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| --- | --- | --- | --- |
|  | **State of South Carolina**  **Request for Proposal** | Solicitation Number:  Date Issued:  Procurement Officer:  Phone:  E-Mail Address: | PEBA0202018RFP  7/23/2019  David H. Quiat  803.737.0562  [dquiat@](mailto:dquiat@)mmo.sc.gov |

|  |
| --- |
| DESCRIPTION: **Benefits Administration System**    USING GOVERNMENTAL UNIT: **South Carolina Public Employee Benefit Authority** |

SUBMIT OFFER BY (Opening Date/Time):   **9/16/2019 11:00 AM**

|  |
| --- |
| *The Term “Offer” Means Your “Proposal”. Your offer must be submitted in a sealed package. The Solicitation Number & Opening Date should appear on the package exterior. See the clause entitled “Submitting Your Offer or Modification.”* |

SUBMIT YOUR SEALED OFFER TO EITHER OF THE FOLLOWING ADDRESSES:

|  |  |
| --- | --- |
| MAILING ADDRESS:  SFAA, Div. of Procurement Services, MMO  PO Box 101103 Columbia SC 29211 | PHYSICAL ADDRESS:  SFAA, Div. of Procurement Services, MMO  1201 Main Street, Suite 600 Columbia SC 29201 |

|  |  |
| --- | --- |
| AWARD & AMENDMENTS | Award will be posted on **11/1/2019.**  The award, this solicitation, any amendments, and any related notices will be posted at the following web address: <https://procurement.sc.gov/vendor/contract-opps/other-solicitations/peba> |

|  |  |  |
| --- | --- | --- |
| You must submit a signed copy of this form with Your Offer. By submitting a proposal, You agree to be bound by the terms of the Solicitation. You agree to hold Your Offer open for a minimum of one hundred twenty (120) calendar days after the Opening Date.    (See the clause entitled “Signing Your Offer.”) | | |
| NAME OF OFFEROR      (Full legal name of business submitting the offer) | | Any award issued will be issued to, and the contract will be formed with, the entity identified as the Offeror. The entity named as the offeror must be a single and distinct legal entity. Do not use the name of a branch office or a division of a larger entity if the branch or division is not a separate legal entity, i.e., a separate corporation, partnership, sole proprietorship, etc. |
| AUTHORIZED SIGNATURE    (Person must be authorized to submit binding offer to contract on behalf of Offeror.) | |  |
| TITLE    (Business title of person signing above) | | STATE VENDOR NO.    (Register to obtain S.C. Vendor No. at www.procurement.sc.gov) |
| PRINTED NAME    (Printed name of person signing above) | DATE SIGNED | STATE OF INCORPORATION    (If you are a corporation, identify the state of incorporation.) |

|  |
| --- |
| OFFEROR’S TYPE OF ENTITY:   (Check one)                                                                   (See “Signing Your Offer” provision.)      \_\_\_ Sole Proprietorship                                  \_\_\_ Partnership                                  \_\_\_ Other\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_      \_\_\_ Corporate entity (not tax-exempt)          \_\_\_ Corporation (tax-exempt)            \_\_\_ Government entity (federal, state, or local) |

COVER PAGE (NOV. 2007)

**PAGE TWO**

**(Return Page Two with Your Offer)**

|  |  |
| --- | --- |
| HOME OFFICE ADDRESS (Address for offeror’s home office / principal place of business) | NOTICE ADDRESS (Address to which all procurement and contract related notices should be sent.)          \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Area Code  -  Number  -  Extension                    Facsimile    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  E-mail Address |

|  |  |
| --- | --- |
| PAYMENT ADDRESS (Address to which payments will be sent.)            \_\_\_\_Payment Address same as Home Office Address  \_\_\_\_Payment Address same as Notice Address   **(check only one)** | ORDER ADDRESS (Address to which purchase orders will be sent)            \_\_\_\_Order Address same as Home Office Address  \_\_\_\_Order Address same as Notice Address   **(check only one)** |

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| --- | --- | --- | --- | --- | --- | --- | --- |
| ACKNOWLEDGMENT OF AMENDMENTS  Offerors acknowledges receipt of amendments by indicating amendment number and its date of issue. (See the clause entitled “Amendments to Solicitation”) | | | | | | | |
| Amendment No. | Amendment Issue Date | Amendment No. | Amendment Issue Date | Amendment No. | Amendment Issue Date | Amendment No. | Amendment Issue Date |
|  |  |  |  |  |  |  |  |
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| --- | --- | --- | --- | --- |
| DISCOUNT FOR PROMPT PAYMENT  (See the clause entitled “Discount for Prompt Payment”) | 10 Calendar Days (%) | 20 Calendar Days (%) | 30 Calendar Days (%) | \_\_\_\_\_Calendar Days (%) |

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REQUEST FOR PROPOSAL (RFP)

SOLICITATION NUMBER PEBA0202018RFP

**BENEFITS ADMINISTRATION SYSTEM**

**SCHEDULE OF KEY DATES IN THE PROPOSAL PROCESS**

**All dates subject to change**

|  |  |
| --- | --- |
| 1. Distribution of the Request for Proposal | 7/23/2019 |
| 1. Questions on the RFP | 8/6/2019 |
| 1. Pre-Proposal Conference | 8/12/2019 |
| 1. Final Deadline for Questions on the RFP (4:00pm) | 8/19/2019 |
| 1. State’s Written Responses to Questions submitted (tentative) | 8/28/2019 |
| 1. Submission and Opening of Proposals (tentative) | 9/16/2019 |
| 1. Oral Presentations (tentative) | Week of 10/14/2019 |
| 1. Intent to Award Posting Date (tentative) | 11/1/2019 |
| 1. Intent to Award Becomes Official (tentative) | 11/14/2019 |
| 1. Contract Performance (tentative) | 1/1/2020 |

**PART 1**

**GENERAL CONTRACTING INFORMATION, REQUIREMENTS,**

**AND INSTRUCTIONS TO OFFERORS**

**1.1** **DEFINITIONS, CAPITALIZATION, AND HEADINGS**

Clause headings used in this solicitation are for convenience only and will not be used to construe meaning or intent. The following definitions and the definitions delineated on Appendix A (which is attached and is incorporated into and made a part of this Solicitation by reference), are applicable to all parts of the solicitation, unless expressly provided otherwise.

(a) **Amendment** means a document issued to supplement the original solicitation document.

1. **Authority** means the State Fiscal Accountability Authority or its successor in interest.

(c) **Business** means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other legal entity.

(d) **Change Order** means any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual agreement of the parties to the contract.

(e)  **Contract** See the clause entitled “Contract Documents & Order of Precedence.”

(f) **Contract Modification** means a written order signed by the Procurement Officer directing the Contractor to make changes which the clause of the contract titled “Changes,” authorizes the Procurement Officer to order without the consent of the Contractor.

(g) **Contractor** means the Offeror receiving an award as a result of this solicitation.

(h) **Cover Page** means the top page of the original solicitation on which the solicitation is identified by number. Offerors are cautioned that Amendments may modify information provided on the Cover Page.

(i) **Offer** means the proposal submitted in response to this solicitation. The term Proposal is used interchangeably with the term Offer.

(j) **Offeror** means the single legal entity submitting the offer. See the clause entitled “Signing Your Offer.”

(k) **Page Two** means the second page of the original solicitation, which is labeled Page Two.

(l) **Procurement Officer** means the person, or his successor, identified as such on either the Cover Page, an amendment, or an award notice.

(m) **Solicitation** means this document, including all its parts, attachments, and any Amendments.

(n) **State** means the South Carolina Public Employee Benefit Authority (PEBA).

(o) **Subcontractor** means any person you contract with to perform or provide any part of the work.

(p) **Work** means all labor, materials, equipment, services, or property of any type, provided or to be provided by the Contractor to fulfill the Contractor’s obligations under the Contract.

(q) **You and Your** means Offeror.

**1.2 PRE-PROPOSAL CONFERENCE**

There will be a Pre-Proposal Conference at **11:00 AM Local Time** **on August 12, 2019** at the South Carolina Public Employee Benefit Authority, 202 Arbor Lake Drive, 1st Floor, Board Room, Columbia, South Carolina.

**NOTE**: Due to the importance of all Offerors having a clear understanding of the specifications and requirements of this RFP, attendance at the pre-proposal conference is strongly encouraged. The South Carolina Public Employee Benefit Authority strongly recommends that, at a minimum, the proposed account manager and the individual responsible for preparing and submitting the Offeror’s proposal be in attendance. Please bring a copy of the RFP with you.

**1.3 COMMUNICATIONS REGARDING THE SOLICITATION**

**1.3.1 Prohibited Communications and Donations**: Violation of these restrictions may result in disqualification of Your Offer, suspension or debarment, and may constitute a violation of law.

(a) During the period between publication of the solicitation and final award, you must not communicate, directly or indirectly, with the South Carolina Public Employee Benefit Authority or its employees, agents or officials regarding any aspect of this procurement activity, unless otherwise approved in writing by the Procurement Officer. All communications must be solely with the Procurement Officer.

(b) You are advised to familiarize yourself with Regulation 19-445.2165, which restricts donations to a governmental entity with whom you have or seek to have a contract. You represent that Your Offer discloses any gifts made, directly or through an intermediary, by You or your named Subcontractors to or for the benefit of the South Carolina Public Employee Benefit Authority during the period beginning eighteen months prior to the Opening Date.

**1.3.2 Questions from Offerors:**

(a) Any prospective Offeror desiring an explanation or interpretation of the solicitation, specifications, etc. (see clause 1.11.1 “Duty to Inspect and Inquire”), must request it in writing. Oral explanations or instructions will not be binding. Any information given a prospective Offeror concerning this solicitation will be furnished promptly to all other prospective Offerors as an Amendment to the solicitation, if that information is necessary for submitting offers or if the lack of it would be prejudicial to other prospective Offerors. We will not identify you in our response to your question.

(b) The State seeks to permit maximum practicable competition. Offerors are urged to advise the Procurement Officer as soon as possible regarding any aspect of this procurement, including any aspect of the Solicitation that unnecessarily or inappropriately limits full and open competition. Offerors should advise the Procurement Officer of any problems they perceive as a result of reviewing this solicitation document, which may bear upon their ability to comply, or submit any other questions, which might ultimately bear upon the State’s ability to enter into the relationship described herein with a selected Contractor.

**1.3.3 Submission of Questions:** Any questions, comments, requests for information or clarifications regarding the RFP must be submitted in writing. Do NOT wait to assert deviations, exceptions, etc. to anything in this RFP until (or in) the submission of your proposal.

All questions must be received by the Procurement Officer no later than August 19, 2019 at 4:00 pm local time. No further questions regarding the RFP will be accepted after the final deadline for submission of questions, August 19, 2019 at 4:00 pm local time.

Prospective Offerors are encouraged to email their questions on the RFP prior to the Pre-Proposal Conference. The South Carolina Public Employee Benefit Authority will attempt to provide responses to those questions submitted by August 6, 2019, during the Pre-Proposal Conference on August 12, 2019.

Any written questions, requests for information or request for clarifications will be responded to in the form of a written amendment to the RFP and e-mailed to all prospective Offerors. The amendment will also be posted at the following web address: [https://procurement.sc.gov/Contractor/contract-opps/other-solicitations/peba](https://procurement.sc.gov/vendor/contract-opps/other-solicitations/peba)

All questions, comments, requests for information or clarifications should, to the highest degree possible, cite the specific RFP section and paragraph number(s) to which the question refers. All questions, comments, requests for information or clarifications regarding this RFP should include the identity of the sender, firm name, mailing address, telephone number, and e-mail address. Email is the method for submitting questions to the Procurement Officer with “Questions: Benefits Administration System RFP” as the subject of the email. Email Address: [dquiat@mmo.sc.gov](mailto:dquiat@mmo.sc.gov) Submit questions in an easily copied format such as MS Word. Please do not insert your questions into tables.

**1.3.4 Method of Communication:**

Offerors assume the risk of the method of dispatching any communication or Proposal. The State assumes no responsibility for delays or delivery failures resulting from the method of dispatch. Actual or digital “postmarking” of a communication or proposal to the State by a specified deadline date will not substitute for the State’s actual receipt of a communication or Proposal.

**1.4 AMENDMENTS TO SOLICITATION**

(a) The solicitation may be amended at any time prior to opening. All amendments to this solicitation will be in writing from the State. The State will not be legally bound by any amendment which is not in writing. All actual and prospective Offerors should monitor the following web site for the issuance of amendments: [https://procurement.sc.gov/Contractor/contract-opps/other-solicitations/peba](https://procurement.sc.gov/vendor/contract-opps/other-solicitations/peba)

(b) Offerors will acknowledge receipt of any amendment to this solicitation

(1) by signing and returning the amendment,

(2) by identifying the amendment number and date in the space provided for this purpose on Page Two,

(3) by acknowledging receipt in the Offeror’s Executive Summary,

(4) by letter, or

(5) by submitting a proposal that indicates in some way that the Offeror received the amendment.

(c) If this solicitation is amended, then all terms and conditions which are not modified by the amendment(s) remain unchanged.

**1.5 DEADLINE FOR SUBMISSION OF OFFER**: To be timely filed, proposals and amendments thereto must be received by the time advertised for opening. Offerors mailing proposals should allow a sufficient mail delivery period to ensure timely receipt of their proposal. Any offer received after the Procurement Officer or his designee has declared that the time set for opening has arrived, shall be rejected unless the offer has been delivered to the designated purchasing office or the governmental body’s mail room which services that purchasing office prior to the opening. [R. 19-445.2070(G)]

**1.6 OPENING PROPOSALS – INFORMATION NOT DIVULGED**: Offers will be publicly opened at the date/time and at the location identified on the Cover Page, or last Amendment, whichever is applicable. In competitive sealed proposals, neither the number, identity of Offerors nor prices will be divulged at opening.

**1.7 AWARD NOTIFICATION**: Notice regarding any award, cancellation of award, or extension of award will be posted at the location and on the date specified on the Cover Page or, if applicable, any notice of extension of award. Notice will be sent to all Offerors responding to the Solicitation and any award will not be effective until the calendar day (including weekends and holidays) immediately following the seventh business day after such notice is given.

**1.8 PROTESTS**:If you are aggrieved in connection with the solicitation or award of the contract, you may be entitled to protest, but only as provided in Section 11-35-4210. To protest a solicitation, you must submit a protest within fifteen days of the date the applicable solicitation document is issued. To protest an award, you must (i) submit notice of your intent to protest within seven business days of the date the award notice is posted, and (ii) submit your actual protest within fifteen days of the date the award notice is posted. Days are calculated as provided in Section 11-35-310(13).

Both protests and notices of intent to protest must be in writing and must be received by the Chief Procurement Officer within the time provided. The grounds of the protest and the relief requested must be set forth with enough particularity to give notice of the issues to be decided. Any protest must be addressed to the Chief Procurement Officer, Information Technology Management Office, and submitted in writing (a) by email to: [protest-itmo@itmo.sc.gov](mailto:protest-itmo@itmo.sc.gov), or (b) by post or delivery to 1201 Main Street, Suite 601, Columbia, SC 29201.

**1.9 REJECTION/CANCELLATION (JAN 2004)**: The State may cancel this Solicitation in whole or in part and may reject any or all proposals in whole or in part.

**1.10 OFFEROR’S PROPOSAL**

**1.10.1 Proposal as Offer to Contract**: By submitting Your proposal, You are offering to enter into a contract with the South Carolina Public Employee Benefit Authority. Without further action by either party, a binding contract will result upon final award. Any award issued will be issued to, and the contract will be formed with, the entity identified as the Offeror on the Cover Page. An offer may be submitted by only one legal entity; “joint bids” are not allowed.

**1.10.2 Proposal Acceptance Period**: In order to withdraw Your Offer after the minimum period specified on the Cover Page, You must notify the Procurement Officer in writing. Otherwise, Your Offer remains valid until final award including through any periods consumed by protests.

**1.10.3 Signing Your Offer**: Every Offer must be signed by an individual with actual authority to bind the Offeror.

(a) If the Offeror is an individual, the Offer must be signed by that individual. If the Offeror is an individual doing business as a firm, the Offer must be submitted in the firm name, signed by the individual, and state that the individual is doing business as a firm.

(b) If the Offeror is a partnership, the Offer must be submitted in the partnership name, followed by the words “by its Partner,” and signed by a general partner.

(c) If the Offeror is a corporation, the Offer must be submitted in the corporate name, followed by the signature and title of the person authorized to sign.

(d) An Offer may be submitted by a joint venture involving any combination of individuals, partnerships, or corporations. If the Offeror is a joint venture, the Offer must be submitted in the name of the joint venture and signed by every participant in the joint venture in the manner prescribed in paragraphs (a) through (c) above for each type of participant.

(e) If an Offer is signed by an agent, other than as stated in subparagraphs (a) through (d) above, the Offer must state that it has been signed by an Agent. Upon request, Offeror must provide proof of the agent’s authorization to bind the principal.

**1.10.4 Submitting Your Offer or Modification**:

(a) All copies of the Offer or modification, and any other documents required to be submitted with the Offer, must be enclosed in a sealed, opaque envelope or package and (i) be addressed to the office specified on the Cover Page and (ii) show the time and date specified for opening, the Solicitation number, and the name and address of the Offeror.

(b) Offerors using commercial carrier services will ensure that the Offer is addressed and marked on the outermost envelope or wrapper as prescribed in paragraphs (a)(i) and (ii) of this provision when delivered to the office specified on the Cover Page. Facsimile or e-mail offers, modifications, or withdrawals, will not be considered.

**1.10.5 Bid in English and Dollars**: Offers submitted in response to this solicitation will be in the English language and in US dollars.

**1.10.6 Completion of Forms/Correction of Errors**: All prices and notations must be printed in ink or typewritten. Errors must be crossed out, corrections entered and initialed by the person signing the proposal. Do not modify the solicitation document itself.

**1.10.7 Discussions and Negotiations**:Submit your best terms from both a price and a technical standpoint. Your proposal may be evaluated and your offer accepted without any discussions or prior notice. Ordinarily, nonresponsive proposals will be rejected outright without prior notice. Nevertheless, the South Carolina Public Employee Benefit Authority may elect to conduct discussions, including the possibility of limited proposal revisions, but only for those proposals reasonably susceptible of being selected for award. If improper revisions are submitted during discussions, the South Carolina Public Employee Benefit Authority may elect to consider only your unrevised initial offer, provided your initial offer is responsive.

The South Carolina Public Employee Authority may elect to conduct negotiations as provided in Section 11-35-1530.

**1.10.8 Omit Taxes From Price**: Do not include any sales or use taxes in Your price that the State may be required to pay.

**1.10.9 Responsiveness/Improper Offers**:

(a) **Bid as Specified**.  Offers for supplies or services other than those specified will not be considered unless authorized by the Solicitation.

(b) **Responsiveness**.  Any proposal deemed unacceptable pursuant to S.C. Regulation 19-445.2095 (I)(1)(c) and (J) will be rejected, such determinations to be discretionary and not disturbed unless arbitrary and capricious. The South Carolina Public Employee Benefit Authority may elect to conduct discussions, including the possibility of proposal revisions, but only for those proposals determined to be either acceptable or potentially acceptable pursuant to S.C. Regulation 19-445.2095 (I)(1)(a) and (b). Any such discussions will be conducted in accordance with S.C. Regulation 19-445.2095 (I)(2), (3), and (4).

(c) **Price Reasonableness.**  Any offer may be rejected if the Procurement Officer determines in writing that it is unreasonable as to price.

(d) **Unbalanced Bidding**. The State may reject an Offer as nonresponsive if the prices bid are materially unbalanced between line items or subline items. A bid is materially unbalanced when it is based on prices significantly less than cost for some work and prices which are significantly overstated in relation to cost for other work, and if there is a reasonable doubt that the bid will result in the lowest overall cost to the State even though it may be the low evaluated bid.

**1.10.10 Submitting Confidential Information**: (An overview is available at www.procurement.sc.gov)

For every document Offeror submits in response to or with regard to this solicitation or request, Offeror must separately mark with the word “CONFIDENTIAL” every page, or portion thereof, that Offeror contends contains information that is exempt from public disclosure because it is either (i) a trade secret as defined in Section 30-4-40(a)(1), or (ii) privileged and confidential, as that phrase is used in Section 11-35-410.

For every document Offeror submits in response to or with regard to this solicitation or request, Offeror must separately mark with the words “TRADE SECRET” every page, or portion thereof, that Offeror contends contains a trade secret as that term is defined by Section 39-8-20 of the Trade Secrets Act.

For every document Offeror submits in response to or with regard to this solicitation or request, Offeror must separately mark with the word “PROTECTED” every page, or portion thereof, that Offeror contends is protected by Section 11-35-1810.

All markings must be conspicuous; use color, bold, underlining, or some other method in order to conspicuously distinguish the mark from the other text. Do not mark your entire response as confidential, trade secret, or protected. If your response, or any part thereof, is improperly marked as confidential or trade secret or protected, the State may, in its sole discretion, determine it nonresponsive. If only portions of a page are subject to some protection, do not mark the entire page.

By submitting a response to this solicitation or request, Offeror

(a) agrees to the public disclosure of every page of every document regarding this solicitation or request that was submitted at any time prior to entering into a contract (including, but not limited to, documents contained in a response, documents submitted to clarify a response, and documents submitted during negotiations), unless the page is conspicuously marked “TRADE SECRET” or “CONFIDENTIAL” or “PROTECTED”,

(b) agrees that any information not marked, as required by these instructions, as a “Trade Secret” is not a trade secret as defined by the Trade Secrets Act, and

(c) agrees that, notwithstanding any claims or markings otherwise, any prices, commissions, discounts, or other financial figures used to determine the award, as well as the final contract amount, are subject to public disclosure.

In determining whether to release documents, the State will detrimentally rely on Offeror’s marking of documents, as required by these instructions, as being either “CONFIDENTIAL” or “TRADE SECRET” or “PROTECTED”. By submitting a response, Offeror agrees to defend, indemnify and hold harmless the State of South Carolina, its agencies, officers and employees, from every claim, demand, loss, expense, cost, damage or injury, including attorney’s fees, arising out of or resulting from withholding information by the State of South Carolina or any of its agencies, that Offeror marked as “CONFIDENTIAL” or “TRADE SECRET” or “PROTECTED”. (All references to S.C. Code of Laws.)

**1.10.11 Vendor Registration**:To obtain a state vendor number, visit [www.procurement.sc.gov](http://www.procurement.sc.gov) and select Vendor Registration. (To determine if your business is already registered, go to “Vendor Search”). Upon registration, you will be assigned a state vendor number. Vendors must keep their vendor information current. If you are already registered, you can update your information by selecting Change Vendor Registration. (Please note that vendor registration does not substitute for any obligation to register with the S.C. Secretary of State or S.C. Department of Revenue. You can register with the agencies at <http://www.scbos.com/default.htm>.)

**1.10.12 Contents of Offer**:

(a) Offers should be complete and carefully worded and should convey all of the information requested.

(b) Offers should be prepared simply and economically, providing a straightforward, concise description of Offeror’s capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content.

(c) The contents of Your Offer should be divided into two parts, the technical proposal and the business proposal. The business proposal should be bound separately from the technical proposal.

(d) If Your Offer includes any comment over and above the specific information requested in the solicitation, you should include this information as a separate appendix to Your Offer. Offers that include either modifications to any of the solicitation’s contractual requirements or an Offeror’s standard terms and conditions may be deemed non-responsive and not considered for award.

**1.10.13 Withdrawal or Correction of Offer**: Offers may be withdrawn by written notice received at any time before the exact time set for opening. A proposal may be withdrawn in person by an Offeror or its authorized representative if, before the exact time set for opening, the identity of the person requesting withdrawal is established and the person signs a receipt for the proposal. The withdrawal and correction of Offers is governed by S.C. Code Section 11-35-1520 and Regulation 19-445.2085.

**1.10.14 Unsuccessful Offerors**: Offerors not awarded a contract under this solicitation may request return of their proposals within thirty (30) calendar days after the notice of intent to award becomes the final statement of award. All cost of returns will be paid by the Offeror.

**1.11 OFFEROR’S REPRESENTATIONS**

**1.11.1 Duty to Inspect and Inquire**: Offeror, by submitting an Offer, represents that it has read and understands the Solicitation and that its Offer is made in compliance with the Solicitation and will be implemented on time and performed satisfactorily over the entire term of the contract.

Offerors are expected to examine the Solicitation thoroughly and should request an explanation of any ambiguities, discrepancies, errors, omissions, or conflicting statements in the Solicitation in accordance with Section 1.3.2. Failure to do so will be at the Offeror’s risk. All ambiguities, discrepancies, errors, omissions, or conflicting statements in the Solicitation will be interpreted to require the better quality or greater quantity of work and/or materials, unless otherwise directed by amendment.

Offeror assumes responsibility for any patent ambiguity in the Solicitation, or assumption it makes concerning the Solicitation, which Offeror does not bring to the State’s attention pursuant to Section 1.3.2. By submission of a proposal, Offeror also certifies that its Offer has been reviewed by the appropriate individuals within the Offeror’s organization and that the goods and services herein, if an award is made to that Offeror, can and will be provided on time and for the compensation proposed, subject to any negotiations that may affect the amount of compensation.

**1.11.2 Certificate of Independent Price Determination**:Giving false, misleading, or incomplete information on this certification may render you subject to prosecution under Section 16-9-10 of the South Carolina Code of Laws and other applicable laws.

(a) By submitting an Offer, the Offeror certifies that:

(1) The prices in this Offer have been arrived at independently, without—for the purpose of restricting competition—any consultation, communication, or agreement with any other Offeror or competitor relating to:

(i) Those prices;

(ii) The intention to submit an offer; or

(iii) The methods or factors used to calculate the prices offered.

(2) The prices in this Offer have not been and will not be knowingly disclosed by the Offeror, directly or indirectly, to any other Offeror or competitor before contract award, unless otherwise required by law; and

(3) No attempt has been made or will be made by the Offeror to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

(b) Each signature on the Offer is considered to be a certification by the signatory that:

(1) The signatory is the person in the Offeror’s organization responsible for determining the prices being offered in this proposal, and that the signatory has not participated and will not participate in any action contrary to paragraphs (a)(1) through (a)(3) of this certification; or

(2) The signatory:

(i) Has been authorized, in writing, to act as agent for the Offeror’s principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraphs (a)(1) through (a)(3) of this certification (As used in this subdivision (b)(2)(i), the term “principals” means the person(s) in the Offeror’s organization responsible for determining the prices offered in this proposal);

(ii) As an authorized agent, does certify that the principals referenced in subdivision (b)(2)(i) of this certification have not participated, and will not participate, in any action contrary to paragraphs (a)(1) through (a)(3) of this certification; and

(iii) As an agent, has not personally participated, and will not participate, in any action contrary to paragraphs (a)(1) through (a)(3) of this certification.

(c) If the Offeror deletes or modifies paragraph (a)(2) of this certification, the Offeror must furnish with its Offer a signed statement setting forth in detail the circumstances of the disclosure.

**1.11.3 Certification Regarding Debarment and Other Responsibility Matters**:

(a) By submitting an Offer, Offeror certifies, to the best of its knowledge and belief, that:

(1) Offeror and/or any of its Principals:

(i) Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any state or federal agency;

(ii) Have not, within a three-year period preceding this Offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontr act; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

(iii) Are not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in paragraph (a)(1)(i)(B) of this provision.

(2) Offeror has not, within a five-year period preceding this Offer, had one or more contracts terminated for default by any public (federal, state, or local) entity.

(b) Offeror will provide immediate written notice to the Procurement Officer, or his designee, if, at any time prior to contract award, Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(c) If Offeror is unable to certify the representations stated in paragraphs (a)(1), Offeror must submit a written explanation regarding its inability to make the certification. The certification will be considered in connection with a review of the Offeror’s responsibility. Failure of the Offeror to furnish additional information as requested by the Procurement Officer, or his designee, may render the Offeror non-responsible.

(d) Nothing contained in the foregoing will be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

(e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly or in bad faith rendered an erroneous certification, in addition to other remedies available to the State, the Procurement Officer, or his designee, may terminate the contract resulting from this solicitation for default without cost to the South Carolina Public Employee Benefit Authority or the State and the Contractor will be charged for the cost of replacement goods and services.

(f) “Principals,” for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

**1.11.4 Ethics Certificate**: By submitting an offer, the Offeror certifies that the Offeror has and will comply with, and has not, and will not, induce a person to violate Title 8, Chapter 13 of the South Carolina Code of Laws, as amended (the Ethics Act). The following statutes require special attention: Section 8-13-700, regarding use of official position for financial gain; Section 8-13-705, regarding gifts to influence action of public official; Section 8-13-720, regarding offering money for advice or assistance of public official; Sections 8-13-755 and 8-13-760, regarding restrictions on employment of a former public official; Section 8-13-775, prohibiting public official with economic interests from acting on contracts; Section 8-13-790, regarding recovery of kickbacks; Section 8-13-1150, regarding statements to be filed by consultants; and Section 8-13-1342, regarding restrictions on contributions by Contractor to candidate who participated in awarding of contract.

The State may rescind any contract and recover all amounts expended as a result of any action taken in violation of this provision. If Contractor participates, directly or indirectly, in the evaluation or award of public contracts, including without limitation, change orders or task orders regarding a public contract, Contractor will, if required by law to file such a statement, provide the statement required by Section 8-13-1150 to the Procurement Officer at the same time the law requires the statement to be filed.

**1.11.5 Drug Free Workplace Certification**: By submitting an Offer, Contractor certifies that, if awarded a contract, Contractor will comply with all applicable provisions of The Drug-free Workplace Act, Title 44, Chapter 107 of the South Carolina Code of Laws, as amended.

**1.11.6 Open Trade Representation**: By submitting an Offer, Offeror represents that Offeror is not currently engaged in the boycott of a person or an entity based in or doing business with a jurisdiction with whom South Carolina can enjoy open trade, as defined in SC Code Section 11-35-5300.

**1.11.7 Illegal Immigration:** By signing your offer, you certify that you will comply with the applicable requirements of Title 8, Chapter 14 of the South Carolina Code of Laws and agree to provide to the State upon request any documentation required to establish either:  (a) that Title 8, Chapter 14 is inapplicable to you and your Subcontractors or sub-Subcontractors; or (b) that you and your Subcontractors or sub-Subcontractors are in compliance with Title 8, Chapter 14. Pursuant to Section 8-14-60, “A person who knowingly makes or files any false, fictitious, or fraudulent document, statement, or report pursuant to this chapter is guilty of a felony, and, upon conviction, must be fined within the discretion of the court or imprisoned for not more than five years, or both.”  You agree to include in any contracts with your Subcontractor’s language requiring your Subcontractors to (a) comply with the applicable requirements of Title 8, Chapter 14, and (b) include in their contracts with the sub-Subcontractors language requiring the sub-Subcontractors to comply with the applicable requirements of Title 8, Chapter 14.

**1.12 RELEASE OF CLAIMS**: With the submission of a proposal, each Offeror agrees that it will not bring any claim or have any cause of action against the South Carolina Public Employee Benefit Authority based on any misunderstanding, failure by the South Carolina Public Employee Benefit Authority to properly convey the information, or failure by the South Carolina Public Employee Benefit Authority to provide the Offeror with pertinent information as intended by the RFP. Additionally, the Offeror, its officers, agents, or representatives waive and release the South Carolina Public Employee Benefit Authority and each and any entity, person, or other source providing any information concerning the Offeror, of any and all claims of any sort or variety whether in tort, contract or otherwise, whether known or unknown, regarding the Offeror’s or Subcontractor’s past performance, products, services, personnel, reputation or its Subcontractors or any other information sought or obtained by the South Carolina Public Employee Benefit Authority, whether or not the information is relied on by the South Carolina Public Employee Benefit Authority. The Offeror agrees that it will assert no claims for proposal preparation costs arising from a protest, action or claim arising from the solicitation or award.

**1.13 AUTHORIZED AGENT (FEB 2015)**: All authority regarding this procurement is vested solely with the responsible Procurement Officer. Unless specifically delegated in writing, the Procurement Officer is the only government official authorized to bind the government with regard to this procurement or the resulting contract.

**1.14 CODE OF LAWS AVAILABLE (JAN 2006)**: The South Carolina Code of Laws, including the Consolidated Procurement Code, is available at: <http://www.scstatehouse.gov/code/statmast.php> The South Carolina Regulations are available at: <http://www.scstatehouse.gov/coderegs/statmast.php>

**1.15 STATE OFFICE CLOSINGS (JAN 2004)**: If an emergency or unanticipated event interrupts normal government processes so that offers cannot be received by the exact time specified in the solicitation, the time specified for receipt of offers will be deemed to be extended to the same time of day specified in the solicitation on the first work day on which normal government processes resume. In lieu of an automatic extension, an Amendment may be issued to reschedule the proposal opening. If state offices are closed at the time a pre-proposal conference is scheduled, an Amendment will be issued to reschedule the conference. Useful information may be available at: <http://www.scemd.org/planandprepare/disasters/severe-winter-weather>

**1.16 TAX CREDIT FOR SUBCONTRACTING WITH DISADVANTAGED SMALL BUSINESSES (JAN 2008)**: Pursuant to Section 12-6-3350, a taxpayer having a contract with this State who subcontracts with a socially and economically disadvantaged small business is eligible for an income tax credit equal to four percent of the payments to that Subcontractor for work pursuant to the contract.  The Subcontractor must be certified as a socially and economically disadvantaged small business as defined in Section 11-35-5010 and regulations pursuant to it.  The credit is limited to a maximum of fifty thousand dollars annually.  A taxpayer is eligible to claim the credit for ten consecutive taxable years beginning with the taxable year in which the first payment is made to the Subcontractor that qualifies for the credit.  After the above ten consecutive taxable years, the taxpayer is no longer eligible for the credit.  A taxpayer claiming the credit will maintain evidence of work performed for the contract by the Subcontractor.  The credit may be claimed on Form TC-2, “Minority Business Credit.”  A copy of the Subcontractor’s certificate from the Governor’s Office of Small and Minority Business (OSMBA) is to be attached to the Contractor’s income tax return.  Questions regarding the tax credit and how to file are to be referred to:  SC Department of Revenue, Research and Review, Phone: (803) 898-5786, Fax:  (803) 898-5888.  Questions regarding Subcontractor certification are to be referred to:  Governor’s Office of Small and Minority Business Assistance, Phone: (803) 734-0657, Fax: (803) 734-2498.

**PART 2**

**SCOPE OF PROPOSAL**

It is the intent of the State of South Carolina, South Carolina Public Employee Benefit Authority (hereinafter “PEBA”), in accordance with all requirements stated herein or attached hereto, to solicit proposals for a new Benefits Administration System (BAS) that will meet PEBA’s needs. PEBA is looking for a solution that has been successfully implemented in similar organizations. PEBA intends to be substantially self-sufficient at the end of the implementation period.

PEBA will accept proposals only from those vendors who obtained qualification through Solicitation Number PEBA0202018RFQ, Request for Qualifications to Provide a New Benefits Administration System.

* 1. **INTRODUCTION**

PEBA was created July 1, 2012, by the South Carolina General Assembly as part of the retirement reform legislation, Act No. 278. PEBA is the state agency responsible for the administration and management of the State’s employee insurance programs and retirement systems.

PEBA’s governing body is an eleven (11) member board of directors. PEBA functions must be performed, exercised, and discharged under the supervision and direction of the board of directors.

PEBA contains the following major departments:

* Administration
* Legal
* Retirement Finance and Accounting
* Retirement Payment Management
* Retirement Service Purchase
* Retirement Customer Claims
* Retirement Enrollment and Imaging
* Employer Services
* Retirement Defined Contribution Unit
* Insurance Finance and Accounting, including premium billing, insurance reserve fund management, and OPEB Trust management
* Insurance Enrollment, Imaging, and Information Management
* Insurance Research and Statistics, and Wellness Initiatives
* Combined Customer Intake and Contact Center
* Information Technology (IT)
* Operational Research and Development (ORD)

## 2.1.1 PEBA Retirement Benefits

PEBA operates a Retirement division that administers five (5) defined benefit plans: the South Carolina Retirement System (SCRS), the South Carolina Police Officers Retirement System (PORS), the Retirement System for Members of the Retirement System for Members of the General Assembly (GARS), the Retirement System for Judges and Solicitors (JSRS), and the South Carolina National Guard Retirement Plan (SCNG). The Systems represents the collective retirement funds that are held in a group trust for the plans and are protected by the state’s constitution. As of fiscal year 2018, assets held in trust collectively for the plans total over $31 billion and support approximately 235,000 active members, 166,000 annuitants, and 202,000 inactive members. The Retirement System Investment Commission (RSIC) is a separate entity responsible for managing and investing assets of the defined benefit plans. PEBA is the custodian of the trust fund and PEBA and RSIC are co-trustees of the funds.

PEBA also offers the State Optional Retirement Program (State ORP) which is a defined contribution plan. State ORP is offered as an alternative to SCRS and is only available to certain individuals. State ORP participants direct the investment of their funds into an account that is administered by one of four third party vendors. As of fiscal year 2018, there were approximately 30,000 members actively contributing to the program.

Participation, in either one of the defined benefit plans or the State ORP plan, if permissible, is mandatory for most public employees, but there are a few limited exceptions for certain individuals who are allowed to elect not to participate per state statute. Approximately 850 public entities, including state agencies, institutions of higher education, public school districts and local governments are covered per statute or by separate agreement.

PEBA is responsible for all operational functions and activities required to administer the defined benefit plans including receiving member and employer contributions, maintaining and servicing member and employer accounts, processing claims, disbursing benefits, financial accounting and tax reporting. Active members of the defined benefit plan may also purchase service credit which may be paid by personal check, direct rollover from another qualified plan or financed over a period of time via an installment program administered in house. The defined benefit plans offer service retirement, disability retirement, refunds of contributions, and various death benefits. For fiscal year 2018, the defined benefit programs collected over $2.6 billion in contributions and disbursed approximately $4.0 billion in benefits. The trust funds’ investment earnings for the fiscal year exceeded $2 billion.

Although four third-party vendors each individually administer State ORP participant accounts, including receipt of contributions, record-keeping and disbursement of those benefits; PEBA maintains limited account information for each participant. PEBA directly receives a portion of the employer contribution from the employer for each State ORP participant and PEBA also provides an incidental death benefit to participant beneficiaries.

Additionally, PEBA sponsors the South Carolina Deferred Compensation Program (SCDCP), which is a voluntary program consisting of two defined contribution plans, a 401(k) and a 457, intended to supplement other retirement benefits offered by PEBA. The program is administered by a third-party record-keeper and permits participants to obtain advantages of both before-tax and after-tax contributions in 401(k) and/or 457 plan accounts. There are approximately 100,000 accounts in the program representing both actively contributing and non-contributing participants. As plan sponsor of the State ORP and Deferred Compensation Programs, PEBA contracts with an external consulting firm who serves as a co-fiduciary and provides investment consulting services to PEBA.

