2010	
	Oracle JDeveloper 11g	
✓	Spring 2.5	
	Struts 2.x	
	XML Spy 2010	

	Other (explain =>)	
16	***Development Language***	***Comments***
	ASP .NET 2010	
✓	CSS Level 3	
	Microsoft C#	
	Microsoft VB.Net	
✓	Java	
✓	JavaScript	
	JDK 6.x, 7x	
	PHP 5.3.x	
	Other (explain =>)	
17	***Markup languages***	***Comments***
✓	HTML 4 & 5	
	XML Schema 1.1	
	XSLT 2.0	
	XHTML 2.0	
18	***Presentation (Web) Server***	***Comments***
✓	Apache HTTPD 2.x	
	IBM Websphere IHS (match app svr)	
	Microsoft IIS 7.0	
	Other (explain =>)	
19	***Application Server***	***Comments***
	.NET Framework 4.5	
✓	Apache Tomcat 7.x	
	IBM WebSphere 7.0, 8.0	
	JBoss 5.x, 6	
	Other (Explain)	
20	***HW Platform***	***Comments***
	Dell	

	HP	
	Sun	
	Unisys Mainframe	
✓	x86 Virtualization	
	Other (explain =>)	
21	***Server OS***	***Comments***
✓	Linux Redhat Enterprise Server 5.x, 6.x	For all other VMs
	Linux SUSE Enterprise 11.x	
✓	Microsoft Windows 2012	For Microsoft SQL database server
	Unix HPUX 11i v3	
	Unix Sun Solaris 11.x	
	VMWare vSphere 4, 5, VCD	
	Other (explain =>)	
22	***Document Management***	***Comments***
	Captaris Alchemy 8.3	
	FileNet Content Services 5.4	
	FileNet Document Mgmt P8	
	HP Trim	
	MS SharePoint Server 2010 EE	
	Other (explain =>)	
23	***Centralized Printing***	***Comments***
	DMB consolidated print center	
	Other (explain =>)	
24	***Testing Tools***	***Comments***
	Junit 4.x	
	LoadRunner 11.x	
	Microsoft Team Foundation System	
	Quick Test Pro 11.x	
	Selenium 1.x, 2.x	

	Other (explain =>)	
25	***Identity Management (network)***	***Comments***
	Active Directory 2012	
	Other (explain =>)	
26	***Identity Management (application)***	***Comments***
	IBM Tivoli SSO (TIM-TAM)	
	Microsoft Active Directory 2012	
	Other (explain =>)	
27	***Project Management***	***Comments***
	Clarity 12.x	
	MS Project 2013	
	Rational	
✓	Other (explain =>)	SmartSheet
28	***Requirements Gathering***	***Comments***
	Compuware Optimal Trace 5.x	
✓	Microsoft Office	
✓	Microsoft Visio	
	SUITE/SEM templates	
	Rational Requisit	
	Serena Dimensions 2009 R1.x, 11.2	
	Other (explain =>)	
29	***Design Tools***	***Comments***
✓	Microsoft Visio	
✓	MSSQL Server Mgmt Studio (match db)	
	Rational Rose	
	Serena Prototype Composer 2009, 2010	
	Other (explain =>)	
30	***Version Control***	***Comments***
	Microsoft Team Foundation System	

	Serena Dimensions (PVCS Mgr) 2009, 12.1	
	Subversion 1.6	
✓	Other (explain =>)	Accurev
31	***Message Queuing***	***Comments***
	Apache Active MQ 5.3	
	IBM Websphere MQ 6.x, 7.x	
	Other (explain =>)	
32	***Business Integration***	***Comments***
	JBoss SOA	
	Websphere Message Broker 6.x, 7.x	
	Other (explain =>)	
33	***Database Tools***	***Comments***
	DBArtisan 8.6, 8.7	
	Infosphere Information Svr v8.1.x	
✓	MSSQL Server Mgmt Studio (match db)	
✓	MySQL Workbench (match db)	
	Oracle Developer Suite (match db)	
	Oracle Enterprise Manager (match db)	
	Oracle SQL Developer (match db)	
	Rapid SQL 7.6 & 7.7	
	TeraData Utilities (match db)	
	Toad 9.x & 10.x	
	Other (explain =>)	
34	***Reporting Tools***	***Comments***
	ActivePDF 2009	
	ActiveReports 4.0	
	Birt 3.7	
	Crystal Reports 2013	
	Crystal Xcelsius 2013	

