

Public Employees' Retirement Board

August 11, 2016

Topic: Maintenance and Support Agreement Replaces Addendum Number 7 to Contract with Sagitec

MPERA and Sagitec previously agreed to and the Board approved in June a Support Agreement that incorporated warranty work, operational support, enhancements, and Sagitec framework upgrades into one post-implementation support agreement. The Board also approved Addendum 7 to the Master Contract which incorporated the Support Agreement into the Master Contract to ensure that all relevant provisions of the Master Contract continue to apply to the Support Agreement.

Following Board approval of Addendum 7 and the Support Agreement, Sagitec asked MPERA to forego amending the Master Contract to include the Support Agreement and to instead enter into a new Maintenance and Support Agreement that would likewise incorporate the Support Agreement, now termed Statement of Work. As the request was made prior to complete sign-off of Addendum 7 and a draft "Maintenance and Support Agreement" accompanied Sagitec's response to the original RFP, MPERA agreed to consider the new process.

As of August 2, 2016, Sagitec and MPERA have tentatively agreed to the attached draft Maintenance and Support Agreement with the intent of signing the Agreement by Friday, August 5, 2016. The Statement of Work and accompanying exhibits constitute the same work, fees, and schedule previously reviewed and approved by the Board. The Maintenance and Support Agreement incorporates all necessary legal protections for MPERA and has been tentatively approved by the Procurement Bureau of the Department of Administration.

The purpose of this notice is to advise the Board that although the Maintenance and Support to be provided remain the same, the Master Contract has not been amended by Addendum No. 7 and a new Maintenance and Support Agreement exists. The draft Agreement accompanying this notice will be replaced with the final Agreement at the August 11, 2016 Board meeting.

MAINTENANCE AND SUPPORT AGREEMENT

This Agreement is made as of _____ (the "Effective Date"), by and between Sagitec Solutions LLC., with its principal place of business at 422 County Road D East, Little Canada, MN 55117 ("Sagitec") and the Montana Public Employee Retirement Administration (Customer), with a place of business at 100 North Park Ave, Suite 100, Helena, MT 59620-0131.

RECITALS

Customer has licensed certain software products from Sagitec, Customer desires that Sagitec provide certain maintenance and support services with respect to those software products, and Sagitec desires to provide such services to Customer under the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the covenants set forth herein, it is agreed as follows:

1. **DEFINITIONS.** The following words, terms and phrases, where written with an initial capital letter will have the meanings assigned to them below:

1.1 "Documentation" will mean the documentation provided by Sagitec with respect to the Products.

1.2 "Confidential Information" will mean (a) information determined by a governmental, judicial or administrative entity to be confidential under Montana's constitution and statute (b) the Products, Documentation, data and all other information that (i) is disclosed by either party in any tangible form and clearly labeled or marked as confidential, proprietary or its equivalent, (ii) is disclosed by either party orally or visually, and designated confidential, proprietary or its equivalent at the time of its disclosure and reduced to writing and clearly marked or labeled as confidential, proprietary or its equivalent within thirty (30) days of disclosure, and (iii) which either party receives, or has access to during the term of this Agreement, that the recipient knows or should reasonably be expected to know is confidential to the other party.

1.3 "Product" or "Products" will mean the Sagitec Framework.

1.3.1 "Product Extensions" will mean Sagitec developed tools and accelerators that are made available to clients to support or enhance the Products or derivative products. This includes, but is not limited to, tools and accelerators code named Sagitec Studio, NeoFlow, and NeoCertify.

1.4 "Major Release" will mean a release of Products that contains substantial changes (e.g., an overhaul of the interface, change in compatibility). Major Releases are numbered as X.0

1.5 "Sagitec Point of Contact" will mean the Sagitec point of contact for support services that is identified in Exhibit C to this Agreement.

1.6 "System Requirements" will mean a Sagitec published list of minimum and recommended computer software and/or hardware components necessary for optimal performance of the Products.

1.7 "Statement of Work" means the description of services to be provided by Sagitec under this Agreement. A separate document has been agreed to by both parties detailing the services and related terms and is attached as Attachment 1 to Exhibit B.

1.8 "Master Contract" is the Master Contract Line of Business System Replacement Contract Number DOA12-2282R entered into between Sagitec and Customer on June 27, 2012.

2. **MAINTENANCE AND SERVICES.**

2.1 Sagitec will deliver to Customer all updates, modifications and enhancements to the Products and Product Extensions that Sagitec provides to Sagitec customers that receive similar maintenance services for the Products during the term of this Agreement. Upon delivery to Customer, all such updates, modifications and enhancements to the Products and Product Extensions will be deemed part of the Products and subject to the terms and conditions of the Customer's license agreement that is applicable to the Products.

2.2 Title to and ownership of all rights in and to the Products and Documentation, including copyright and all other intellectual property rights, will at all times remain with Sagitec. The Customer will acquire no right whatsoever to all or any part of the Products or Documentation except the rights granted to the Products and Documentation in accordance with terms and conditions of the licenses granted by Sagitec in its other agreements with Customer.