## 2.1.2 PEBA Insurance Benefits

PEBA is responsible for providing insurance benefits to participants and beneficiaries of the employee benefit plans administered by PEBA. A wide range of self-insured and fully-insured products are offered. The self-insured products include a group health plan with prescription drug benefits, a group dental plan, and a basic long-term disability plan. Fully-insured products include a group vision plan, multiple life insurance products, a supplemental dental product, and supplemental long-term disability plan. PEBA also offers tax-favored medical and dependent spending accounts through a third-party vendor. The plans provide insurance benefits to more than 491,000 total lives, comprised of 189,000 active public employees, 85,000 retired members, and the dependents of both groups. Approximately 700 public entities, composed of state agencies, institutions of higher education, public school districts and some local governments, participate as covered employers. Participating employers, largely though not entirely, align with the 850 entities participating in the Retirement Benefits programs described earlier.

PEBA’s administrative responsibilities include managing eligibility and enrollment, billing and collecting premiums from participants and employers for all benefit elections, funding payment of claims for the self-insured products, and accounting/financial reporting. Premiums collected for self-insured products are held in trust and used to pay both claims and administrative expenses. PEBA contracts with third-party administrators (TPA) who service, process and pay claims for the self-insured products in accordance with the State of South Carolina’s adopted rules. Premiums collected and claims paid exceed $2.4 billion annually. Premiums for the other fully-insured products are collected by PEBA and in turn remitted to the individual TPAs. Generally, the fully insured products operate under certificates or plan documents subject to the vendors’ rules, at times with input from PEBA.

Throughout the year, all enrollments for newly-hired employees, newly-eligible retirees, newly eligible dependents, survivors, and COBRA subscribers are processed by PEBA. Additionally, PEBA administers an annual open enrollment period for all subscribers each October.

The Insurance division also oversees the Other Post-Employment Benefit Trust Funds (OPEB Trusts) of the State of SC. These consist of the SC Retiree Health Insurance Trust Fund (SCRHITF) and the SC Long-Term Disability Insurance Trust Fund (SCLTDITF). The SCRHITF was established to fund and account for the employer cost of the State’s retiree health and dental plans. The SCLTDITF is a long-term disability plan that covers employees of the State, public school districts, and participating local governmental entities. Functioning as a collection agent, the Retirement division collects a retiree insurance surcharge from applicable employers each month and transfers these amounts to the SCRHITF. The trust fund also receives annual contributions from the State of SC, as well as an annual contribution equal to excess reserves above 140% of incurred but not reported claims. The SCLTDITF is funded by an employer paid premium based on the number of covered employees. The State Treasurer is custodian and is responsible for managing and investing all Insurance Benefit trust funds.

**2.1.3 PEBA Operational Information Technology Systems**

The Operational Information Technology Systems include subsystems for all major business functions. The systems are hosted at the PEBA facility in Columbia, South Carolina, on a combination of UNIX, Linux, and Windows servers. The core Retirement and Insurance systems are separate and not currently integrated.

2.1.3.1 Retirement IT Systems

PEBA utilizes a number of applications to support its current operation. Core retirement functionality exists in the Retirement/UNIX legacy application. The application is built using Natural programming language with data stored in an ADABAS database. This application supports a full range of defined benefit plan functions, including member accounts and service posting, employer reporting, retirement claims, annuity and one-time payments, and the receipt and accounting of retirement financial transactions. The Retirement/UNIX application interfaces with 29 incoming external data interfaces and 86 outgoing external data interfaces. The system creates over 654 reports and processes 170 different forms and letters.

The system has a modular code base that provides the ability for other applications to use Retirement/UNIX common system functions and data access. The leveraging of Retirement/UNIX functions is done through brokered calls to the UNIX system and ADABAS database initiated by other Retirement applications. Generally, employer and active Member processes are supported through the original green screen legacy system, whereas the claims, benefit payroll, and payment/payee maintenance functions are supported through the web-based, Comprehensive Retirement Intranet System (CRIS) system. The CRIS system has its own unique functionality but uses brokered calls to access the Retirement/UNIX application’s automated functions. The CRIS system is used exclusively by internal PEBA users.

In addition to CRIS, two GUI (graphical user interface) applications leverage the core Retirement/UNIX code base. The Electronic Employer Services (EES) system is an externally facing GUI interface system that supports employer business functions. The Member Access system is the GUI interface system that supports member and retiree information processing and data access. Both of these applications use the same approach as CRIS, which is to leverage Retirement/UNIX functions where possible while presenting a more modern GUI system interface to application users.

The Team IA system supports imaging and workflow functions for both the Retirement/UNIX and CRIS applications. A full range of scanning, indexing, workflow queue management, document search and other electronic document management functions are used by PEBA. There is also custom coded workflow and work tracking functionality in the Retirement/UNIX system (the function generates WIPs – work in process notices) and is used extensively throughout the system.

Detailed retirement financial transactions are stored in the Retirement/UNIX database. Retirement financial transactions are summarized and interfaced to the SAP general ledger and financial reporting system on a daily basis. The financial management of investment accounting transactions and coordination with PEBA’s custodial bank is also supported through the SAP system. Of note, for Insurance related financial management, PEBA integrates with the State SAP financial system and not the SAP system operated by PEBA.

The PEBA SAP application interfaces with 14 incoming external data interfaces.

The table below provides a brief description of each of the major Retirement applications. The applications are described in more detail in subsequent sections.

| Key Applications | Purpose | In Scope of this RFP? | Size |
| --- | --- | --- | --- |
| Retirement/UNIX | Retirement is the legacy Natural language based application that supports a full range of PEBA defined benefit plan functionality. Some of the system’s functionality is presented via a character-based, green screen interface, while other functions are presented via separate GUI applications (CRIS, EES, and Member Access).  System contains approximately thirty (30) years of transactional data. | Yes | 139GB of data  179 files (tables)  271 million records |
| Comprehensive Retirement Intranet System (CRIS) | A web-based system that provides core functionality to PEBA internal users supporting claims processing and benefit payment functions. | Yes | Not an operational data store |
| Member Access | This GUI application provides self service functionality for active members and retirees. Active Members can submit retirement applications, perform benefit estimates, submit requests for purchase of service, change demographic information, and view member account statements. Retirees can access beneficiary information and 1099R tax forms, while having the ability to update tax withholdings and direct deposit information. | Yes | Not an operational data store |
| Electronic Employer Services (EES) | A web based, self service GUI application that supports employer systems including member records, employer records, member enrollments, and employer deposits and reporting. Employers can also track outstanding PEBA requests that need to be fulfilled via this application. | Yes | Not an operational data store |
| SAP Accounting | SAP ECC 6.0 is the financial system used to support general ledger and financial reporting for PEBA retirement and investment accounting business areas. | No | N/A |
| Electronic Document Management System (EDMS) | This application from Team IA is used to scan, index, image, and store documents (forms, letter, reports, etc.). The system also manages certain retirement workflow processes. Most high- volume source documents are imaged upfront and PEBA staff process the imaged documents using pre-defined workflows. Other Team IA document management and correspondence generation utilities are utilized by PEBA.  System contains approximately twenty (20) years of transactional data. | Yes | 65 million images |

(a) Retirement/UNIX and CRIS

The Retirement/UNIX application hosts the majority of retirement business functions and data. There are several Java applications that have been built to provide a more modern GUI interface to the core ADABAS system. The GUI application that supports benefit payment and claim functions is called the CRIS system.

The Retirement/UNIX system was internally developed in 1989 using the Natural programming language. The system includes over 15,000 programs and utilizes 178 database files. CRIS was added in September of 2009.

(1) Key Functions

The Retirement/UNIX and CRIS applications perform the following key functions:

| No | Key Functions | Accessed Internally Via |
| --- | --- | --- |
| 1 | Customer Service Call Log | UNIX – green screen |
| 2 | Service Accounting and Cash Receipts | UNIX – green screen |
| 3 | Enrollment | UNIX – green screen |
| 4 | Employer Maintenance | UNIX – green screen |
| 5 | Employer Reporting | UNIX – green screen |
| 6 | Member Contributions and Service | UNIX – green screen |
| 7 | Average Final Compensation | UNIX – green screen |
| 8 | Service Purchase | UNIX – green screen |
| 9 | Claims | CRIS |
| 10 | Benefit Payments Payrolls | CRIS |
| 11 | Retiree and Payee Maintenance | CRIS |
| 12 | Benefit Adjustments and Cyclical Processing | CRIS |

(2) Application Database

The Retirement/UNIX application uses an ADABAS database. Following are some of the key files within the Retirement/UNIX ADABAS database:

* Account Master
* Service File
* Installment Notes (Service Purchase)
* Member Transaction File
* Transaction History File
* Beneficiary File
* Client
* Client Address
* EES and Member Access Security Information
* Sub Ledger Accounting Transactions
* Claims Applications
* Retirement Accounts
* Payee Accounts
* Payment Transactions
* 1099 Records
* Tables

The key current file structures supporting member accounts are designed around the account master, service file, and member transaction files. The service file contains contribution, interest and other account transactions. The Account Master is a file containing summarized member information from the service file and is created each year for members during the previous year-end closing process. The member transaction file is a historical view of all detailed transactions used for audit trail purposes.

The sub ledger files are used to store detailed accounting data that will eventually be “rolled up” and interfaced into the SAP accounting system. The sub ledger files are updated through transactions created in multiple departments across PEBA. Service purchase transactions, cash receipt deposits, employer contribution postings, and payment transactions are all created daily in their respective departments. A nightly program reads all the individual files and rolls up the transactions into the general ledger.

(b) Member Access

Member Access is a Java web-based application that allows members, both active/inactive and retired, the ability to view/maintain certain retirement information. All members may update their address and contact information, (i.e., email address and phone number.) Active/inactive members may view account information and beneficiaries. Members must be registered to use this application. Member Access has over 190,000 registered users.

(1) Key Functions

The Member Access application performs the following key functions:

| No | Key Functions |
| --- | --- |
| 1 | For all Members   * Change address * Change email address * Change Member Access password * View account information by system |
| 2 | For Active/Inactive Member   * View/print member statement * View beneficiary(s) * Submit service retirement application (excluding JSRS and GARS)   + View/print application   + Modify/cancel application (depending on status)   + Upload required supporting documents * Submit refund application (excluding JSRS and GARS)   + View/print application   + Modify/cancel application (depending on status)   + Upload required supporting documents * Calculate service purchase cost estimate * Submit service purchase request (active only) * Link to FAQ on public website * View current service (active only)   + Projections based on significant date or age * Calculate benefit estimate (excluding dual accounts, JSRS, GARS, SCNG) |
| 3 | For State ORP Member   * View beneficiaries (only for IDB) * View current vendor information * Change vendor during State ORP open enrollment * Notifications about changing to SCRS through employer if member is eligible during State ORP open enrollment |
| 4 | For Payees   * View current payment * View beneficiaries * View payment history * View/change/add payment method (i.e., EFT info) * View/print annuity verification and Insurance Premium deduction letters * View/print 1099-R document * View/change tax withholdings   + Projections on tax withholding options * Print TERI statement |
| 5 | For Withdrawn Member   * View/print 1099-R document |

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(c) Electronic Employer Services (EES)

The EES system is an employer access system that is separate from the EBS insurance employer access system. EES is used to support employer retirement functions. This application was initially developed in 1998.

(1) EES Key Functions

The EES application can perform the following key functions:

| No. | Key Functions |
| --- | --- |
| 1 | Task List   * Retirement Date Certification * Final Payroll Certification * Member Refund Certification * TERI Termination Certification * Review notification of change from ORP to SCRS * Review notification of change of ORP vendor |
| 2 | Enrollment   * Enroll a new hire * ORP to SCRS switch during State ORP Open Enrollment * View enrollment transactions keyed online |
| 3 | View Member Profile   * View name and address * View previous name * View Account Master * View Service Matrix * View Statement (current or specific date) * View Installment Service Purchase information * View beneficiary data * View pending State ORP Open Enrollment information * View Return to Work retiree indicator * View basic retirement information (retirement type, date of retirement, option, TERI info) * View active and retirement application beneficiary(s) * View correspondence for the last 30 days |
| 4 | Benefit Estimate   * Compute AFC * Calculate benefit estimate * Compute projected income tax withholdings |
| 5 | Employer Reporting   * Generate and print monthly deposit form * Generate and upload quarterly data * Key quarterly contribution data (EESER) |
| 6 | Online bill pay   * Pay monthly contributions deposit * Manage payment methods |
| 7 | Key return to work dates for working retirees |
| 8 | Employer Contact update   * Key new employer contact * Update or maintain current contacts * Delete previous contacts |
| 9 | Upload furlough supplement data |
| 10 | View contribution data transaction error list |
| 11 | Installment Service purchase   * Generate and print installment service purchase remittance form * Maintain Installment Service Purchase remittance information |
| 12 | Generate and print yearly deposit forms |
| 13 | Data Downloads – an employer can generate reports for their information regarding their current employees   * Active service totals – provides list of active members and service totals as of the date they run the report * Ready Set Go – creates list of employees who will meet minimum retirement eligibility before the end of the specified month * Working Retirees – Provides list of current working retirees (including TERI participants) |
| 14 | Account Maintenance   * Change password * Create/change user name * Change personal contact information |
| 15 | Staff Resources   * User ID Inquiry and Maintenance * Statistics |

### 

(d) SAP Accounting

***This application is not in scope of this contract. This information is provided for informational purposes only.***

The PEBA SAP accounting system is a third-party COTS integrated system that supports enterprise resource planning (ERP). Although there are many modules with the SAP ERP suite of products and modules, PEBA uses only the general ledger module to support retirement accounting. The system, as configured for PEBA, supports three functions. These functions include:

* Managing and summarizing retirement financial information, the chart of accounts, and overall accounting and reporting transactions.
* Managing investment accounting financial transactions provided by the custodial bank, allocating quarterly performance across PEBA Retirement plans, and adjusting investment data as necessary.

PEBA has version ECC 6.0 of the SAP system. The PEBA implementation uses an Oracle relational database for data management and the SAP provided GUI (GuiXT version 7.10) to access the SAP environment. PEBA has a license for 2 developers and 10 users.

Specialized external SAP resources are required to support this application. A contractor is on retainer with PEBA to support system enhancements and data interface updates.

The SAP accounting module was procured in early 2000s. The deployment of retirement and investment accounting functions were made at the same time.

(1) Key Functions

The SAP application can perform the following key functions:

| No | Key Functions |
| --- | --- |
| 1 | Accepts monthly general ledger investment transactions from the custodial bank. |
| 2 | Accepts daily general ledger retirement transactions from the Retirement/UNIX system. |
| 3 | Allocates investment revenue/expenses (monthly) and assets/liabilities (annually) to PEBA plans. |

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### (e) Retirement Systems As-Is Data Flow Diagram



Note: Above diagram as of June 2016

2.1.3.2 Insurance Systems

PEBA utilizes a number of applications to support its current insurance operations. Of these, there are two core applications: Insurance/UNIX and Premium Billing & Insurance Accounting.

The Insurance/UNIX application is legacy Natural language, green screen, character-based system that supports the majority of all PEBA insurance business activities. Insurance/UNIX maintains subscriber eligibility and enrollment data for all participating employers as well as calculating premiums for all insurance benefit coverages. This application processes paper form submissions or web automated transactions (using accompanying PEBA browser applications) for all enrollment requests and newly-hired employees, as well as newly-eligible retirees, survivors, and COBRA subscribers. The application also manages enrollment and premium changes for current subscribers throughout the year and during the annual open enrollment period. The Insurance/UNIX application interfaces with 14 incoming external data interfaces and 33 outgoing external data interfaces. The system creates over 193 Insurance related reports, 43 different forms, and 30 letters.

The Premium Billing & Insurance Accounting application is a separate and independent system responsible for billing employers for both the employer and employee insurance premiums for active employees and a limited subset of retiree, survivor, and COBRA subscribers. It also directly bills most individual subscribers (retiree, survivor, and COBRA subscribers). This application also receives and processes premium payments, claims reimbursements, and other vendor payments. General ledger transactions are stored in the system, while interfacing financial transactions to the State general ledger system. The Premium Billing & Insurance Accounting application interfaces with 2 incoming external interfaces and 9 outgoing external data interfaces. The system creates 26 reports, 2 forms, and 21 letters.

The following table provides a brief description of each of the major insurance applications. The sections following this table describe the systems in more detail.

| Key Application | Purpose | In Scope of this RFP? | Size |
| --- | --- | --- | --- |
| Insurance/UNIX | The legacy Natural/ADABAS application that manages subscriber enrollment, benefit eligibility, and premium calculations. Interfaces with multiple third-party claim administrators.  System has approximately thirty (30) years of transactional data. | Yes | 33GB  76 files (tables)  90 million records |
| Employee Benefit Services (EBS) | This is a web-based application that is used by participating insurance employer groups. Employers interact by accessing the Insurance/UNIX and Premium Billing & Insurance Accounting functions and data using this GUI interface. From EBS, employers can retrieve reports, requests for actions, monthly insurance billing statements, and employer invoice information. | Yes | Not an operational data store |
| MyBenefits | This is a web-based application for members to review current and future benefit options, perform open enrollment changes, and approve employer enrollment actions created in EBS. | Yes | Not an operational data store |
| Electronic Document Management (EDM) | This is the system used to scan, index, and maintain all workflow applications. For the insurance division, most high-volume source documents are imaged upfront and PEBA staff processes the documents using the imaged data.  System has approximately twenty (20) years of transactional data. | Yes | 15 million images |
| Premium Billing & Insurance Accounting | This system creates monthly bills for insurance benefits, accepts and tracks receivables for premium payments, processes claim reimbursements, calculates vendor payments, interfaces with the State general ledger accounting system, and manages OPEB Trust activity.  System has approximately thirty (30) years of transactional data. | Yes | 34 GB  87 files (tables)  102 million records |

(a) Insurance/UNIX Application

The Insurance/UNIX application is the primary source for enrollment, eligibility and premium billing transactions. This application was initially developed in the late 1990s. It leverages an ADABAS database, which is the primary source of business functionality for the system. Insurance/UNIX data and business logic is accessed interactively from two other PEBA insurance division web-based applications, EBS and MyBenefits. The EBS system is used by employers to assist employees with enrollment in various PEBA insurance products. The MyBenefits web application provides self service functionality for subscribers.

One of the key interfaces of this application is the daily and monthly enrollment extract files that are used to support the internal PEBA Premium Billing & Insurance Accounting system. Each night, all subscriber, coverages, and premium data is extracted from the UNIX ADABAS files, converted, and reloaded into separate MySQL data tables that are required for the Premium Billing & Insurance Accounting system. The Insurance/UNIX application also generates daily files of enrollment changes that are provided to TPAs.

(1) Key Functions

The Enrollment/ UNIX application performs the following key functions:

| No. | Key Functions |
| --- | --- |
| 1 | Allows users to key enrollment changes from paper forms for members. |
| 2 | Updates member coverage to reflect web-based enrollment requests. |
| 3 | Creates daily files of enrollment changes for TPAs. |
| 4 | Generates daily and monthly enrollment files used by the internal Premium Billing & Insurance Accounting system. |
| 5 | Stores historical member coverage and changes. |
| 6 | Stores coverage rates and calculates premiums. |
| 7 | Uses the FILE2TIFF system to generate and store correspondence. |

(2) Database

The Insurance/UNIX application uses an ADABAS database. The following lists the key data of the Insurance/UNIX application:

* Rates/Group files
* Subscriber Master file
* Dependent Master file
* Operation Transaction files
* Suspense files
* History files
* EBS and MyBenefits security information files

(b) Employee Benefit Services (EBS)

Employee Benefit Services (EBS) is a web-based system used to support employer automation and interactions with PEBA. This system was developed internally and deployed in 2004. Employer-designated benefit counselors can enroll new subscribers, review benefits, and make changes to existing subscriber coverages throughout the year. They can also receive monthly reports, accept work tasks requested from PEBA, and perform other member and PEBA support functions. They can retrieve enrollment and premium billing invoices (PDF documents) throughout the year. This application accesses the core Insurance/UNIX system, as well as billing information from the Premium Billing & Insurance Accounting system, to display and process data for employers. This system has custom logic and replication rules to support GUI drop-down windows and navigation. Where possible, broker calls are used instead of replicating Insurance/UNIX functions.

(1) Key Functions

The EBS application performs the following key functions:

| No. | Key Functions |
| --- | --- |
| 1 | EBS BA Console   * Follow up and complete suspense transactions * Review and acknowledge beneficiary and contact information changes by subscribers * Review, edit, and approve changes made by subscribers * Upload required supporting documents (including Current EBS transactions) |
| 2 | Inquiry Menu   * Search/browse employees by SSN or Name   + View demographics, coverage, premiums, dependents, beneficiaries, changes and coverage history * Search specific transactions in suspense by employee SSN * Browse all suspense transactions by group * Browse employee’s electronic Summary of Changes |
| 3 | Manage Menu   * Enroll new employees * Make changes to coverage due to special eligibility situations or during Open Enrollment * Terminate employees |
| 4 | Online reports   * Enrollment Reports * Accounting Reports |
| 5 | Contacts   * View current group contacts * Add new group contacts * Modify current group contacts * Remove group contacts * Search group contacts |
| 6 | Online Bill Pay   * View current balance (including past due amounts) * Pay bill * Manage payment methods |
| 7 | SLTD Salary Entry   * + Report employee’s updated salary online annually during Open Enrollment (non-Comptroller General groups) |
| 8 | Account maintenance   * + Change Password |
|  | Staff Resources   * User ID Inquiry and Maintenance * Report Maintenance * Utility Tool   + Approve transactions   + Remove transactions   + Modify transactions |

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(c) MyBenefits

The MyBenefits application is a Java web-based application available to members (active group, individuals, local subdivisions, and retirees). In addition to open enrollment, users can approve EBS transactions, review benefits, update contact information and update beneficiaries throughout the year. Similar to the EBS application, MyBenefits does not have a dedicated database but uses UNIX broker calls and ADABAS for data access and business processing. This system was developed internally and deployed in 2007.

PEBA runs multiple instances of MyBenefits. The two instances are used and load balanced by Citrix NetScaler application delivery controller.

(1) Key Functions

The MyBenefits application performs the following key functions:

| No | Key Functions |
| --- | --- |
| 1 | Review Benefits   * Review current demographic information, coverage, dependents, and beneficiaries |
| 2 | Contact Information   * Review current contact information on file * Modify contact information (address, telephone, email) |
| 3 | Beneficiary   * Review current beneficiaries * Modify current beneficiary information (demographic/delegations) * Add/Remove beneficiaries |
| 4 | Enrollment   * Open enrollment available during October * Comprehensive enrollment available for life events   + - Birth, Adoption, Marriage, Divorce |
| 5 | Online Bill pay – Only available to individual subscribers   * View balance * Maintain payment methods |
| 6 | Upload required supporting documents   * Available for MyBenefits initiated transactions * Available for EBS initiated transactions sent to MyBenefits for electronic signature * Not available for Current EBS transactions |
| 7 | Special Eligibility Situation Changes   * + Make changes to coverage due to Newborn, Marriage, Divorce and Adoption |

(d) Premium Billing & Insurance Accounting

The Premium Billing & Insurance Accounting system is a browser-based core custom software application that supports premium billing, cash/premium payment receipts, outgoing vendor payments, and accounting functions. All insurance premium receivables, vendor claim reimbursements (self-insured products), pass-through vendor payments (fully insured products), and trust accounting are performed in this system. The system generates all monthly premium bills, while managing interactions and updates to the State accounting and the State payment processing systems. The system is used by internal insurance accounting users (approximately 10) with regular access to the applications. While there is no direct access from this application for employers, data from this application (employer monthly premium bills, reports, etc.) is made available via the EBS employer insurance system.

The system is written in Ruby using the Rails web framework. The system was originally developed internally, deployed into production in 2010, and upgraded (retooled) in 2013. The system relies heavily on the Insurance/UNIX application for the historical subscriber enrollment data, coverage choices, and calculated premiums. The system runs three databases: Accounting, Billing, and Benefits. Each night a snapshot of the subscriber and benefit information is extracted and re-loaded into the Benefits MySQL database. The previous day’s historical enrollment records are deleted prior to the nightly data refresh. All key enrollment related data is replicated in this system via this nightly data refresh.

(1) Key Functions

The Premium Billing & Insurance Accounting application performs the following key functions:

| No. | Key Functions |
| --- | --- |
| 1 | Creates individual and employer group bills. |
| 2 | Creates direct pay invoices to individual subscribers. |
| 3 | Manages cash receipts, accounts receivable, and accounts payable transactions. |
| 4 | Provides general ledger functionality and balancing reports, while interfacing financial transactions to the State accounting system |
| 5 | Integrates with the Team IA imaging system. |
| 6 | Facilitates claims reimbursement payments to TPAs. |
| 7 | Generates vendor and miscellaneous payments. |
| 8 | Manages the adoption eligibility and payment process. |

### (e) Insurance Systems As-Is Data Flow Diagram



Note: Above diagram as of June 2016

2.1.3.3 Imaging/Document Management Systems

Retirement and Insurance both image documents into a third-party imaging system. Documents can be imaged from paper or converted from a digital file. Business users access the images via fat client on the desktops.

PEBA uses document scanning, indexing, and workflow products by software solutions vendor Team IA. These products were customized and configured by the product vendor to meet PEBA’s business requirements. No integration occurs between the line of business applications and the Imaging systems, except for some screen scraping of SSNs done in one application. The workflow and line of business applications run side-by-side on the desktop for user access, with little integration. The imaging application used for Insurance related business process is called EDM. The imaging application used for Retirement related business process is called EDMS.

These two applications, EDM and EDMS, are separate and independent applications.

The Team IA Document/Imaging infrastructure contains three major servers: Application server, Database server, and Image Repository. The servers are described below.

**Application Server**

|  |  |
| --- | --- |
| **Operating System** | Windows Server 2008 Standard Edition |
| **Hardware** | 1 CPU, RAM 6 GB, Storage 300 GB |
| **Key Components** | Team IA Imaging Server, Migration Manager, Release, Imaging API for accounting |

**Database Server**

|  |  |
| --- | --- |
| **Operating System** | Windows Server 2008 Standard Edition |
| **Hardware** | 1 CPU, RAM 6 GB, Storage 280 GB |
| **Database** | Microsoft SQL Server |

**Image Repository**

|  |  |
| --- | --- |
| **Operating System** | Windows Server 2008 Standard Edition |
| **Hardware** | 1 CPU, RAM 4GB, Storage 1.6 TB |
| **Key Components** | Team IA Imaging, Image Store, iaFlow Event Server, iaBits, FILE2TIFF |

2.1.3.4 Telephony/Call Center

PEBA’s Contact Center and Customer Intake Platform is based on the Cisco Contact Center Enterprise solutions provided by NWN Corporation.

| **Contact Center Component** | **Description** |
| --- | --- |
| Telephone System | Cisco Unified Contact Center Enterprise (Unified CCE) version 11.6 |
| Interactive Voice Response (IVR) | Cisco® Unified Customer Voice Portal (Unified CVP) version 11.6 |
| Database read and write | Cisco Unified CVP can read and write information from back-office databases, providing callers with real-time access to their accounts. |
| Web services and Representational-State-Transfer (REST) support | Cisco Unified CVP supports web services interfaces such as Web Services Description Language (WSDL) and Simple Object Access Protocol (SOAP), enabling real-time integration with web-enabled business applications. REST is also supported, enabling lighter weight communications. |
| Computer telephony integration (CTI) | Cisco Unified CVP can transfer the call to an agent along with CTI information about the caller and the caller’s self service session. CTI data can be passed either through Cisco Unified Intelligent Contact Management (ICM) to the telephony desktop client (Finesse) or directly to SIP-enabled devices through the SIP message header |
| Telephony Desktop Client | Cisco Finesse Agent and Supervisor Desktop version 11.6 |
| Desktop Integration | When a Call comes in to the Finesse Agent Desk a Screen pop can be triggered by the Customer Entered Data at the CVP. Finesse will push or pull data in from web-based systems. The Cisco Finesse platform provides open API’s to allow for Pushing data in to the Finesse Desktop. The Finesse Desktop can also wrap the web-based Systems inside of the Finesse iFrame platform if needed. |
| Agent Chat | Cisco Enterprise Chat and Email (ECE) version 11.6 |
| Agent Video Conferencing | Cisco Remote Expert version 11.6 |

**2.2 PROJECT OVERVIEW**

In 2014, PEBA undertook an Operational Assessment (OA) project to review PEBA’s operational processes, technology and resources, to define a future state operating model by using best practices and best approaches to reduce risk, and to recommend a roadmap documenting required activity, costs, and resources.

The new system will provide a unified, one stop improved customer experience with respect to all programs administered by PEBA. There will be secure portals through which customers (members, subscribers, beneficiaries, dependents, and employers) can conduct business with PEBA. All PEBA publications, as well as personal and electronic interactions with customers, will have a common language, appearance, and feel. The new system and processes will enhance existing customer service capabilities, including, but not limited to, the Customer Contact Center and Employer Contact Center. The new system will integrate retirement and insurance processes where further integration will improve operations or the efficiency and delivery of services to customers, including, but not limited to: common member and employer profiles/demographics, common enrollment, common imaging/document management, common cash receipts, death notification, common retirement processing, and employer reporting (integrated data). The new system and processes will enhance existing operational performance measurement capabilities. More robust reporting and operational analytics will be tracked and measured with respect to PEBA’s programs, including use of customer portals. The new system and processes will enhance existing data exchange functionality with all appropriate third parties, including TPAs. The new system and processes will continue to support or enhance the privacy and security of PEBA’s information assets.

PEBA’s modernization program will be executed through six program workstreams. Many workstream activities will be executed concurrently, requiring coordination, common understanding, and program management across the project teams. The new BAS is expected to be deployed in a minimum of two Phases.

| **Workstream** | **High Level Description** |
| --- | --- |
| Workstream 0: Requirements Definition & Vendor Procurements | This workstream encompasses detailed system requirements definition, implementation planning, RFP creation, vendor procurements, and vendor contracting. |
| Workstream 1: Enrollment, Employer Reporting, CRM, Imaging, Insurance Premiums, Insurance Billing, and Insurance Accounting System Development | This workstream verifies and implements functionality associated with participant Enrollment, Employer Reporting, CRM, Imaging, Insurance Premium Eligibility and Calculations, Insurance Billing, Insurance Accounting, and maintaining active participants’ account information. This workstream represents the first of two Phase deployments of functionality to the new BAS |
| Workstream 2: Retirement Claims & Benefit Payments System Development | This workstream implements functionality associated with Retirement, Disability and Death Claims, Refunds, Retiree Insurance and Benefit Payments, Retirement Payroll Processing/Maintenance, and Taxes. This workstream represents the second of two Phase deployments of functionality to the new BAS |
| Workstream 3: Data Conversion & Bridging | This workstream analyzes, plans and executes all data conversion, bridging, and data reconciliation activities. |
| Workstream 4: Organizational Change Management | This workstream coordinates training and communication, while managing the transition of stakeholders, participants, employers, and staff to new business processes and operational systems. |
| Workstream 5: Program Management | This workstream manages project plans, progress, risks, and issues, while overseeing vendors, contracts, and program governance. |

**2.2.1 Workstream Status**

Workstream 0: Requirements Definition & Vendor Procurements: The start of the contract emanating from this RFP will complete this Workstream.

Workstream 1: Enrollment, Employer Reporting, CRM, Imaging, Insurance Premiums, Insurance Billing, and Insurance Accounting System Development and Workstream 2: Retirement Claims & Benefit Payments System Development represent the two Phase BAS implementation envisioned in the Operational Assessment. The Premium Management functionality was included in the scope of Workstream 1 during Requirements Definition. This inclusion increases the scope of Workstream 1 sufficiently to warrant a review of releases. PEBA will consider recommendations for breaking the Project into three similarly sized releases rather than the two originally included in the Operational Assessment.

Workstream 3: Data Conversion & Bridging will be delivered under a separate contract with the Data Services Contractor. This contract is in progress.

Workstream 4: Organizational Change Management and Workstream 5: Program Management will be managed by PEBA under a separate contract with the Client Services Contractor. This contract is in progress.

**PART 3**

**SCOPE OF WORK**

The Contractor will provide a new BAS in accordance with all requirements outlined in this Request for Proposal (including all attachments), all applicable laws, all regulations, and the Offeror’s response thereto.

PEBA is seeking solutions-oriented proposals that comply with each of the material and essential requirements described in Part 3, Scope of Work, Section 3.2 through Section 3.20 below. Offerors may propose alternate solutions for achieving the stated technical and/or functional requirements in Part 3, Scope of Work, Section 3.2 through Section 3.20 below, if the proposed solution(s) will achieve the required result(s) without sacrificing the stated technical and/or functional needs.

Any deviations, modifications, or clarifications to the technical and/or functional requirements in Part 3, Scope of Work, Section 3.2 through Section 3.20 below, or the terms and conditions in Part 6, Terms and Conditions, however modest, MUST be presented during the question and answer phase. PEBA will provide responses before the submission date for all proposals so that all prospective Offerors will have a common and uniform basis upon which to submit their proposals.

The requirements in Part 3, Scope of Work, Section 3.2 through Section 3.20 will be met fully, satisfactorily, and performed in their entirety in a first-class manner.

**Project Objectives**

* PEBA expects the new system will provide a unified, one-stop, improved customer experience for Members, participants, and employers with respect to all programs administered by PEBA, and will provide secure portals (member portal and employer portal) through which customers can conduct business with PEBA.
* PEBA desires to obtain the system and services in the most cost-efficient manner possible. PEBA is willing to take advantage of service delivery models and business processes that have proven effective in other organizations.
* PEBA desires to select a solution that has been successfully implemented in similar organizations.
* During the Operational Assessment, PEBA concluded that a minimum two Phase implementation of the new BAS was the desired approach. PEBA is open to alternative approaches so long as the following key implementation approach goals are addressed:
* The System is deployed in Phases as evenly as possible over the course of the Project – no “Big Bang” approach will be accepted;
* Consider the impact of change management on Employers;
* Minimize data bridging and “throw-away” programming/system development;
* Minimize any partial decommissioning of legacy applications;
* Minimize overall Project risk;
* Not compromise the security and privacy of PEBA’s information assets; and
* Not compromise existing data exchange functionality with all appropriate third parties, including all TPAs.
* PEBA intends to be an active partner and co-implementor of the proposed BAS solution. PEBA intends to be operationally self-sufficient post final Phase Go Live and be capable of supporting and enhancing all components of the solution with minimal Contractor involvement.
* PEBA intends to continue to internally administer its defined benefit and health and welfare plans. PEBA is not interested in entertaining a proposed solution that includes outsourcing or co-sourcing of the administration of the plans.

**3.1 SCOPE OF NEW SYSTEM**

It is PEBA’s intent to purchase a new Benefits Administration System (BAS) that will meet PEBA’s needs. PEBA is looking for a solution that has been successfully implemented in similar organizations. It is also PEBA’s intent to assume the operational responsibility for the new system and be substantially self-sufficient at the end of the implementation period.