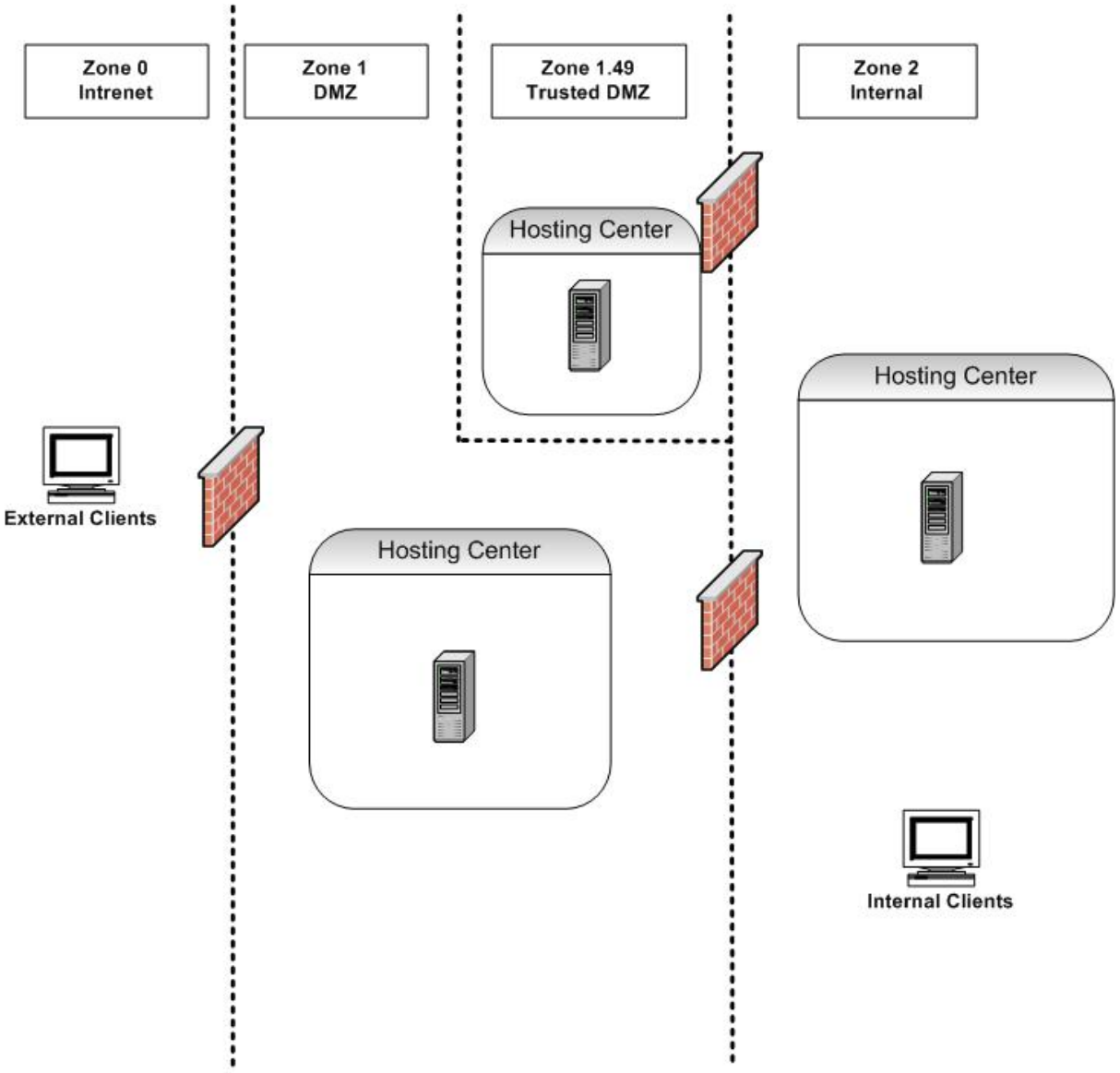
	Crystal Reports for Eclipse	
	MSSQL Reporting Services (match db)	
	Oracle Reports (match db)	
✓	Other (explain =>)	Jaspersoft
35	***End-User Tools***	***Comments***
	Business Objects (BO) XI R2, 3.x, 4.x	
	Oracle Discoverer (match db)	
	Other (explain =>)	
36	***Deployment Tools***	***Comments***
	Microsoft Team Foundation System 2010	
	Serena Dimen.CM Mover 2009, 2.3, 12.1	
	Other (explain =>)	
37	***Build Tools***	***Comments***
	Apache Ant 1.7.x, 1.8.x	
✓	Apache Maven 2.2, 3.0	
	Microsoft Team Foundation System	
	Serena Dimensions CM Builder 2009 R1.x	
	Other (explain =>)	
38	***Job Schedulers***	***Comments***
	BL/Sched 5.0, 5.2	
	OpCon XPS 4.x, 5.x	
	Tidal Enterprise Scheduler 6.x	
	UC4 App Mgr 8.0	
	UC4 Op Mgr 6.0 & 8.0	
✓	Other (explain =>)	Quartz
39	***GIS Technologies***	***Comments***
	ArcIMS 9.3	
	ArcGIS Server 9.3	
	ArcSDE 9.3	