2.3 Products and Documentation may not be sold, leased, assigned, sublicensed or otherwise transferred, in whole or in part, directly or indirectly. Customer will not modify the Products, attempt to decompile, cross compile, disassemble, reverse engineer, or use any other means to decode the Products, or permit affiliates, contractors, users or other third parties to do so. No license is granted to use any Products component in source code form. All proprietary and copyright notices must be retained in any copies made of the Products and Documentation.

2.4 As the parties develop projects to be governed by this Agreement, they shall enter into Statements of Work, which shall contain the detailed terms of each project. In the event of a conflict between the terms of this Agreement and any future Statement of Work, the terms of this Agreement shall control unless the Statement of Work explicitly states that such conflicting terms in this Agreement shall not apply, but be superseded by the relevant provisions of that Statement of Work for purposes of that Statement of Work.

2.5 Subject to the terms and conditions of this Agreement, Sagitec will provide the services described in the applicable Statement of Work, at the times, in the manner, and at the prices described in the applicable Statement of Work. Said Statement of Work includes services related to the Products and Product Extensions as well as Application Support and Resources as further defined and described in the Statement of Work, Attachment 1 to Exhibit B.

2.6 Customer reserves the right to make changes in the Statement of Work at any time during the term of this Agreement. Within five (5) business days following written notice of such proposed changes, Sagitec will provide Customer with reasonable price and schedule changes, if any, resulting from Customer changes to the Statement of Work. Customer may accept or reject Sagitec's proposal to amend the Statement of Work or present a counter-proposal in Customer's sole discretion. Changes to a Statement of Work will be effective only when an authorized representative of each party executes a written amendment to the Statement of Work that sets forth the changes to the services and any related changes to the schedule and charges.

2.7 Sagitec will not subcontract any portion of the work to be performed without the prior written consent of Customer. Sagitec will be an independent contractor in the performance of this Agreement and will not be deemed an employee or agent of Customer for any purpose whatsoever.

2.8 At any time at Customer's request, Sagitec will, at no additional cost, promptly deliver to Customer work in progress and all related information and documentation with respect to the services provided by Sagitec under this Agreement then in Sagitec's possession or control.

2.9 Customer will have the right to interview and approve all Sagitec staff assigned or replaced to the applicable Statement of Work, and to require a criminal background check or proof of a previous criminal background check performed by Sagitec for any of Sagitec's staff members. Should Sagitec's assigned resource be terminated by Customer or otherwise become unavailable, Sagitec agrees to make all commercially reasonable efforts to provide a comparable replacement candidate within 30 days for Customer's review. Sagitec will be fully responsible for all costs associated with providing the new resource to Customer including, but not limited to, recruitment, training, immigration, and travel. Any costs incurred by Customer or anyone other than Sagitec and chargeable to Sagitec must be pre-approved in writing by Sagitec. Such approval will not be unreasonably withheld.

2.10 At all times during the term of this Agreement, Sagitec will maintain in effect insurance (i) all insurance coverage required by applicable United States law with respect to the services to be provided under this Agreement, and (ii) to extent not required by applicable law, the insurance coverage designated as follows:

- Workmen's Compensation – Statutory
- Unemployment Insurance – Statutory
- Commercial General Liability Insurance - The minimum limits of coverage of such insurance will be \$500,000 per person and \$1,000,000 per occurrence for personal and bodily injury, \$100,000 for property damages and \$1,000,000 for umbrella liability coverage.

Each Sagitec insurer must issue certificates of insurance evidencing the coverage and policy endorsements required in this Agreement. Sagitec must notify Customer in writing within thirty (30) calendar days of any modification,

cancellation or non-renewal of their insurance as required by this agreement. Insurance must be affected with an insurer that has an A. M. Best Rating of A-X or better or, if such ratings are no longer available, a comparable rating from a recognized insurance rating agency.

3. Product Support Service Level Agreement.

3.1 Sagitec will provide Customer with the Sagitec support services for the Products that are made generally available by Sagitec to its customers that receive support services.

3.2 Sagitec’s support staff will be available to assist Customer with general information regarding the configuration, installation and use of the Products during Sagitec’s normal hours of technical assistance operation: Sagitec support hours are as described in Exhibit C.

3.3 Sagitec will provide a first level of response to reported Product defects with written acknowledgment of the report that is delivered to Customer by E-mail. Sagitec will provide a second level of response to Product defect reports with a patch, workaround or other temporary resolution to reported Product defects. Sagitec’s final response to reported Product defects will be the provision of an update release or version release, an operations process revision, or another official problem resolution.

The timing of Sagitec’s responses will be based upon the classification of the reported error. Product errors will be classified as follows:

<u>Classification</u>	
P1	Fatal: Errors preventing critical, time-certain work from being done, or site outage.
P2	Severe Impact: Errors that disable major non-critical, non-time-certain functions from being performed, or that have a severe site performance impact.
P3	Degraded Operations: Errors disabling or impacting performance only in certain non-essential functions.