The following definitions will be used throughout this RFP when discussing configurations and customizations to the BAS’s existing functionality:

1. **Configuration**. Existing system functionality will be configured to deliver the requirement. This includes setting of parameter values, updates to factor and value tables, updating rules engines, and selection from any available configuration options within the existing software release. Configuration changes would not be expected to have any impact on future software updates.
2. **Minor Customization**. To meet the requirement, existing functionality will be modified to incorporate unique PEBA customizations not within the existing software release. This includes customization within well-defined exit/entry points within the system, interface file format definitions, custom formulas, custom SQL or SQR code for queries or reports, and addition/modification of data fields. Minor Customizations would not be expected to have an impact on future software updates.
3. **Major Customization**. Existing functionality to meet the requirement does not currently exist within an existing module, feature, or system component. This includes PEBA-specific extensions/enhancements/customizations to existing functionality, PEBA-specific APIs, protocols, or standards, and back-porting features from another version of the system. These are customizations that would not normally be reviewed or tested by the Contractor as part of their general release testing and validation. Special care would be required to ensure compatibility with future software updates.
4. **Other**. Existing functionality to meet the requirement does not currently exist and would require either a new functionality be added to the system, e.g. a new module, feature, or system component, the use of third-party technology specifically to meet PEBA’s requirement, or the requirement will be met outside of the system either manually or with a standalone tool.
   * 1. **Glossary**

This section provides a reference for terms and acronyms that may require explanation or additional PEBA-specific context within the Functional and Technical Requirements.

| **Term / Acronym** | **Definition or Explanation** |
| --- | --- |
| 30 Day Break in Service | A SCRS or PORS Member must take a thirty-day break from covered employment at time of retirement to be eligible to return to covered employment. There are exceptions for elected and certain appointed officials. |
| Accidental Death Program (ADP) | A benefit of the PORS system for participating employers that will pay a monthly benefit equal to half of a Member’s active salary, payable to the surviving spouse, children, or parents of a Member that is killed in the line of duty. The employer must have this coverage and the Member must not have been willfully negligent in their death. |
| Affordable Care Act (ACA) | The landmark health reform legislation passed by the 111th Congress and signed into law by President Barack Obama in March 2010. The legislation includes a long list of health-related provisions that began taking effect in 2010. Key provisions are intended to extend coverage to millions of uninsured Americans, to implement measures that will increase the quality and affordability of health insurance, lower the uninsured rate by expanding public and private insurance coverage, eliminate industry practices that include rescission and denial of coverage due to pre-existing conditions, and improve system efficiency. |
| Affordable Care Act (ACA) Reporting | Reporting required by the IRS to show: (i) that PEBA meets the minimum essential coverage, (ii) who is covered by PEBA health insurance, and (iii) when they were covered. The reporting is done with IRS forms 1094 and 1095. |
| Average Final Compensation (AFC) | As set forth in state statute, AFC is part of the formula used to determine a Member’s monthly retirement benefit. |
| Beneficiary | For a defined benefit retirement program, “Beneficiary” means a person designated by a member of a PEBA retirement system to receive a retirement benefit after the death of the Member. For the State Optional Retirement Program or the State Deferred Compensation Program, “Beneficiary” means a person designated to receive a benefit from the participant’s State ORP or Deferred Compensation account after the death of the participant. For insurance purposes, “Beneficiary” means the person named to receive the proceeds of an insurance policy offered by PEBA. |
| Benefit Program | Any enrollment-based benefit program for which a Member or participant must qualify to enroll, and for which premium must be paid either by the individual or employer. Examples are health care insurance, life insurance, vision, dental, disability, etc. |
| Center for Medicare and Medicaid Services (CMS) match file | A data file that is sent to a federal agency within the U.S. Department of Health and Human Services that administers Medicare and governs governmental health plans (such as those offered by PEBA). |
| Class I | Class of employees whose membership began with any SCRS employer before July 1, 1964, and employees who began membership on and after July 1, 1964, with an employer that elected to remain a Class I employer.  Class of employees whose membership began with any PORS employer before July 1, 1974, and employees who began employment after that date with an employer electing to remain Class I. |
| Class II | Class of employees whose membership began with any SCRS employer on / after July 1, 1964, and prior to July 1, 2012, if their employer elected to be a Class II employer.  Class of employees whose membership began with any PORS employer on / after July 1, 1974, and prior to July 1, 2012, if their employer was a Class II employer. |
| Class III | Class of employees whose membership began with any SCRS or PORS employer on / after July 1, 2012. |
| Comprehensive Annual Financial Report (CAFR) | A set of government financial statements comprising the financial report of a state, municipal, or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). |
| Concurrent Service | Retirement service credit in correlated systems that is earned during the same period. |
| Consolidated Omnibus Budget Reconciliation Act (COBRA) | A federal law that may allow participants to temporarily keep health coverage after their employment ends, they lose coverage as a dependent of the covered employee, or another qualifying event. COBRA covered participants pay 100% of the premiums, including the share the employer used to pay, plus a small administrative fee. |
| Continuing Disability Review (CDR) | The process used when a Member is approved for disability retirement with the stipulation of a re-evaluation. |
| Correlated Systems / Correlated Service | Retirement systems that have a complementary relationship as defined by statute. Within PEBA, SCRS, PORS, and GARS are correlated systems.  If a Member has service credit in more than one of these retirement systems, all the Member’s service credit in the systems may be combined for determining eligibility for benefits, but not for calculating the amount of benefits, in each of the systems. |
| Deferred Compensation Participant | An employee who participates in the State Deferred Compensation Program. |
| Deferred Retirement Option Program (DROP) | This program allows Members of JSRS to continue to serve in their position as judge, solicitor, administrative law judge, or circuit public defender while receiving both wages as an employee and having their monthly retirement benefit accumulate on a deferred basis until the member reaches age 60, at which time the balance can be distributed. The benefits earn no interest while they accumulate in the DROP account. |
| Department of Health and Environmental Control (DHEC) | A South Carolina agency whose mission is to improve the quality of life for all South Carolinians by protecting and promoting the health of the public and the environment |
| Department of Health and Human Services (DHHS) | A South Carolina agency in charge of the Medicaid program for South Carolina. |
| Dependent | A person added by a Subscriber to their coverage under the State Health Plan. A Dependent must be the legally-recognized spouse, child, or incapacitated dependent child of the Subscriber who adds the Dependent to their State Health Plan coverage. |
| Designated Governmental Entity (DGE) | A governmental entity that is willing to perform Affordable Care Act (ACA) reporting on behalf of another entity. |
| Designated Representative | A person who can receive information about another person’s account. This could be through a Member giving written permission, a court appointing a representative, or other means. Examples include an authorized representative, power of attorney, guardian, conservator, and personal representative. |
| Direct Pay Mailer (DPM) | A payment method in which a participant receives a physical insurance premium bill through the mail and sends the payment and remittance back to PEBA through the mail. |
| Dual Employment | When a Member works in more than one position that is covered by PEBA Retirement or Insurance.  If both positions are covered under the same retirement system, the Member can only earn one total year of retirement service credit. If the positions are covered under separate retirement systems, full service credit can be earned in both systems. If a Member has service credit in more than one of these retirement systems, all the Member’s service credit in the systems may be combined for determining eligibility for benefits, but not for calculating the amount of benefits, in each of the systems. |
| Effective Date of Membership (EDOM) | The date a Member begins participation in a PEBA retirement plan. This is typically the Member’s date of hire. |
| Employee | A person employed by a governmental entity participating in the retirement and insurance programs administered by PEBA who is eligible to participate in PEBA’s programs. |
| Employer Group Waiver Plan (EGWP) | A Medicare Part D Plan with additional wrap-around benefits for Medicare-eligible retirees. |
| Enrolled | Currently participating in an insurance or retirement benefit program. |
| Experience Rating | A method under which a group’s recorded health care costs (claims) are analyzed and the group’s premium is calculated partly or completely according to the group’s claims experience. |
| Fully-Insured | A plan where the agency contracts with another TPA to assume financial responsibility for the participant’s claims and for all incurred administrative costs. For example, Tricare Health, Dental Plus, Vision, Basic Life/Dependent Life/Optional Life, Supplemental Long Term Disability. |
| Governmental Accounting Standards Board (GASB) | The source of generally accepted accounting principles used by State and Local governments in the United States. |
| Imputed Income | The value of a service or benefit provided by employers to employees, which must be treated as income. For PEBA, the cost of life insurance over $50,000 must be reported as imputed income when the premiums are paid pre-tax. |
| Incapacitated Child | An incapacitated, unmarried child who is incapable of self-sustaining employment because of mental illness, retardation, or physical handicap and who is principally dependent (more than 50 percent) on the covered employee, retiree, survivor, or COBRA member for maintenance and support is eligible for PEBA insurance benefits. |
| Incidental Death Benefit (IDB) | For active Members who have more than one year of service in a PEBA retirement plan, a benefit equal to one year of the Member’s salary is payable at Member’s death if the employer is covered under the IDB program at the time of the Member’s death. Retired Members may be eligible for retired IDB of pre-determined legislatively defined amounts based on service credit at retirement and system. |
| Installment Account | A record in the Installment Accounting system on UNIX, which summarizes a Member’s service purchase installment, including principal and interest. Installment payments are deducted from the Member’s paycheck by the employer and remitted to PEBA Retirement. |
| Interdepartmental Transfer (IDT) | An electronic transfer of funds between South Carolina State agencies. |
| IRC 401(a) annual salary limit | A calendar year limit set by the IRS for Members that first joined a PEBA retirement plan on 1/1/1996 or after. This limit is determined by the IRS each year. Members only contribute and receive benefits on the salary they earn up to the limit. |
| Local Subdivision | An entity of local government, other than state agency, institution of higher learning, or public school district, that has the option of joining PEBA Insurance and Retirement benefits (i.e., cities, towns, counties, water districts, etc.). |
| Long Term Disability (LTD) | A type of insurance that protects the ability to earn income. When a covered Member gets sick or hurt and cannot work, a monthly benefit may be paid to cover for some of the lost income. |
| Medicare Beneficiary Identification (MBI) | A randomly generated number assigned by Medicare to a beneficiary of Medicare to identify the person. |
| Member | An employee or retiree who participates in, and is included in the membership of, one of the defined benefit retirement systems administered by PEBA, including SCRS, PORS, GARS, JSRS, and SCNG. |
| Member Access | Member Access is the external interface that the participant can access to view, print or update certain information on their retirement account. |
| MoneyPlus | PEBA’s tax-favored account program, or Cafeteria Plan, which allows qualified premiums and expenses to be deducted pretax. MoneyPlus is available under Sections 105, 125, 129, and 223 of the Internal Revenue Code to active employees of state agencies, school districts, and participating local subdivisions. This program allows employees to save money by using pretax dollars to pay their state-offered health, dental, vision, and Optional Life Insurance premiums (for coverage up to $50,000) and includes options for flexible spending accounts for dependent care, health savings, and medical spending.  Effective 1/1/2019, PEBA will assume enrollment and eligibility administration and ASIflex will become the third-party administrator. |
| Monthly Transfer of Surcharge Amount | Employers participating in the OPEB insurance trust must pay an insurance surcharge to fund the trust based on a percentage of their active employees’ salary. Because the surcharge is collected through the Retirement contribution reporting process, the funds must be transferred monthly from PEBA Retirement to PEBA Insurance accounts. |
| National Medical Support Notice (NMSN) | A notice sent to employers from a local child support agency when an employee is under an existing court or administrative order to provide insurance for his or her child. Its purpose is to ensure that children receive health care coverage when it’s available and required as part of a child support order. |
| Non-Discrimination Testing | To qualify for tax-favored status, a benefit plan must not discriminate in favor of highly compensated employees and key employees with respect to eligibility, contributions or benefits. PEBA’s vendors perform non-discrimination testing for the flexible spending accounts each year for the Internal Revenue Service (IRS). |
| Other Post-Employment Benefits Trust Funds (OPEB) | The insurance benefits that an employee will begin to receive at the start of retirement. OPEB is made up of two trusts. The first trust, the South Carolina Retiree Health Insurance Trust Fund, was created to pay for the employer costs of retiree post-employment health and dental insurance benefits for retired state employees and retired employees of public school districts. The second trust, the Long-Term Disability Insurance Trust Fund, was created to fund and account for the employer costs of the State’s Basic Long-Term Disability Income Benefit Plan. |
| Participant | Any person who participates in a PEBA retirement or insurance program, including employees, retirees, beneficiaries, dependents, alternate payees, survivors, former spouses, and COBRA beneficiaries. |
| Payee | A person receiving a benefit payment from PEBA. |
| Payment Instruction (PI) | A Payment Instruction (PI) is the instrument that PEBA uses to capture the method of payment selected by a payee. PI includes the payment method, rollover information, EFT information, and withholding instructions. |
| Pension Protection Act of 2006 (PPA) | PPA is a federal provision that permits eligible retired public safety officers to elect to exclude up to $3,000 of their retirement benefit from income if used for qualified health, dental, vision, or long-term care insurance premiums. To qualify for the after-tax deduction, the insurance premium must be deducted from a monthly retirement annuity and, with the agreement of the insurance provider, remitted directly to the provider. Another PPA provision requires coding on the 1099-R which allows the 10 percent early withdrawal penalty to be waived for public safety officers over age 50 and military reservists and National Guardsmen who are called to active duty for at least 180 days. |
| Police Officers Retirement System (PORS) | The Police Officers Retirement System (PORS) is a defined benefit plan for South Carolina police officers, firemen, and several other classes of state and local government employees. |
| Popular Annual Financial Report (PAFR) | The GFOA established the Popular Annual Financial Reporting (PAFR) to encourage and assist state and local governments to extract information from their CAFR to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the public and other interested parties without a background in public finance. |
| Qualified Benefit Change (QBC) | A QBC occurs when a retiree has a qualifying event that allows them to change their retirement payment option. This would be marriage, divorce, or death of a spouse. |
| Qualified Domestic Relations Order (QDRO) | A court document typically provided after a Member becomes divorced which may indicate how disbursements from PEBA are to be split between a Member and alternate payee. PEBA attorneys review and approve QDRO documents to ensure the order does not assign benefits in violation of existing PEBA statute. |
| Qualified Excess Benefit Arrangement (QEBA) | Under Section 415(m) of the Internal Revenue Code, the amount of a retirement benefit that would be payable but for the limitation imposed is paid through a QEBA. QEBA payments are not prefunded and are made from a separate unfunded trust fund administered by PEBA and distributions are reported annually to recipients via IRS Form W-2. |
| Required Minimum Distribution (RMD) | Per Section 401(a)(9) of the Internal Revenue Code, a participant who has terminated employment must withdraw a minimum amount from a tax-deferred plan. The required minimum distribution date is April 1 of the calendar year after the later of: (i) the calendar year in which the Member reaches age 70 ½; or (ii) the calendar year in which the Member retires. This does not apply to retirees receiving benefits or Members who are still actively contributing to one of the retirement plans administered by PEBA. |
| Retiree | For retirement purposes, “Retiree” means a Member who is eligible for and is receiving a retirement allowance under a defined benefit retirement system administered by PEBA. For insurance purposes, “Retiree” means a former employee eligible to retire under a retirement system administered by PEBA who meets the eligibility requirements for retiree insurance coverage. |
| Retirement System for Judges and Solicitors (JSRS) | The Retirement System for Judges and Solicitors (JSRS) is a defined benefit plan for judges, solicitors, public defenders, and administrative law court judges working for the State of South Carolina. |
| Retirement System for Members of the General Assembly (GARS) | The Retirement System for Members of the General Assembly (GARS) is a defined benefit plan for elected members of the South Carolina General Assembly. This plan is closed to those first elected in the November 2012 election or after. |
| Revert to Maximum | The payment option that provides for a continuing monthly benefit to a beneficiary upon the Member’s death with the provision that if all beneficiaries predecease them, the Member reverts their benefit to the maximum option. |
| Set Off Debt Process | If a Member owes money to the Retirement Systems and collection efforts are unsuccessful, PEBA can submit the amount due to the South Carolina Department of Revenue (SCDOR)’s Setoff Debt program to have the money withheld from the Member’s state income tax refund. SCDOR then sends the money collected to the Retirement Systems in the form of a check. |
| Social Security Administration (SSA) | United States Social Security Administration. Federal agency. |
| South Carolina Deferred Compensation Program (SCDCP) | The South Carolina Deferred Compensation Program (SCDCP) is a supplemental retirement program consisting of 401(k) and 457(b) plans. Employees may contribute to SCDCP in addition to required contributions to a state defined benefit retirement plan or State ORP. |
| South Carolina Department of Revenue (SCDOR) | The state agency responsible for collecting taxes and registration fees and administering the revenue and regulatory laws of the State of South Carolina. |
| South Carolina Enterprise Information System (SCEIS) | SCEIS is the State’s financial and personnel management system and provides direct interaction between PEBA’s database and the State financial system. SCEIS is administered by the Comptroller General’s payroll office and maintains information such as payroll deductions, enrollment information, and data maintenance changes for covered employees of state agencies. Contribution reporting is also handled through SCEIS for state agencies on the Comptroller General’s payroll. |
| South Carolina National Guard Supplemental Retirement Plan (SCNG Plan) | South Carolina National Guard Supplemental Retirement Plan (SCNG Plan) is a defined benefit plan administered by PEBA that provides a supplemental benefit to eligible Members of the South Carolina Army and Air National Guard. There are no employee contributions for this plan and it is intended to supplement federal retirement benefits for Army and Air National Guard members. |
| South Carolina Retirement System (SCRS) | The South Carolina Retirement System (SCRS) is a defined benefit plan for state employees, school districts, colleges and universities, local subdivisions, municipalities, and other classes of state and local government employees. |
| State Optional Retirement Program (State ORP) | State Optional Retirement Program (State ORP) is a defined contribution plan that can be selected as an alternative to the South Carolina Retirement System (SCRS) plan for certain eligible newly hired employees. Eligibility for this plan is determined by South Carolina state statute. PEBA maintains enrollment and contribution data, but administration of the plan is outsourced through four vendors. |
| State ORP Participant | An employee who participates in the State Optional Retirement Program administered by PEBA. |
| Subscriber | An employee, retiree, former spouse, surviving child, surviving spouse, or other enrollee eligible for continuation coverage, who participates in the State Health Plan administered by PEBA. |
| Supplemental Long-Term Disability (SLTD) | An optional, fully insured disability insurance benefit which provides additional protection for the permanent full-time employee and his family. Premiums are calculated using salary, age, and plan choice. |
| Teacher and Employee Retention Incentive (TERI) program | A program that allows Members to begin accumulating a retirement benefit and continue working without taking a break in employment. The retirement benefits accumulate on a deferred basis into a noninterest bearing account until the Member terminates employment and ends the program, after which time the balance is distributed. The Member then begins to receive their monthly benefit directly at that time. This program ended on June 30, 2018. |
| Third Party Administrator (TPA) | A PEBA business partner or entity contractually retained by the Plan Administrator who provides external claims administration, administers SCDCP, or receives member’s ORP contributions for investment and management. |
| Medicare Voluntary Data Sharing Agreement (VDSA) | A Voluntary Data Sharing Agreement (VDSA) is used to coordinate health care benefit payments between employers, their agents and Medicare. |

* + 1. **Core Features**

The new BAS will have, at a minimum, the following core features to support PEBA’s internal administration of PEBA’s defined benefit and health and welfare plans:

* Defined benefit plan administration, including collection of contributions and payment of benefits;
* Health and welfare plan administration;
* Health and welfare vendor management and premium billing & collection, including plan payables and reserve fund balance management;
* Employer reporting;
* Internal and external interfaces;
* General Ledger integration with SCEIS;
* Insurance Benefits and OPEB Trusts’ internal General Ledger integration;
* Temporary data bridging;
* Member Self Service;
* Employer Self Service;
* Security;
* Electronic document management;
* CRM;
* Workflow; and
* Reporting.
  + 1. **Primary and Supporting Responsibilities**

Primary responsibility means that you will be responsible for doing the work and are accountable to its completion. Supporting responsibility means that you will be a significant, supporting participant and will contribute significant time and expertise, will be consulted for ideas and input, may be asked to provide examples, and will support the completion of the activity.

The Contractor will have ***primary responsibility*** for:

Initial System Installation

* Deployment of multiple environments including Development, Test, Training, and Production
* Hardware & software documentation

System Configuration & Implementation

* Requirements Validation
* Detailed System Design
* System Development - Configuration and Custom Extensions
* Requirements Traceability Matrix
* System Testing
* Deployment
* Post Implementation Stabilization

Change Management

* Change Inventory and Organization
* Staff Development and On-the-Job Training for PEBA Business Analysts and IT Staff

System Training Material Development

* For Employers, TPAs
* For PEBA Staff
* For Members

System Operational Processes

* Development Process and Standards
* Technical Deliverable Development and Process
* Code Analysis and Verification
* Configuration Management Procedures
* Infrastructure (Hardware and Software) Configuration Validation
* Defect Management and Remediation
* Disaster Recovery Plan

The Contractor will be a ***significant, supporting participant*** in:

System Implementation

* Security & Audit
* Employer, TPA, Member, and PEBA staff UserID set up

Testing

* Validation and Acceptance Test Planning
* Validation Testing

Organizational Change Management

* Change Management Strategy
* Communications Planning
* Communications Delivery
* Employer Outreach and Education

System Training

* For PEBA Staff

Supporting PEBA Trainers

* For Employers/TPAs
* For Members

Data Work

* Data Conversion
* Data Bridging

Data Interface Implementation

* TPA Interfaces
* Employer Integration Transactional Interface
* SCEIS (State’s HCM system) Transaction Interface
* Employer Contribution Interfaces/Certification
  + 1. **Key Functional Areas and Workflows**

The sections that follow contain detailed descriptions of each of the major business processes at PEBA. The descriptions are intended to provide a fuller context than merely listing requirements. Each major process is identified by a number. There is nothing to be implied from the process identification numbers other than simple identification. The individual requirements listed in Section 3.3 are numbered as an extension to the process number. Please do not alter the process identification numbers.

3.1.4.1 Common Enrollment

# (a) Future Vision

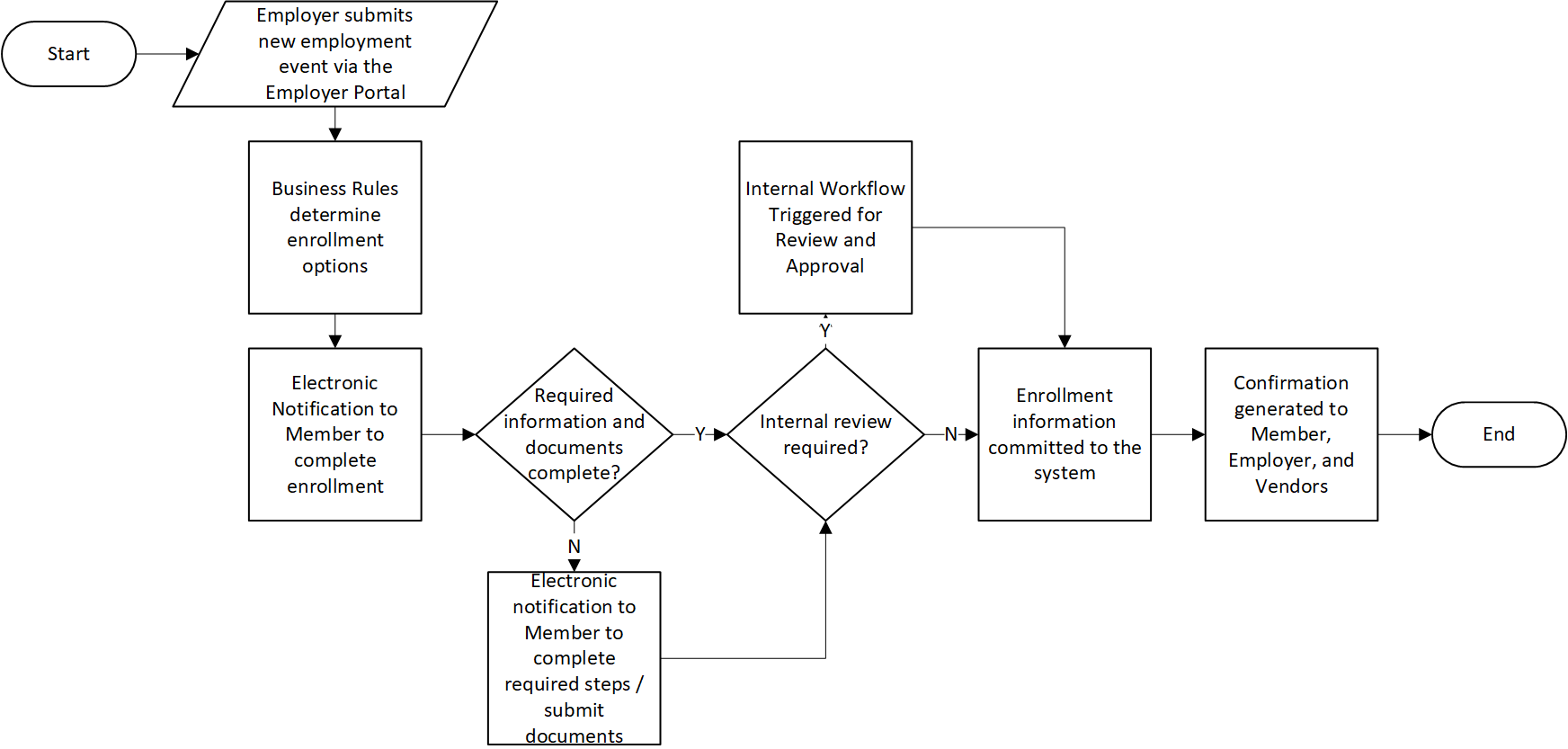
The Common Enrollment process will be initiated by the receipt of new demographic or job information for an employee from a participating employer. The employer will have the option to submit information for a new employment event via the Employer Portal through an enrollment file or by submitting a new registration transaction. Because all employers will submit employer reports in the future, the enrollment process for insurance and retirement will be combined and will be expanded to allow Members to indicate interest in certain PEBA-sponsored benefit programs managed by outside vendors. The process will also account for insurance enrollment for retirees, COBRA eligible participants, former spouses, and survivors which will be initiated through the Member Portal or other contact channels.

When a new employment event is identified, the basic demographic information, such as name, address, and date of birth will be captured in the system. An electronic notification will be generated to the Member to review and select the applicable enrollment options for both retirement and insurance using the Member Portal. This process creates one member record for retirement and insurance and allows the Member to complete all enrollment choices in one transaction. Members will also be presented with PEBA-sponsored enrollment options managed by other vendors through the Member Portal and can access links to complete the enrollment. If a Member elects these benefits, the vendor data may be transmitted back to PEBA.

In addition to selecting enrollment options, Members will be prompted to complete all required information during the transaction including designating beneficiaries, entering dependent information, and electronically submitting supporting documentation. The Common Enrollment workflow will require Members to complete certain tasks and can trigger internal review of transactions as required. Automatic follow up notifications and correspondence will be generated to prompt the Member to complete the required information and the Member will receive confirmation once enrollment is complete. The employer will also be notified once the process is complete and will receive information on deductions for the applicable retirement and insurance benefits.

Retirement and insurance enrollment periods, such as open enrollment for retirement (State ORP participants only) and insurance and life event changes, will be handled through the Member Portal. Impacted Members will receive electronic notifications to access the Member Portal and make the applicable elections. Employers will be notified of any changes in deductions as Members complete this annual process. Members can use this functionality throughout the year to complete updates to demographic information, beneficiaries, and dependents across all benefits. Adult dependents will also have access to self service when participating in insurance benefits to maintain demographic and other contact information with PEBA. Members that participate in benefits with outside vendors will be prompted to complete updates in their systems as well to keep information synchronized across PEBA and other state vendors.

# (b) Key System Functions



3.1.4.2 Employer Set Up and Maintenance

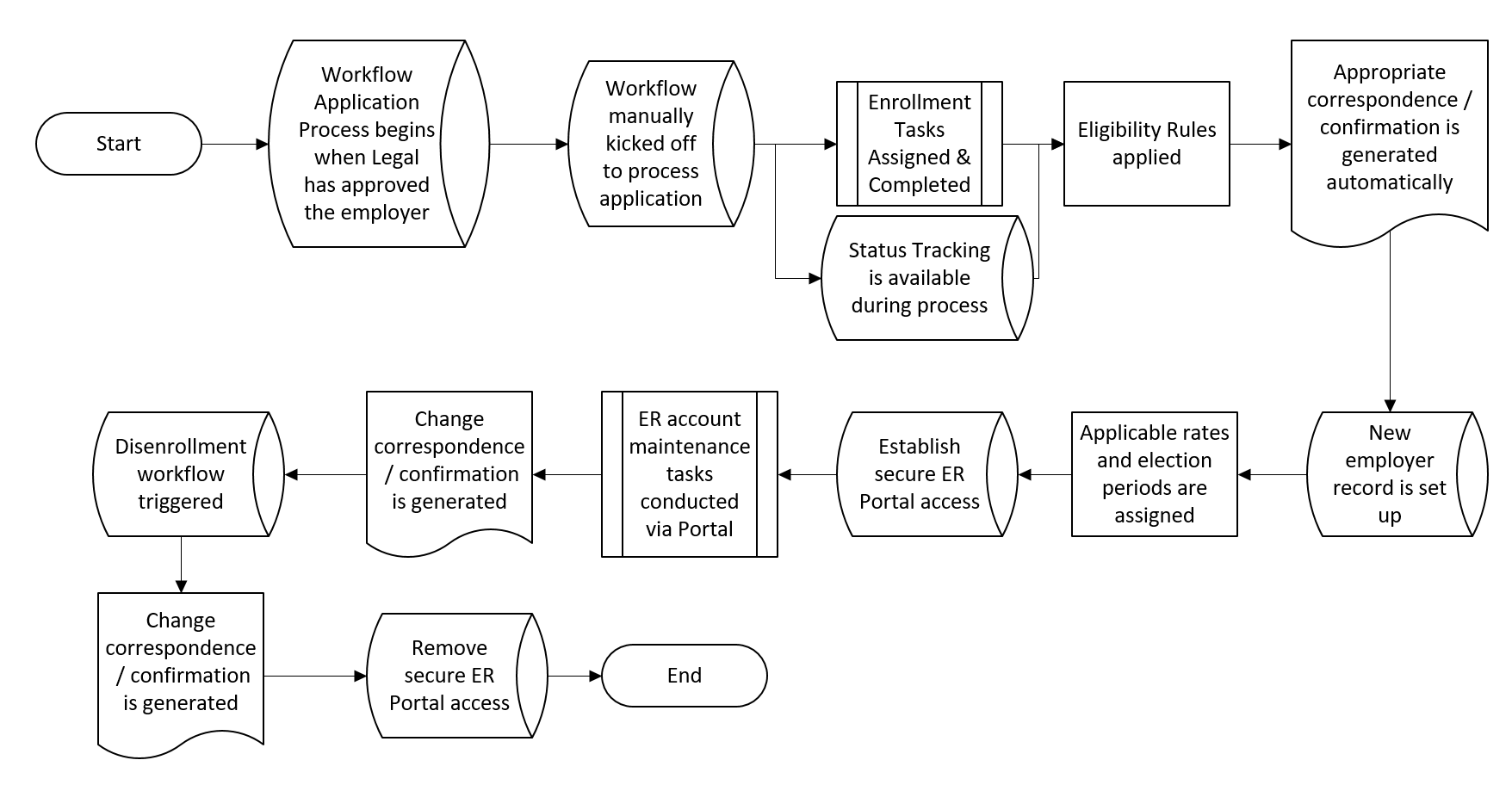
# (a) Future Vision

Employer Set Up and Maintenance functionality will support employers with all their transactions with PEBA including retirement operations, such as employer reporting, and insurance set up to support eligibility determinations and enrollment tools for employers. An employer will be maintained as a single entity with access to retirement and insurance functionality based on eligibility and participation. PEBA’s Employer Services will coordinate with potential new employers for the initial application process and provide all necessary information and documentation to the Legal department for review. Upon approval by the Legal department and completion of any necessary documentation, a workflow will be initiated within the system. The workflow will route set up tasks, payment information, and/or enrollment confirmations to the appropriate internal or external group(s). For additional details on payment processing, see Section 3.1.4.9 - Cash Receipts process flow.

Existing employers will have the capability to maintain their organizational and employer user contact information through the Employer Portal without having to submit requests in writing. Internally keyed employer organizational changes, such as a merger, can be changed and tracked with detailed audit history. All employer interactions, including correspondence, contact center calls, and case notes, will have a visible audit trail and history as to when employer changes were implemented.

Employers will have the ability to view participation in associated insurance and retirement plans (health, dental, vision, OPEB trust, SCRS, PORS, GARS, JSRS, State ORP, SCNG, SCDCP, etc.) including current and historical rates and dates and coverages.

# (b) Key System Functions



3.1.4.3 Employer Reporting

# (a) Future Vision

Employer Reporting functionality will provide employers the ability to initiate a reporting file through the Employer Portal by uploading a file or manually entering reporting data. Certain reporting entities, such as SCEIS, will complete the process through direct file transmittal outside of the Employer Portal. The employer payroll report will include new mandatory fields to collect an expanded data set and all employers will be required to submit a report, including employers that participate in insurance benefits only. Retirement service credit will be calculated using data provided in the employer reporting file; however, it will be applied based on when the compensation was earned rather than when it was paid to reduce the need for service adjustments at time of retirement.

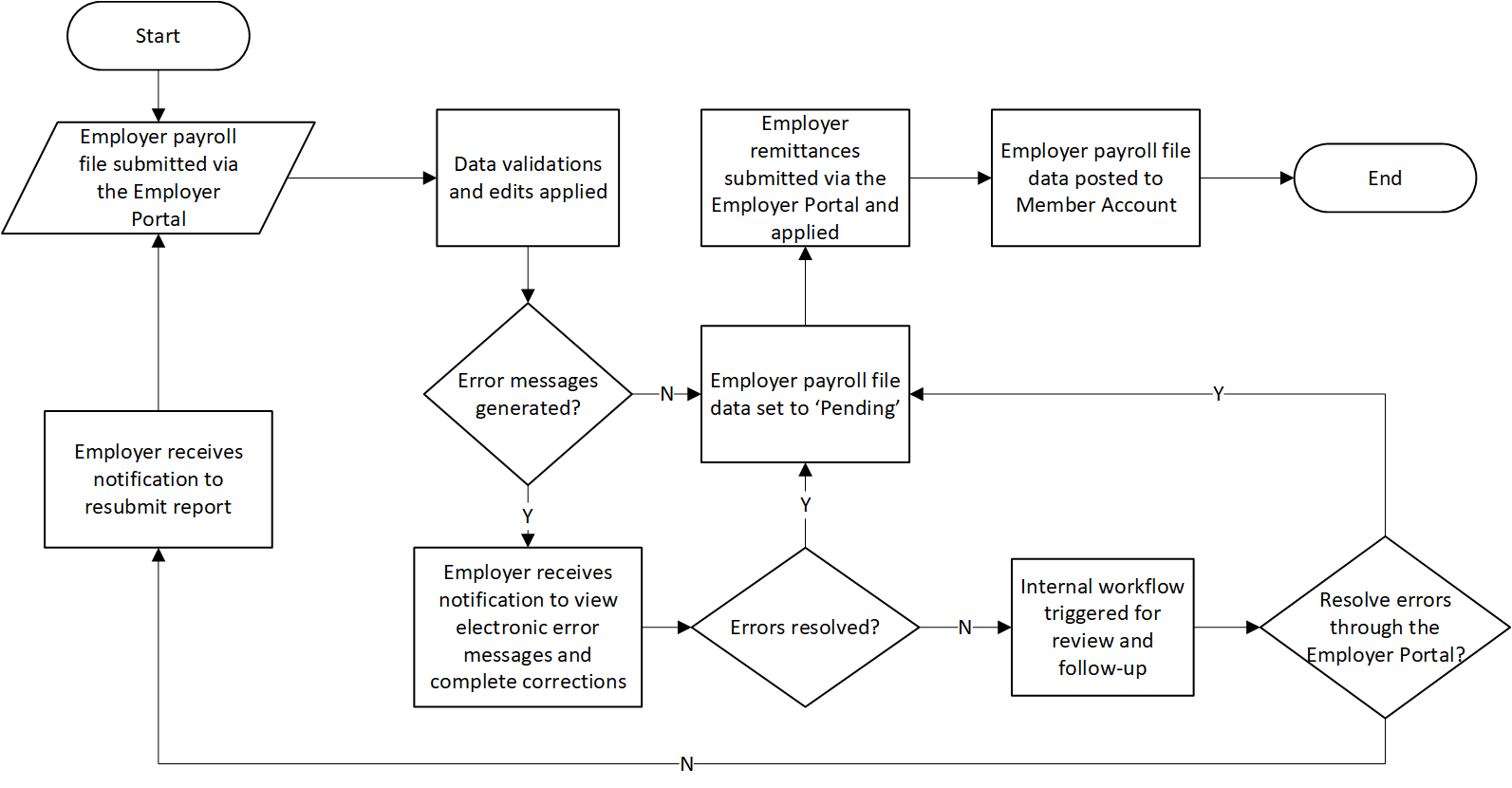
In addition to employer and member contribution and earnings information, the reporting format will include fields to capture information such as member job data, service purchase installment deductions, and payroll withholdings information for insurance premiums. This expanded data set enables downstream system automation, provides real-time reconciliation for both retirement and insurance data, and allows employers to provide all applicable data to PEBA within one file. Employers can also submit enrollment data through the Employer Portal using a separate process. For additional details on member enrollment processing, see Section 3.1.4.1 - Common Enrollment process flow.

When an employer initiates a report, data validations and edits will be applied to reconcile expected values at both the reporting file and member level. Based on the results, the system will return error messages to the employer directly through the Employer Portal. These errors will be classified as high, medium, or low severity based on PEBA business rules, rule effective dates, calculation algorithms, and impact and severity. Based on the definition, an error message could reject the file, an individual record, or be informational only and not impact the ability to post the data. Employers will receive timely error notification to allow correction of the report via the Employer Portal prior to finalization of payment and posting to the member account. The system will have the capability to continue processing the payroll report once an error is identified at the member level to process all error free or low-level error transactions. Certain errors will initiate workflow that will be routed to the appropriate internal PEBA users for review and follow-up.

As part of the future process, employers will be required to move from quarterly reporting to more frequent reporting. This allows timely and accurate posting of employer data and payments to the member account, notifies employers of reconciliation errors more often, and reduces the number of requests to employers for payroll information to process a Member request, such as a retirement estimate. The Employer Portal will provide several tools to employers to support the reporting process including the ability to view the status of current or historical reports, set up and review automated payment information, receive and view electronic notifications and details on late reports or remittances, submit retroactive pay information, and access to run pre-defined reports on historical data. For additional details on the receipt and application of employer payments, see Section 3.1.4.9 - Cash Receipts process flow.

Authorized internal PEBA users will have full visibility into the status of employer reports with the ability to view report progress and query which reports have been received, which are late, which are delinquent, as well as what patterns in reporting exist. Certain error conditions or timing constraints will trigger workflow and route review requests to internal PEBA users for direct follow-up with the employer or review prior to authorizing the posting of the data to the member account. Audit trail reporting will be available to both internal PEBA users and employers to confirm acceptance and posting of the reporting files and transactions.

# (b) Key System Functions



3.1.4.4 SCDCP and State ORP Data Exchange

(a) Future Vision

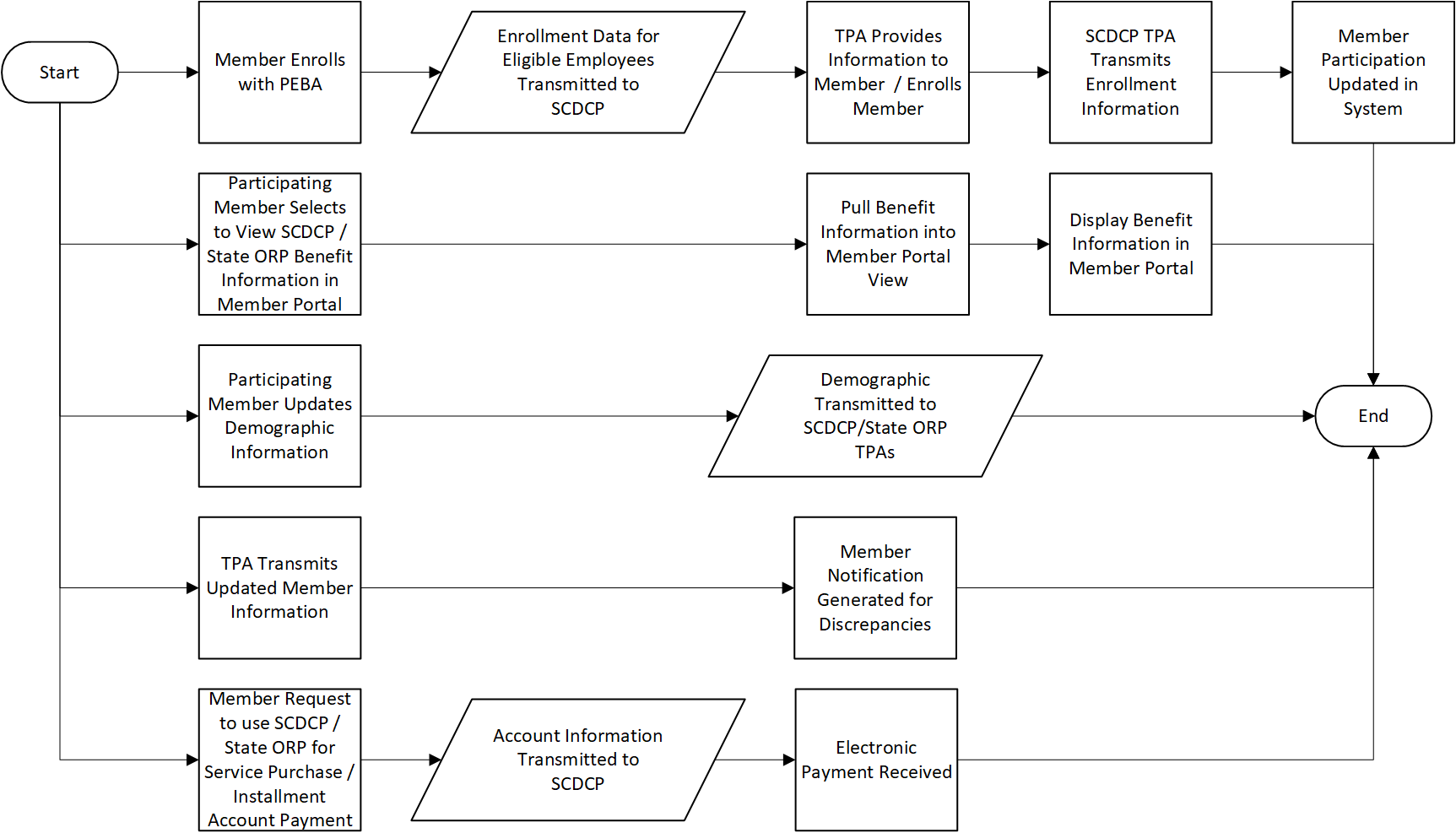
The South Carolina Deferred Compensation Program (SCDCP) and the State Optional Retirement Program (State ORP) data exchange with PEBA will provide Members and internal PEBA users with a consolidated view of PEBA benefits by combining PEBA core benefits and vendor-administered programs.