	Erdas ADE Rel. 2	
	ER Mapper Image Server 7.2	
	Oracle Spatial (match db)	
	Oracle MapView (match db)	
	Other (explain =>)	
40	***Issue & Defect Tracking***	***Comments***
	Bugzilla 3.2.5 & 3.4.2	
	BugTracker .Net 3.5	
	Clear Quest Chg Mgmt Suite 7.5	
	Microsoft Team Foundation System	
	Serena Mashup Composer 2009 R1.x	
✓	Other (describe =>)	YouTrack, HelpSpot

Enterprise Architecture Solution Assessment				
Disaster Planning (Section to be completed by SOM)				
Business continuity requirements.		**Describe below**		
The business requirement(s) that determine the amount of time and the operational availability of the application to the end-user.		Refer to Attachment C.		
Select Only One (1)	***Availability Requirement Category – Availability Requirement is divided into three different levels. These levels define the continuous service availability requirements of the application. Based on the following definitions, please indicate the level of availability required for this Business Function / Application.***			
	Urgent *- Business Function / Application outage has potential to cause loss of life or risk of injury to a citizen. 99.99% availability (<45 minutes of downtime / month). If an Urgent priority application is not available, DIT will work to resolve the incident 7 x 24 x 365. If the incident occurs after normal business hours, on-call staff (where available) will be called in to resolve the incident. DIT staff will continue to work the issue during and after business hours until the incident is resolved, and the application service restored.*			
	High *– Business Function / Application outage will have a high non-life threatening impact on the public. If this application is not available, there may be an adverse impact on a large number of business clients who use the application. The lack of application availability may also be considered politically sensitive. 99.5% availability (<3.5 hours of downtime / month). DIT will work to resolve the incident 7 x 24 x 365. If the incident occurs after normal business hours, on-call staff (where available) will be called in to resolve the incident. DIT staff will continue to work the issue during and after business hours until the incident is resolved, and the application service restored.*			
X	***Medium*** *– Business Function / Application not meeting the Urgent or High criteria will be assigned Medium priority status; this default will be considered the third priority and reflect a situation where there is no risk of personal injury, and the public is not being directly affected. 98% availability (<15 hours of downtime / month). If there is an issue with a medium priority application, work to resolve the incident will be handled during normal DIT Business hours (typically 8:00 am-5:00 pm, Monday-Friday. If the problem is not resolved at the end of the business day, staff will return to work the next business day, and continue the resolution process until the service is restored*			
Recovery Point and Time Objectives				
Select Only One (1)	***Recovery Point Objective (RPO) is the maximum amount of data loss a business function can sustain during***		***Select Only One (1)***	***Recovery Time Objective (RTO) is the maximum amount of time that can elapse until a system / application /***