Sagitec’s responses to such errors will be provided within the following time periods:

Classification	Sagitec Response		
	First Level	Second Level	Third Level
P1	Within 1 hour when reported during Sagitec support hours. Within 2 hours when reported after Sagitec support hours.	Constant effort until relief provided ; resolution must be provided within 48 hours after reported	Within 15 days after reported
P2	Within 2 hours when reported during Sagitec support hours. Within 4 hours when reported after Sagitec support hours.	Within 7 days after reported	Within 30 days after reported
P3	Within 24 hours after reported	Within 14 days after reported	Within 180 days after reported or as agreed to by parties

3.4 Customer acknowledges and agrees that (i) Sagitec and Customer will jointly determine the appropriate level of severity for all reported errors, (ii) Sagitec has no obligation to correct any error that is caused by Customer fault or error, (iii) except as provided above, Sagitec will make reasonable efforts to correct errors that only minimally reduce efficiency or ease of use, and (iv) Sagitec will make reasonable efforts to assist customer to correct errors that result from changes in the operating environment in which the Products are installed.

3.5 Customer product support requests must be submitted to the Sagitec Point of Contact by Customer’s individual support contacts.

4. CUSTOMER OBLIGATIONS.

Sagitec's obligations to provide Product support and remedial services under this Agreement are conditioned upon:

- (a) the installation and operation by Customer of the most current Major Release(s) of the Products within twelve (12) months of the date the Major Release is made available to Sagitec's Neospin™ client base, unless an alternative date is mutually accepted;
- (b) the Customer will provide information that Sagitec requests as deemed necessary to implement the Products and Product Extensions;
- (c) the maintenance of an operating environment for the Products that is consistent with the System Requirements associated with each Major Release of the Product as provided by Sagitec; and
- (d) Customer providing Sagitec with the access to the Products that is adequate for Sagitec to perform its obligations under this Agreement.

5. This section intentionally left blank.

6. SERVICE LIMITATIONS. Maintenance and support services under this Agreement are limited to those described in Exhibit A and those described in Exhibit B. Sagitec has no obligation to address issues arising with respect to other products, or errors in the Products that are caused by other products.

7. FEES. Customer will pay the fees described in Exhibit A to this Agreement, at the times provided in that Exhibit A. Sagitec will not be obligated to perform services hereunder should an undisputed payment be more than thirty (30) days overdue. The foregoing will be in addition to, and not exclusive of Sagitec's right to terminate this Agreement in the event of any payment from Customer is overdue.

8. WARRANTY AND LIMITATION OF LIABILITY.

8.1 SAGITEC HEREBY DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND SERVICES PROVIDED UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY, OR ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE.

8.2 IN NO EVENT WILL SAGITEC'S LIABILITY OF ANY KIND WITH RESPECT TO THE PRODUCTS AND SERVICES PROVIDED UNDER THIS AGREEMENT, OR OTHERWISE ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDES ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSSES OR DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH POTENTIAL LOSS OR DAMAGE. IN NO EVENT WILL SAGITEC'S LIABILITY OF ANY KIND EXCEED THE AMOUNT REMITTED TO SAGITEC IN PRECEDING TWELVE (12) MONTHS UNDER THIS AGREEMENT AS OF THE DATE SUCH LIABILITY ACCRUES.

8.3 THE WARRANTY PROVIDED FOR IN THE MASTER CONTRACT BETWEEN SAGITEC AND MPERA REMAINS IN EFFECT AS PROVIDED FOR IN APPENDIX D OF THE MASTER CONTRACT EXCEPT WITH RESPECT TO "WARRANTY FOR FINAL SYSTEM" WHICH IS REPLACED BY THE SERVICER PROVIDED FOR IN THE STATEMENT OF WORK ATTACHED TO THIS AGREEMENT. ALL OTHER TERMS OF APPENDIX D OF THE MASTER CONTRACT REMAIN IN FORCE AND EFFECT FOR THE TERM OF THE MASTER CONTRACT.

9. CONFIDENTIALITY.

9.1 Except as required by applicable law, regulation, or court order, a party receiving Confidential Information will restrict the use of the Confidential Information to those purposes necessary for the performance of the receiving party's obligations under this Agreement, and, during the term of this Agreement and thereafter, will safeguard against disclosure of the Confidential Information to third parties using the same degree of care to prevent disclosure as it uses to protect its own information of like importance, but at least reasonable care. A party may make only the

minimum number of copies of any Confidential Information required to carry out the purpose of this Agreement. All proprietary and copyright notices in the original must be affixed to copies or partial copies. Each party must provide the other with notice of any governmental, judicial or administrative order or proceeding to compel the disclosure of Confidential Information received under this Contract, as promptly as the circumstances of such order or proceeding reasonably permit.

9.2 Neither party will be obligated to maintain any information in confidence or refrain from use if (i) the information was in the receiving party's possession or was known to it prior to its receipt from the disclosing party without obligation of nondisclosure, (ii) the information is independently developed by the receiving party without the utilization of Confidential Information of the disclosing party, OR (iii) the information is or becomes public knowledge without fault of the receiving party.