In addition to data exchange, the Member Portal will provide links to direct eligible Members to the websites for the applicable vendors to complete enrollment or updates to personal or beneficiary information. When a Member initiates a change to demographic information, the Member can choose to have PEBA share this information with vendors for other participating programs. Additionally, beneficiary changes will trigger messaging to remind the Member that the update must be made for each participating program to be effective for all benefits.

Key elements of the consolidated benefits view for SCDCP and State ORP are described in the following table. Additional considerations for the Member Portal will be discussed in the Insurance Third Party Administrator (TPA) Data Exchange and Member Self Service process areas.

| **Item** | **Description** | **Applicable Program(s)** |
| --- | --- | --- |
| **Links in the Member Portal** | Links to the SCDCP and State ORP vendor websites will be available directly on the enrollment pages in the Member Portal for members who are eligible.  Members will be able to click on the link to be directed to the applicable website to create a user profile and complete enrollment. This is covered as part of the **Common Enrollment Process**. | * SCDCP * State ORP |
| **Member Portal Comprehensive Benefit View**  *(SCDCP / State ORP -> PEBA)* | Participating Members will be able to view SCDCP and State ORP benefit information, such as account balances, through the Member Portal.  This data will not be stored in the PEBA system. When a user views this information in the Member Portal it will include the necessary disclaimers and direct the user to the applicable vendor website for additional detail. | * SCDCP * State ORP |
| **Outbound Enrollment Data**  *(PEBA -> SCDCP,*  *PEBA -> State ORP)* | Enrollment data will be transmitted to SCDCP with all eligible Members who have enrolled with PEBA since the last file was generated. This will allow SCDCP to follow up directly with this population.  Annual enrollment data for retirement will be transmitted to State ORP with changes to vendor selection or participation status (terminated State ORP participation).  These are covered as part of the **Common Enrollment Process**. | * SCDCP * State ORP |
| **Inbound Enrollment Data** *(SCDCP -> PEBA)* | The PEBA system will process inbound enrollment data from SCDCP with information on Members that have elected to enroll and capture this status. | * SCDCP |
| **Outbound Member Demographic and Status Changes**  *(PEBA -> SCDCP / State ORP)* | When a Member updates certain demographic information using the Member Portal, the Member can choose to have this information transmitted to other programs in which he/she participates. If the Member updates certain data, such as a beneficiary, messaging will provide a reminder to update that information for other programs as needed.  Other applicable changes will be transmitted within this process such as death notifications or member status changes, such as terminations. | * SCDCP * State ORP |
| **Inbound Member Information** *(SCDCP / State ORP -> PEBA)* | SCDCP and State ORP will transmit participant information to PEBA such as demographic changes, death notifications, and member status changes.  PEBA system validations will identify discrepancies in the vendor data and the PEBA data and generate notifications to the Member. This will allow the Member to update information in either system as needed. | * SCDCP * State ORP |
| **Outbound Service Purchase and Installment Account Information** | When a Member chooses to use SCDCP or State ORP funds for payment of a service purchase invoice or toward an installment account, the PEBA system will transmit required account and balance information to SCDCP or State ORP needed to initiate an electronic payment. | * SCDCP * State ORP |
| **Electronic Payments** | The system will provide the ability to receive electronic payments from SCDCP and State ORP for payment of service purchase invoices or toward installment accounts. The payments will be based on the account and balance information provided by PEBA.  In the case of an overpayment, the system will have the ability to return payments to the appropriate vendor electronically. | * SCDCP * State ORP |
| **Data to Support Audit Functions** | **Employer Contribution Data for State ORP:** The State ORP vendors will provide a file of detailed employer contribution and wage information to PEBA for audit purposes only. This information will not be stored in the PEBA system or posted to the member’s account.  **Member Data for Internal Processing\*:** SCDCP and State ORP will provide a file and/or web inquiry to PEBA with data needed for internal processing and reporting such as distribution status, fund choice, contribution levels, account balances, beneficiary designations, and statistical data. This information will not be stored in the PEBA system. | * SCDCP * State ORP   \*This is currently available by logging into vendor websites. Additional functionality or automation is a nice to have, but not required to obtain the data. |

(b) Key System Functions



3.1.4.5 Insurance TPA Data Exchange

# (a) Future Vision

PEBA will expand the exchange of information with TPAs to provide a holistic view of insurance benefits and account information to members through the Member Portal.

The system will receive inbound insurance data from TPAs and display account information to the Member such as deductible progress, out-of-pocket maximum paid to date, and unused vision benefits. Status updates on applications for additional coverage or coverage outside of enrollment periods will also be displayed through the Member Portal. Notifications will be sent to Members with information on key account changes or approaching thresholds as well as changes to a status for a pending application.

The data will also support internal functions such as customer service by providing information to internal PEBA users that can be accessed to answer Member questions and direct them to the appropriate TPA for additional action as needed.

(b) Key System Functions

3.1.4.6 Customer Service

# (a) Future Vision

Customer service functions will be supported by a robust screen that is tightly integrated with all tools and applications, such as Customer Relationship Management (CRM) and Interactive Voice Response (IVR) functionality. Customer Service users will be provided the information and functionality needed to support employer and member related questions.

The screen will provide the information the user needs to authenticate a participant, as well as answer participant and employer questions in one consolidated area. The users will be able to view information such as document images, open and closed cases, pending and completed workflow, and Customer Relationship Management (CRM) data (phone calls, emails, chat information, etc.).

When a person calls, he or she will be prompted to answer questions over the phone to identify themselves or wait for a Customer Service user to answer the phone. If the person has authenticated themselves, the participant or employer account information will be displayed (popped) when the Customer Service user answers the call.

Information that is displayed on the Customer Service screen will be role based. Users will see information that is common across roles such as demographic information. Users that are receiving calls or visits related to insurance will see insurance related information, users taking calls or visits related to retirement will see retirement related information, and users taking calls related to employers will see employer related information. Certain cross-trained users will have access to both insurance and retirement information.

Customer Service users will be able to send documents electronically (upload forms, pre-filled forms, letters, etc.), create and receive chats with members or employers, create notes and cases, and generate workflow based on the needs of the member or employer.

Customer Service users will have access to frequently asked questions, as well as to wizards to walk them through the proper ways to handle requests.

Information that is sent from the Customer Service screen (emails, text, chat, etc.) and phone calls received will be stored and tracked in the Customer Relationship Management (CRM) system.

# (b) Key System Functions

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3.1.4.7 Service Purchase

# (a) Future Vision

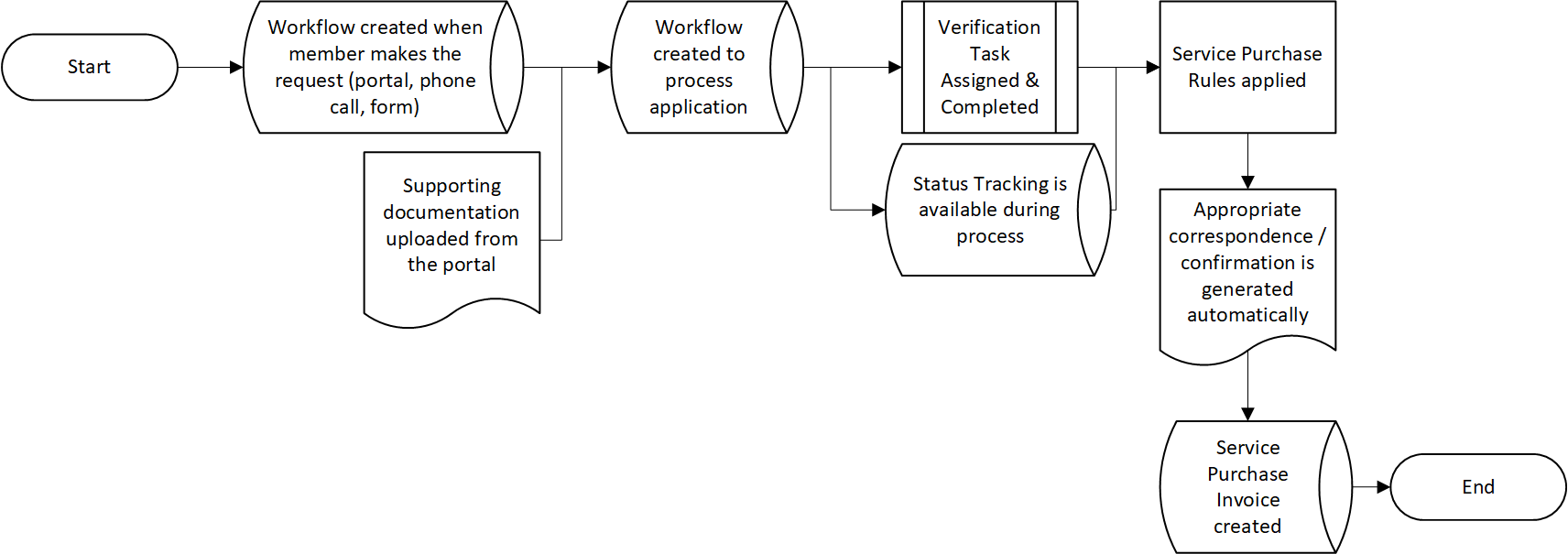
Service Purchase requests will be initiated through multiple channels and will trigger workflow to support timely processing and communications. Requests will primarily be initiated from the Member and Employer Portals. In addition to the portals, workflow will also be created upon receipt of a scanned and indexed document or manually by an internal PEBA user.

If the internal PEBA user processing the request identifies that additional information is needed from the employer or Member, the system will send the request for information to the appropriate contacts and automatically send follow up requests at pre-defined intervals if the information is not received. The primary form of communication and response will be through the Member and Employer Portals. The employer or Member will receive an electronic notification and can submit the necessary information, including supporting documentation, through the portal.

When all the required information has been received, the system will calculate the cost to purchase the service. When the workflow is complete, an invoice will be created for the total cost and this information will be communicated to the Member so the appropriate payments can be initiated.

For additional details on payment processing, see Section 3.1.4.9 - Cash Receipts process flow.

# (b) Key System Functions



3.1.4.8 Service Accounting

# (a) Future Vision

The Service Accounting process is initiated after the Member receives an electronic notification from PEBA that a service purchase invoice has been created. Once the invoice is created, the Member can log in to the Member Portal and select a payment method for the cost of the service or elect to send in a physical check.

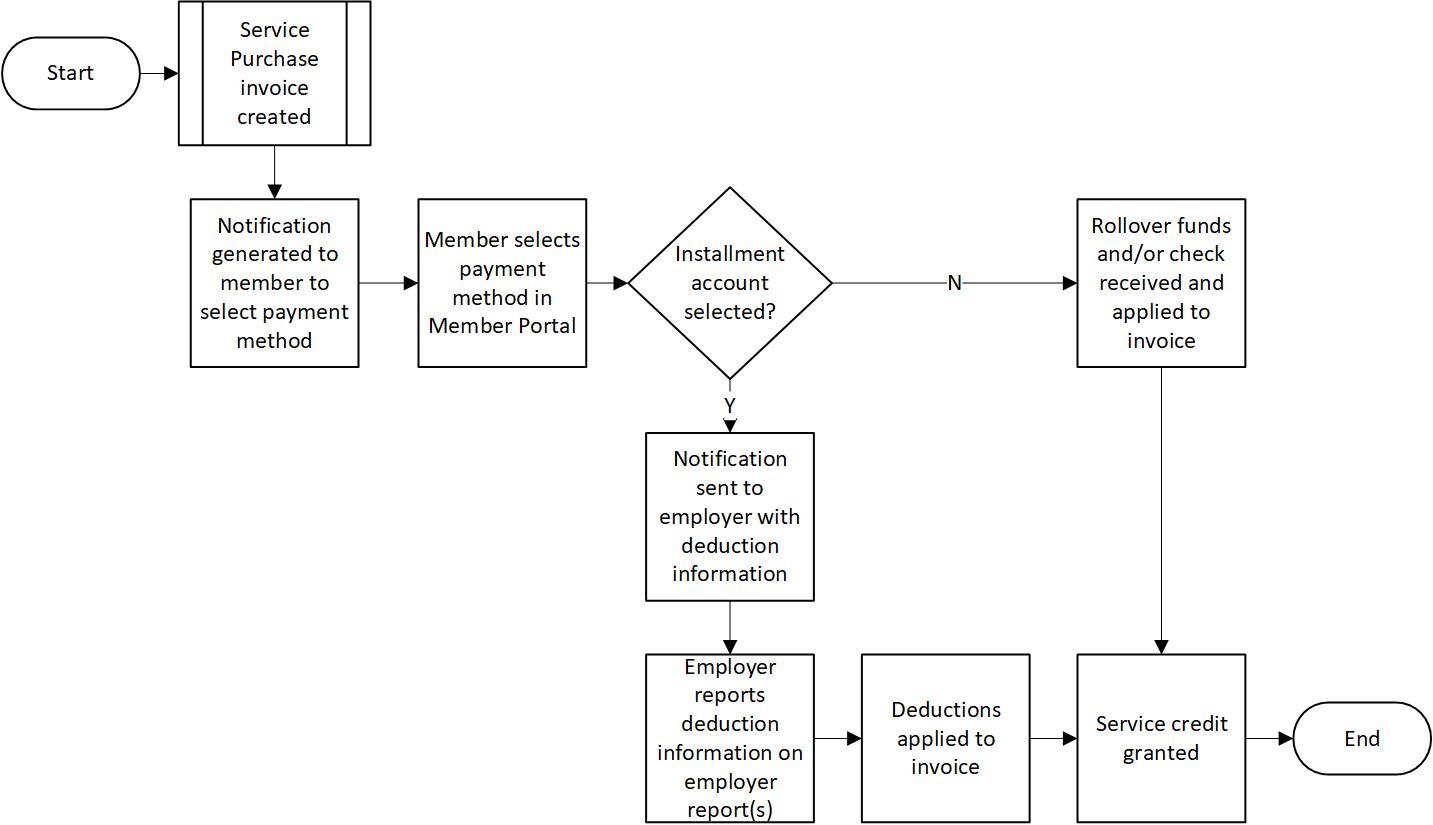
The Member will have the ability to select one or multiple payment options such as rollover, installment account, electronic check, or lump sum. The member can also select to have the payment made from their SCDCP or State ORP account. If needed, the Member will have the ability to upload supporting documentation. Credit card payments will not be an option for service purchase invoices.

If “installment account” is selected as the payment method, there will be communication to the employer to begin payroll deductions. The employer will be able to use the Employer Portal to submit the required deduction information electronically.

The Member can access the Member Portal to view the details of the invoice, such as the remaining balance and interest amount. If installment account was selected as the payment method, the status of the installment payments will be displayed, such as payment amount, payments received, and number of payments remaining.

As payments are received for the service purchase invoice, service credit is applied, and the Member is notified of the progress. The Member can elect to notify PEBA to stop payments on after-tax installment payments before the invoice is paid in full. If the Member requests to stop to the after-tax payments or if the invoice is paid in full or expires, the invoice status will be updated to “Closed” and the appropriate communications will be sent to the Member and employer.

# (b) Key System Functions



3.1.4.9 Cash Receipts

# (a) Future Vision

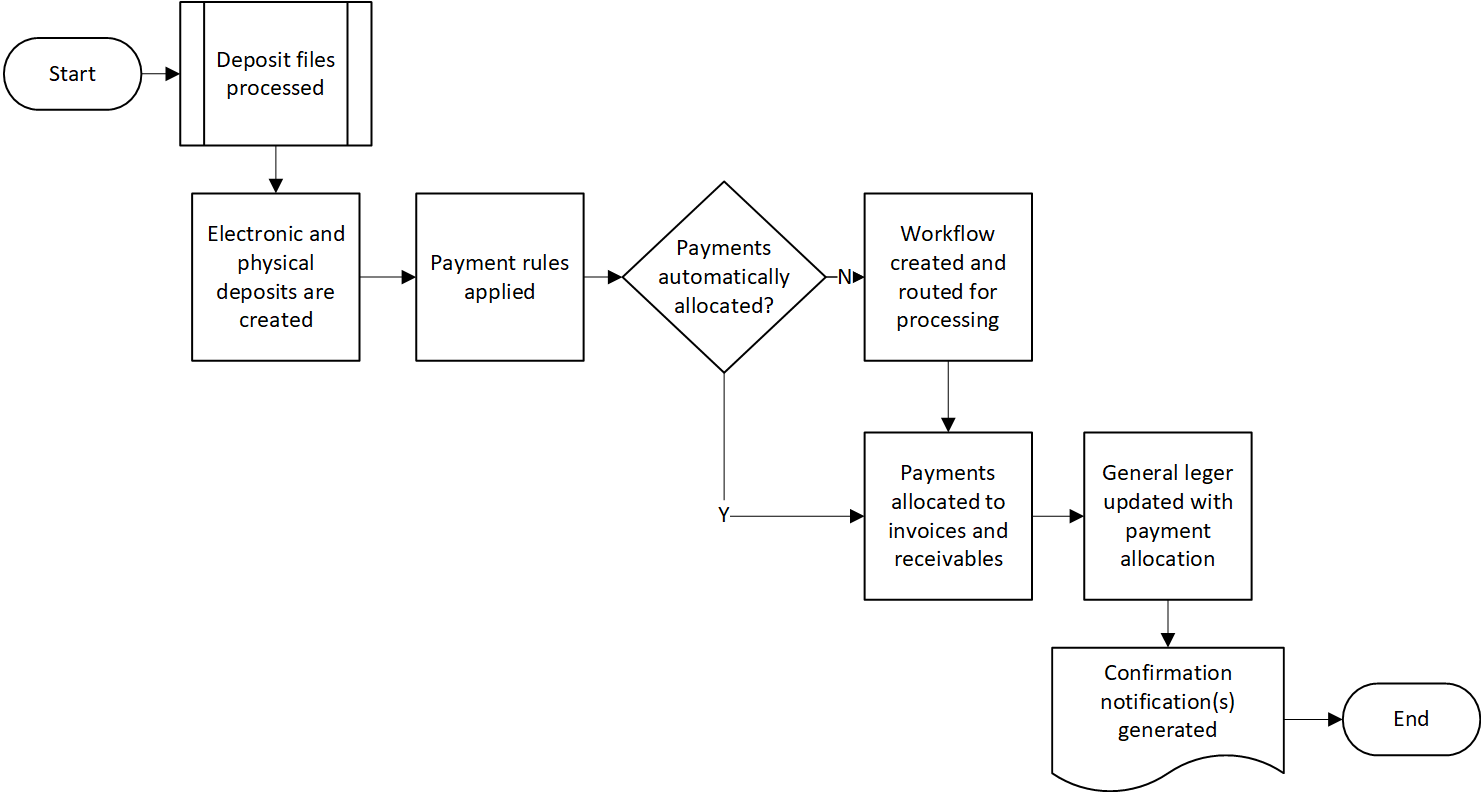
The cash receipts process will be initiated when cash for all departments comes in physically or electronically. As the deposits are created, workflow will be generated for the appropriate departments (insurance, retirement, service accounting, etc.) for processing, if the receipts are not allocated automatically.

Workflow will also be generated when there are conditions such as unmatched receipts, overpayments, or insufficient funds. The appropriate departments will be able to send electronic communication to the Member and/or employer and take appropriate action with the cash receipt and payment method.

The system will have the ability to apply payments from multiple sources including employer remittances for retirement contributions, active employee insurance premium payments, retiree payroll deductions, and payments initiated from the Member Portal. Internal PEBA users will have the ability to allocate full and partial payments and reverse/close an invoice and perform write-offs.

When updates are made to invoices (payments applied, write-offs, reversal, etc.), general ledger transactions will be generated, and communications will be sent to Members and/or employers based on PEBA defined business rules. Both Members and employers will have the ability to view the details of invoices from the portals.

# (b) Key System Functions



3.1.4.10 Refunds

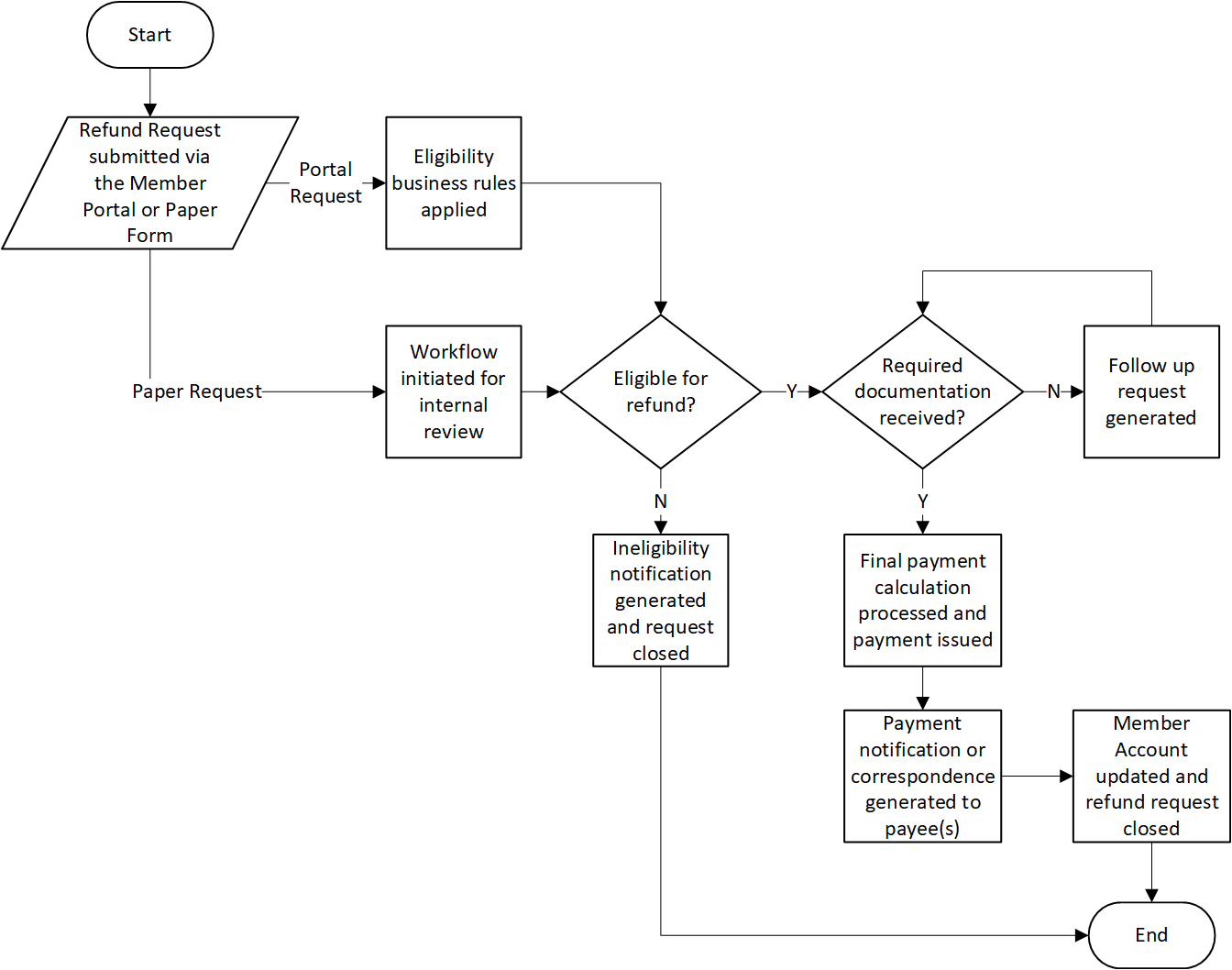
# (a) Future Vision

The retirement refund process will be initiated when the Member electronically submits the application from the Member Portal or sends in a physical refund application. Members can access the Member Portal to track the status of the request and provide supporting documentation for timely payment. This process area is specific to distributions from the defined benefit plans (SCRS, PORS, GARS, and JSRS) and all retirement refunds must be a total distribution. Business rules applied to the request can return real-time messaging on eligibility for a refund and required documentation necessary to process the request. Based on the business rules and thresholds defined during system design, certain refund requests will be eligible for a single level of internal review prior to payment.

Calculation rules will determine the total payment owed for the refund request including any unapplied interest. The payment can be recalculated based on new information received prior to the final payment, including additional contributions remitted after the request is in process. Payment to an alternate payee based on an approved QDRO will also be included in the calculation prior to finalization of the payment to the Member or beneficiary. The system will capture the payment options chosen by the Member and process the refund appropriately such as a full or partial roll-over to a financial institution, direct payment by EFT, or issuing a check. The system will automatically generate electronic notifications to Members and correspondence to financial institutions with the necessary payment information as part of the workflow. Internal PEBA users will have access to reporting tools to track refund processing status and perform audits on pending and paid requests.

The system will support the Required Minimum Distribution (RMD) process by identifying all inactive Members that meet the RMD criteria, generating notifications, and calculating and issuing payments with limited user intervention. Withdrawn Members owed supplemental refund payments will also be identified at defined intervals and corresponding notifications will be generated in addition to automatically calculated and issued payments.

# (b) Key System Functions



3.1.4.11 QDRO Processing

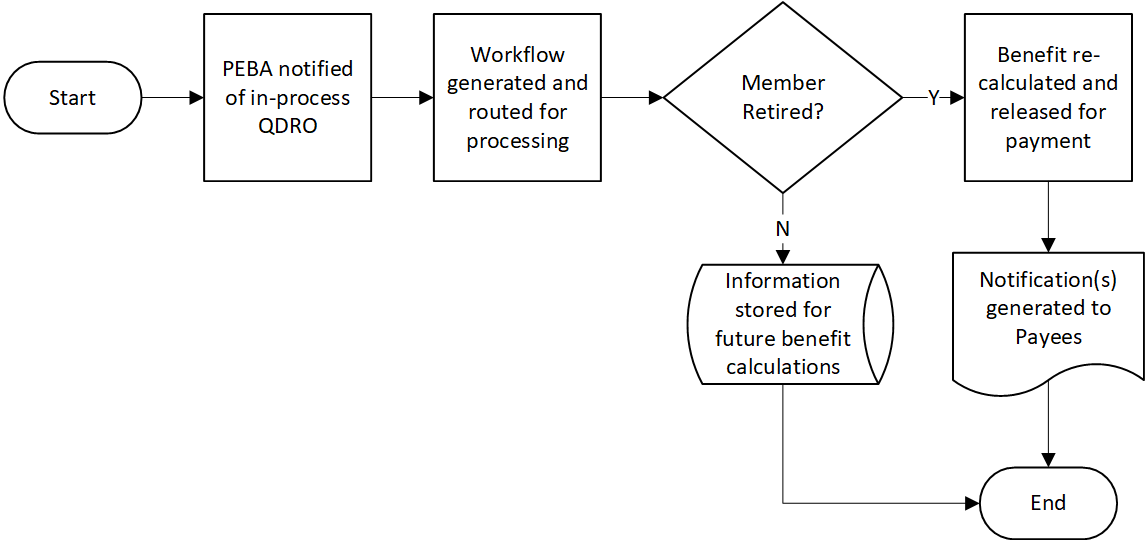
# (a) Future Vision

The Qualified Domestic Relations Order (QDRO) process will be created when PEBA receives notice of a pending order. Workflow will be created to flag the Member’s account, track the process, and capture all required information.

Within the workflow the user will be able to capture information such as the split or percent amount, alternate payee demographic information, date of marriage, date of separation, and date of divorce. If the Member is retired, the user will be able to see the calculation details for the Member and alternate payee’s benefits and have the ability to modify the details of the calculation. When the workflow is finalized, the new benefit amounts will be released to payroll. If the Member is not retired, the details captured within the workflow will be stored for future benefit calculations. When the Member creates an estimate, retires, requests a refund, or deceases, the details of the QDRO will be pulled into the calculation so that information presented will display the amount to be paid to the Member and the amount to be paid to the alternate payee.

For additional details on termination or enrollment of former spouses, see Section 3.1.4.1 - Common Enrollment process flow.

# (b) Key System Functions



3.1.4.12 Benefit Estimate

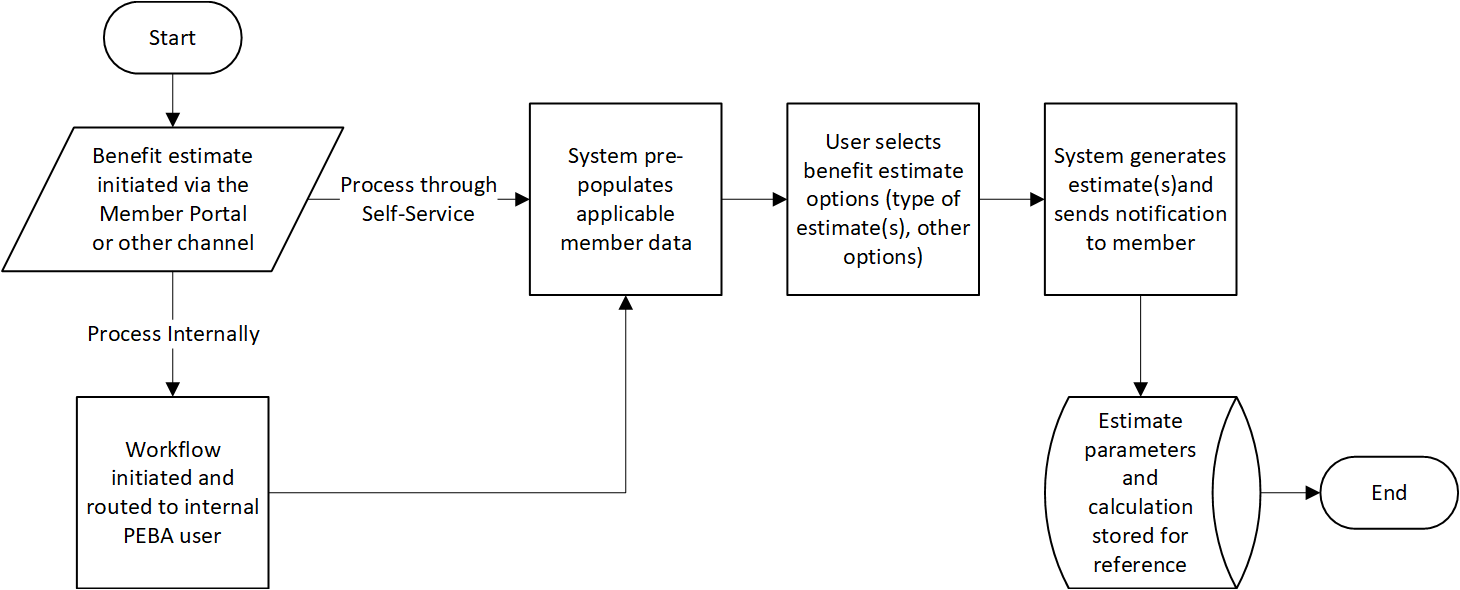
# (a) Future Vision

Benefit estimate functionality will be available to calculate and provide estimates for service retirement, disability retirement, death benefits, QDRO, and QBC for all systems (SCRS, PORS, GARS, JSRS, and SCNG). Members and employers will have the capability to complete certain calculations, such as service retirement, and view estimates directly through the Member or Employer Portal. Other estimate requests will be routed to an internal PEBA user to complete and review before it is available on the portal. All estimates will be based on system data as well as certain user-entered fields that can be used to project a future benefit based on anticipated changes in factors such as compensation, total service credit, and unused leave.

When using the portal to complete an estimate, Members and employers can initiate the request, enter any user-projected data, and view the estimate in real-time. If a self service user requests an estimate that requires intervention by an internal PEBA user or the request is made through direct contact with PEBA, then the Member or employer will receive an electronic notification when the estimate is ready to log in and review in the portal. The estimate can be mailed as needed based on the Member or employer’s correspondence preference.

The benefit estimate functionality will include the ability to generate multiple estimates simultaneously to compare available benefits as well as how a change in a certain input, such as retirement date, impacts the total benefit. Beneficiary information on file will be used in the calculation with the option for the user generating the estimate to override. To provide a complete retirement picture, the estimate will automatically calculate insurance premium information and tax withholdings when applicable. A history of the generated estimates will be stored in the system as reference and can be accessed using the Member or Employer Portal or by an internal PEBA user. By providing this functionality through self service, Members and employers will have access to calculate or request a benefit estimate and understand the benefit options available to them.

(b) Key System Functions



3.1.4.13 Retirement Processing

# (a) Future Vision

The retirement process includes determining eligibility for retirement benefits and retiree insurance coverage, enrolling a Member in retiree insurance and setting up the Member’s retirement benefit. Currently, the process of retiring a Member and enrolling them for insurance coverage are separate. Going forward, there will be a common retirement application for retirement and insurance.

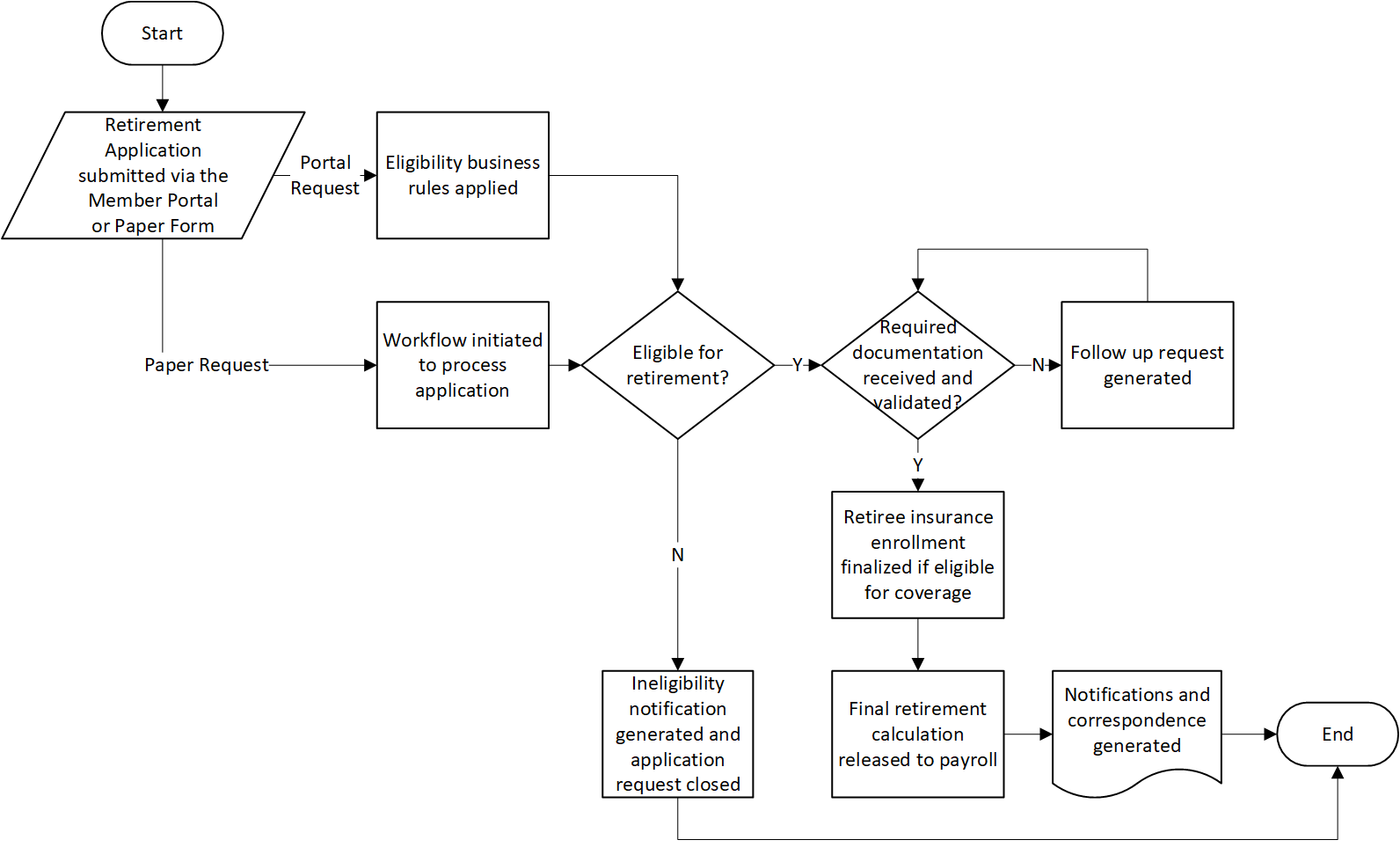
The retirement process will be initiated when the Member electronically submits the application from the Member Portal or sends in a physical retirement application. From the Member Portal, the applicant can enter required information, such as insurance elections, retirement type, option, date of retirement, termination date, federal/state withholdings, payment information, beneficiaries and dependents, and upload any supporting documentation. The system will run validations prior to the Member being able to submit the application to check if the parameters are valid and if the Member is eligible for retirement.

Once the Member initiates the retirement process, a workflow will be created for an internal PEBA user to review. The user will be able to view the parameters entered by the Member, as well as review the supporting documentation that was uploaded with the application. Internal PEBA users will have the ability to electronically request required information from the Member and/or applicable employer. The Member and Employer Portal can be used to upload supporting documentation and/or enter information electronically.

When all the required information is provided and validated, the retirement calculation and any eligible insurance enrollment is finalized, and the benefit payments are released to payroll. If the Member enrolled for insurance coverage, the information will be sent to the applicable insurance carriers.

For additional details on the disability process, see Section 3.1.4.14 - Disability Processing process flow. For insurance related to retiree insurance eligibility, see Section 3.1.4.1 - Common Enrollment process flow.

# (b) Key System Functions



3.1.4.14 Disability Processing

# (a) Future Vision

Disability processing includes making a disability determination, handling the disability appeals process when applicable, and the continuing disability review process.

Disability processing will be initiated when the Member electronically submits the application from the Member Portal, sends in the physical application, or the employer electronically submits the application on behalf of the Member from the Employer Portal.

When the process is initiated from the Member Portal, the Member can apply for disability benefits (supplemental long-term disability, basic long-term disability, disability annuity, insurance), enter the required information, upload any supporting documentation, and electronically submit the application. The system will provide validations prior to the Member being able to submit the application to confirm that the data entered is valid and the Member meets insurance and retirement eligibility requirements.

When the Member selects disability annuity and initiates the process from the Member Portal, a workflow will be created for internal review. The user will be able to view the data entered by the Member, as well as review any supporting documentation that was uploaded with the application. The internal PEBA user will have the ability to electronically request required information from the Member and/or applicable employer. Certain requests will be automatically initiated with a notification to the workflow owner. The Member and employer will have the ability to upload supporting documentation and/or enter information electronically using the Member or Employer Portal.

Once the documentation is received, PEBA will have the ability to electronically and securely send required information to TPAs, such as the medical board or disability determination provider, when applicable. The status of the application will be tracked in the system as the TPAs make the disability determination, and a notification will be generated to the workflow owner when the decision is complete. If the application does not require TPA review, internal processing can proceed.