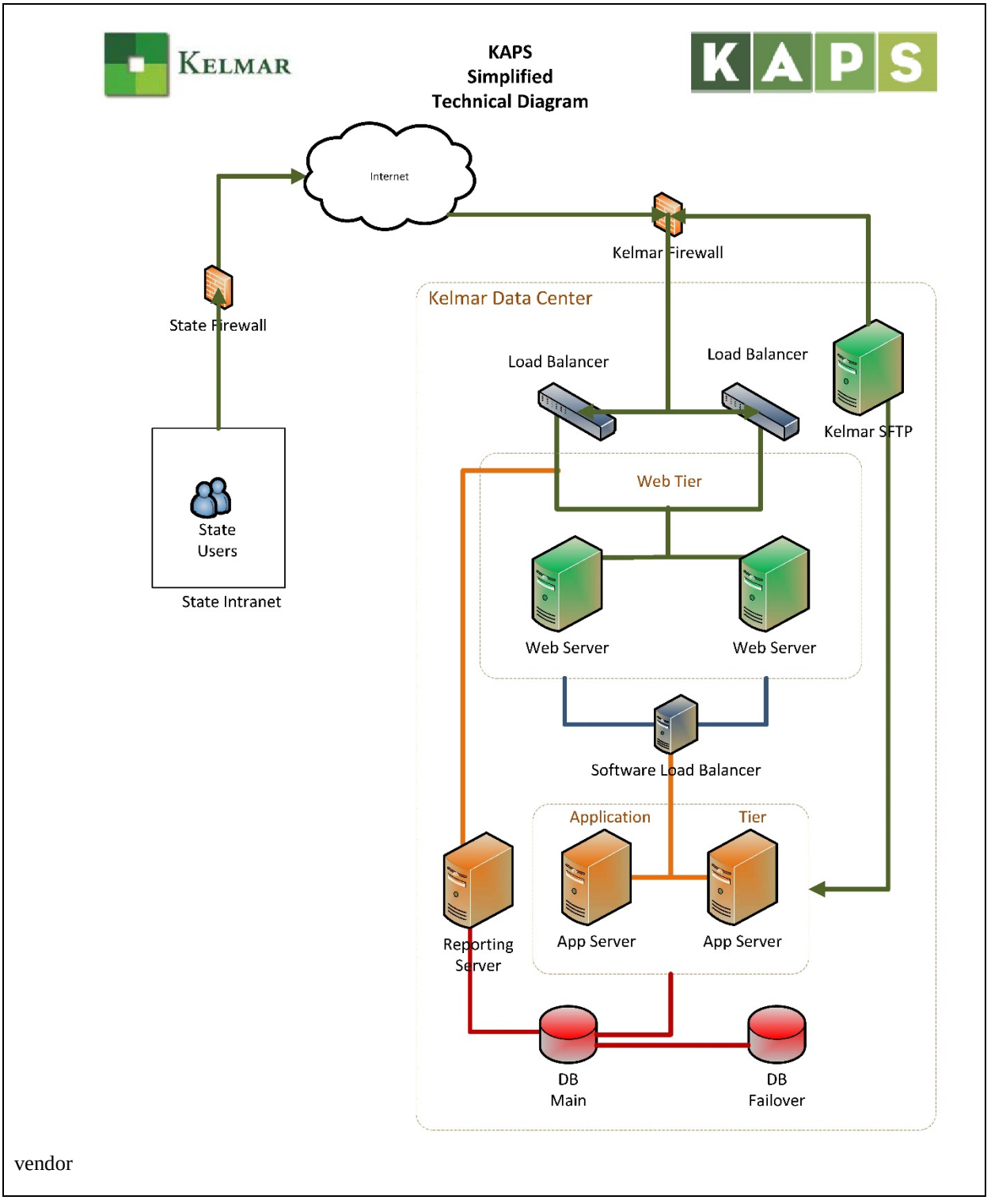
	an event.			***function must be returned to service.***
	2 hours			2 hours
	4 hours			4 hours
	6 hours			6 hours
X	8 hours		**X**	8 hours
	24 hours			24 hours
	72 hours			72 hours
	Other			Other

Enterprise Architecture Solution Assessment
Server/Network Diagram (vendor version)
Network example only