10. TERM AND TERMINATION.

10.1 This Agreement will take effect on the date first written above and will remain in effect for an initial term provided in Exhibit A to this Agreement or until terminated as provided in this Section 10.

10.2 Customer may terminate this Agreement, without cause, at any time upon thirty (30) days notice to Sagitec.

10.3 Sagitec may terminate this Agreement at any time by giving notice in writing to the other party, which notice will be effective upon dispatch, should the other party file a petition of any type as to its bankruptcy, be declared bankrupt, become insolvent, make an assignment for the benefit of creditors, go into liquidation or receivership, or otherwise lose legal control of its business, or should the other party or a substantial part of its business come under the control of a third party. Customer must terminate this Agreement if funds are not appropriated or otherwise made available to support Customer's continuation of performance of this Agreement in a subsequent fiscal period. (See section 18-4-303(4), MCA.)

10.4 Either party may terminate this Agreement by giving notice in writing to the other party in the event the other party is in material breach of this Agreement and fails to cure such breach within thirty (30) days of receipt of written notice thereof from the first. Termination will be in addition to, and not exclusive of other remedies available with respect to the breach. Any one or more of the following acts or omissions of Sagitec shall constitute an event of material breach: (a) products or services furnished by Sagitec fail to materially conform to any requirement of this Agreement; (b) fail to meet the security compliance requirements outlined in the Master Contract; or (c) failure to materially perform any of the conditions of this Agreement. Any failure by Customer to materially perform any of its obligations under this Agreement shall constitute an event of breach.

10.5 Upon the expiration or termination of this Agreement for any reason, (i) subject to any surviving right to use such Confidential Information, each party will promptly return all copies of any Confidential Information of the other party then in its possession, or destroy that Confidential Information and certify the destruction to the other party, and (ii) the provisions of Sections 1, 2.2, 2.3, 7, 8, 9 and 11 of this Agreement will remain in effect in accordance with their terms. In addition, upon the termination of this Agreement by Customer, within thirty days after the effective date of termination Customer will pay Sagitec all of the fees that would be payable pursuant to this Agreement above.

11. GENERAL.

11.1 This Agreement does not make either party the employee, agent or legal representative of the other for any purpose whatsoever. Neither party is granted any right or authority to assume or to create any obligation or responsibility, express or implied, on behalf of or in the name of the other party. In fulfilling its obligations under this Agreement, each party will be acting as an independent contractor.

Sagitec is required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance sections 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the Contractor nor its employees are employees of the State. This insurance/exemption must be valid for the entire term of this Contract. A renewal document must be sent to the Montana Public Employee Retirement Administration, 100 N Park Avenue, Suite 200, P O Box 200131, Helena MT 59620-0131 upon expiration.

Sagitec must, in performance of work under this Contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform this Contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing this Contract.

11.2 Customer may not assign or otherwise transfer its rights and obligations under this Agreement except with the prior written consent of Sagitec. Unless Sagitec is acquired or otherwise taken over by a different entity, Sagitec shall not assign or transfer any portion of this Agreement without the express written consent of the State (Section 18-4-141, MCA). Sagitec will keep Customer advised and provide notice to Customer in the event Sagitec is acquired or otherwise taken over by a different entity. Any prohibited assignment will be null and void. Sagitec, with the agreement of Customer, may subcontract all or any portion of the services provided under this Agreement, but will remain responsible for the Services subcontracted.

11.3 Notices permitted or required to be given hereunder will be deemed sufficient if given by (i) registered or certified mail, postage prepaid, return receipt requested, addressed to the respective addresses of the parties that are set forth below, , or (iii) email to the respective addresses of the parties that are set forth below. Notices given by mail will be effective upon the earlier to occur of receipt by the party to which notice is given, or on the fifth (5th) business day following the date such notice was posted. Notices by email will be effective on the second (2d) business day after dispatch.

Notices to Sagitec will be sent to:

Sagitec Solutions LLC
422 County Rd D East
Little Canada, MN 55117

Attn: Piyush Jain

Fax Number: 651-305-0202
Email Address: piyush.jain@sagitec.com

With a copy to:

Lindquist & Vennum PLLP
4200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402

Attn: Timothy Keller

Fax Number: 612-371-3207
Email Address: tkeller@lindquist.com

Notices to Customer will be sent to:

MPERA
100 N Park Avenue Suite 200
PO BOX 200131
Helena, MT 59602-0131

Attn: Angela Riley

Fax Number: 406.444.5428
Email Address: ariley@mt.gov

With a copy to:

MPERA
100 N Park Avenue Suite 200
PO Box 200131
Helena, MT 59602-0131

Attn: Melanie Symons

Fax Number: 406.444.5428
Email Address: msymons@mt.gov

11.4 This Agreement together with Exhibits attached to this Agreement, (i) constitutes the entire agreement between the parties with respect to the subject matter hereof, (ii) supersedes any and all other agreements between the parties related thereto, as well as all proposals, oral or written, and all negotiations, conversations or discussions between the parties related to this Agreement, except the agreements noted in Section 2.2 and Section 2.3 above, (iii) may not be altered, amended or otherwise modified without the written agreement signed by the parties hereto, and (iv) may be executed in two or more counterparts, each of which will be deemed an original hereof. No product or service specifications, or terms and conditions that are additional or contrary to the terms of this Agreement, whether contained in any purchase order or other communication from Customer or any third party, will be construed as, or constitute a waiver of these terms and conditions, or acceptance of any such additional terms, conditions or specifications. Sagitec hereby rejects and objects to such additional or contrary terms, conditions or specifications.