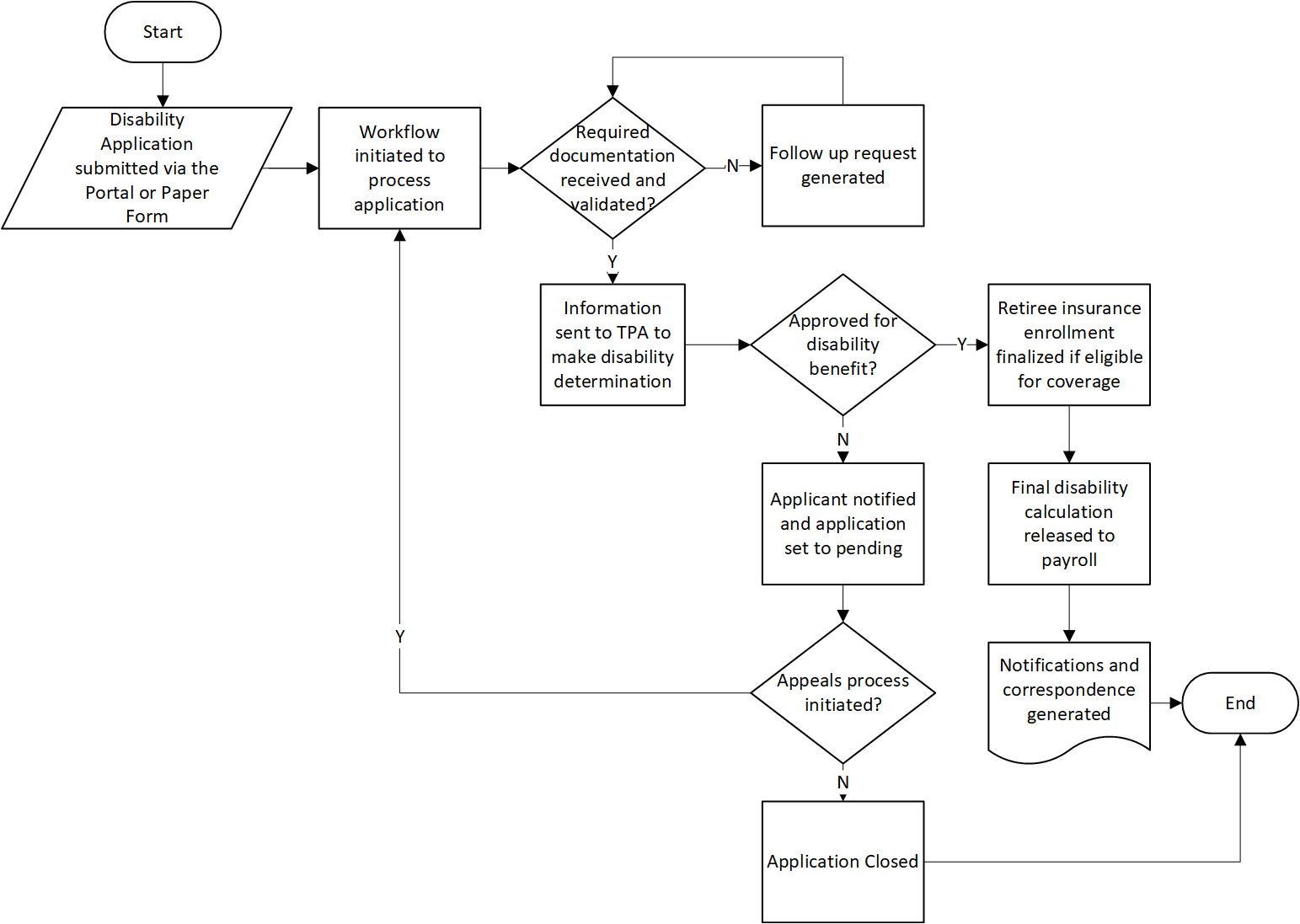
If the Member is approved for disability, the appropriate communications will be sent to the employer and/or Member and the retirement process will be initiated so the Member can be enrolled in retiree insurance and/or released to payroll. If the disability application is denied, a notification will be sent to the Member informing them of the opportunity to appeal. If the Member does not appeal the decision, the disability application will automatically close.

If the Member is approved with continuing disability review, a follow up case will be automatically triggered after a defined period to support the review process (ex. 3-year Continuing Disability Review, 1-year Social Security Administration). If denied during the review, the benefit will be suspended.

For additional details on retirement processing including rules related to retirement eligibility, see Section 3.1.4.13 - Retirement Processing process flow. For rules related to insurance eligibility, see Section 3.1.4.1 - Common Enrollment process flow.

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# (b) Key System Functions



3.1.4.15 Retirement Payroll Processing

(a) Future Vision

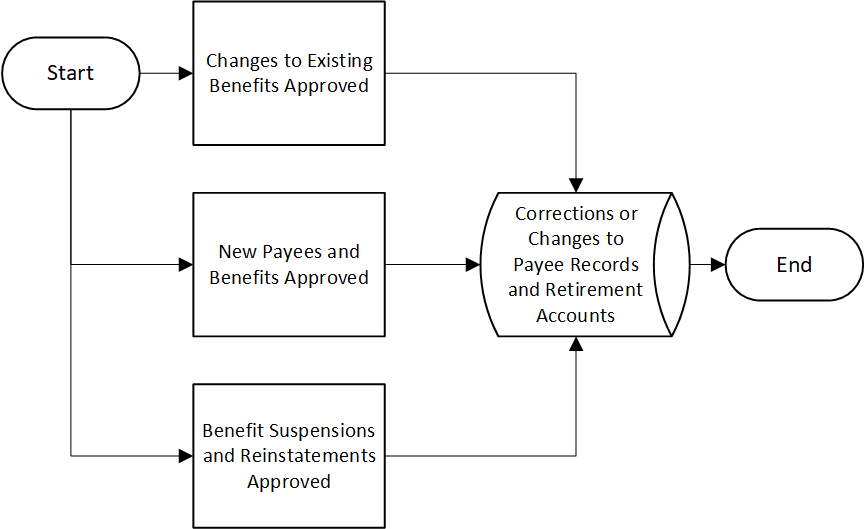
The Retirement Payroll process includes running and reconciling the daily and monthly payrolls and managing the disbursement of benefits for all systems to payees. These payroll processes will be supported by system automation to run required payroll cycles, workflow to route requests for review and approval, and electronic notification and correspondence to payees. Included processes are:

* **Daily Payroll Processing.** Scheduled and ad-hoc payroll cycle processing for monthly annuity, incidental death benefit, refund, and daily annuity payments.
* **Daily Payroll Balancing.** Automated nightly process to compare payroll balances and generate notifications to the applicable PEBA user(s) for exceptions review.
* **Daily Tax Reporting and Remittance.** Automated generation of a tax record used to enter the federal and state tax withholding information for each system using the IRS and SCDOR portals and remit payment.
* **Cost of Living Adjustment (COLA).** Automated application of benefit adjustments based on statute. The COLA calculation will be configurable and include any applicable caps.
* **Qualified Excess Benefit Arrangement (QEBA).** The system will provide the ability to flag and set up QEBA payees based on information from predetermined IRS and actuarial calculations. Flagging payees can generate workflow for review and payment set up from the appropriate trust.
* **Payment Maintenance.** This process will include generating workflow to stop / recall, void, and reissue check and/or EFT payments.
* **Deduction Provider Payments.** Automated process to generate periodic payment of PEBA-approved deductions to the appropriate providers. This also includes maintenance of the deduction provider information.

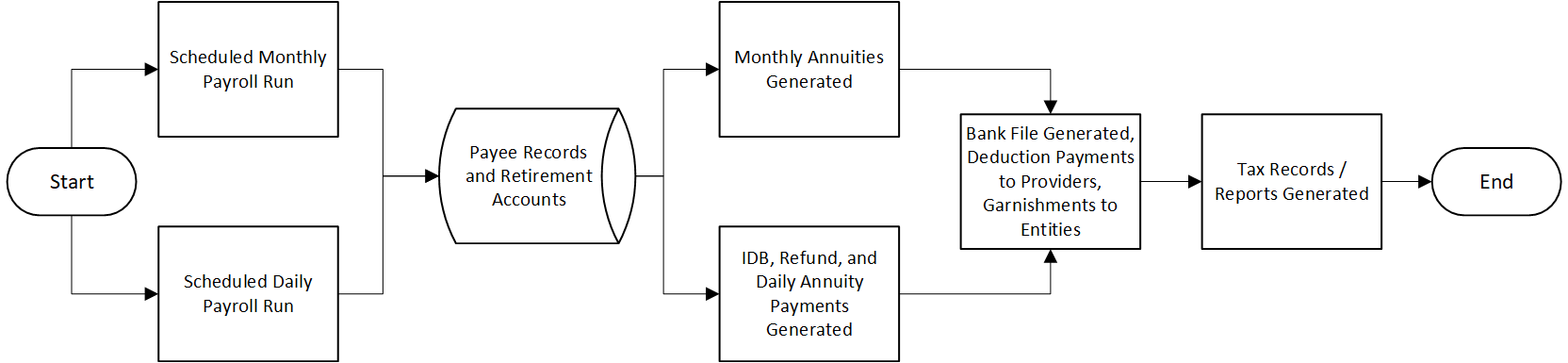
Events that impact the retirement benefit are processed and applied as part of retirement payroll processing and include:

* **Earnings Limitations.** The system will automatically identify and track Members that are approaching a service or disability earnings limitation for a calendar year and generate workflow for review and contact. Earnings limits will be monitored through information from South Carolina Department of Employment and Workforce (SCDEW) and through employer reporting data. The system will allow for approved exceptions such as critical needs.
* **30-Day Break.** Based on a reported return to work date, workflow will be generated to review retirees that have not met the 30-day break requirement and determine if benefits should be suspended.
* **Change of Beneficiary and QBC.** Workflow will be generated when a retiree submits documentation for a qualifying life event for review, approval, and updates to information such as payment option, effective date, and benefit amount.
* **Revert-to-Max.** Workflow will be generated when a retiree submits documentation that qualifies the benefit payment to increase to the maximum option. Upon approval, the new benefit amount will be calculated and applied.
* **Receivables / Allocations.** Receivables will be generated when a payment due to PEBA is identified (e.g. overpayment of benefits). As the funds are collected they are applied to the receivable until it is paid in full.
* **Setoff Debt Process.** This process will include generating notifications and/or correspondence to impacted Members with delinquent receivables and generating a record to be used to enter data into the SCDOR portal.
* **Suspensions / Terminations/ Reinstatements.** Suspensions, terminations, and reinstatements will be processed and monitored automatically based on certain triggers, such as a change to a Member’s status or exceeding an earnings limit. These can also be manually processed for exception scenarios.
* **Medicaid.** Automated process to flag payees that should not receive COLA or identify where COLA should be reinstated based on Department of Health and Human Services (DHHS) data.
* **Pension Protection Act of 2006 (PPA) Deduction & Certification Maintenance.** Workflow will be generated to process payee requests for a PPA deduction and will include notifications to the employer to complete the certification through the Employer Portal.
* **PPA Insurance Provider Setup and Maintenance.** Workflow will be generated to set up new insurance providers/employers to participate in the PPA deduction program and update existing providers.

(b) Key System Functions

(1) Payee and Benefit Adjustments:

(2) Payroll Processing:



3.1.4.16 Death Notification and Processing

# (a) Future Vision

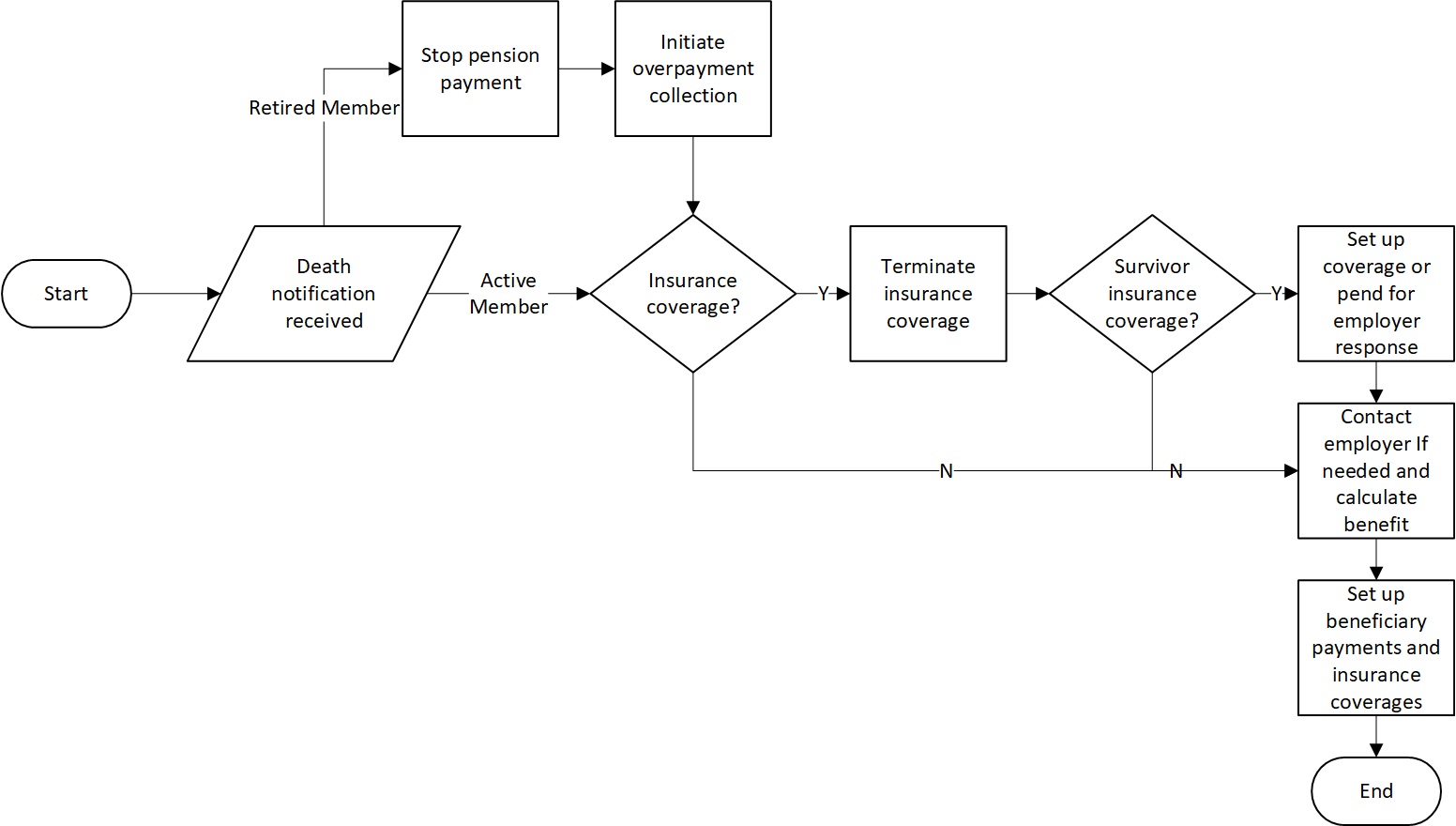
Death notification functionality will provide the ability to receive death information from multiple channels and trigger workflow to confirm date of death, terminate insurance coverage and initiate new coverage for survivors, and process retirement death benefit payments. Death notifications can be received directly from vendors or employers, the SSA, DHEC, CMS, DHHS, or direct contact with PEBA. The specific process steps within the workflow and benefits available will be based on the Member’s status (retiree/payee, active, inactive, working retiree) at time of death.

For payee deaths, the system will automatically suspend benefit payments when the date of death is entered, calculate any overpayments that require collection, and terminate all insurance coverage. The beneficiary and survivor information will be confirmed and notifications sent to the applicable contacts to gather required documentation. Survivors will be automatically enrolled in the insurance coverage they previously held or, in certain cases, a pending transaction will be sent to the employer for approval. Applicable death benefits will be calculated and paid.

Active or inactive deaths will follow a similar workflow by confirming and notifying beneficiaries and survivors and requesting information from the employer if needed to process the death benefits and insurance coverage appropriately. While different calculation rules may be applied to active or inactive death processing, the general workflow to confirm and process benefits will be similar.

There will be several system tools to support processing of all applicable benefits, such as beneficiary and survivor access to self service functionality to upload supporting documentation and check the status of the death claim. Electronic notifications and automated follow-up correspondence will be leveraged to collect all necessary information and process the benefits and coverages timely. When a death is reported, there will be automated eligibility determinations and enrollment in insurance benefits and system calculated death benefits. Employers will receive electronic notifications to provide required information to process PEBA-administered benefits or to send information directly to a TPA, such as in the case of a life insurance claim.

# (b) Key System Functions



3.1.4.17 Member Self Service

# (a) Future Vision

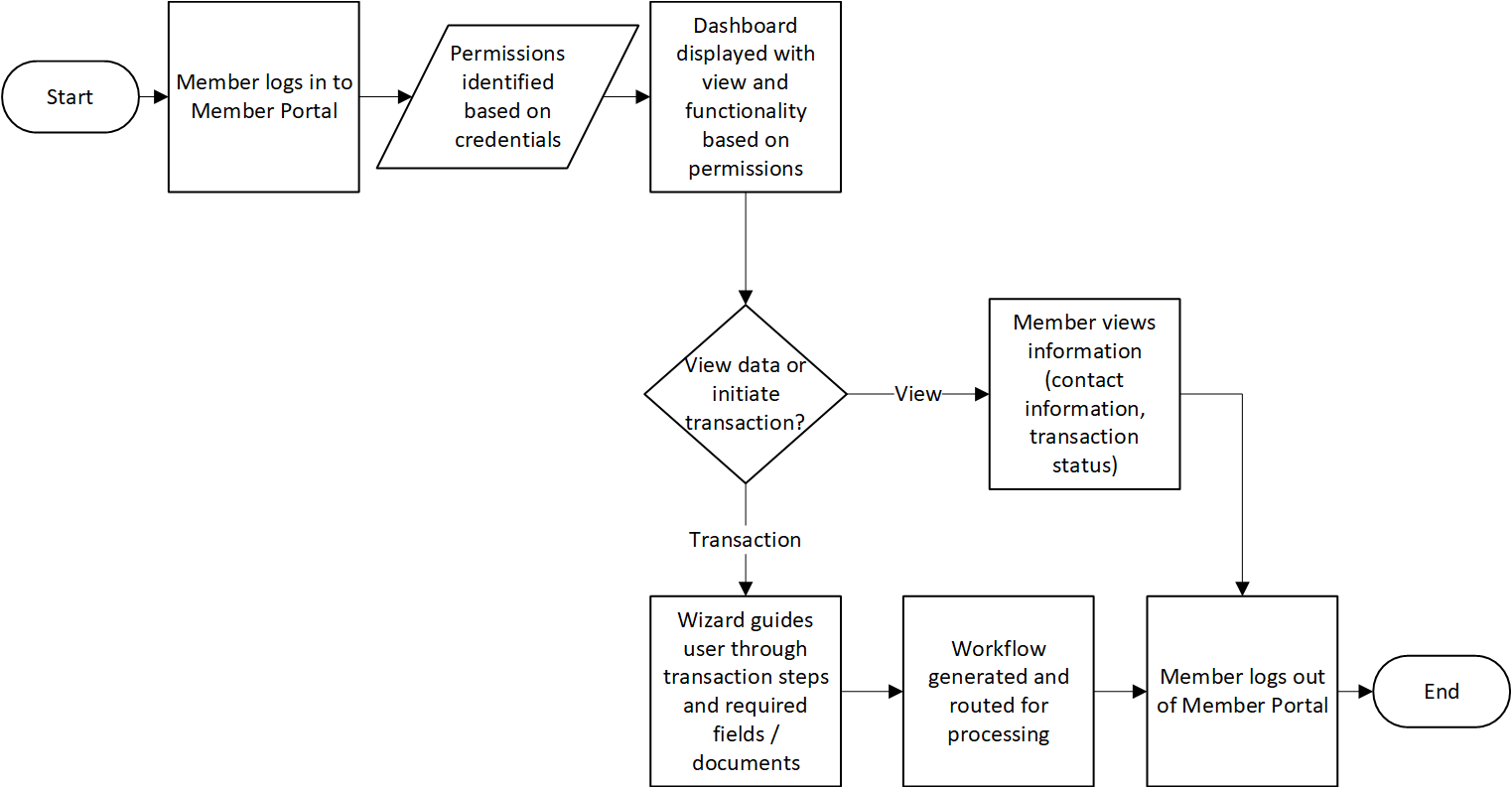
Member Self Service functionality will provide a secure, informative, user friendly portal with the ability to view and update demographic data, initiate transactions, and enter information or upload documents to complete in-process requests. When a participant logs into the portal, they will see information and have access to certain functionality based on their account type and status (ex. active Member, retiree, beneficiary or alternate payee, QDRO recipient, etc.).

All participants will have the ability to initiate chat with internal customer service users, access documents, and view frequently asked questions and disclaimers. They will be able to make updates to their demographic and profile information and customize what they see based on their preferences. If the participant has an account with a TPA, such as the SCDCP, they will be able to view a summary of their account information with links to the TPA’s sites to make changes or view more details.

Non-retired Members will be able to view their employment information, contributions, service credit, and insurance benefits. They will be able to make updates to beneficiary designations, insurance coverage, and payment options for insurance premiums or open service purchase invoices. Additional functionality will include the ability to run estimates, schedule counseling and seminars, initiate a service purchase or refund, apply for retirement, initiate the disability retirement process, and update or apply for insurance coverage.

Retirees and other participants, such as alternate payees and survivor beneficiaries, will be able to view information such as account balance at time of retirement and any working retiree contributions, benefits paid to date, and insurance coverages. They will be able to update their state and federal tax information, check or direct deposit information, beneficiary designations, and insurance benefits when applicable.

# (b) Key System Functions



3.1.4.18 Employer Self Service

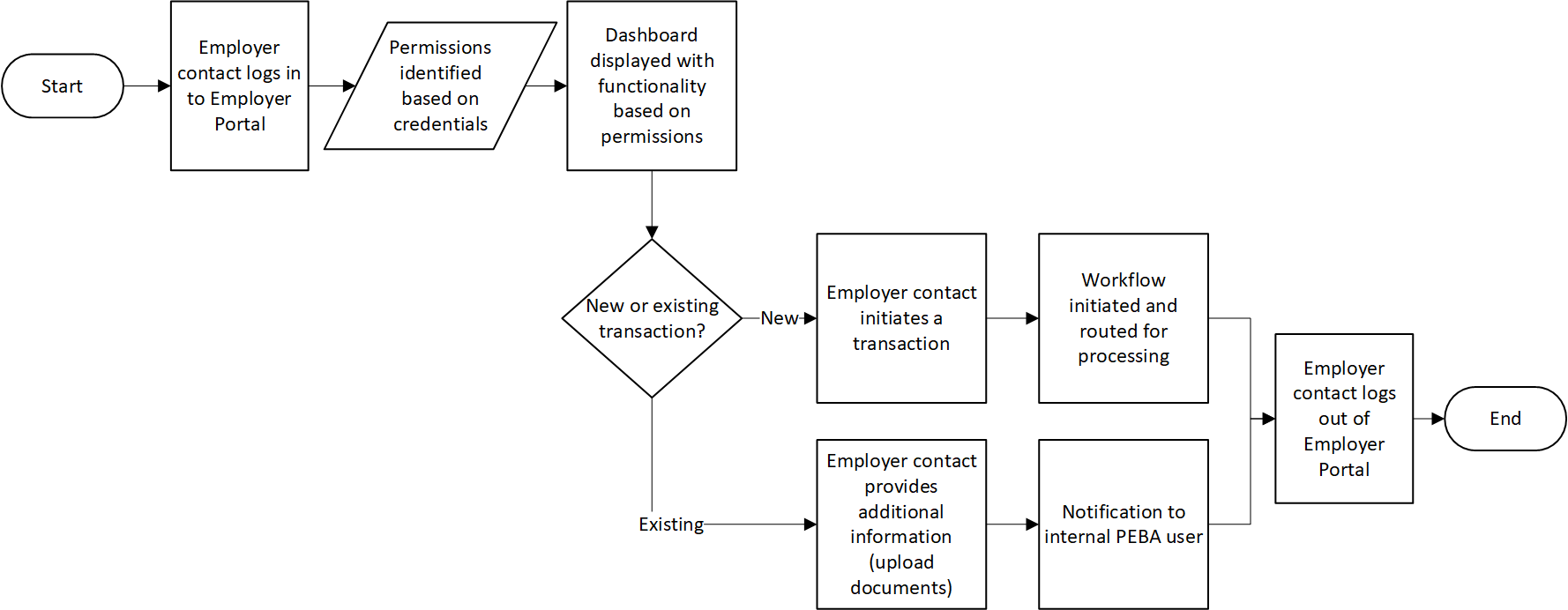
# (a) Future Vision

Employer Self Service functionality will provide a consolidated and secure communication channel between employers and PEBA to view information and complete transactions related to retirement and insurance participation. Employers will log in to the Employer Portal to view notifications and requests for information, view employer documents, and upload new documents to support requests. Real-time data validations and step-by-step prompts will guide employers through completing employer reports and other transactions. Employers will also have access to secure messaging and online help tools for questions specific to their organization.

Key functions that employers will complete through the Employer Portal include: employer reporting, enrollment for new hire transactions, updates to employee status or life events, initiating and managing payments, generating benefit estimates, registering for employer events, and providing supporting documentation for pending requests. When an employer initiates a transaction or provides supporting documentation for an in-process request, workflow will be generated and routed to the appropriate PEBA department for review and processing. Employers can view the status of a pending request and will be notified upon completion. Additional member data and reporting functionality will be available to allow employers to run reports on their employee data and view employer communications.

Employers can maintain their users with permissions and access based on employer participation (retirement, insurance, both). When a user logs in to the Employer Portal, he/she will see functionality and dashboard views specific to their credentials. Electronic notifications will be routed toward specific users based on the type of request. There will be an option to send information or requests to contacts at the employer that are not users of the system based on their communication preference. Reminders for items such as pending employer reports or outstanding document requests will be sent to employers at certain intervals to prevent late reporting and expedite outstanding Member requests.

# (b) Key System Functions



3.1.4.19 Member Account Maintenance

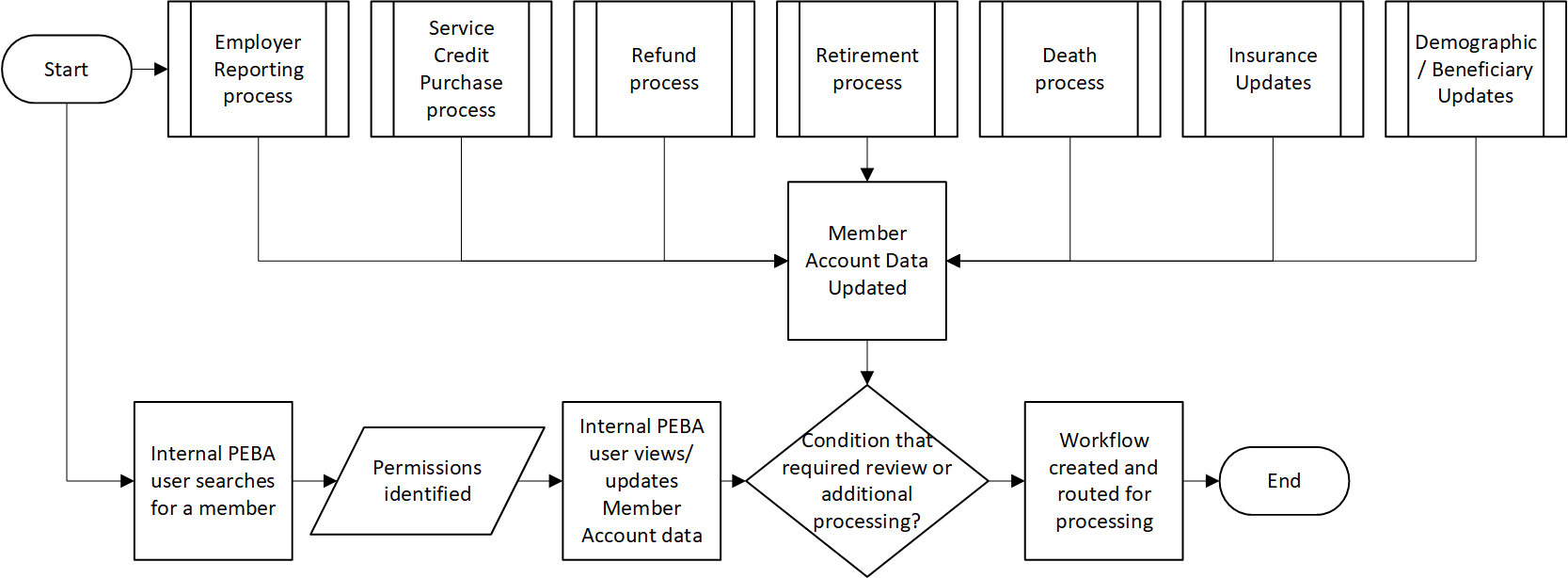
# (a) Future Vision

Member accounts are updated from various processes within the system. For example, the retirement process will update information on the Member’s account related to retirement (retirement option, retirement date, taxes, and bank information) and employer reporting will update information on the Member’s account related to employment (service transactions, contributions, etc.).

Internal PEBA users should be able to view, add, and maintain details of member accounts, including but not limited to, personal information, beneficiary designations, insurance dependents, insurance coverage and history, service, contributions, employment information, invoice details, tax withholdings, bank information, retirement details, and payroll. Certain member account data can be updated by the participant directly through the Member Portal.

Multiple system processes will provide data that will update the member account. This functionality is detailed in the individual process areas.

# (b) Key System Functions



3.1.4.20 Periodic Processes

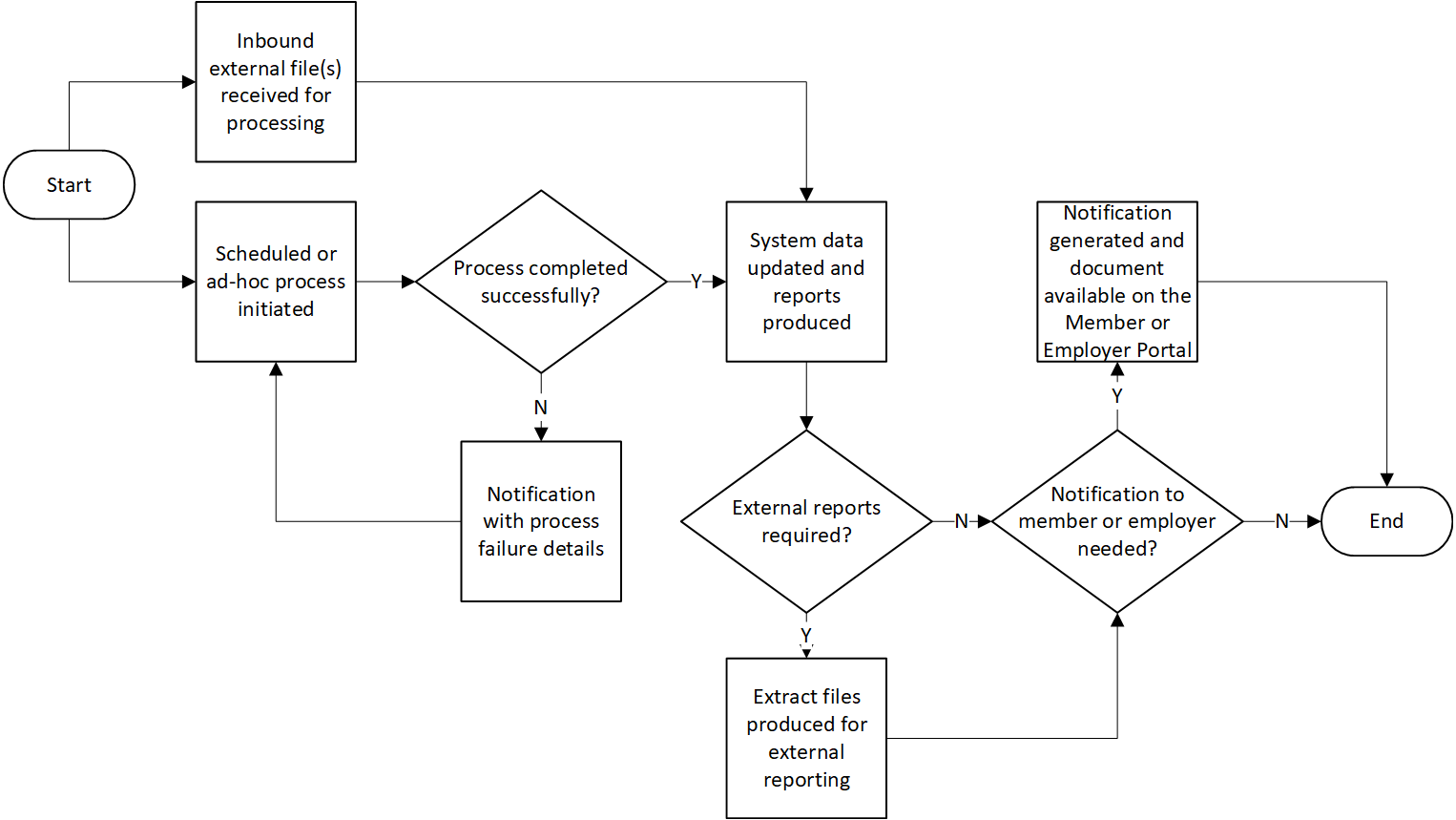
(a) Future Vision

The system will have the ability for PEBA staff to schedule a process (date, time, frequency, etc.) in the future or run a process on demand. If the process fails, a notification will be generated and routed to the appropriate internal PEBA user(s) with the details on why the process failed. When the process completes, a notification will be sent to the appropriate internal PEBA user(s) with details on the process (process name, number of members processed, etc.). Processes that require communication to the member (1099s, W2s, PPA letter, etc.) will be available via the Member Portal or mailed per the member’s communication preference.

Note: The benefit administration system will have the ability to generate reports of data that will be used to prepare various schedules that are included in financial reports that are compiled and published outside of the system such as the Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR).

The following will be covered as part of Periodic Processes:

* Annual IRS Reporting
* 1094: ACA Health Care Coverage Transmittal
* 1095B/C: ACA Health Care Coverage Member Form
* 1099R
* W2
* PPA Statement of Premium Deductions
* Required Minimum Distribution (RMD)
* Annual Contributions Interest Posting Process
* Generation of Actuarial Files
* Generation of Non-Discrimination Testing File
* Financials and Other Reporting
  + Annual Insurance Benefits and OPEB Trusts’ Financial Reports
  + CAFR and PAFR
  + GASB (ex. 44, 48, 68, 71, 74, 75, 82, etc.)
  + CEM Benchmarking
  + Transfer of Stale Date Checks to the Office of the State Treasurer
* Processing of Annual National Guard Service / Enrollment Files
* Processing of Inbound Insurance Financial Files
  + OPEB IBNR Transfer
  + Semi-Annual Receipt of Vendor Administration Fees
  + Receipt of MoneyPlus Forfeitures

(b) Key System Functions

3.1.4.21 Premium Management

(a) Future Vision

It is PEBA’s goal to implement a BAS solution that will provide fully integrated premium billing and receipts management. The following is a list of operational objectives that must be met:

* Run trial batch for Insurance Billing that will pick up all current Subscribers as well as changes in enrollment (additions, changes, and terminations of coverage) that have been entered since the last billing batch was run.
* Reconcile the trial batch run to validate the Insurance Bills against current enrollment rosters and premium amounts.
* Apply and carry forward credits and debits outstanding from prior periods, including retroactive premiums and past-due amounts.
* Post approved trial batch and generate Insurance Bills at the employer and individual Subscriber levels.
* Generate and distribute Insurance Bills according to the preferences designated by the payer. For example, electronic file, paper, etc.
* Generate banking files for debiting or crediting EFTs that reconcile to Insurance Billing detail files.
* Generate General Ledger integration files that will create Journal Entries for Accounts Receivables (or Payables in the case of a credit due) according to the transaction Chart of Accounts (subledgers).
* Consolidate and process summary payables generated through the retirement payroll process. This includes payment to third-party vendors (Fully Insured program) and the transference of money to designated state or PEBA subsidy funds.
* Integrate with the SCEIS SAP system to reconcile Subscriber enrollment.
* Incorporate OPEB Trust activity in internal accounting system.

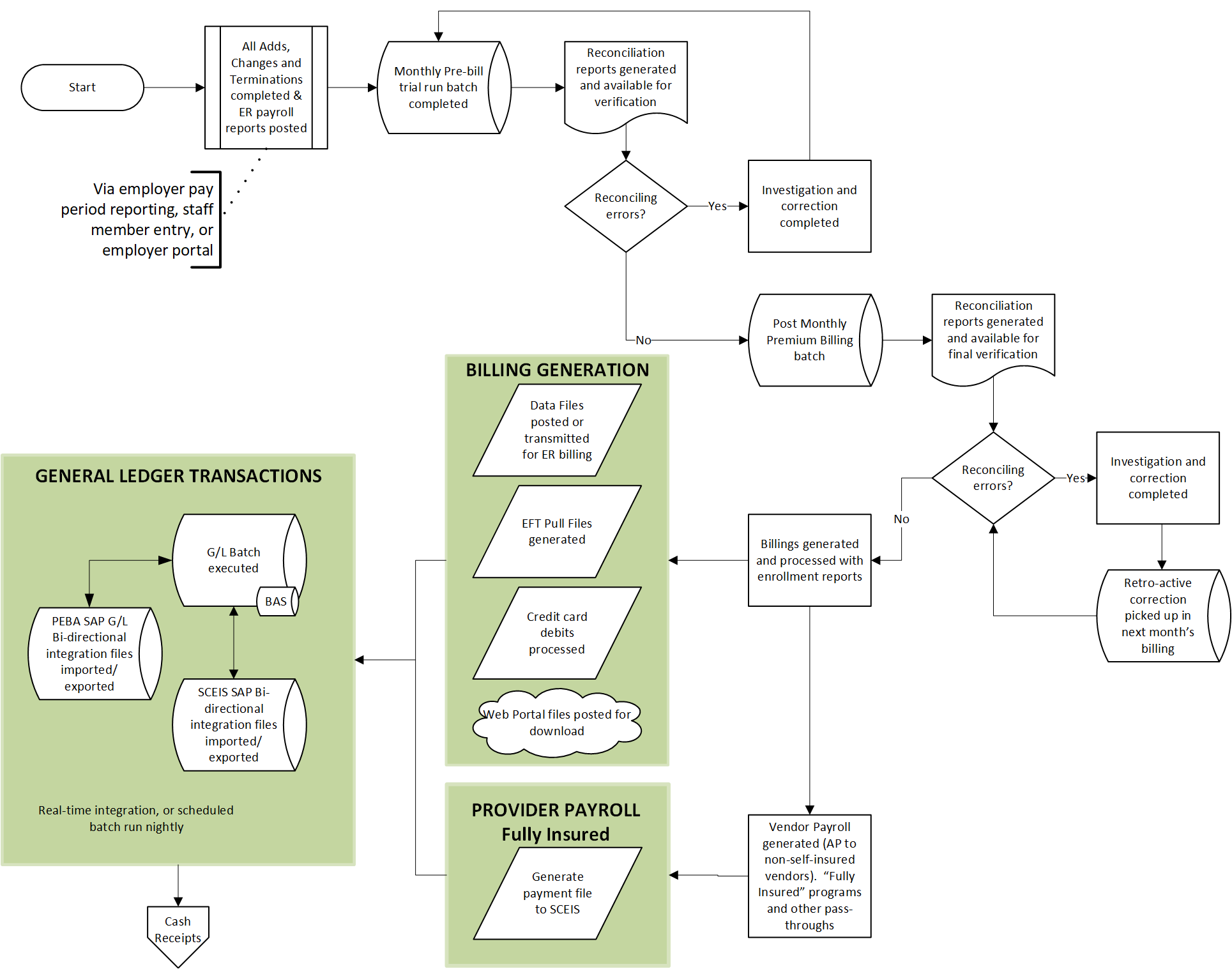
The system functionality necessary to meet the objectives noted above is summarized as follows:

* A single-system user interface for the management of all aspects of benefits administration, including premium management.
* Premium billing based on individual Member assignment to benefit programs and plans, or based on calculations defined by business rules configured in the system.
* Accounts receivable and payable transactions visible in individual person records and summarized at the employer level.
* Effective Date driven billing, capable of automatically applying retroactive credits and debits.
* Eligibility rules configured for participation in benefits programs that will ensure accurate billing.
* Batch-based billing processes that will be run according to any schedule defined by PEBA.
* Integrated benefit premium deductions applied to retiree and associated dependents payments as part of the monthly retirement payroll process.
* Ability to define an unlimited number of new benefit programs, including eligibility rules, rates, and calculations. Existing programs may be closed to new enrollment, while allowing existing Subscribers to continue coverage (grandfathered), or may be closed while existing Subscribers are assigned to other programs.
* Ability to designate payer to be billed at the benefit program level for employers and/or at the individual Subscriber level.
* Generation and distribution of premium bills in multiple ways, including invoices to individual payers and summary billings to employers. Distribution methods may include direct mail, web portal, and secure file transfer.
* Posting of payments at the employer level, and at the individual person level when and where the data makes that possible. Payments may come through check, wire transfer (EFT “pulls”), credit card, and funds transfers within the SCEIS SAP system.
* Batch and extraction of general ledger transactions, summarized to the defined chart of accounts configured for all person-level transactions posted in the benefits administration system.
* Definition of workflow and associated communications in support of accounts receivable and payable.
* Validation and Reconciliation of all premium transactions, including:
  + active employee premium billing to current enrollment at the individual person and the employer level;
  + automated reconciliation of imported or entered payment data against receivables at the individual person level and at the summary employer level; and
  + reconciliation of retirement payroll premium deduction transactions to current enrollment.
* Generation of all necessary reports, detailed and summary to ensure that reconciling items will be identified.
* A complete and unified view of all financial transactions (credits and debits) at the employer level, including:
  + Retirement Contributions – Member;
  + Retirement Contributions – Employer;
  + Premium Billed;
  + Premium Paid;
  + Past Due;
  + Fees; and
  + Penalties.