State of Michigan Network Diagram Example

To be completed by


KELMAR
KAPS
Simplified
Technical Diagram
KAPS
Internet
Kelmar Firewall
State Firewall
Kelmar Data Center
Load Balancer
Load Balancer
Kelmar SFTP
Web Tier
State
Users
State Intranet
Web Server
Web Server
Software Load Balancer
Application
Tier
Reporting
Server
App Server
App Server
DB
Main
DB
Failover

vendor

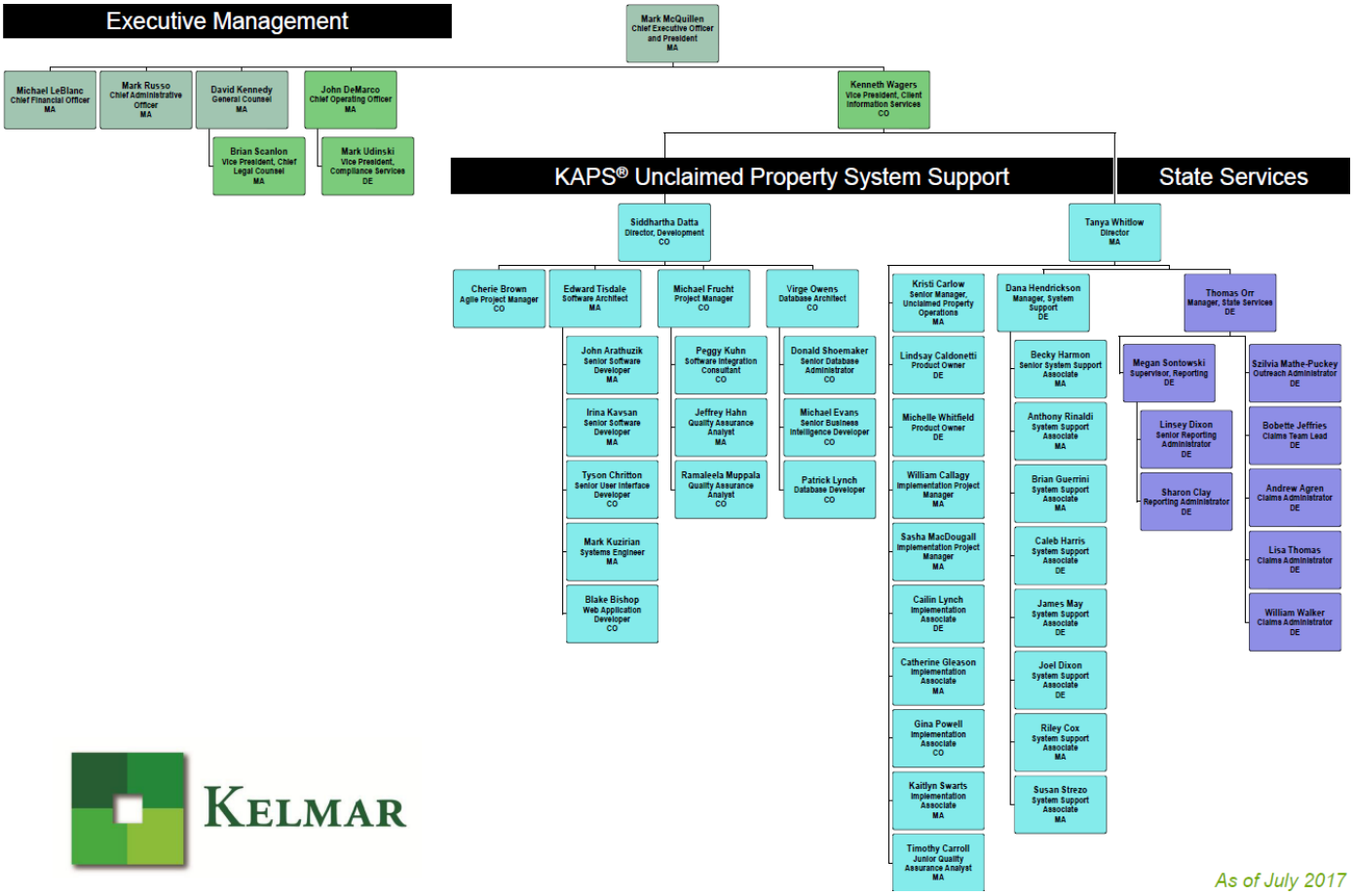
ATTACHMENT F – IMPLEMENTATION PROCESS

Implementation Process High-level Overview
Introduction meeting and project kick-off
Development and sign off of project plan
Development and sign off of required project documentation
Design and requirements validation and documentation
Hardware and software procurement
Hardware and software installation
KAPS® User Acceptance Testing (UAT) system installation
Data quality assessment
Data cleansing
System and interface testing
Data conversion
KAPS® production system installation
User training and State feedback phase
Final data conversion
Go Live
Post Production KAPS® support

Below is an overview of Contractor's KAPS® Go-Live integration areas:

▪ Forms and Correspondence □ Standard Forms □ Correspondence Language Sent to Holders □ Correspondence Language Sent to Claimants □ Reports Utilized by Staff and Sent Externally □ State Seal and Header Design	▪ Interfaces □ Phone Interface □ Inter-State Interface ▪ Tangible Property □ Inventory Process Workflow □ U.S. Savings Bonds □ Appraisal □ Auction (Execute eBay)

- Payment Process
  - □ Payment Process Workflow
  - □ Payment Processing Files
  - □ File Transfer Technical Information
  - □ Payment File Interface
  - □ TINS Interface for check writing
- Receipts
  - □ Receipts Process Workflow
  - □ Accounting Codes, Receipt Types, Transmittals/Reports
  - □ Electronic Interface (USAS
  - □ Batch Details, Deposit Details, Reconciliation Details
  - □ Operational Tracking Reports
- Claims
  - □ Workflow
  - □ Required Evidence Documents