11.5 No failure by either party to take any action or assert any right hereunder will be deemed to be a waiver of such right.

11.6 If any of the terms of this Agreement are in conflict with any rule of law or statutory provision or otherwise unenforceable under the laws or regulations of any government or subdivision thereof, such terms will be deemed stricken from this Agreement, but such invalidity or unenforceability will not invalidate any of the other terms of this Agreement and this Agreement will continue in force, unless the invalid or unenforceable provisions comprise an integral part of, or are otherwise inseparable from, the remainder of this Agreement.

11.7 This Agreement will be governed by, and interpreted and construed in accordance with, the laws of the State of Montana.

11.8 All controversies and claims arising out of or relating to this Agreement, or the breach thereof, must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana and each party shall pay its own costs and attorney fees. (See section 18-2-401, MCA).

11.9 Sagitec shall not be held responsible for delay or default caused by fire, flood, riot, acts of God or war if the event is beyond Sagitec's reasonable control and Sagitec gives notice to Customer immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.

11.10 Hold Harmless/Indemnification. To the fullest extent permitted by law, Sagitec shall indemnify and hold harmless the State, its elected and appointed officials, officers, agents, directors, and employees from and against all claims, damages, losses and expenses, including the cost of defense thereof, to the extent caused by or

arising out of Sagitec's gross negligent acts, errors, or omissions in work or services performed under this Agreement, including but not limited to, the gross negligent acts, errors or omissions of any Subcontractor or anyone directly or indirectly employed by and Subcontractor for whose acts Subcontractor may be liable.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed.

SAGITEC SOLUTIONS, LLC

CUSTOMER

By _____

By _____

Name _____

Name _____

Title _____

Title _____

Date _____

Date _____

EXHIBIT A

FEES AND PAYMENT

PRODUCT SERVICES FEE (only license per year)

Customer will pay \$288,132 in licensing fees during the term of this Agreement. as shown in *Table A.1 – PERIS Monthly Payment Schedule*.

Table A.1 – PERIS Monthly Payment Schedule

Annual Term	Amount	Invoice Month-Year	Comments
July 2016 – June 2017	\$141,588	July 2016	2016 Yearly License Fee
July-2017 – June 2018	\$146,544	July 2017	2017 Yearly License Fee

[Table A.1 – PERIS Monthly Payment Schedule](#)

APPLICATION DEVELOPMENT OUTSOURCING FEE

Customer will pay Sagitec a fixed amount for Application Development Services, as described in Exhibit B, for the period July 11, 2016 through March 31, 2018.

The Application Development service fee shall be divided into monthly installments as defined in table A.2 – *PERIS Monthly Payment Schedule*. The fees will be due and payable within thirty (30) days after the date of Sagitec’s invoice. This fee is effective starting on July 11, 2016 and shall continue through March 31, 2018.

Month-Year	Amount
Jul-16	\$15,669
Aug-16	\$38,478
Sep-16	\$45,618
Oct-16	\$52,758
Nov-16	\$52,758
Dec-16	\$59,898
Jan-17	\$63,709
Feb-17	\$35,280
Mar-17	\$33,180
Apr-17	\$35,574
May-17	\$29,904
Jun-17	\$29,904
Jul-17	\$31,584
Aug-17	\$31,584
Sep-17	\$24,024
Oct-17	\$24,024
Nov-17	\$24,024
Dec-17	\$24,024
Jan-18	\$25,368
Feb-18	\$25,368
Mar-18	\$25,368
Total	\$728,095

Table A.2 – PERIS Monthly Payment Schedule

Should customer decide to purchase additional ADO services on a time and materials basis, the following rate tables shall apply during the term of the this Agreement:

Hours	2016 Onshore Rates	2016 Offshore Rates
0 – 500	\$174	\$60
501 – 1000	\$158	\$55
1001 – 2000	\$143	\$50
2000 or more	\$130	\$45

Table A.3 – PERIS 2016 PERIS ADO Rate Table

Hours	2017 Onshore Rates	2017 Offshore Rates
0 – 500	\$183	\$67
501 – 1000	\$166	\$61
1001 – 2000	\$150	\$56
2000 or more	\$137	\$50

Table A.4 – PERIS 2017 PERIS ADO Rate Table

Hours	2018 Onshore Rates	2018 Offshore Rates
0 – 500	\$192	\$74
501 – 1000	\$174	\$68

1001 – 2000	\$158	\$62
2000 or more	\$143	\$55

Table A.5 – PERIS 20118 PERIS ADO Rate Table

Year to Date ADO hours charged and remaining will be reported monthly to the Customer.