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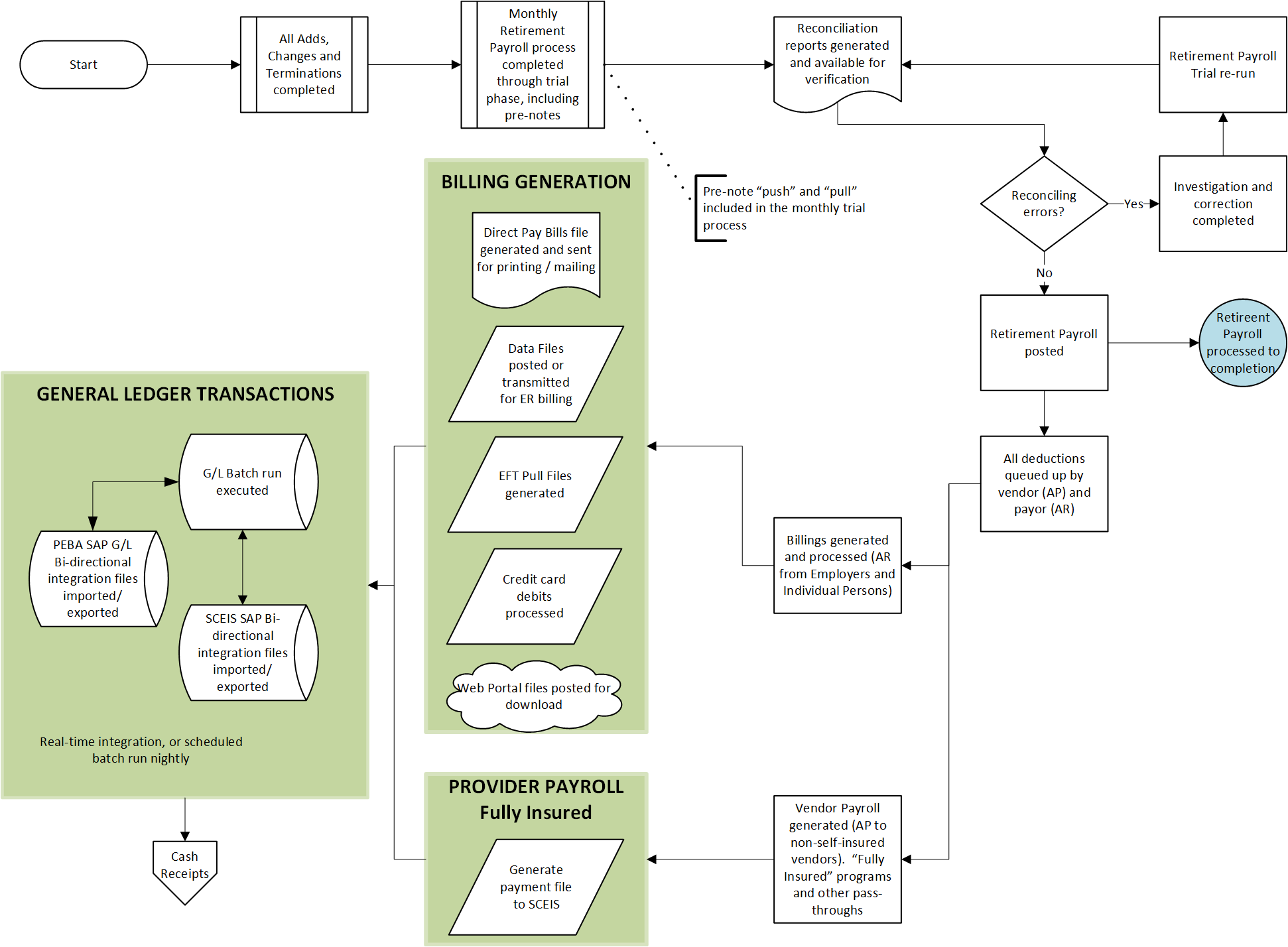
(b) Key System Functions

(1) Premium Management for Active Employees and their associated Subscribers



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(2) Premium Management for Retirees and their associated Subscribers



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(3) Premium Cash Management: Employer Batch Example



(4) Premium Cash Management: Individual Direct Pay Example



* + 1. **Key Business Rules**

Exhibit 1 Business Rules contains detailed descriptions of each of the major business process key business rules at PEBA. The descriptions will help to provide a fuller context to the Contractor, as compared to just listing requirements. Each major process is identified by a number. There is nothing to be implied from the process identification numbers other than simple identification. Please do not alter the process ID numbers.

* 1. **GOVERNMENT CLOUD SERVICES**

PEBA is interested in an off-site government cloud services hosting option for the new BAS.

The Contractor is not merely delivering a software solution. The Contractor must deliver a solution capable of meeting the dynamic, year-over-year needs of PEBA. As the System includes the service provided by the hardware and software infrastructure required for its hosting, operation, and maintenance, the Contractor will, therefore, select and enter into a written agreement with a Subcontractor (the “Government Cloud Services Subcontractor”), who will assist with the design, development, and implementation of the System infrastructure, delivered as a service, in such a manner as to allow PEBA to benefit from the pricing of such services and to promote functionality of the System.

The Government Cloud Services Subcontractor will be a distinct entity from the Contractor. The Contractor will enter into a written subcontract agreement with the Government Cloud Services Subcontractor (the “Government Cloud Services Subcontract”), in accord with the terms set forth below in this section. PEBA will be an express, intended third-party beneficiary to the Government Cloud Services Subcontract. ***Within 10 days of the start of the Project,*** ***the Contractor will deliver to PEBA a copy of the Government Cloud Services Subcontract, as executed by the Contractor and Government Cloud Services Subcontractor.***  The term of the Government Cloud Services Subcontract will be coextensive with the term of this Contract.

* + 1. **General Terms.** The Government Cloud Services Subcontract will provide, by its terms, the following elements of the System’s infrastructure solution:

1. **Cost-Effective Delivery.** The Contractor will ensure that the Government Cloud Services will provide for sustainable and cost-effective operation of the System. The Contractor will, therefore, compensate the Government Cloud Services Subcontractor and will, upon request by PEBA, promptly make available copies of invoices from the Government Cloud Services Subcontractor issued to the Contractor, and all supporting materials submitted in support of same.
2. **Flexibility.** The Contractor will require that the Government Cloud Services Subcontract accommodate transaction rates and storage demands that accommodate PEBA usage in the Warranty Period and/or during Maintenance and Support services delivery.
3. **Assumption.** The Contractor will require that the Government Cloud Services Subcontract provide that, in the event the Contractor’s services are terminated pursuant to Section(s) 6.11.3 and 6.11.4 below, prior to the expiration of the term set forth in this Contract, PEBA will have the right to assume all of the Contractor’s rights in the Government Cloud Services Subcontract.
4. **Change Management.** The Contractor will require that the Government Cloud Services Subcontract provide that changes will be managed pursuant to Sections 6.3.8 and 6.3.9 below.
5. **Maintenance.** The Contractor will require that the Government Cloud Services Subcontract include a calendar of scheduled maintenance, which will be continuously available to PEBA, with all scheduled activities occurring within the Maintenance and Support periods set forth herein. The Contractor will require that the Government Cloud Services Subcontract provide for the underlying cloud infrastructure, including network, servers, operating systems and storage maintenance, upgrades, and enhancements over time (“Infrastructure Maintenance”), including through the system development and testing, Warranty Period, and any optional Maintenance and Support periods PEBA elects. The Contractor will further require that the Government Cloud Services Subcontract provide that major upgrades to the System’s Software and Equipment must be scheduled after advanced prior notice that allows PEBA an opportunity to assess the impact and make any needed changes to accommodate the new infrastructure.
6. **Service Level Agreement.** The Contractor will have a Service Level Agreement (SLA) with the Government Cloud Services Subcontractor. The SLA will be designed to support the goals contained in the SLA between the Contractor and PEBA in Section 3.18.
   * 1. **Data Ownership.** PEBA will own all right, title, and interest in PEBA Data that is related to the Government Cloud Services provided by this contract. The Contractor will ensure the Government Cloud Services Subcontractor will not access PEBA user accounts or PEBA Data, except (1) in the course of data center operations, (2) in response to service or technical issues, (3) as required by the express terms of this contract, or (4) at PEBA’s written request.
     2. **Import and Export of Data:** PEBA will have the ability to import or export data in piecemeal or in entirety at its discretion without interference from the Government Cloud Services Subcontractor. This includes the ability for PEBA to import or export data to/from other service providers.
     3. **Data Location.** The Contractor will require, as a condition of entering into the Government Cloud Services Subcontract, that all data, including data stored in all databases, environments, and data backups, will be stored on-shore within the United States of America and that the data will be accessed only by personnel located within the United States of America. System access will be limited to PEBA-assigned access and only those Contractors’ staff required performing services under this Contract. Contractor will ensure Government Cloud Services Subcontractor staff with data access will sign a nondisclosure agreement and a security agreement. The Contractor will use the data only as necessary to perform services hereunder and not share or sell the data in any way.
     4. **Data Protection.** Protection of personal privacy and data will be an integral part of the business activities of the Government Cloud Services Subcontractor to ensure there is no inappropriate or unauthorized use of PEBA information at any time. To this end, the Contractor will require the Government Cloud Services Subcontractor will safeguard the confidentiality, integrity, and availability of PEBA information within its control and comply with the following conditions:
7. The Government Cloud Services Subcontractor will implement and maintain appropriate administrative, technical, and organizational security measures to safeguard against unauthorized access, disclosure, or theft of all data within its control. Such security measures will be in accordance with recognized industry practice and not less stringent than the measures the Government Cloud Services Subcontractor applies to its own data of similar kind.
8. All data obtained by the Government Cloud Services Subcontractor within its control in the performance of this contract will become and remain the property of PEBA. This data includes, but is not limited to, all system & infrastructure generated audit, security, error, performance, and activity logs.
9. Confidential Data, Restricted Data, and Personal Data will be encrypted at rest and in transit with controlled access.
10. At no time will any data or processes, which either belong to or are intended for the use of PEBA or its officers, agents, or employees, be copied, disclosed, or retained by the Government Cloud Services Subcontractor or any party related to the Government Cloud Services Subcontractor for subsequent use in any transaction that does not include PEBA.
11. The Government Cloud Services Subcontractor will be Federal Risk and Authorization Management Program (FedRAMP) certified at the High level. PEBA reserves the right to inspect the Government Cloud Services Subcontractor’s FedRAMP Readiness Assessment Report and other such FedRAMP certification supporting documentation.
12. The Government Cloud Services Subcontractor must provide annually a SOC-2, Type 2 audit report that addresses all five trust principles of security, availability, processing integrity, confidentiality, and privacy, audited by an independent public accounting firm under Statement on Standards for Attestation Engagements No. 18 (“SSAE 18 Report”) for each facility from which Government Cloud Services are provided.
13. The Government Cloud Services Subcontractor will support HIPAA compliance and enter into a Business Associate Agreement, as required by HIPAA.
14. The Government Cloud Services Subcontractor will maintain and implement procedures to logically separate PEBA data from the Government Cloud Services Subcontractor’s data and the data belonging to the Government Cloud Services Subcontractor’s other customers.
15. The Government Cloud Services Subcontractor will not store PEBA Data on any portable computing device including, but not limited to, personal data assistant (PDA), cell phone, smartphone, laptop (each a “Portable Computing Device”), unless PEBA Data stored on such Portable Computing Device is encrypted.
16. The Government Cloud Services Subcontractor will not store PEBA Data on any removable media, such as compact disc, flash drive, tape (each a “Removable Media”), unless PEBA Data stored on such Removable Media is encrypted.
17. Encryption of Data at Rest: The Government Cloud Services Subcontractor will ensure hard drive encryption consistent with validated cryptography standards as referenced in FIPS 140-2, Security Requirements for Cryptographic Modules for all Confidential Data, Restricted Data, and Personal Data, unless the Government Cloud Services Subcontractor presents a justifiable position approved by PEBA that data must be stored on a Government Cloud Service Subcontractor portable device in order to accomplish work as defined in the scope of work.
    * 1. **Incident Response.** The Government Cloud Services Subcontractor may need to communicate with outside parties regarding a Security Incident, which may include contacting law enforcement, fielding media inquiries, and seeking external expertise as mutually agreed upon, defined by law, or contained in the contract. Discussing Security Incidents with PEBA must be handled on an urgent as-needed basis, as part of the Government Cloud Services Subcontractor communication and mitigation processes as mutually agreed, defined by law, or contained in the contract.
      2. **Termination and Suspension of Service.** The Contractor will require that the Government Cloud Services Subcontract provide that:
18. In the event of an early termination of the contract, the Government Cloud Services Subcontractor will allow for PEBA to retrieve its digital content and provide for the subsequent secure disposal of PEBA digital content.
19. During any period of suspension, the Government Cloud Services Subcontractor will not take any action to intentionally erase any PEBA digital content.
20. In the event of early termination of any services or agreement in entirety, the Government Cloud Services Subcontractor will not take any action to intentionally erase any PEBA data until all data has been transferred to a new environment of PEBA’s choice. After the transition, the Government Cloud Services Subcontractor will have no obligation to maintain or provide any PEBA data and will thereafter, unless legally prohibited, delete all PEBA Data in its systems or otherwise in its possession or under its control. In the event of termination for cause, the Government Cloud Services Subcontractor will impose no fees for access and retrieval of digital content to PEBA.
21. After termination of the contract and the prescribed retention period, the Government Cloud Services Subcontractor will securely dispose of all digital content in all of its forms, such as disk, CD/ DVD, backup tape, and paper. PEBA’s digital content will be permanently deleted and will not be recoverable, according to NIST-approved methods. Certificates of destruction will be provided to PEBA.
    * 1. **Access to Security Logs and Reports.** The Contractor will require that the Government Cloud Services Subcontract provide that:
22. The Government Cloud Services Subcontractor will provide access to system logs which include usage statistics, user access data, user access IP address, user access history, and security information.
23. PEBA will be allowed to scan for vulnerabilities against systems in which PEBA has the primary responsibility for system and data confidentiality, integrity, and availability.
24. The Government Cloud Services Subcontractor will allow PEBA, or its representative, to conduct forensic investigations for both criminal and non-criminal purposes. The Government Cloud Services Subcontractor will ensure that there is no interference with the investigation and will ensure the integrity of the data is maintained throughout the investigation.
25. Upon PEBA’s request, the Government Cloud Services Subcontractor will promptly provide PEBA with such assistance and information as is required by PEBA in order to comply with any legal obligations to preserve or collect PEBA data or information concerning PEBA’s use of the Government Cloud Services or to respond to or otherwise address any inquiry, access request, complaint, enforcement notice, claim, or similar action raised in relation to or made by any or all subjects of PEBA data.
    * 1. **Contract Audit:** The Contractor will require that the Government Cloud Services Subcontract provide that the Government Cloud Services Subcontractor will allow PEBA to audit conformance to the contract terms. PEBA may perform this audit or contract with a third party at its discretion and at PEBA’s expense.
      2. **Change Control and Advance Notice:** The Contractor will require that the Government Cloud Services Subcontract provide that the Government Cloud Services Subcontractor will give advance notice to PEBA of any changes (e.g., major upgrades, minor upgrades, system changes) that may impact service availability and performance.
    1. **FUNCTIONAL REQUIREMENTS**

The Contractor will provide, at a minimum, the following material and essential requirements subject to any modifications that may be issued in an Amendment by PEBA to the Request for Proposal resulting from the question and answer phase. Attachment 8 Functional Requirements contains a detailed listing of all functional requirements by major process. Each major process is identified by a number. There is nothing to be implied from the process identification numbers other than simple identification. The individual requirements listed are numbered as an extension to the process number. Please do not alter the functional requirement ID numbers.

* 1. **REPORTS, FORMS, LETTERS, E-COMMUNICATIONS, AND INTERFACES**

PEBA intends to be an active partner and co-implementer of the proposed BAS solution, in particular in the areas of reports, forms, letters, e-communications, and interfaces.

* + 1. Attachment 8 Functional Requirements and Attachment 9 Technical Requirements contain specific named functionality and technical requirements that the proposed system must meet.
    2. PEBA has assumed for planning purposes, but does not warrant or guarantee, the following quality and complexity of reports, forms, letters, e-communications, interfaces, and workflows:

|  |  |
| --- | --- |
| **Item** | **Quantity and Complexity** |
| Reports & Queries | 250 High Complexity  500 Medium Complexity |
| Forms, Letters & E-Communications | 75 High Complexity  150 Medium Complexity |
| Interfaces | 45 High Complexity  90 Medium Complexity |
| Workflows | 10 High Complexity  20 Medium Complexity |

* + 1. All necessary data back bridges, back feeds, and interim interfaces between the PEBA legacy systems and the new BAS during the Phase deployment of the new system will be the responsibility of the Contractor. Compensation to Contractor for the services required in this contract will be based upon the Contractor’s estimate and best judgment of required level of effort for the successful completion of the work. Deviations or variations from the Contractor’s expected level of effort or an erroneous estimate of hours and personnel required to complete the work will not serve as a basis for an increase in Contractor’s fees or compensation as Contractor expressly assumes this risk.
    2. PEBA intends to co-implement low to medium complexity reports, forms, letters, e-communications, and interfaces as part of the training of PEBA technical IT and ORD staff in Section 3.15.2.3(b).
  1. **TECHNICAL REQUIREMENTS**

The Contractor will provide, at a minimum, the following material and essential requirements, subject to any modifications that may be issued in an Amendment by PEBA to the Request for Proposal resulting from the question and answer phase. Attachment 9 Technical Requirements contains a detailed listing of all technical requirements by category. Each category is identified by a number. There is nothing to be implied from the category identification numbers other than simple identification. The individual requirements listed are numbered as an extension to the category number. Please do not alter the technical requirement ID numbers.

Please note throughout the exhibit any use of HTML refers to HTML5. Technologies such as JSP and ASP that are processed on a webserver and sent to the user may be generically referred to as HTML in this exhibit.

* 1. **REQUIREMENTS TRACEABILITY MATRIX (RTM)**
     1. The Requirements Traceability Matrix (RTM) traces each functional and technical requirement to, among other things, the design components, project schedules, and test cases to enable PEBA to verify that they are being met.
     2. Attachment 8 Functional Requirements and Attachment 9 Technical Requirements will form the foundation for the RTM. During the first 120 days after the start of the Project, the Contractor will perform a detailed requirements validation to confirm a complete and thorough understanding of each requirement. The Contractor will submit an updated RTM that assigns each requirement to its appropriate implementation Phase and sub-system, function, or delivery group to provide tracking to scheduled Project delivery. PEBA anticipates that the RTM content may be tailored to conform with the Contractor’s development methodology so long as it achieves PEBA’s tracking objectives; this means knowing when each requirement is being addressed in the schedule and having the ability to schedule verification that the requirement has been met as part of testing.
     3. Prior to the start of each of the Contractor’s Integration and System Test, the Contractor will submit confirmation of the requirements included in the scope of the test event. Confirmation must include the “as delivered” categorization of how the requirement was met (Configuration, Minor Customization, Major Customization, or Other; see Section 3.1). Any changes made during system test must be delivered at the end of each test phase.

* + 1. As part of User Acceptance Testing, PEBA will verify that the requirement meets PEBA’s quality standards. The RTM will be a primary tool for tracking that the requirements of the system have been delivered, verified, and accepted.
  1. **STAFFING/KEY PERSONNEL AND ACCOUNT MANAGEMENT** 
     1. **Contractor Personnel.**
        1. The Contractor will maintain Contractor Personnel levels and expertise sufficient to complete the required services and meet the requirements specified in this Contract.

1. PEBA reserves the right to accept or reject any personnel resource the Contractor proposes in support of the contract for any or no reason at PEBA’s discretion.
2. PEBA will give written notice to Contractor of the requirement of replacement. Contractor will not be liable for the Replacement Fee for Key Personnel that are required to be removed by PEBA. Such replacement will not constitute an Event of Force Majeure as defined in Section 6.5 or a PEBA-caused delay under Section 6.4.3 hereof.
   * + 1. The Contractor will provide Contractor Personnel:
3. Who have fluent English language skills, both spoken and written.
4. Who have technical expertise sufficient to implement the System.
   * 1. **Key Personnel.**
        1. The Contractor will provide Key Personnel:
5. Who have at least five (5) years professional work experience in the specific area of expertise for which they are being proposed.
6. Who have experience in implementing pension or health and welfare systems for public benefit systems and with environments and projects similar to that described in this RFP.
7. Who are authorized to work in the United States for the duration of the Project.
   * + 1. The Contractor will provide the Key Personnel designated in its proposal. No diversion will be made by the Contractor without the written consent of PEBA.
8. The Contractor will provide PEBA with immediate notice of the termination or transfer of any Key Personnel, the reason(s) for the termination or transfer, and an action plan for replacing the terminated or transferred employee.
9. Prior to providing a replacement for any Key Personnel that leaves the Project for any reason, Contractor will obtain PEBA’s written approval of the replacement, which may be withheld in PEBA’s sole discretion. Contractor will provide PEBA with the option to interview such replacement and provide PEBA with all reasonably requested information regarding such replacement to allow for PEBA to determine if it approves of the replacement. Such replacement and/or PEBA’s disapproval of a replacement will not constitute an Event of Force Majeure as defined in [Section 6.5](#_bookmark33) or constitute a PEBA-caused delay under Section 6.4.3 hereof.
10. Contractor will: (i) ensure that any replacement candidate proposed by Contractor has qualifications of substantial similarity to the qualifications of the individual being replaced and such replacement will not delay the Project; and (ii) use reasonable efforts to ensure that such replacement has served on the Project in another role and had not been previously removed due to PEBA’s request. Notwithstanding the foregoing, such replacement of the Key Personnel will not be permitted to serve in more than one Project role. Accordingly, if the replacement is being removed from another role for the Project, the Contractor will have to not only replace the Key Personnel but also the role the replacement is vacating.
11. Replacement Fee.Contractor acknowledges the loss to the Project of Key Personnel, due to unauthorized reassignment or for any other than a Permitted Reason, will result in harm to PEBA and the damages resulting from that harm will be difficult to estimate. As a consequence thereof, Contractor agrees it will not make any change in Key Personnel without the prior written approval of PEBA unless such Key Personnel leaves the Project for a Permitted Reason (defined below). Contractor further agrees that if it makes a change in Key Personnel in violation of the preceding sentence, Contractor will pay PEBA a fee of fifty thousand dollars ($50,000.00) (the “Replacement Fee”). The Replacement Fee will be paid to PEBA no later than five (5) Business Days after the last day that the Key Personnel in question works on the Project. PEBA reserves the right to deduct the Replacement Fee from whatever payments may be due the Contractor or to separately invoice the Contractor for the Replacement Fee. As used herein, a “Permitted Reason” will mean: the Key Personnel becomes unavailable due to serious illness, legally mandated leave, death, or disability; the Key Personnel is terminated by Contractor for cause (provided, however, that Contractor may not terminate a Key Personnel for the purpose of reassigning the Key Personnel to another project); or the Key Personnel voluntarily leaves the employ of Contractor. Should a Key Personnel leave the employ of Contractor and return at any time prior to the completion of the Project, Contractor will notify PEBA of such employee’s return and PEBA will have the right, at PEBA’s sole discretion, to require that such employee be reassigned to the Project.
    * + 1. The Contractor will ensure Key Personnel, with the exception of the Account Executive, will be present at PEBA Premises no less than eighty percent (80%) of the Business Days for the duration of the portion of the Project for which they are responsible, unless otherwise approved by PEBA
      1. **Account Management.**
12. The Contractor will promptly and without delay remove or reassign any Contractor Personnel, Key Personnel, or Subcontractor personnel assigned to this contract who are found unacceptable by PEBA. The Contractor will replace the employee within thirty (30) calendar days by another employee with acceptable experience and skills, subject to PEBA’s prior written approval. Such approval will not be unreasonably withheld or delayed.
13. The Contractor will make Key Personnel and any other requested Contractor Personnel available for all meetings. In addition to the regular status reports and meetings, Contractor agrees that it will provide all other information reasonably requested by PEBA in a timely manner and attend all other reasonably requested meetings by PEBA’s Personnel.
    * 1. The Contractor will work with the PEBA Project Manager and PEBA Project Director in coordinating all project management related efforts that involve PEBA resources and staff. The Project Manager and the Project Director will be responsible for the following:
         1. The identification, coordination, and acquisition of PEBA resources, as needed.
         2. Serving as the single points of contact for all contract related communications, deliverable Acceptance, payment approvals, and initial dispute management.
    1. **PROJECT WORK PLAN**
       1. **Project Work Plan**. The Contractor will update their proposed Project Work Plan (Attachment 10) and will review it weekly with the PEBA Project Manager and PEBA Project Director. The Project Work Plan will be kept current throughout the Project to reflect PEBA-approved changes and current information.

The Project Work Plan will include the following to demonstrate that Project delivery is fully resourced, realistic, and achievable throughout the duration of the Contract:

* **Critical Path**. A critical path with parallel and dependent Project tasks.
* **Baseline**. A baseline of the project schedule with variances.
* **Work Breakdown**. A work breakdown structure of the major phases of the Project, accounting for all tasks, Deliverables, and Milestones will be provided.
* **Timetables**. The Project Work Plan will include adequate time for PEBA to review, provide feedback, and approve all Deliverables, revisions, or corrections. A timetable will be developed for each task, Deliverable, and Milestone, including: estimated start and completion dates; actual start and completion dates; estimated and actual task hours; and completion percentage for all in-process tasks. The dates arrived at within the Project Work Plan must be mutually agreed upon between PEBA and the Contractor within ninety (90) days of the Project Start Date, with PEBA having final authority for approval.
* **Resource Loading**. A description, by phase, of the number of Contractor personnel (including Subcontractor personnel, if applicable) will be provided. The Contractor will ensure that the schedules of the Contractor personnel have been designed to guarantee timely completion of Deliverables. A summary of total Contractor and PEBA hours by phase is required.
  + 1. The Contractor will create the Project Work Plan using the latest version of Microsoft Project and save a copy of it in the Project Documentation Repository described in Section 3.15.1.2. After the update of the Project Work Plan, the Contractor will save a copy of the Plan to PDF format and include it in the Project Documentation Repository so that PEBA can assess schedule risk independently.
  1. **PROJECT RESOURCE PLAN**

The Contractor will update their proposed Project Resources Plan (Attachment 11) that identifies the organizational structure, roles, and phases of all participating PEBA staff as they will be assigned throughout the Project, consistent with the Contractor’s proposal. The PEBA Project Manager will coordinate the assignment of PEBA resources and will provide the Contractor with the names of individuals assigned to the project roles.

The Project Resource Plan will be kept current throughout the Project to reflect any changes in staffing and organization as soon as they occur.

* 1. **QUALITY MANAGEMENT**
     1. **Quality Management Plan.** During the first 90 days after the start of the Project, the Contractor will submit a Quality Management Plan. The Contractor will update this plan and continue to do so throughout the duration of the Contract. The Quality Management Plan will cover the following topics:
* **Purpose and Scope of the Quality Management Plan.** The Contractor will define the purpose and scope of the plan.
* **Project Quality Objectives and Metrics.** The Contractor will describe the Project quality objectives and metrics needed to assess progress toward those objectives. Quality assurance activities will be fully described as to method, schedule, and responsibility. Detailed procedures may be included or referenced from a separate document.
* Each identified metric will be fully defined in terms of:

Purpose and expected use.

Definition of data elements used in the metric.

Collection, calculation, reporting method, schedule, and responsibility.

Standards to be used in the Project (these may be references to external documents).

Management-level, Milestone, or payment point review activities.

* **Quality Management Record Keeping.** The Contractor will provide up-to-date records on its quality-related activities during the Project and make them available to PEBA upon request. These records will include documents such as inspection reports, test plans, test results, and metrics required by the Quality Management Plan. Records will be uniquely identifiable with the subject activity or deliverable (including version), include tracking data such as date created, and be organized to facilitate researching specific process or deliverable issues.
* The Quality Management Plan will include programming and technical document standards to ensure, among other things, efficient, appropriately commented, structured source code that is easy to follow and maintain. PEBA may schedule periodic source code review(s) with the Contractor for any or all Application source code. Source code that PEBA determines does not meet programming, performance, or documentation standards will be corrected by the Contractor, within a timeframe mutually agreed upon by PEBA and Contractor.
* The Quality Management Plan will include the software development standards used for any modules provided by the Contractor for the Project. The Contractor will ensure that any development work performed for this Project adheres to those standards.
  + 1. **Quality Control.** The Contractor will perform quality control on its work. It will inspect or test all Deliverables, both documents and software, before submitting them for PEBA review. Quality assurance will ensure that documents are complete, accurate, and detailed sufficiently for their intended use. The Contractor will ensure that all components of the Project function in accordance with the design specifications.
    2. **Quality Reviews.** The Contractor will perform quality reviews of Project Deliverables and submit results of each review to PEBA. This submission will consist of storing the results of the review, as well as the Deliverable itself, in the Project Documentation Repository.
  1. **PROJECT RISK MANAGEMENT**

The Contractor will update their proposed Project Risk and Mitigation Plan (Attachment 12) that identifies any potential Project risks that could impact its ability to meet Milestone dates in the Project Work Plan. This plan will include a risk matrix with mitigation plans that documents procedures for handling potential and actual problems, including general plans for dealing with the slippage of critical dates. The Contractor will update the Project Risk and Mitigation Plan and keep it current throughout the Project.

* 1. **RELEASE AND CONFIGURATION MANAGEMENT**
     1. **Release Management Plan.** The Contractor will create a Release Management Plan to outline procedures for release and deployment of system components. The plan will include details on how the Contractor will track activities, artifacts, and environments related to releases. The Contractor will include in this plan all mechanisms, systems, procedures, and documentation that will enable the Contractor or PEBA to reproduce any release at any time, including but not limited to, the object code, the operating system, and Application environments, and any supporting artifacts, files, or other resources necessary for the proper operation of the released system or component. The Plan will also contain any proposed mechanisms, steps, and procedures for ensuring proper rollback of any release. The proposed solution must support automated date/time stamping and labeling of various releases. The Contractor will keep this plan current with any changes in subsequent phases.
     2. **Configuration Management Plan.** The Contractor will create a Configuration Management Plan to outline procedures for version control for all Deliverables and artifacts, including configurations, documentation, environments, executables, execution plans (including rollback) and System source code. The Contractor will update this plan in subsequent Phases, as more information is available.
     3. Version releases of all Contract Deliverables will be tracked, as determined by PEBA. The configuration management process will assure that the status of all existing Deliverables is known, that only approved versions are released for production use, that prior released versions can be recreated, and that changes are made to released Deliverables only when authorized by PEBA. The final release of each Deliverable will reside in a library under PEBA control.
     4. The Contractor will use an automated configuration management tool that is PEBA approved.
  2. **PROBLEM RESOLUTION**
     1. The Contractor will create a Problem Resolution Plan. The Contractor will use an automated tracking tool approved by PEBA to track all reported problems and issues, including the current status and approvals, and for tracking other open Project issues that are not classified as software Defects.
* The **Problem Resolution Plan** will demonstrate how the Contractor will meet the following performance standards:
* **Problem Reporting and Tracking**. The Contractor will track problems from the time reported or discovered to closure using a tracking tool approved by PEBA and will report their statuses upon request.
* **Problem Resolution.** The Contractor will evaluate each reported problem, estimate the time needed to resolve the problem, identify potential impacts on the System and the Project, and report immediately to PEBA. If PEBA is impacted by the problem, it will assign a relative priority to the problem. The Contractor will then resolve the problem according to its assigned priority. Resolutions will be verified and approved in writing by PEBA to be considered closed.
  1. **SOFTWARE TESTING**

PEBA anticipates that the content and terminology for testing will be tailored to adapt to the Contractor’s development methodology so long as it achieves PEBA’s testing objectives; this means a comprehensive verification that all functional and technical requirements are met and demonstrated to PEBA.

For each Phase, the Contractor will be responsible for all test planning, preparation, and execution until the start of User Acceptance Testing. The Contractor will identify and prepare test plans, test variants, test scenarios, test cases, test scripts, test data, and expected results for the Functional Test, Integration and System Test, and Capacity and Performance Test.

PEBA will be responsible for test planning, preparation, and execution of User Acceptance Testing with the support of the Contractor. During User Acceptance Testing, Contractor will fix all reported Defects in a timely manner to prevent delays to the project. Prior to the start of User Acceptance Testing, the Contractor will be responsible for training all staff that will be included in User Acceptance Testing. The Contractor will provide dedicated support for User Acceptance Testing, including application and technical assistance.