  - □ Approval Levels
  - □ Evidence Language
  - □ Third Party Authentication
  - □ Claim Interest
- Outreach
  - □ Advertising
  - □ Due Diligence/Outreach Letters
  - □ Outreach Events
- Holder Reporting
  - □ Instructions
  - □ Extensions
  - □ Translation Codes
  - □ Penalties and Interest Calculations
  - □ ETM Integration
- Holder Compliance
  - □ Voluntary Disclosure Agreements
  - □ Associated Laws or Policies
- Users
  - □ Rights
  - □ Roles
  - □ Teams
  - □ Crossover or Seasonal Staff
- Email
  - □ Email Configuration
  - □ Email Addresses
  - □ Email Users
- State Calendar
  - □ Reporting date(s)
  - □ Advertising date(s)
  - □ Outreach/Due diligence letter date(s)
  - □ Fiscal Year-end
  - □ Tangible auction(s)
  - □ Securities sale(s)
  - □ State Holidays
- Donation of Claims (If Applicable)
  - □ Recipient
  - □ Threshold
  - □ Transfer
- KAPS® Website
  - □ Website Graphics
  - □ Contact Information
  - □ Claim Statuses
  - □ Restrictions and/or Legal Obligations
  - □ FAQs
  - □ Unclaimed Property law
  - □ Biography of Agency Head
  - □ Upcoming Events
  - □ Webinars/Education Seminars
  - □ External Links
  - □ Display Criteria for Properties Searched

□ Perform Audits □ Field Audits □ Third-Party Audits ▪ Securities □ Securities Process Workflow □ Custodian reports/exports □ Reports □ Reconciliation Process □ Fees □ Liquidation Process □ Sweeps □ Shares and/or Liquidation Proceeds □ Transfers and/or Sales on Behalf of the Claimant □ Security Fees □ Automation Opportunities □ Custodian Interface (TRUST)	▪ MissingMoney.com Integration □ Display Criteria for Properties Searched □ Claimable Properties Update Frequency □ Downloaded Claims Frequency □ FTP credentials ▪ Conversion □ Current System □ Imaging System (FileNet P8 Interface) ▪ Technical □ Volume and Usage □ Computers and Browsers □ File Transfer Protocol (FTP) ▪ Online Portals □ Holder Portal □ Customer Portal

ATTACHMENT G - ORGANIZATIONAL CHART