Upon prior approval by the Customer, travel and living expenses as required by the Customer will be in addition to the rates above. Travel and living expenses as required by Sagitec, will not be charged to the Customer.

If Customer terminates this agreement during the term of this agreement, Customer will pay Sagitec only for the services received through the date of termination, within 30 days after termination becomes effective.

TERM

This agreement is effective starting July 11, 2016 and shall continue through March 31, 2018, unless terminated earlier. Any extension of this Agreement past March 31, 2018 will be subject to negotiation and consent of both Sagitec and Customer.

Sagitec may increase the fee upon the annual renewal process with the Customer after the initial term of three years. Sagitec shall notify Customer of any proposed annual increase no later than 30 days prior to the renewal of this agreement for the following year. If agreed to by Customer, the increased fee will be reduced to writing, signed and fully executed by the parties as an Addendum to this Agreement.

EXHIBIT B

PRODUCT AND APPLICATION DEVELOPMENT OUTSOURCING SERVICES

PRODUCT SERVICES

- Sagitec Framework License
- Access to all major and minor Product releases
- Product installation and configuration services as per mutually agreed timelines
- A technical and business overview of the new features of the Product and Product Extensions and implementation pre-requisites prior to the implementation of the Product.
- Enterprise licenses to Product Extensions
- Product Service Desk (e.g. Help Desk) – Non-dispatched service assistance or resolution delivered via phone, e-mail and/or on-line communication.

PERIS Support Statement of Work

The PERIS Statement of Work details the activities which are required to support the PERIS application. Key subjects covered include:

- Application Support
- Resource Requirements
- Framework Upgrade Support
- Roles and Responsibilities
- Assumptions
- Costs

The Support Statement of Work is attached as Attachment 1 to this Exhibit B.

EXHIBIT C

POINT OF CONTACT & SERVICE HOURS

Vasu Sridharan is assigned as the Sagitec Point of Contact to the Customer.

Support Hours: 8:00a to 5:00p Mountain US Time, Monday through Friday, exclusive of United States Federal holidays as published by the U.S. Office of Personnel Management.

Attachment 1 to Exhibit B PERIS Support Statement of Work



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Attachment 1 to Exhibit B PERIS Support Statement of Work



MPERA Support Process

The following four activities are required to support PERIS after go-live, July 11, 2016:

- **Warranty** – To cover any defects discovered in the PERIS application. Sagitec is obligated to fix all defects discovered within one year from go-live as part of the current contract.
- **Operational Support** – To ensure proper running and support for PERIS in the production environment. This includes (but is not limited to) activities like proactive maintenance, running and monitoring batch jobs, addressing user questions and concerns, and fine-tuning activities.
- **Enhancements** – As with any live business application, PERIS will require enhancements from time to time in order to meet new requirements and business needs. As per our understanding, MPERA already has a list of enhancements that need to be addressed post go-live - these were either deferred due to go-live stabilization or were discovered after the design for PERIS was complete.
- **Sagitec Framework Upgrades and Support** – To ensure the base platform remains current and MPERA is able to leverage the latest tools and enhancements released by Sagitec. This will reduce the risks of technology obsolescence, help protect against emerging security threats, and more.

In an ideal world, the team for each of these activities would be different with no overlaps. However, in reality, such a siloed environment is neither effective nor practical. Teams may have conflicting priorities and may require access to the same code base and the same resources at the same time. Furthermore, business priorities may shift focus and efforts towards one activity more so than another. For these reasons, Sagitec and MPERA have agreed to a common team, aligned with business priorities and managed by a common Project Management Office (PMO). Sagitec and MPERA believe this to be the most effective approach to addressing all of the above activities.

The common unified team will consist of MPERA employees and Sagitec consultants, with Sagitec resources reducing gradually over time while more responsibilities are transitioned over to MPERA staff. The unified team will perform all activities related to PERIS warranty, operational support, enhancements, and testing. Sagitec will support the framework upgrades as needed and on mutually agreed upon timelines separately. Currently there are no plans to upgrade the underlying PERIS framework in the year 2016, to ensure stability of the go-live environment.

Sagitec and MPERA recognize the difficulty in finalizing resource projections for an extended period of time—especially so far ahead of go-live. The team composition and size be reviewed by management periodically (quarterly) and that necessary adjustments be made as needed (i.e., resources may be added or reduced based on mutual discussions and with some reasonable notice period).