* + 1. **Test Management Plan**

1. Within the first ninety (90) days from the Project Start Date, the Contractor will submit a Test Management Plan that describes testing for the entire Project. This Test Management Plan will, at a minimum, provide PEBA the opportunity to participate in the testing and to require that the results of the tests meet thresholds set by PEBA before the testing will be considered complete.
2. The Test Management Plan will describe the verification tasks that will be performed in each Test Phase. The Test Management Plan will describe the objectives and PEBA-approved entry and exit criteria for each Test Phase. The plan will include required resources (personnel, hardware, and software), required data, and data sources.
3. The Test Management Plan will describe regression testing to ensure that previously deployed changes will continue to work properly after new changes are deployed.
4. The Contractor will keep the Test Management Plan current with any changes, approved in writing by PEBA, throughout the Project.
   * 1. **Test Tools**
5. The Contractor will use an automated software testing tool proposed by the Contractor and approved in writing by PEBA. This tool will be easily integrated and allow for traceability throughout the execution of all program logic to the requirements.
6. The Contractor will use and instruct PEBA in the use of a PEBA-approved automated test tracking tool that tracks and facilitates management of Defects found during testing, resolution of these Defects, and progress towards test completion.
7. The Test Management Plan will indicate how the Contractor will use testing tools.
   * 1. **Integration and System Test Plan**
        1. The Contractor will create an Integration and System Test Plan, including test conditions and test data. This test plan will clearly set forth how the system test is designed to fully test system functions and features. The plan will identify the inputs to the test, the steps in the testing process, and the expected results. The plan will provide detailed descriptions of the test environment, functional testing, regression testing, and other test methods, workflow, and training. The Contractor will be responsible for all aspects of the Integration and System Testing. PEBA staff will actively provide input and feedback during the plan’s development and during test execution.
        2. The Contractor will keep this plan current with any changes, approved in writing by PEBA.
        3. Before the Integration and System Test Plan can be considered approved, PEBA must approve that the test plan is properly designed to fully test the functions and features of the System, and that the expected results accurately reflect what would be expected from a successful test of the System. The Contractor will address, subject to the approval of PEBA, how converted legacy data and data generated by the new design will be used in Integration and System Testing.
        4. The Contractor will fully test all software that is proposed to ensure that it meets the Project requirements and to demonstrate the functionality and performance characteristics before the start of User Acceptance Testing. The system tests will actively use all the functions, test all interfaces, process all types of input, and produce all reports, correspondence, and notices. The Contractor will include additional types of cases and transactions in the test, as specified by PEBA.
        5. Integration Testing will be performed by the Contractor on each sequence of related or dependent modules and on converted data from existing legacy systems. Any sequence of modules which will be run concurrently or consecutively (module called subroutines or additional modules) to produce an output or a result will require integration testing. Full sets of test data and test plans will be produced by the Contractor which will completely test any conditions within the sequence.
        6. All test cases will be traced in the Requirements Traceability Matrix to specific requirements and specifications, and each requirement and specification will be mapped to one or more identified test cases.
        7. At the request of PEBA, the Contractor must be prepared to replicate any or all Integration and System Tests. The Contractor must be prepared to provide PEBA with the test scenarios and data the Contractor used during its own Integration and Systems tests. In addition, the results of the Integration and System Tests will be available for inspection by PEBA at any time in the Project Documentation Repository.
        8. In preparation for Integration and System Testing, at a minimum, the Contractor will:

* Create the appropriate test environment(s);
* Install the System in the test environment;
* Install and configure any automated testing tools/packages; and
* Ensure that sufficient test data is located in the test environment.
  + 1. **Capacity and Performance Test Plan**
       1. The Contractor will create a Capacity and Performance Test Plan. The Contractor will conduct a Capacity and Performance Test that addresses the needs and performance measurements identified in the Capacity and Performance Test Plan. Capacity and Performance Testing will be performed at a system level by the Contractor and in cooperation with the PEBA Project team.
       2. The Capacity and Performance Test will include a stringent stress test that includes a simulation of workload and volume testing, which will be used to test and monitor the limits of the System in a simulated production environment. The Capacity and Performance Test will be performed at peak times with peak volumes. The Capacity and Performance Test results will determine whether the System conforms to acceptable response and hardware load conditions. The Contractor will be required to perform Capacity and Performance Testing multiple times until satisfactory test results are obtained. The Capacity and Performance Test results will confirm that the software and the hardware configuration meet PEBA’s requirements.
       3. All Capacity and Performance Tests will be performed using converted data in the Government Cloud Services Subcontractor Pre-Production environment. PEBA will approve the volume and breadth of converted data used in each Performance Test.
       4. Capacity and Performance Test will be performed in multiple cycles. A preliminary performance test will be executed During the Integration and System Test. The final Capacity and Performance Test will be completed as part of the final User Acceptance Testing before the decision to Go Live.
    2. **User Acceptance Test Plan**
       1. PEBA will create a User Acceptance Test Plan with support from the Contractor. The User Acceptance Test Plan will include a description of the Contractor’s role in supporting PEBA in User Acceptance Testing.
       2. PEBA will develop detailed test case scenarios for User Acceptance Testing to provide PEBA testers with clear, user-friendly instructions and expected test results. PEBA will use these test cases as it deems necessary as part of User Acceptance Testing.
       3. The User Acceptance Test Plan will include multiple daily business cycles, as well as testing all periodic (e.g. weekly, monthly, quarterly, annually, and on-demand) processes. PEBA will test all interfaces to external systems in conjunction with PEBA’s IT staff and support from the Contractor.
       4. The User Acceptance Test Plan will include realistic time frames for completion of the testing by PEBA staff.
       5. The Contractor will correct all problems discovered during User Acceptance Testing to the satisfaction of PEBA, including any problems found during regression testing.
    3. **Software Test Results Document**
       1. The Contractor will track and upload to the Project Documentation Repository the results of testing all test case scenarios, including the percent of requirements tested, number passed and failed, and status of retests for previous failed tests.
       2. The Contractor will deliver a Software Test Results Document for each test cycle executed by the Contractor. The Software Test Results Document will include all information necessary for PEBA to validate that the test has been successfully executed in accordance with the approved Test Management Plan.
       3. PEBA will conduct a review of the test results. Such reviews may include attempts to replicate test results reported by the Contractor, or performance of additional tests to verify functionality claims made by the Contractor. PEBA’s approval of the testing process is required. The Contractor will conduct a review of the testing process and the test results to enhance PEBA’s understanding and to facilitate the approval process. The Contractor will provide written feedback.
    4. **PEBA Approval**.
       1. Contractor will keep track of all errors and problems during testing and implement and maintain a management strategy and methodology for resolving errors and problems in a timely manner.
       2. All Software Deliverables, Phases, and the System must be tested and accepted by PEBA. After testing, PEBA will identify and categorize any Defects with the Deliverable, Phase, or System for Severity and Priority, as provided in the charts below.

|  |  |  |
| --- | --- | --- |
| Severity Code | Severity Type | Severity Description |
| S1 | Critical | Anything that completely prevents or blocks the use of the product, component, or feature. Failure causes loss of function or data and there is not a mutually agreed upon workaround. |
| S2 | Major | Anything that is not meeting its requirements or specifications and behaves differently than expected. Impacts one or more components or features, has a significant outage or failure precluding its successful operation, or impacts PEBA’s environment. The System may operate, but its operation is restricted. |
| S3 | Moderate | Any feature that is not meeting its requirements or specifications and behaves differently than expected but the impact is negligible to some extent or it doesn’t have a major impact on the system. Failure causes a loss of function or data, but there is a mutually agreed upon workaround. |
| S4 | Low | Any cosmetic Defects including spelling mistakes, alignment issues, or font casing that has a negligible impact on system function. |

|  |  |  |
| --- | --- | --- |
| Priority Code | Priority Type | Priority Description |
| P1 | Critical (Immediate) | Progress is stopped. Issue needs to be resolved immediately. |
| P2 | High | Once the critical incidents are resolved, these are the next highest priority. Must be resolved to complete the test cycle or release. |
| P3 | Medium | Once the high incidents are resolved, these are the next highest priority. Must be resolved to complete the test cycle or release. |
| P4 | Low | Low priority indicates that there is an issue, but it doesn’t have to be fixed to match the “exit” criteria. |

1. The Contractor will perform all necessary work required to remedy the Defects identified to PEBA’s satisfaction. The Contractor may not invoice PEBA for such necessary additional work, nor will the work be subject to or the grounds for a Change Order.
2. Contractor will be finished when it completes all testing required for the applicable Phase as set forth in the Project Work Plan and Test Management Plan. Upon completion of testing, Contractor will issue a written certification signed by the Contractor Project Manager and the lead of its testing group certifying in writing that all Contractor Testing requirements were completed satisfactorily and that User Acceptance Testing can begin (the “Certificate of Contractor Testing Completion”). Contractor will supply the Certificate of Contractor Testing to PEBA with the applicable testing materials demonstrating the results of the Contractor Testing.
3. PEBA will either accept or reject the Deliverable, Phase, or System. Upon Acceptance, PEBA will issue a Certificate of Acceptance. If rejected, the Contractor will perform all necessary work to make the Deliverable, Phase, or System acceptable. PEBA may accept a Deliverable or Phase that has outstanding Defects remaining to be resolved. Such Acceptance is not a waiver of PEBA’s right to insist on resolution of the identified Defects. Payment may be withheld on a Phase until all identified Defects on all related Deliverables are resolved to PEBA’s satisfaction.
4. When User Acceptance Testing is complete to the satisfaction of PEBA and the System is ready to be implemented PEBA will issue a final Certificate of Acceptance to the Contractor to initiate the production data conversion and implementation for Go Live.
5. The specific criteria for acceptability will be determined in each relevant test plan, however, generally Deliverables, Phases, and the System will be rejected if PEBA determines the Severity of the Defects are Critical or Major, or the Priority of the issues are Critical or High.

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* 1. **DOCUMENTATION, TRAINING AND KNOWLEDGE TRANSFER**
     1. **Documentation**

3.15.1.1 General

All Document Deliverables will be developed in a highly collaborative process with PEBA to provide high quality products that meet PEBA’s stated needs. For all Document Deliverables, PEBA will have a reasonable period of time as specified in the Project Work Plan, or if not so specified, five (5) Business Days to review and approve or reject the Document Deliverable. All Document Deliverables will be of a reasonable length and Contractor will not deliver multiple revisions of such Document Deliverables in a timeframe that will prevent PEBA’s timely review the Document Deliverables. Contractor will promptly correct any deficiencies noted by PEBA in the documentation or the Document Deliverables and Contractor will be solely responsible for any delays in the Project caused by such corrections and will not invoice PEBA for work done to correct the deficiencies to PEBA’s satisfaction. Upon Acceptance, PEBA will issue a Certificate of Acceptance.

3.15.1.2 Project Documentation Repository

The Contractor will propose and establish a Project Documentation Repository, subject to PEBA’s approval, as a common repository for Project documentation and to facilitate communication to Project participants as to Project status, activities, Work Products, Milestones, accomplishments, etc. The Contractor will store all versions of Project Deliverables and other Project documentation in this documentation repository in accordance with procedures established by PEBA. The versions of the Deliverables stored in the Project Documentation Repository will include at least the Deliverables approved or accepted by PEBA. An “as accepted” version of such Deliverables will be added to the Project Documentation Repository no later than twenty-four (24) hours after the Deliverables are accepted. The Contractor may not remove, modify, or rename any information in the Project Documentation Repository without prior written consent from PEBA.

3.15.1.3 IT Operations Manual

The Contractor will develop an IT Operations Manual, which features clear organization of content, easy to understand language, useful graphic presentations, and a thorough index and glossary. The IT Operations Manual will provide PEBA staff the knowledge to efficiently operate and update the System independent of Contractor assistance. The IT Operations Manual will address the view of the System required by technical users. It will provide an understanding of the Application, database design and file structures, relationships between programs, security, troubleshooting, special constraints, procedures for data recovery, and other operational guidelines.

The IT Operations Manual will cover all aspects of the technical operation of the System for PEBA with PEBA-specific configurability, logic, and business rules and will include, but not be limited to the following topics:

* Application and database design and architecture;
* Application structure and module/sub-module/program/subroutine relationships;
* Application start-up/shut-down procedures;
* Application backup, recovery, and restart procedures;
* data dictionary structure and maintenance procedures;
* database logical and physical organization, and maintenance procedures;
* Application security features;
* audit and testing procedures;
* system data input, error checking, error correction, and data validation procedures;
* user help procedures and features;
* system troubleshooting and system tuning procedures and features;
* system administration functions, such as code management and copy file management;
* on-line and batch processing procedures;
* unique processing procedures;
* system interface processing;
* menu structures, chaining, and system command mode operations;
* job scheduling using automated tool;
* job cycles (daily, weekly, monthly, quarterly, annual, and special);
* report generation procedures; and
* printing requirements.

The IT Operations Manual will include overviews of the Application, System structure, required administrative tasks, major processing, required interfaces, and required maintenance schedules. The IT Operations Manual will also describe the overall process schedule, processing cycles, job streams, and job submission logs including dependencies, files accessed, critical sequencing, timing criteria, and operating instructions for each process and process step consistent with the chosen environment. The IT Operations Manual will also include, by processing cycle, a list of jobs that are mandatory to be run as scheduled and an explanation of what to expect (impact) if a job is not run. The IT Operations Manual will also include a list of jobs that can be deferred and the instructions for running them at a later date and a list of jobs that can be run using concatenated files from multiple days. The IT Operations Manual will include descriptions of special date files, parameter files, and other control files, including their purpose, procedures for creating them, specific jobs and programs that use them and procedures for their recovery in the event a cycle will be restarted or rerun. The Contractor will develop the backup operating instructions and on-line, batch, and database recovery procedures for the Project. The Contractor will provide help-desk procedures including problem identification, initial diagnosis along with checklists, and problem resolution/referral procedures for the Project.

The Contractor will develop the IT Operations Manual in a format to be approved by PEBA. The IT Operations Manual will be provided by the Contractor in paper and electronic format.

The IT Operations Manual will be revised with any changes resulting from PEBA’s Acceptance testing and initial user training sessions.

3.15.1.4 Business User Manual

The Contractor will develop a Business User Manual that features clear organization of content, easy to understand language, useful graphic presentations, and a thorough index and glossary. The Business User Manual will be used by the PEBA Acceptance Test team to mirror the production environment and verify manual content.

The Business User Manual will address all aspects of system functions and operations, including, but not limited to:

* complete instructions for the users, explaining the use of each system function;
* system usage scenarios, based on real world examples drawn from the day-to-day workloads of typical users, that fully describe and explain the salient features and operation of the System;
* how input data is stored and related between system records;
* how to generate/suppress standard and ad hoc reports;
* normal report distribution;
* prioritization processing and system-determined priorities;
* system log-on, log-off, and security features;
* error messages, including a definition if the message is not self-explanatory, and error correction procedures;
* help features and usage;
* problem reporting procedures;
* entering data and data validation;
* mandatory data fields and default data values;
* data correction and user help features;
* menu and system function navigation;
* screen layouts and contents; and
* search and inquiry features.

The Business User Manual will be able to serve as a reference guide and a teaching aid.

In conjunction with the Business User Manual, a Quick Reference Business User Document will be produced by the Contractor that will be an immediate aid to the user and quickly describe operations. The Contractor will develop the Business User Manual and the Quick Reference Business User Document in a format to be approved by PEBA.

The Business User Manual and Quick Reference Business User Document will be revised with any changes resulting from PEBA’s Acceptance testing and initial user training sessions.

3.15.1.5 Business Procedure Manual

The Contractor will develop a Business Procedure Manual in a format to be determined by PEBA. The Contractor will develop a Business Procedure Manual which features clear organization of content, easy to understand language, useful graphic presentations, and a thorough index and glossary.

The Business Procedure Manual will document instructions for manual operations and tasks that are performed in direct conjunction with the automated system. It will address each task performed in a step by step procedure that identifies the action (task to be performed) and the individual with responsibility to complete the action.

The Business Procedure Manual will be revised with any changes resulting from PEBA’s Acceptance testing and initial user training sessions.

3.15.1.6 Backup and Recovery Plan

The Contractor will create a Backup and Recovery Plan that supports multiple environments, failover environments, and Disaster Recovery. In order to prevent loss of data, the Contractor will develop and implement backup and recovery procedures, including procedures for the periodic copying of data to other media at least daily and the process for restoring data, beginning the restore within one (1) hour, to its original or prior form. The Contractor will perform tests to validate the backup and recovery procedures. The Contractor will include provision in the Plan for off-site storage of Project Application and data. The Contractor will participate in the disaster recovery tests requested by PEBA during the Implementation and Post-Implementation Support Warranty Phases of this Project. The Contractor will keep this plan current with any changes, approved in writing by PEBA, throughout the Project.

3.15.1.7 Capacity Analysis and Evaluation Plan

The Contractor will create a Capacity Analysis and Evaluation Plan. The Project Work Plan will incorporate the defined activities for the Capacity Analysis and Evaluation Plan and allocate time and resources to them. The Contractor will keep this plan current with any changes in each subsequent Phase.

The purpose of the Capacity Analysis and Evaluation Plan is to identify users and interfaces of the System and to assist PEBA technical, operations, and telecommunications personnel in projecting the capacity requirements needed (disk space, memory, etc.) and communication requirements (bandwidth, lines, etc.) to support the System. The Contractor will document the approach for the selection and utilization of computers and services (Applications, communications, databases, gateways, firewalling, etc.) that provide a modular, scalable solution that meets PEBA’s minimum performance objectives as defined in Section 3.18. The Contractor will provide the planning coordination for the network to achieve the minimum performance standards indicated below and will perform all System modifications required to ensure System performance meets the required performance standards.

3.15.1.8 Security Plan

The Contractor will prepare and deliver a comprehensive written Security Plan describing how the System’s Application security features and the Government Cloud Services will satisfy the security requirements found in Section 3.2 and Attachment 9 Technical Requirements. The Plan will include all recommended levels of security, limitations of capabilities, and any required rules, and will incorporate any reasonable and lawful requests or requirements of PEBA. The format and content of security tables will be included, as well as the recommended starting phase for establishing security profiles. Further, and without limitation, the Security Plan will demonstrate how Contractor will:

1. Protect all information and information systems in order to ensure:

* Integrity, which means guarding against improper information modification or destruction and includes ensuring information non-repudiation and authenticity;
* Confidentiality, which means preserving authorized restrictions on access and disclosure, including means for protecting personal privacy and proprietary information; and
* Availability, which means ensuring timely and reliable access to and use of information.

1. Secure the System, and the information contained therein that connects to PEBA’s network, or any network operated by the Contractor, regardless of location, on behalf of PEBA.
2. Adopt and implement, at a minimum, the policies, procedures, controls, and standards of PEBAs’ Information Security Policies as contained in Exhibit 2 – PEBA Standards and Information Security Policies to ensure the integrity, confidentiality, and availability of information and information systems for which the Contractor is responsible under this contract or to which it may otherwise have access under this contract.

The Contractor will comply with applicable federal security laws that include, but are not limited to, the Federal Information Security Management Act of 2002 (Title III of the E-Government Act of 2002, Public Law 107-347) (“FISMA”), and the following Federal and HHS policies and procedures:

* Office of Management and Budget (OMB) Circular A-130, Management of Federal Information Resources, Appendix III, Security of Federal Automation Information Resources.
* National Institutes of Standards and Technology (NIST) Special Publication (SP) 800-18, Guide for Developing Security Plans for Information Systems, in form and content, and with any pertinent contract Statement of Work/Performance Work Statement (SOW/PWS) requirements.
* The Plan will identify and document appropriate IT security controls consistent with the sensitivity of the information and the requirements of Federal Information Processing Standard (FIPS) 200, Recommend Security Controls for Federal Information Systems.
* The Contractor will review and update the Plan in accordance with NIST SP 800-53 REV 4, Assessing Security and Privacy Controls in Federal Information Systems and Organizations and FIPS 200, on an annual basis.
* The plan will identify and document appropriate security controls consistent with the U.S Department of Health and Human Services Office of Civil Rights HIPAA, HITECH Act, and Omnibus Rules.

The Contractor will document how system security and access restraints comply with applicable federal and South Carolina State laws, regulations, standards, and policies pertaining to the management and protection of information resources including, without limitation, such laws, regulations, standards, and policies pertaining to the protection of data assets that constitute personal information of individuals. The Contractor will maintain an updated version of this document.

The Contractor will document system security and access constraints, requirements, and procedures, as defined in the Security Plan. The Contractor will develop security design specifications and will detail how role-based security features will be implemented in the Project, including what products will be used. Proposed levels of security, limitations of capabilities, and required protocols will be provided. The format and content of role-based security tables will be included, as well as the recommended starting point for establishing security profiles.

* + 1. **Training**

3.15.2.1 General

All Training Deliverables will be developed in a highly collaborative process with PEBA to provide high quality products that meet PEBA’s stated needs. The Contractor will prepare a Training Plan for training PEBA personnel. All training will be role-based, modular and scalable in design. The Contractor will conduct train-the-trainer training for PEBA, while PEBA will be responsible for training its remaining staff, TPA staff, and others who may use the System to perform daily and periodic job functions. Contractor will promptly correct any deficiencies noted by PEBA in the Training Plan and Contractor will be solely responsible for any delays in the Project caused by such corrections and will not invoice PEBA for work done to correct the deficiencies to PEBA’s satisfaction. Upon Acceptance, PEBA will issue a Certificate of Acceptance.

1. **Modular and Scalable Classes.** The Contractor will develop training that is modular and scalable designed to meet the specific needs of each individual who requires training for the Project and the method of training that will provide the most benefit for each business user.
2. **Training Methods.** The Contractor will utilize multiple methods of training, including, but not limited to, web training, classroom training, and computer-based training (CBT).
3. **Training Content.** The Contractor will present “the big picture” in each training class to address how that specific training component fits into the larger picture and contributes to a result. The Contractor’s training content will include system workflow and usage training for all types of System users. The Contractor will emphasize the importance of following standard practices for data entry and other system usage to ensure quality and completeness of data and to achieve maximum system benefits for all users.
4. **Training Curricula and Materials.** The Contractor will create role-based training curricula that are customized for each unique training class. All training materials and curricula will be owned by PEBA. The Contractor is not responsible for making copies of training curricula; this task will be performed by PEBA. However, the Contractor will ensure that all training curricula, plans, and other training materials are current prior to training.
5. **Training Schedule.** The Contractor will schedule training sessions in accordance with the System implementation schedule and the Project Work Plan. The Contractor will prepare a “just-in-time” training schedule for all training classes. PEBA is responsible for identifying training locations and providing training facilities for training conducted by the Contractor for its business users.
6. **Training Preparation.**  The Contractor will ensure that all procedures, training environment hardware and software configurations, classroom setup requirements, etc. reflect the most current information for PEBA training.

3.15.2.2 Train-the-Trainer

The Contractor will provide train-the-trainer training to prepare PEBA trainers to perform training for PEBA staff, Employer staff, TPA staff, and others who may use the System to perform daily and periodic job functions. PEBA trainers will train all other PEBA staff, Employer staff, TPA staff, and other business users. Training will be structured around the new business user roles that are defined during the Design Phase.

The business user training curricula and materials will cover, at a minimum, the following topics:

* System Overview including: system benefits; data inputs, data outputs, and reports produced; major business functions; and User Manual contents and usage.
* System Usage including: entering data and data validation; data correction and user help features; menu and System function navigation; problem recovery; report contents, report generation; search and inquiry features; and record update procedures.
* System Operation including: seeking technical help (Application and equipment assistance); all course instructors’ and students’ classroom materials (e.g. manuals, handouts, etc.).

3.15.2.3 Technical Team Training

1. The Contractor will train PEBA’s technical IT team to perform configuration, set up, development, maintenance, and support activities.
2. **Training Assessment by Technical User Role.** PEBA will identify technical IT and ORD staff that the Contractor is responsible for training. The Contractor will assess the training needs of the PEBA’s business analysts, systems analysts, DBAs, developers, and operations specialists. The Contractor will provide a matrix of specific skills/roles that will require technical training and knowledge transfer on the new System.
3. **Technical Training Content.** The Contractor will train and provide knowledge transfer to PEBA’s technical IT and ORD staff in the PEBA-approved detailed product development methodology for the Project and in the use of automated tools that are used to support that methodology for the initial implementation and future maintenance and support of the System. The Contractor will mentor PEBA’s technical IT and ORD staff by allowing members of PEBA’s staff to work in conjunction with Contractor staff to transfer knowledge and build skills that are necessary to promote a successful turnover of future configuration, set up, development, maintenance, and support to PEBA’s technical IT and ORD staff.
4. The Contractor will develop curricula and materials for training technical IT and ORD staff. The Technical IT Staff Training Curricula and Materials will support the role-based training and be developed in accordance with the approved Training Plan. The Technical IT Staff Training Curricula and Materials will be kept current to reflect all changes.

3.15.2.4 Business User Staff Training

The Contractor will develop curricula and materials for training business users. The Business User Staff Training Curricula and Materials will support the role-based training and be developed in accordance with the approved Training Plan. The Business User Staff Training Curricula and Materials will be kept current to reflect all changes.

3.15.2.5 User Acceptance Testing Team Training

The Contractor will train PEBA’s User Acceptance Testing Team in User Acceptance Testing to thoroughly evaluate the accuracy, completeness, and understandability of all training materials and curricula. The Contractor will have a structured approach to tracking and managing the changes to training curricula resulting from User Acceptance Testing. The Contractor will require each individual who participates in PEBA’s User Acceptance Testing training session to complete a training assessment form. These forms will be submitted to PEBA for review.

3.15.2.6 Training Validation

In order to validate that training is effective, the Contractor will:

* ensure training is completed prior to implementation for all effected staff;
* adjust training methods and materials to correct ineffective training; and
* revise all training materials for correction of deficiencies or resulting from system changes during the testing, training, and implementation phases.
  + 1. **Knowledge Transfer**

3.15.3.1 General

To implement the Turnover Plan, the Training Plan, and the knowledge transfer required in this Contract, the Contractor will collaboratively and continuously transfer its knowledge to PEBA, so that PEBA receives full knowledge of the System at all times, including but not limited to, full knowledge of: software; software and System architectures; requirements management discipline; software development methods and standards; practices; configuration; operations; issue identification and resolution; and project management.

3.15.3.2 Turnover Plan

The Contractor will create a Turnover Plan and will submit the Plan for approval by PEBA. The Contractor will keep this plan current with any changes in subsequent Phases.

1. **Content of Turnover Plan.**  The Contractor will outline its plan for turnover of the System by Phase from Contractor support to the support by PEBA and, as applicable, the Government Cloud Services Subcontractor. The Turnover Plan will include the state of readiness required for System turnover, should it be required for transference or migration by PEBA, and will outline the conditional criteria required to turn over responsibilities for the operation and support of the System from the Contractor staff to PEBA and/or the Government Cloud Services Subcontractor staff and the essential knowledge transfer to PEBA and/or the Government Cloud Services Subcontractor.

The Contractor will develop detailed specifications for describing PEBA’s staff responsibilities for System operations, support, and maintenance. The Turnover Plan will describe all tasks to be performed by PEBA, the Government Cloud Services Subcontractor, and the Contractor to ensure a smooth transfer of services. For the purposes of training only and without limiting or revoking any of the Contractor’s warranties or other duties under this Contract, PEBA’s technical IT and ORD staff will assist the Contractor with some of the daily maintenance and support activities during the Warranty Period This activity will serve as a method of teaching PEBA’s staff to perform the necessary job functions to allow PEBA to assume full responsibility for the maintenance and support of the System at the end of the Warranty Period.

1. **Measurements for Successful System Turnover**. At a minimum, the Contractor’s success with system turnover will be measured by the ability of PEBA to perform the numbered tasks set forth below. The determination of whether PEBA is able to perform such numbered tasks will be made in the discretion of PEBA. It is within the scope of this Contract for the Contractor to provide sufficient training for PEBA to be able to, in its own discretion, perform each of the numbered tasks set forth below.

(1) Demonstrate an understanding of the Project business processes and rules with the ability to explain concepts to others.

(2) Support the on-line environment by resolving any interruptions in a timely manner.

(3) Successfully schedule, execute, and support the batch cycles (daily, weekly, monthly, quarterly, annual, and special) and understand the business implications of batch jobs and production issues.

(4) Respond to all production issues in a timely manner, providing accurate and meaningful responses and workarounds.

(5) Respond to all inquiries and requests in a timely manner, providing accurate and meaningful responses and workarounds.

(6) Demonstrate an understanding of the Project technical architecture and capability to resolve technical issues that are architecturally related.

(7) Apply data model changes, upgrading as needed.

(8) Assess the impact future changes would have on the System by: performing thorough analysis, consulting with stakeholders and end users, and communicating impact of proposed changes; estimating effort required to design, develop, test, document, implement, and support requested changes; developing detailed designs, assessing program logic and performance; developing and modifying program logic that meets business requirements and adheres to development standards; developing comprehensive test plans; conducting comprehensive functional, system, and User Acceptance Tests to confirm business requirements; and successfully planning, implementing, and verifying all System changes.

(9) Assess the performance of the System and the impact of future modifications and recommend and implement changes to correct performance issues.

(10) Successfully execute all other responsibilities, tasks, and functions as documented in the IT Operations Manual and Business Operations Manual.

3.15.3.3

The Contractor will initiate the Turnover Plan. The Contractor will provide mentoring and training necessary to enable PEBA staff to operate, support, and maintain the System. The Contractor will confirm whether PEBA’s staff has skills to maintain and support the System.

3.15.3.4 Turnover Readiness

Upon receipt of the Contractor’s certification described in Section 3.15.3.2, PEBA will determine, at PEBA’s discretion, whether the System is ready for turnover to PEBA. Upon PEBA’s determination of turnover readiness, PEBA will direct the Contractor in writing to commence System turnover to PEBA.

3.15.3.5

Once System turnover is approved, the Contractor will provide to PEBA the current and complete versions of all System documentation in a form and content consistent with all applicable PEBA-approved standards.

3.15.3.6

The Contractor will prepare the turnover results report documenting completion and results of the turnover plan, as well as current System status information regarding outstanding problems and any recommendations for System enhancements.

* 1. **IMPLEMENTATION PLAN**

The Contractor will prepare an Implementation Plan. The Implementation Plan will describe the strategy for installing the System on the Government Cloud Services infrastructure by defining the site preparation, hardware installation (if applicable), software installation, processes, and schedules.

1. **Approach to Implementation**. The Contractor will describe its overall approach to implementation in the Plan. The Implementation Plan should reduce risk, minimize “bridging,” minimize the need to keep legacy databases synchronized with new Project databases, and minimize the time required to implement. The Contractor will develop a strategy for providing the necessary staff to ensure that the optimal level of implementation support is available.
2. **Required Content of Implementation Plan**. The Implementation Plan must describe, at a minimum, the following:

* a list of objective criteria from which PEBA will determine the sequence of implementation;
* the schedule of installation activities, relating to system issues, data conversion, training, and testing of third-party software (if applicable);
* implementation preparation tasks in detail, readiness to convert the required data, security preparation, staff training, personnel assignments, and level of resources required for each area;
* the steps necessary to migrate and promote the System from environment to environment;
* the objectives and approach for components requiring installation with particular emphasis on utilization of the WAN, Intranet, Extranet, and Internet;
* recommendations concerning third-party software needs, and PEBA approval and timing of purchase by PEBA (if applicable);
* site preparation, addressing site-specific requirements and plans;
* confirmation of the training schedule;
* confirmation of the System’s test objectives and schedule;
* confirmation of the software completion schedule;
* confirmation of the data conversion and system conversion schedule;
* identification of production locations;
* production job flow and job dependencies;
* manual support procedures;
* updated documentation;
* backup and recovery procedures; and
* contingency approach.
  1. **MAINTENANCE AND SUPPORT**
     1. **Maintenance and Support during System Implementation**

1. From date of contract award until the final Phase Go Live, the Contractor will provide all Maintenance and Support Services to PEBA at no additional cost to PEBA.
2. The Contractor will provide system maintenance and technical support for all products/services provided, including ongoing, unlimited, 24/7/365 telephone technical support problem determination and resolution, with response times as specified in Section 3.18, to be provided by personnel located within the United States.
3. System maintenance and support includes, but is not limited to patching, updating, upgrading, system and data backup and recovery, security monitoring, performance monitoring, incident identification and resolution, problem resolution, and system documentation.
4. The Contractor will provide to PEBA all generally available improvements and additions to the functionality, as well as new functions, of the System.
5. The Contractor will maintain the System so that it operates in conformity with all descriptions and specifications herein or as otherwise provided by the Contractor, including specifications for the performance of all versions of the System that PEBA has been licensed to use.
6. The Contractor will provide for any upgrades to the System components, including, as needed Government Cloud Services components.
7. The Contractor will provide software documentation that is kept up-to-date with any upgrade or revision to the System. Updated software documentation must be provided to PEBA at the time of installation of any upgrade or revision to the System, unless otherwise agreed to PEBA.
8. The Contractor will perform regression testing on upgrades prior to installing/implementing the upgrades into production. In performing the regression testing on a new version/upgrade of the software, the Contractor must certify in writing to PEBA that all the previous System capabilities still perform in accordance with the Contract requirements.
9. The Contractor will detect and correct System errors, according to the specifications described in this RFP and in the Contractor’s documentation of the System and the implementation of all program changes, System configuration, new releases/updates, upgrades, enhancements, new versions, and implementation of additional programs provided under this Contract discovered by PEBA or otherwise made known to the Contractor.
10. The Contractor will respond to PEBA inquiries regarding the use and functionality of the System as issues are encountered.
11. The Contractor will provide all services necessary to assist PEBA in maintaining the system operational uptime and recovery from system failures.
12. The Contractor will proactively monitor the system and not rely solely on PEBA to notify the Contractor of System problems.
    * 1. **Maintenance and Support after Final Phase Go Live Warranty Period**
13. From date of the final Phase Go Live until the end of this contract, the Contractor will provide the following Maintenance and Support Services to PEBA.
14. The Contractor will provide system maintenance and technical support for all products/services provided, including ongoing, unlimited, 24/7/365 telephone technical support problem determination and resolution, with response times as specified in Section 3.18, to be provided by personnel located within the United States. System maintenance and support includes making software patches and updates available, and supporting incident and problem resolution.
15. The Contractor will make available to PEBA all generally available improvements and additions to the functionality, as well as new functions, of the System.
16. The Contractor will provide software documentation that is kept up-to-date with any upgrade or revision to the System. Updated software documentation must be provided to PEBA at the time of installation of any upgrade or revision to the System, unless otherwise agreed to by PEBA.
17. The Contractor will perform regression testing on upgrades prior to installing/implementing the upgrades into production. In performing the regression testing on a new version/upgrade of the software, the Contractor must certify in writing to PEBA that all the previous System capabilities still perform in accordance with the Contract requirements.
18. The Contractor will respond to PEBA inquiries regarding the use and functionality of the System as issues are encountered.
19. The Contractor will provide all services necessary to assist PEBA in maintaining the system operational uptime and recovery from system failures.
    * 1. **Support Levels.**
20. Level 1 – Help Desk.

The Contractor will provide Level 1 Help Desk. The list of authorized PEBA personnel to call the Contractor’s help desk will be provided to the Contractor. The Contractor will provide help desk/technical support personnel who will be knowledgeable and technically trained to answer/resolve system technical support problems.

When PEBA staff calls the help desk/technical support, the Contractor’s technical support staff will not place the PEBA caller on hold for more than five (5) minutes.

If investigation and research is required by staff and the problem cannot be resolved or question answered immediately, then the help desk/technical support staff will call back within two (2) hours to report progress on the problem’s resolution. Help desk staff will continue, on a daily basis or other basis agreed upon between PEBA and the Contractor, to keep PEBA staff informed on progress of the problem’s resolution.

The Contractor will keep a log of all maintenance/technical support calls made to the help desk/technical support personnel and document the complaints and problems reported to the help desk system by PEBA. The log will be made available electronically to PEBA monthly, as well as at any other time upon request by PEBA in a format to be approved by PEBA. The log must at a minimum contain the following information:

* Date and Time of call;
* Name of Caller;
* Caller’s Organization Name;
* Caller’s telephone number and email address;
* Description of Reported Problem/Complaint;
* Indication of whether the problem/compliant was resolved at time of call;
* Description of any follow-up investigation/resolution plans;
* Assigned Case number if resolution not provided during call; and
* Date of and Description of Final Resolution.

If the Level l support analyst cannot resolve the problem, the help desk ticket will be escalated to Level 2 or Level 3 support.

1. Level 2 – Hosting/Infrastructure Support.

This level of support serves as the escalation point for incidents and issues that cannot be resolved by Level 1 support. Contractor also will provide monitoring and technical support in regard to the Government Cloud Services 24 hours per day, 365 days per year.

1. Level 3 – Root-Cause Analysis / Corrective Maintenance.

This level of support serves as the escalation point for incidents and issues that cannot be resolved by Level 1 or Level 2 support. Level 3 support resources will be responsible for the following tasks, as needed:

* **Root-cause analysis** – Analysis of the root causes of problems. Problems will be reviewed to determine their root causes, measures will be taken to correct the source of the problems. Root cause and resolution will be recorded within the Help Desk Application and provided to PEBA upon request.
* **Defect/Bug fixes** – Defined as the repair of system errors or unexpected results within the system that render it unusable for the purpose it was designed.
  + 1. **Severity Codes.** PEBA reserves the right to determine and assign levels of severity for the issue/support problems. The severity of the issue/support problem will determine the problem resolution response time as follows:
* **Severity Level 1 (Critical)** will be defined as urgent situations, such as when PEBA’s System is down or PEBA is unable to use the System. Failure causes loss of function or data and there is not a mutually agreed upon workaround. The Contractor’s technical support staff will accept the call for assistance at the time PEBA places the initial call; however, if such staff is not immediately available, the Contractor will return the call within fifteen (15) minutes. The Contractor will resolve Severity Level 1 problems as quickly as possible, which will not exceed two (2) hours unless mutually agreed between the Contractor and PEBA.
* **Severity Level 2 (Major)** will be defined as when one or more critical System component(s) has a significant outage or failure precluding its/their successful operation or possibly endangering PEBA’s environment. The System may operate but is severely restricted. Failure causes a loss of function or data, but there is a mutually agreed upon workaround. The Contractor’s technical support staff will accept PEBA’s call for assistance at the time PEBA places the initial call; however, if such staff is not immediately available, the Contractor will return PEBA’s call within thirty (30) minutes. The Contractor will resolve Severity Level 2 problems as quickly as possible, which will not exceed four (4) hours, unless mutually agreed between the Contractor and PEBA.
* **Severity Level 3 (Moderate)** will be defined as a minor problem that exists with the System, but the majority of the functions are still usable and some circumvention may be required to provide service. Failure causes a partial loss of function, but users can accomplish tasks with a mutually agreed upon workaround. The Contractor’s technical support staff will accept PEBA’s call for assistance at the time PEBA places the initial call; however, if such staff is not immediately available, the Contractor will return PEBA’s call within sixty (60) minutes. The Contractor will resolve Severity Level 3 problems as quickly as possible, which will not exceed forty-eight (48) hours, unless mutually agreed between the Contractor and PEBA.
* **Severity Level 4 (Low)** will be defined as cosmetic and minor errors; all the user tasks can still be accomplished. Example: Grammar errors, color changes, misspelled words, layout, etc. The Contractor’s technical support staff will accept PEBA’s call for assistance at the time PEBA places the initial call; however, if such staff is not immediately available, the Contractor will return PEBA’s call within 2 hours. The Contractor will resolve Severity Level 4 problems as mutually agreed between the Contractor and PEBA.
  + 1. **Problem Resolution Response Time**. PEBA defines the problem resolution response time as the total elapsed time from when the Contractor’s qualified service technician has been contacted by PEBA and the system error/nonconformity severity level has been determined until the time when the issue or problem has been fixed, tested, and verified as being resolved as reasonably determined by PEBA in accordance with the aforementioned severity level provisions.
    2. The Contractor may elect to have telephone or on-site Maintenance and Support Services performed by subcontracted personnel; however, the Contractor will be responsible for coordinating the effort so that the use of any third-party support is transparent to PEBA and so that PEBA will not have to deal directly with the Subcontractor. PEBA reserves the right to approve Subcontractors for System Maintenance and Support services, and the Contractor must obtain such approval from PEBA in writing prior to the Contractor’s election to use a Subcontractor.
    3. **Maintenance of Operations and Services during System Maintenance Work**. The correction of errors, Defects, deficiencies, or deviations in Work Products/services will not detract from or interfere with the System’s operations or PEBA’s related business operations.
  1. **SERVICE LEVELS AND PERFORMANCE GUARANTEES**

|  |  |
| --- | --- |
| **Uptime** | |
| Percentage uptime guarantee. See Exception Periods. | 99.99% |
| Intervals measured | Every 15 minutes during guaranteed periods. |
| Time periods used for measuring uptime | Monthly, starting each first of month at 12:01am Eastern Time |
| **System Response Time** | |
| Maximum response time (for query & update functions), goal percentage | 98 percent within 2 seconds |
| Intervals measured | Every 60 minutes during guaranteed periods. |
| Time periods used for measuring system response time | Monthly, starting each first of month at 12:01am Eastern Time |
| **Support Response Time** | |
| Maximum support response time | Severity 1: 2 hours  Severity 2: 4 hours  Severity 3: 48 hours |
| Percentage Help Desk call resolved within 24 hours | 90% |
| **Recovery Time Objective** | |
| Maximum system recovery time | 24 hours |
| **Recovery Point Objective** | |
| Maximum time period of lost transactions, data changes, or work-in-process | 8 hours |
| **Performance Guarantees** | |
| Performance guarantee calculation for recovery point objective failure interruption | 5% off a future month service for each consecutive block of 12 hours of failure to meet recovery point objective |
| Performance guarantee calculation for service interruption | 5% off a future month service for each block of 3 consecutive (at 15-minute intervals) failures to respond within 10 seconds |

* + 1. **Exception Periods**. Availability for the System, including Government Cloud Services for production access by PEBA and end users will be twenty-four (24) hours per day, (7) days per week excluding: (i) periods of scheduled maintenance (not to be performed during PEBA’s Business Hours and not to exceed four (4) hours per week), provided that the Contractor provides at least twenty-four (24) hours advance notice of such maintenance; (ii) Service Outages caused by or arising from gross negligent acts or intentional misconduct of PEBA; and (iii) Service Outages caused by or arising from an event of Force Majeure. PEBA records, whether internal or through an outside third-party vendor, will be used to determine and calculate any Service Outage. A “Service Outage,” as used herein, will mean a period-of-time in which the System is not available to PEBA or end users.
    2. The system response time measurement will be the amount of time from the Application receiving a request until the user receives the result, i.e., internal Application response time between receipt of a request and the requested page being downloaded and the page ready for use by the user. The response time measurement will not include the time required to transmit the user’s request to the System.
    3. **PEBA Requests to Conduct Independent Capacity Simulation Models**. PEBA may conduct independent capacity simulation models and, if PEBA so elects, the Contractor will provide all necessary support for that process by supplying information and tools sufficient to support system Benchmark Testing and Capacity Evaluations as described in the following paragraphs.
    4. **Benchmark Tests.** To determine the growth and reliability of the System, the Contractor will design and perform benchmark tests. The benchmark will be designed to produce information that supports projections of system performance characteristics and capacity projections of the System under full operations for the contract life following implementation. The benchmark will also address stress tests at each level of technology employed by the System. A capacity simulation and benchmark report documenting the projections will be submitted to PEBA for review and approval.
    5. **Capacity Evaluation Reporting.** The Contractor will prepare interim and final Capacity Evaluation Reports that document, in detail, the results of the tests and recommendations for resolving any problems, as outlined in the Capacity Analysis and Evaluation Plan. The Contractor will provide detailed documentation demonstrating how the required response time will be achieved by the Application. A basis for all calculations and assumptions are to be shown. At a minimum, the documentation will show line speeds, devices supported per circuit and per location, routing, average and peak traffic load, and average and worst case response times. The Contractor will provide to PEBA all information about the impact of Application solutions, including, but not limited to, additional memory.
  1. **GENERAL REQUIREMENTS**

The Contractor will:

* + 1. Adhere to all PEBA standards, policies, and procedures while on-site at PEBA and in all work performed with and for PEBA. Submit any request for an exception in writing, and PEBA must approve it in writing. Please see the document entitled “PEBA Standards and Information Security Policies” which may be found as Exhibit 2 PEBA Standards and Information Security Policies.
    2. Complete a security/audit due diligence process as requested by PEBA or a PEBA designated third party. This process may include a written questionnaire and could require an on-site visit from PEBA or a PEBA designated third party. In addition, PEBA may follow up on exceptions and qualified opinions that are identified in SOC reports.
    3. Have a criminal background check completed on Contractor’s assigned staff prior to accessing systems or Applications that contain PEBA data. The background check will be nationwide and, at a minimum, include federal, state, and county records where the Contractor’s staff member has resided for the past seven years. PEBA maintains the right to request a third-party vendor or an individual who is involved with PEBA data or systems be removed from the further interaction with PEBA’s data or systems based on the results of the criminal background check.
    4. Contractor will provide security and privacy training, including training on HIPAA, for all staff members who have access to systems or Applications that contain PEBA data at least once annually.
    5. Conduct periodic and special vulnerability scans and install software/hardware patches and upgrades to protect all automated information assets.  The minimum requirement will be to protect against vulnerabilities identified on the SANS Top-20 Internet Security Attack Targets list, as updated. (<http://www.sans.org/top20/?ref=3706#w1>).
    6. Report the results of the scans described in Section 3.19.5, above, to PEBA on a monthly basis, with reports due 10 calendar days following the end of each reporting period. The Contractor will ensure that all Subcontractors, where applicable, comply with the above requirements.
    7. If the proposal includes hardware, software, and services from a third party, the Contractor will act as Contractor for procurement of all proposed products and services. Contractor will be the sole point of contact for contractual issues, including payment of any and all charges resulting from the purchase of the proposed hardware, software, and services. Contractor must take responsibility for demonstration, delivery, installation, and acceptance testing of all items proposed. Contractor must also provide maintenance, warranty, and ensure third-party warranties are extended to PEBA.
  1. **PROOF OF CONCEPT**

The two highest scored responsive and responsible Offerors (see Part 5, Award Criteria) may be awarded twelve-week contracts to conduct a Proof of Concept.