Application Support

Attachment 1 to Exhibit B

PERIS Support Statement of Work



A collective team of MPERA and Sagitec resources will work together and jointly resolve Problem Incident Reports (PIRs), change requests and other enhancements through the support phase. There are several advantages to this approach:

- A shared team working on all tasks under a common PMO directing the efforts rather than silos where individuals work on different tasks as per their classification (defect, enhancements, application support, etc.).
- Reduces management overhead, improving team coordination and communication.
- MPERA team receives enough ramp-up time to acquire the knowledge necessary to fix PIRs with the support of Sagitec developers who will be present and working by their side.
- MPERA technical team is able to help maintain the system without impacting warranty for items they work on.
- Enhancements that are necessary for a smoother operation can be included during the support period and the priorities for each task can be changed by the PMO based on the available capacity and needs.
- The distribution in which the PIRs get addressed is determined by MPERA working along with the Sagitec Point of Contact (POC). Several of the simpler defects can initially be fixed by MPERA developers, and more involved or complicated defects can be fixed by Sagitec.
- Sagitec developers may be used for enhancing the system instead of fixing simpler defects.
- There will be significant time savings by eliminating the challenging discussion of prioritizing and assigning PIR responsibilities. This also results in a better team environment as the team is simply concentrating on functionality that is going to make the biggest impact to MPERA's business users and members vs. concentrating on closing warranty PIR's which might not be as high of a priority as enhancement work.

It should be noted that under this approach, MPERA agrees and accepts that all defect PIRs may not be fixed at the end of the support period due to Sagitec resources being used for enhancements and other non-warranty tasks and completing the PIR fixes would be MPERA's responsibility.

For this approach to work, Sagitec will estimate the amount of resources necessary to fix the warranty PIRs recorded in the PIR registry. To keep the process simple to implement, Sagitec and MPERA agree to calculate a service credit amount for all the remaining work. This service credit will be spread over 12 to 18 months and will be used to reduce or offset the monthly billed amount. The service credit amount and the billable amount is calculated based on the location of the resource, actual time spent on MPERA work, and agreed upon rates. In this case MPERA can request additional resources and the billing and collecting process remains unchanged.

Attachment 1 to Exhibit B PERIS Support Statement of Work



Roles and Responsibilities

Following are the key roles and responsibilities:

- MPERA User creates the PIRs.
- MPERA POC prioritizes the PIRs based on collective input from MPERA users and Sagitec.
- MPERA needs to confirm if any additional resources are needed for planned work on enhancements as defined in the Change Request register.

The following table describes general roles and responsibilities related to the PIR process as state above.

ROLE	FUNCTION	RESPONSIBILITY
MPERA POC	Reviews PIRs	<ul style="list-style-type: none"> • PIR Verification process • PIR release to Sagitec
Sagitec Technical Lead	Assign PIRs to developers	<ul style="list-style-type: none"> • PIR Assignment to developers
MPERA Business Analyst/User	Raise PIRs and Close PIRs	<ul style="list-style-type: none"> • Log PIRs • Test the PIR before release to Production
Developers (MPERA and Sagitec)	Fix and Test PIRs	<ul style="list-style-type: none"> • Submit fixed PIRS for MPERA testing

Attachment 1 to Exhibit B PERIS Support Statement of Work



Resource Requirements

Sagitec will provide MPERA with a resource plan which depicts which Sagitec resources roll off the project as the support phase of the project approaches. This approach towards support allows Sagitec to taper down the level of resources it provides and gives the team a chance to stabilize before rolling off the next batch of resources. To that end Sagitec will accommodate time for the last release beyond the end of the support period, if necessary.

This support plan requires a team similar in size to that needed for traditional warranty work, assuming there are no enhancements or other planned changes which are to be implemented during the support period. Under this approach MPERA may also use the existing resources beyond the support period to address additional scope.

It needs to be noted that assigning a specific resource to a project is a three-part activity - the MPERA requirement or need, the participant's acceptance that he/she would like to play the role, and Sagitec requirement or need.

Attachment 1 to Exhibit B PERIS Support Statement of Work



Entry criteria

- PERIS application is live (in Production)
- MPERA has agreed and confirmed to Sagitec the proposed support approach described in this document and signed a contract that authorizes the change in support phase.
 - The support approach is detailed on the following page under PERIS Support Resource Plan

Exit criteria

- To be mutually agreed based on credits, resources and waving of traditional warranty.
 - The support approach exit criteria are detailed on the following page under PERIS Support Resource Plan

Critical Success factors

- Project team has a clear understanding of the above-stated processes
- MPERA recognizes that once an onsite resource leaves the project and is released to a different project, it is very difficult to get that resource assigned back to the project. Any resources needed by MPERA to be successful beyond go-live should be requested at least 2 months prior to roll off of that resource.

Attachment 1 to Exhibit B PERIS Support Statement of Work



PERIS Support Resource Plan

- The PERIS Support Resource Plan provides information pertaining to the following key factors:
 - Term of the PERIS Maintenance and Support Agreement
 - Assigned resources including allocation and release terms
 - Rate and fee by resource
 - Monthly and total Support Fees
 - Monthly and total amount of credit provided in lieu of warranty
 - Annual License Fee
- The PERIS Support Resource Plan (spread sheet) is maintained within the PERIS Team Site; the link to the PERIS Support Resource Plan is:
<http://mpera.sharepoint.mt.gov/ops/projects/newsys/LOBPM/PMDocuments/PERIS%20Support%20Resource%20Plan.xlsx>

Attachment 1 to Exhibit B PERIS Support Statement of Work



Framework Upgrade Support

Sagitec's framework team, based in Pune performs most of the framework upgrade support activities e.g. making changes to the Products, testing it and releasing it to the clients. Further, they aid our client to deploy the new framework into a non-production/ environment. Some of the upgrades may require changes to the application to enable/disable certain features e.g. adding new tags to the source XML file etc. This needs to be followed by some regression and manual testing at the LOB side of the application.

Licensing

- This includes installation and configuration of the new framework and extensions (all major and minor upgrades) during the initial support term.
- It does not include any enhancements or customization of the LOB solution or the Business Rules, as those are covered in the support.
- Licensing needs to be procured each year to stay licensed and needs to stay contiguous and cannot be availed for specific years with breaks in between.
- MPERA is responsible for deploying the framework upgrades and patches post the support term.
- In addition to the software upgrades, the MPERA team will receive a no-touch-support i.e. MPERA will have access to Sagitec Knowledge Center with development guidelines, release notes, technical tips, etc.

Period of Coverage

Licensing cost must be availed at the beginning of the support period (currently at go-live) and is included in the support cost. The cost per year is 3%-5% of services and is reflected on the previous page under the PERIS Support Resource Plan section. This cost increases year over year - assume 5% on average; not to exceed 7.5%.

Attachment 1 to Exhibit B PERIS Support Statement of Work



Framework Upgrade Process

During the support phase, the new framework (and its extensions) installation and configuration are done by Sagitec in a couple environments (development and UAT or System test). MPERA will carry out the installation on the rest of the environment. Sagitec will assist MPERA to get the installation done. This is mainly done from the Pune location with support from onshore resources or client team. Following are some of the detailed steps:

- Sagitec will inform MPERA whenever a new framework version is released and provide MPERA with the release notes for the new framework release
- Sagitec's POC will work with MPERA to determine the appropriate time for the framework upgrade
- Sagitec will be responsible for performing the framework upgrade, regression test and deployment of the framework upgrade to a non-production region of MPERA's choice
- MPERA will perform testing to ensure that the framework is working in their environment
- MPERA will be responsible for the framework upgrade in all other environment including Production.
- Sagitec will assist MPERA with the production deployment of the new framework version

Post the support phase, the framework upgrades and related documentation around the release will be made available to the client on a periodic basis and MPERA will be responsible for getting it installed in all their environments. Following are some of the detailed steps:

- Sagitec will inform MPERA & provide MPERA with the framework release whenever a new framework version is released
- MPERA will be responsible for performing the framework upgrade in a non-production environment, and to test the deployment
- MPERA will also be responsible for deploying the framework in the production environment

Sagitec will provide MPERA with release notes and instructions for the framework installation

Attachment 1 to Exhibit B

PERIS Support

Statement of Work



Roles and Responsibilities

Following are the key roles and responsibilities:

- MPERA will maintain full backup of all environments and their components including, but not limited to, application (internal and self-service), database, imaging system, TFS, SharePoint etc.
- Sagitec will deploy and test the new framework in non-production environments
- MPERA will deploy and test the framework in production environment.

Resources

Most of the upgrade support work will be carried out by Sagitec's Pune team. This team cannot be used for any other development and testing work other than related to framework and extension upgrade. Upgrade support work does not include changes to the LOB application to accommodate the new framework features (e.g. MVVM upgrade to portals developed earlier using WebForms, as WebForms will also be supported – backward compatibility will be maintained).

Entry Criteria

- PERIS application is live (in Production)
- MPERA has agreed and confirmed to Sagitec the support described in this document
- MPERA and Sagitec have a signed Maintenance and Support Agreement
- The agreed contract term has expired

Critical Success Factors

- Project team has a clear understanding of who updates which environment
- MPERA does not delay the implementation of the framework and extension changes
- Sagitec ensures availability of the appropriate resources, documentation and information.

Attachment 1 to Exhibit B PERIS Support Statement of Work



Assumptions

This section includes assumptions made during the creation of this Support plan.

- Sagitec has access to the network from on-site and off-site locations
- MPERA will identify a POC before the beginning of the support phase
- MPERA will continue to remain in support so that all the necessary framework changes and extensions are available to them
- Sagitec support resources are based on 160 hours per month and accounts for vacation/sick leave of 4 weeks per year per resource.

Attachment 1 to Exhibit B PERIS Support Statement of Work



Costs

- 1) Sagitec Framework Licensing Fee
 - FY 16 fee: \$141,588
 - FY 17 fee: \$146,544
 - Total: \$288,132
 - This will be paid upfront in full every year with annual increases not to exceed 5%.
- 2) Application Support Fee
 - Term: 7/12/2016 – 3/31/2018
 - Hours: 14,120
 - Cost: \$728,095

The total cost for 18 months post go-live: \$1,016,277

- \$288,132 for Framework Licensing
- \$728,095 for Application Support