* + 1. **Proof of Concept Format.**

1. The functionality to be provided in the Proof of Concept will be a subset of the business and technical requirements as stated in this RFP and as selected by PEBA. The specific functionality will be defined in a Proof of Concept Scope document.
2. The Proof of Concept will include all steps proposed by the Contractors that will be used to gather requirements, design working software as a solution to specific functionality, conduct testing of the software, and deliver the final software to PEBA.
3. PEBA intends to conduct the Proof of Concept in tandem with the selected Contractors.
4. Each selected Contractor will be allowed a maximum of six (6) weeks of on-site interaction with PEBA during a maximum twelve-week contract period. The selected Contractors will alternate their weeks of on-site interaction (one week on-site, then one week off-site) for the duration of the Proof of Concept.
5. Each Contractor is expected to deliver a fully-functional solution using the approach, tools, and methodologies that are proposed for its full solution.
6. Each Contractor is expected to interact and conduct the Proof of Concept with PEBA as if performing the services of the full RFP.
7. Each Contractor will be paid a fixed lump sum of $100,000.00 upon completion of the Proof of Concept.
   * 1. **Proof of Concept Deliverables**

Each Contractor will provide, at a minimum, the following deliverables (tailored to fit the scope of the Proof of Concept):

1. Proof of Concept Project Work Plan;
2. Proof of Concept Requirements Traceability Matrix;
3. Proof of Concept Problem Resolution Plan;
4. Proof of Concept Software Test Results Document;
5. Proof of Concept Functional Test Plan;
6. Periodic Proof of Concept Status Reports; and
7. A fully functional solution as defined by the Proof of Concept Statement of Work.
   * 1. The Proof of Concept will be subject to all provisions of this Solicitation unless otherwise agreed to in writing by PEBA.
     2. The Proof of Concept must be hosted at the same Government Cloud Services Subcontractor that is proposed for the full solution.
     3. The Key Personnel used on the Proof of Concept must be the same Key Personnel that are proposed for the full solution.
     4. All software, tools, methodologies, and approaches used in the Proof of Concept will be the same as those proposed for the full solution.

**PART 4**

**INFORMATION FOR OFFERORS TO SUBMIT**

Proposals will be accepted only from the entity that will be providing the services hereunder. Offerors will submit:

1. One (1) original marked “original” and five (5) identical paper copies of your Technical Proposal.
2. Two (2) labeled USB flash drives containing a copy of the Offeror’s Technical Proposal Response (in MS Word, MS Excel and/or PDF format where appropriate).
3. One (1) original marked “original” and five (5) paper copies of your Business Proposal.
4. Two (2) labeled USB flash drives containing a copy of the Offeror’s Business Proposal.
5. One (1) USB flash drive labeled “original redacted” containing a redacted version of your original Technical Proposal.
6. One (1) USB flash drive labeled “original redacted” containing a redacted version of your original Business Proposal.

Both the Technical Proposal and the Business Proposal must be submitted separately and each marked respectively with: Section 4.1: Technical Proposal and Section 4.2: Business Proposal. No information from the Business Proposal may be included in the Technical Proposal.

Offerors are required to mark the original copy of their offer to identify any information that is exempt from public disclosure.  Offerors must do so in accordance with the clause entitled “Submitting Confidential Information.”  In addition, Offerors must also submit one USB flash drive of their offer from which they have remo**v**ed any information that they marked as exempt, i.e., a redacted copy.  The information redacted must mirror in every detail the information marked as exempt from public disclosure.  The redacted copy must (i) reflect the same pagination as the original, (ii) show the empty space from which information was redacted, and (iii) be submitted on a USB flash drive. File format will be Microsoft Word 97 or later. Except for the redacted information, the USB flash drive must be identical to the original hard copy and accessible for reproduction by PEBA.

Offerors must submit the following information for purposes of evaluation. PEBA desires a detailed written submission so that it can make an accurate comparison of all proposals received. Please be specific in your answers. The Proposal will include the following sections and will be presented in the listed order:

**4.1 TECHNICAL PROPOSAL**

**4.1.1** **COVER PAGE**

Offerors must submit a signed copy of the Cover Page (page one and two) with their offer. By submitting a proposal, Offeror agrees to be bound by all of the terms of the RFP. Offerors agree to hold their offer open for a minimum of one hundred twenty (120) calendar days after the Opening Date.

**4.1.2** **EXECUTIVE SUMMARY**

An Executive Summary must be provided with the Offeror’s Proposal. The Executive Summary must include a brief description of the Offeror’s understanding of the scope of services and their ability to provide the required services. The Executive Summary must be signed by an individual who is authorized to commit the Offeror to the services and requirements as stated in this RFP.

**Single Statement of Acceptance**: Offerors will reply to Part 1 General Contracting Information, Requirements, and Instructions to Offerors; Part 2 Scope of Proposal; Part 3 Scope of Work; and Part 6 Terms and Conditions by declaring that the Offeror fully understands, agrees to, and will comply with all of the provisions/requirements/terms in each of these Parts. Offerors must include this statement of acceptance in their Executive Summary. Please note that the State considers any Proposal containing deviations, exceptions, or caveats to the RFP that have not been submitted for consideration during the question and answer phase and adopted by PEBA as unacceptable.

**Subcontracting:** Offerors must identify any Subcontractor(s) by name, define the relationship, the services to be performed by the Subcontractor, and the years of experience. Any contract with a Subcontractor(s) must require the Subcontractor(s) to comply with all of the requirements contained in this RFP.

The Offeror may use Subcontractor(s) to provide some portion of the work, subject to the following conditions:

1. The Offeror may subcontract up to and including, but not more than, 25% of this Contract, as measured by the dollar value of the services performed by the Offeror and Subcontractor(s). The dollar value of the services performed by the Government Cloud Services Subcontractor are excluded from this calculation.
2. The Offeror will act as the prime contractor and retain responsibility for all services provided by the Subcontractor(s).
3. The Subcontractor(s) will be available to meet with PEBA, at PEBA’s discretion, to discuss the work of the Subcontractor(s). The cost of the subcontracted service will be made available to PEBA at PEBA’s request.

**4.1.3** **TABLE OF CONTENTS**

The Proposal must include a Table of Contents that lists page number references. The Table of Contents must be in sufficient detail to facilitate easy reference to the sections of the Proposal and separate attachments (which will be included in the main Table of Contents). If supplemental materials are included with the Proposal, each copy of the Proposal must include such supplemental materials. Supplemental information (i.e., information not required) and attachments included by the Offeror must be clearly identified in the Table of Contents and provided as a separate section.

* + 1. **OFFEROR’S SOLUTION**

For the version of the solution you are proposing, provide the following information:

* + - 1. Proposed Solution

1. Describe your proposed solution based on PEBA’s requirements as stated in this RFP.
2. Describe your BAS product roadmap for the next 5-10 years. Please indicate how your proposed solution will take advantage of government cloud services and technologies.
3. Provide a 10-year retrospective product roadmap of the proposed solution. PEBA is interested in understanding how the proposed solutions have been enhanced and upgraded.
4. For each Key Functional Area listed in Section 3.1.4, draft a maximum 3-page response ***for each area*** that explains in clear, non-technical language how the proposed solution performs the process. Include a brief narrative description of how your solution complies with the requirements in Attachment 8 Functional Requirements, which are organized by the same Key Functional Areas. Provide examples of how your proposed solution could improve PEBA operations; for example, by reducing processing time, reducing of errors, or enhancing customer service. Also, include the information you believe PEBA will find useful in evaluating the strengths of your solution. Note that in Attachment 8 Functional Requirements there is an additional section for General Ledger requirements. General Ledger is not considered to be a Key Functional Area in this RFP. However, you must also provide a brief narrative description for how your solution complies with the General Ledger requirements.
5. Indicate any additional functionality that is not specified in the Functional Requirements but is part of your proposed solution.
6. Describe how the proposed solution supports FOIA initiated Electronic Stored Information (ESI) searches, legal discovery, and legal holds.
7. Describe how the proposed solution supports the timely and secure archival of records from the system as may be required by record retention policies.
8. Provide a short video capture session (in any standard readable format) that demonstrates an overview of the proposed solution. The objective of this video capture session is for PEBA to experience the general “look and feel” of the solution, to get a sense of the basic navigation, and to see how a few of the screens operate from the user’s point of view. The video capture session must be between 5 to 10 minutes in length per scenario with either oral or written narration, which will explain what is being shown in the video capture. Offeror will demonstrate the following capabilities of the proposed solution in the video captures the following system capabilities: ECM, Workflow, Imaging, ad hoc query, ad hoc report, and CRM. A single video capture session may include multiple capabilities.

Scenario 1. – Pension Analyst Experience; “What-if” Benefit Estimate, perform a service purchase; create a new letter to a member.

Scenario 2 – Member Portal Experience; a) for a new hire, including retirement and insurance enrollment, designating beneficiaries, entering dependent information, b) for an active member, navigate through typically available options, and c) for a retired member, navigate through typically available options.

Scenario 3 – Employer Portal Experience; remit contribution payments, submit files, manually view/enter information, run/view standard reports.

Scenario 4 – Customer Service/Call Contact Experience; log call in CRM; initiate workflow; view caller’s history of office interactions; access FAQs/knowledge repository.

Scenario 5 – Demonstrate the end-to-end workflow and CRM capabilities of a member initiating and ultimately beginning retirement including retiree insurance

Scenario 6 – Change in any statutory limits such as the Social Security wage base or 415 limits.

Scenario 7 – Insurance Analyst Experience; process a special eligibility life event; generate an insurance invoice for a subscriber; premium management

Scenario 8 – Team Leader Experience; view manager’s dashboard; view team metrics; re-assign workflow tasks; view notifications/escalations

* + - 1. Solution Customization/Configuration

1. To provide PEBA an understanding of the degree of customization and/or configuration of the proposed solution, complete the two blank columns for each of the requirements in both Attachment 8 Functional Requirements and Attachment 9 Technical Requirements.

In the first column (Column E), place an indicator (A, B, C, or D) that specifies the primary method for meeting each requirement in the proposed solution. Use only the values A, B, C, or D, based on the descriptions below. Select the option that most closely reflects how the requirement will be delivered.

The second column (Column F) may be used to add any relevant comments concerning how each requirement will be met. No changes may be made to the original information provided in Attachment 8 Functional Requirements or Attachment 9 Technical Requirements.

1. **Configuration**. Existing system functionality will be configured to deliver the requirement. This includes setting of parameter values, updates to factor and value tables, updating rules engines, and selection from any available configuration options within the existing software release. Configuration changes would not be expected to have any impact on future software updates.
2. **Minor Customization**. To meet the requirement, existing functionality will be modified to incorporate unique PEBA customizations not within the existing software release. This includes customization within well-defined exit/entry points within the system, interface file format definitions, custom formulas, custom SQL or SQR code for queries or reports, and addition/modification of data fields. Minor Customizations would not be expected to have an impact on future software updates.
3. **Major Customization**. Existing functionality to meet the requirement does not currently exist within an existing module, feature, or system component. This includes PEBA-specific extensions/enhancements/customizations to existing functionality, PEBA-specific APIs, protocols, or standards, and back-porting features from another version of the system. These are customizations that would not normally be reviewed or tested by the Contractor as part of their general System release testing and validation. Special care would be required to ensure compatibility with future software updates.
4. **Other** (describe in comments). Existing functionality to meet the requirement does not currently exist and would require either a new functionality be added to the System, e.g. a new module, feature, or system component, the use of third-party technology specifically to meet PEBA’s requirement, or the requirement will be met outside of the System either manually or with a standalone tool.
5. Describe in detail the Application architecture of the proposed solution. Describe how the proposed solution will enable:
6. Ease of integration with existing software Applications and software tools;
7. Reuse of existing software Applications and software tools;
8. Ease of deployment of new modules and additional or enhanced functionality;
9. The parameter-based and effective-date-driven configuration of PEBA’s business rules;
10. Externalized business rules, (e.g. using iLOG or other rules engine), so that it will be easier to setup new business rules;
11. Scheduling of jobs, reports, and generation of various export files (PEBA is currently using Tivoli);
12. Application logging at a level sufficient for PEBA staff to perform auditing, security, and debugging activities as necessary; and
13. Support for web technologies used in the user interface, as well as these technologies’ ability to handle web interface vulnerabilities (e.g. XSS).

Discuss any risks and benefits associated with the products suggested. As with all components of the architecture, PEBA views technical support, available skills, long-term viability, interoperability, flexibility, and adherence to relevant standards as potential differentiators in a long-term solution. Explain how your proposed solution/approach would meet these objectives.

1. Describe the process used to modify rules or variables. Specifically, describe any scripts, menus, screens, and tools that will be provided to configure the System’s parameters, values, and rules.
2. Describe the proposed approach to integration, including a discussion of open Application Programming Interfaces (API), and other modular architecture based techniques that will enable integration, and communications between different Applications and platforms.
3. Describe in detail the proposed modular architecture, including the use of service interfaces to software components (service implementations), and support for commonly accepted, standards-based protocols to ensure continued technical viability, and improve technical agility. Explain in detail named programming specifications, such as Web Services Description Language (WSDL) and Business Process Execution Language (BPEL).
4. Explain the degree to which the proposed solution adheres to component-based architecture, re-usable software blocks, and the effective use of modular architecture. The Offeror must also explain the approach to securing transactions across the component architecture.
5. Describe how the architecture makes use of named types of tools, such as Enterprise Service Buses (ESBs) or Business Process Management (BPM) tools.
6. Explain how the proposed integration architecture facilitates the introduction of any new Applications to incorporate them into PEBA current or future integration architecture.
7. Provide visual depiction(s) of the proposed integration architecture. Any interim integration architecture(s) different from the final integration architecture necessary to support phases prior to full implementation must be described and visually depicted in detail.
8. Provide a description of how an easily-configurable mechanism for adding new input/output file forms and transmission of channels would be configured and implemented. Include a sample interface strategy document.
9. Describe how the proposed solution provides for a single point of management for all the system interfaces within the solution environment, such as an “interface gateway” that provides a single point to manage design, execution, security, performance, monitoring, and documentation. Please describe the built-in functionality within the proposed solution (and include screen prints) for interface monitoring including the ability to check the status of the interfaces, error processing, and resubmitting upon correcting errors.
10. PEBA defines software maintainability to be the ease with which the solution can be modified to correct faults, improve performance, or adapt to changes in the environment (e.g., statutes and regulations). Explain how the proposed solution provides software maintainability.
11. PEBA defines hardware maintainability to be the ease with which the hardware for the solution can be maintained. Explain how the proposed solution meets this objective, where existing hardware is easily maintained, or new hardware can be easily integrated into the solution to support business needs or changes in technology.
    * + 1. Track Record with the Solution
12. Provide a detailed description of projects with the proposed solution of over one million dollars ($1,000,000) in contract value for which your company has provided implementation and deployment services within the past five (5) years, including those projects currently underway and those projects you currently still support. Include the project location, a description of the project, project/contract value, name of the owner for whom the work was performed, and a name, phone number, and email address of the owner’s representative. Please complete and submit Attachment 13 Solution Installations.
13. Provide a list of every location where the recommended product version being proposed to PEBA has already been implemented or is being implemented.
14. Give one example of a successful implementation with the proposed solution. What made the project work well?
15. Give one example of a challenging implementation. What happened? What were the lessons learned?
    * + 1. Technical Questions
16. **Application Architecture**
17. If Open Source Software is used, describe:

(i) How it is used in the proposed solution;

(ii) How it is tested, certified, and supported as part of the proposed solution;

(iii) How it is monitored, tested, and patched for security vulnerabilities; and

(iv) How it is licensed.

1. Describe how the proposed solution’s information architecture meets the following objectives:

(i) Insulate transaction-processing systems from the large ad-hoc queries that are required by analytical processing systems;

(iii) Provide a cross-organizational view of data; and

(iv) Provide access to data not found in transaction systems, including summary data, historical data, and external data.

1. Describe the Database Management System used in the proposed solution and also discuss to what extent is the database normalized or de-normalized.
2. Describe how the proposed solution is architected to take advantage of rollback, roll-forward, and deadlock avoidance.
3. Explain how the unstructured data elements are handled. The unstructured data might include information found in correspondence, imaged documents, email, forms, reports, etc.
4. Describe how the proposed solution’s architecture provides a non-disruptive means for growth and for handling seasonal peaks of volume and utilization.

1. Outside of its use of an RDBMS, describe the data formats and data languages used in the proposed solution to support data presentation and exchange. The following, at a minimum, must be discussed:

(i) The use of Adobe Acrobat Portable Document Format (PDF) for non-editable electronic documents (except images which may be stored in the TIF format specified elsewhere in this RFP);

(ii) The use of the most recent version of XML when capturing or authoring document content that requires further automated processing by other information systems and web-based clients using standard XML browsers;

(iii) The ability to import or export standard comma-delimited files;

(iv) Shared disk files; and

(v) Describe the Database Connectivity Standards are used by the proposed solution (e.g. ODBC compliance, JDBC).

1. Include the following key artifacts in the proposal:

(i) Data structure/logical data model utilized in the solution being proposed;

(ii) Data schema diagram;

(iii) Data dictionary (including table descriptions, field or column definitions and types, defined keys, and value domains); and

(iv) Draft Data schema definition for use by PEBA in using the ad hoc query and reporting capability.

1. Describe how the proposed solution’s User Interface (UI) complies with the principles of responsive design.
2. Describe how the proposed solution’s UI provides for a user-centric and workflow-driven user interface.
3. Describe how new APIs are added to the proposed solution for either internal or external use.
4. Provide a brief narrative description of how your solution complies with the technical requirements in the Application Architecture section of Attachment 9 Technical Requirements. Include the information you believe PEBA will find useful in evaluating the strengths of your solution.
5. **Audit/Logging**
6. Include sample audit reports and audit logs in the proposal.
7. Describe how the proposed solution will integrate with Splunk or a similar log aggregation tool.
8. Provide a brief narrative description of how your solution complies with the technical requirements in the Auditing/Logging section of Attachment 9 Technical Requirements. Also, include the information you believe PEBA will find useful in evaluating the strengths of your solution.
9. **Security**
10. Explain the proposed Security architecture. Outline details surrounding the security architecture to ensure secure communications between the clients located in PEBA and the system that is hosted at the Government Cloud Services Subcontractor location.
11. Describe the hosted architecture and the secure means that will be used by PEBA to access and administer the System remotely.
12. Explain how the security will enable efficient processing and operations while concurrently protecting against any and all security breaches or violations of the protocol.
13. If parts of the proposed solution will be accessed via a web browser outside of PEBA’s internal network, explain how the secure communication between web servers and web browsers will be handled. Include a detailed description of all security and safety measures.
14. Discuss how any Applications served over the web to users outside the PEBA network would be served via encrypted https and protected with appropriate credentials. This applies to portal users and PEBA staff accessing the Application from an outside facility.
15. Describe how the proposed solution integrates with the directory service infrastructure (Microsoft Active Directory) and supports Lightweight Directory Access Protocol (LDAP) capabilities.
16. Describe the security standards implemented in the proposed solution. Explain how the maintenance and usability of any standards supporting PEBA security architecture are easy to use, unambiguous, and comprehensive.
17. Describe how the architecture permits use of the comprehensive system required to provide public-key encryption and digital signature services, also known as a public-key infrastructure (PKI).
18. Describe how the proposed solution complies with federal law and applicable State statutes with regard to “electronic signatures” and alternate means of authentication. You must explain the capabilities of electronic signatures in the proposed solution.
19. Describe how the proposed solution integrates with Netscaler.
20. Describe how the proposed solution integrates with third-party Security Information and Event Management (SIEM) tools.
21. Describe how the proposed solution is compliant with NIST 800-53.
22. Provide a brief narrative description of how your solution complies with the technical requirements in the Security section of Attachment 9 Technical Requirements. Include the information you believe PEBA will find useful in evaluating the strengths of your solution.
23. **Configuration**
24. Describe how the proposed solution is configurable.
25. Provide a brief narrative description of how your solution complies with the technical requirements in the Configuration section of Attachment 9 Technical Requirements. Include the information you believe PEBA will find useful in evaluating the strengths of your solution.
26. **Infrastructure**
27. Include the list of recommended hardware and software to support the proposed solution that accommodates the estimated total end users and concurrent users and the increase in end-user activity as noted in the technical requirements. The list of hardware and software components and accessories must include all components (e.g. servers, printers, cables, connection equipment, routers, and storage devices) to fully implement the solution. That list must include all the hardware and software components that will be required to support the proposed environments (including but not limited to Production, Production – DR Instance, Pre-Production, Reporting, Training, User Acceptance Testing, Test and Development environments) for use. The hardware and software products specified must support RFP requirements. The list of software must include the type of license. The hardware and software products specified must also support PEBA’s post Go Live support of the proposed solution. ***PLEASE DO NOT INCLUDE ANY COST INFORMATION IN THE TECHNICAL PROPOSAL RESPONSE. INCLUDE COST INFORMATION ONLY IN*** Attachment 6 Business Proposal Template.
28. Include an explanation of the recommended number of servers. Also include the following information with each server:

(i) Processor speed;

(ii) Number of processors needed by the server;

(iii) Memory and disk cache; and

(iv) Storage requirements.

Offeror must also include other necessary miscellaneous hardware (racks, keyboard/video/mouse) relating to servers.

Describe how the proposed hardware is capable of expansion to support future functionality.

Please note Offeror’s List of Hardware must also be included in Attachment 6 Business Proposal Template.

1. Describe the storage technologies and an estimate of storage type and size required to support the proposed solution. You must address the intended use of the technology as it relates to the specific data types including production database, images, archived report data, correspondence, and CRM support.

Describe the performance characteristics and why those characteristics are sufficient for the proposed use of the technology.

Discuss industry standards/best practices associated with this storage technology for backup and recovery, failover, and stability.

1. Include recommendations and requirements for any other hardware accessories and equipment, including the need for high speed, simplex and duplex, large capacity scanners, and portrait and landscape printing capabilities. The scanning equipment must be capable of meeting all of the technical/functional requirements outlined in the RFP
2. Explain your print output management approach and built-in proposed functionality to accommodate high volume print jobs.
3. Provide a schematic/network diagram of all platforms, servers, network equipment, and all similarly related infrastructure. Also, explain how these artifacts will be developed and maintained by an automated tool or package, delivered to PEBA, and maintained by the Offeror.
4. Include recommendations on the type of workstations (desktop PCs) needed to support the proposed solution. The Offeror must note that their response to this question is only a recommendation for changes or upgrades required to PEBA current desktop PCs required to support the proposed solution. Any such changes or upgrades must not be included in the Projected List of Hardware in the Technical Proposal and the Business Proposal.

Include the following details:

(i) Processor speed;

(ii) Number of processors needed by PC;

(iii) Memory;

(iv) Disk cache and local disk space; and

(v) Any specific software requirements (e.g. OS, word processing Software).

1. Describe the full suite of development and maintenance tools that will be used by the programmers in developing and maintaining the proposed solution.
2. Describe the minimum networking and bandwidth requirements that PEBA will need to be able to access the proposed solution at the Government Cloud Services Subcontractor.
3. Describe the proposed solution’s backup strategy and frequency of backup.
4. Describe how your proposed solution will recover work-in-progress in the event of a system failure.
5. Describe how the infrastructure of the proposed solution is designed such that reporting will not impact production performance.
6. Provide a brief narrative description of how your solution complies with the technical requirements in the Infrastructure section of Attachment 9 Technical Requirements. Include the information you believe PEBA will find useful in evaluating the strengths of your solution.
7. **Interfaces/Integration.**
8. Describe how the proposed solution is compliant with all National Automated Clearing House Association (NACHA) requirements for electronic transactions (EFTs, ACHs, and others).
9. Does the proposed solution employ any type of “middleware”? If so, provide the name of the middleware and indicate whether PEBA will have to purchase any licenses.
10. Provide examples of how your proposed solution will integrate with the Cisco telephony suite of products used at PEBA. Specifically indicate:

(i) “Screen pop” within the Cisco Finesse Agent;

(ii) Read/Write API calls by the Cisco Customer Voice Portal (Cisco CVP);

(iii) Self Service initiated agent chat sessions using Cisco Enterprise Chat (Cisco ECE);

(iv) Self Service initiated video agent conferences using Cisco Remote Expert;

(v) Self Service initiated scheduled agent callbacks;

(vi) Self Service initiated messaging to Cisco ECE;

(vii) Integration with the Cisco telephony suite provisioned as an Unified Communications as a Service (UCaaS);

(viii) Mobile app-initiated agent chat using Cisco ECE;

(ix) Mobile app-initiated video agent conferences using Cisco Remote Expert;

(x) Mobile initiated scheduled agent callbacks;

(xi) Mobile initiated messaging to Cisco ECE; and

(xii) How “configurable” is the integration.

1. Describe how your proposed solution will integrate with a unified communications service for self service and mobile initiated messages.
2. Describe how the proposed solution will provide a summary extract suitable for use by CEM’s Pension Administration Benchmarking service.
3. Indicate all supported file formats.
4. Provide a brief narrative description of how your solution complies with the technical requirements in the Interfaces/Integration section of Attachment 9 Technical Requirements. Include the information you believe PEBA will find useful in evaluating the strengths of your solution.
5. **Operational.**
6. Describe how the proposed solution is architected to avoid overnight, weekend, or otherwise off-hour processing.
7. Describe how you are planning to provide PEBA access to nonproduction environments (development, test, staging, and other environments) during implementation.
8. Describe how the proposed solution will achieve the desired response time and performance requirements.
9. Describe how response time will be measured and reported to PEBA. Include sample reports and dashboards in the Proposal.
10. List any tools necessary to periodically test the System’s operational performance.
11. Describe how the proposed solution will handle concurrent processing without impeding any aspect of PEBA’s operations or day-to-day business.
12. Discuss how the proposed solution addresses scalability issues. You must address how you have considered not only future load, but also potential functionality not presently considered by PEBA.
13. Describe what planned outages are required by the solution, including production changes, scaling up/down, and routine maintenance. Describe the planning for installation, configuration, tuning, and similar or related activities during evening and weekend hours as needed to ensure there will be a minimum of downtime of PEBA’s normal production activity.
14. Describe what types of recovery strategies are available and what levels of recovery you are equipped to solve. This discussion must cover:

(i) Services offered for recovery protection (i.e., 24-hour emergency coverage);

(ii) The response protocol in the wake of malfunctions covering every step from repair to replacement;

(iii) Restoration and recovery procedures;

(iv) Tools used to recover the database and Application to a known state;

(v) High Availability – For isolated server failures: Windows crash, RAID controller failure, SQL or Windows patch fails, C drive full, bad memory chip, wrong box unplugged;

(vi) Disaster Recovery – For widespread outages: Data center power or network outage, domain controller failure, SAN failure, fire or earthquake; and

(vii) Human Error – For SQL error: DELETE without a where clause, a bug in the stored procedure for updates, and for end-user needing a restore due to human error.

1. Describe the batch processing approach for the proposed solution. Describe any special batch processing for big jobs (e.g. employer data, monthly payroll, annual member statements, COLA, 1099R, interest posting, and premium billing). Describe the full breadth of batch processes, along with the reasons for these batch jobs. For each job, list the estimated impact on normal PEBA operations.

Also, explain how the batch processing will not negatively impact day-to-day operations.

1. Provide sample system activity logs in the proposal.
2. Provide a brief narrative description of how your solution complies with the technical requirements in the Operational Requirements section of Attachment 9 Technical Requirements. Include the information you believe PEBA will find useful in evaluating the strengths of your solution.
3. **Installation/Configuration**
4. Indicate for a minimum of how many years the proposed solution will remain a viable BAS from the time of final Phase Go Live.
5. Explain how you are planning to establish system security measures necessary to protect operations against unauthorized internal or external access to the communications, servers/platforms, or operating system infrastructure.
6. Indicate the type of documentation, in addition to those specified in the requirements, that will be provided during the Project.
7. Which automated configuration management tools have you used in similar projects and which tool do you propose to use on this Project?
8. Provide a brief narrative description of how your solution complies with the technical requirements in the Installation and Config section of Attachment 9 Technical Requirements. Include the information you believe PEBA will find useful in evaluating the strengths of your solution.
9. **Reports**
10. Describe how the reporting functionality is implemented in the proposed solution. Also discuss how forms, letters, and e-communications are created and incorporated into the proposed solution.
11. Describe any additional tools, including ad-hoc query development tools. Also, discuss the use of any third-party software Applications or other reporting tools integrated into the solution.
12. Describe the level of expertise that is needed by PEBA staff to create a new report or query.
13. Provide a brief narrative description of how your solution complies with the technical requirements in the Reports section of Attachment 9 Technical Requirements. Include the information you believe PEBA will find useful in evaluating the strengths of your solution.
14. **Imaging/Workflow**
15. Describe the proposed Enterprise Content Management (ECM) solution. Provide detailed information on the solution’s overall imaging/workflow integration tools/technology/methodology, including a description of how the proposed solution will maintain acceptable levels of performance when the imaging/scanning functionality will be split between the Government Cloud Services Subcontractor and on-premise scanners.
16. Describe how the proposed ECM solution includes multiple staff members and hand-offs, the ability to trigger workflow initiation and progression based on document issuance or receipt, the ability to add notes and comments to a specific case, the ability to generate and attach correspondence or other supplemental files to the case, the ability to set reminders, and the ability to track and report on cases over time.
17. Provide a detailed explanation of how your system integrates with your recommended ECM product. Specifically:

(i) Line of Business (LOB) integration;

(ii) Self Service integration;

(iii) Mobile integration;

(iv) Workflow;

(v) Bulk imports; and

(vi) System generated output, including reports, forms and letters.

1. Provide the file import and export formats that are supported.
2. Describe the level of expertise that is needed by PEBA staff to create a new workflow.
3. Does the proposed solution provide a graphical workflow design and configuration tool? If so, describe the tool. In addition, which business process modeling notations, such as BPMN or UML, does it support?
4. Provide a detailed explanation of how new workflows are created and maintained.
5. Indicate whether the proposed workflow system supports business process modeling and business process simulation.
6. Please provide a sample workflow tracking and flow report.
7. Describe how the proposed workflow system conforms to industry standards, such as interface specifications of the Workflow Management Coalition (WfMC), and uses Business Process Execution Language (BPEL) to describe the orchestration of services within the business processes.
8. Describe how PEBA will be able to measure workflow performance and report upon PEBA’s internal service levels.
9. Describe how work and work-in-progress is managed in the proposed solution. Specifically, include a discussion of how member and employer interactions and the complete end-to-end retirement processing are handled.
10. Indicate how many workflows and of what complexity level would be required to satisfy the requirements of this RFP.
11. Describe how the proposed solution supports case management.
12. Describe how the proposed solution incorporates non-PEBA user actions/tasks within a workflow, such as a member or employer performing a step within a workflow.
13. Provide a brief narrative description of how your solution complies with the technical requirements in the Imaging/Workflow section of Attachment 9 Technical Requirements. Include the information you believe PEBA will find useful in evaluating the strengths of your solution.
14. **Self Service**
15. Describe how the proposed solution manages a static content knowledge management repository. Also discuss how content is added, updated, and removed from the knowledge management repository.
16. Provide a brief narrative description of how your solution complies with the technical requirements in the Self Service section of Attachment 9 Technical Requirements. Include the information you believe PEBA will find useful in evaluating the strengths of your solution.
17. **Mobile Capabilities**
18. Describe the current mobile capabilities of the solution. Also, discuss the product roadmap for the mobile capabilities. Provide sufficient details on how the mobile capabilities are designed to help PEBA to serve all their retirement and insurance clients and other key stakeholders.
19. **Maintenance and Support**
20. Describe the general structure of your Maintenance and Support plan along with any options available. Please describe the level of maintenance and support that will be provided. ***OFFERORS WILL NOT INCLUDE ANY ASSOCIATED COSTS IN THE TECHNICAL RESPONSE.***
21. How does your Maintenance and Support program support PEBA’s goal for self-sufficiency in the future?
22. How often are software updates scheduled?
23. Describe the process by which software updates are released and how PEBA would implement these software updates.
    * 1. **OFFEROR’S APPROACH**
         1. Approach & Methodology
24. Explain your requirements gathering/design/development/testing methodology that will be used in this Project.
25. Describe your software development and BAS implementation methodology (i.e. Agile, hybrid, waterfall) and why you believe this is the best approach for PEBA.
26. Indicate what formal methods and disciplines will be employed to effect high-quality releases of functionality.
27. Describe the formal methods and disciplines that will be employed for testing each build (e.g. unit, regression, system, QA, performance, and stress).
28. Describe how you manage version control and build releases and how they are documented.
29. Describe and discuss how software version control is implemented and how updates and upgrades will be coordinated with PEBA’s computing environment. Also, describe how the solution will be able to track source code changes between versions for audit and control purposes. Also, describe how version compatibility will be maintained among the various products of multiple vendors.
30. Describe each environment (e.g. development, testing, training, and staging) and the approach/methodology for installation/patching/configuration of hardware/software. This approach must address the roles of different stakeholders, including PEBA’s IT staff in the process. Include specific examples how you have engaged client IT staff in the process from previous engagements.
31. Describe your Phase implementation approach. Also, discuss proposed integration strategy and its alignment to the Phase implementation approach. Also, discuss where these approaches have been used with your prior customers.
32. Will there be software releases during the implementation and will PEBA be required to include the releases? Provide a description of how these are planned for and included.
33. Based on experience with projects of similar size and scope, describe the level of staffing support required of PEBA during the Project phases outlined in your Project Work Plan, including but not limited to, the following Project phases:
34. Project planning and initiation;
35. Development of the detailed design document;
36. Project implementation;
37. Warranty; and
38. Post-Warranty

Be specific in describing the number of positions required, roles, responsibilities, and prerequisite skills of all PEBA staff members by Project phase.

1. Describe how you will work with the Data Services Contractor to perform data testing and resolve issues during the testing and implementation.
2. Describe all Deliverables and Milestones. What are the Milestones in the Project? What are the Project Deliverables listed by Milestone and Phase? Please include a detailed enough description to give PEBA a good expectation of content and include completion criteria. Please include the same Milestones in Attachment 6 Business Proposal Template.
3. Provide Your proposed Project Work Plan and label as Attachment 10 Project Work Plan. The Project Work Plan should include a firm schedule for all Phases and tasks from Project inception through the Warranty Period.
4. Provide Your proposed Project Resource Plan and label as Attachment 11 Project Resource Plan. The Project Resource Plan should identify the organizational structure, roles, and phases of all participating PEBA staff as they will be assigned throughout the Project, consistent with the Offeror’s proposal.
5. Provide a sample Quality Management Plan, as described in Section 3.10.1.
6. Provide Your proposed Project Risk and Mitigation Plan and label as Attachment 12 Project Risk and Mitigation Plan. The Project Risk and Mitigation Plan should clearly identify any potential Project risks that could impact the Offeror’s ability to meet Milestone dates in the Project Work Plan. The Project Risk and Mitigation Plan should include a risk matrix with mitigation plans that documents procedures for handling potential and actual problems, including general plans for dealing with the slippage of critical dates.
7. Provide a sample Release Management Plan, as described in Section 3.12.1.
8. Provide a sample Configuration Management Plan, as described in Section 3.12.2.
9. Provide a sample Backup and Recovery Plan, as described in Section 3.15.1.6.
10. Provide a sample Security Plan, as described in Section 3.15.1.8.
11. How is converted data tested? When does this occur?
12. PEBA mandates that the Offeror test utilizing a representative, anonymized data set, not a selective set of “clean” data or data containing PII. Describe whether the proposed system will facilitate the creation of anonymized test data from a production data source.

1. What do you consider to be a reasonable Defect rate for the delivered builds?
2. Provide a sample Test Management Plan, as described in Section 3.14.1, to include all types of testing.
3. Indicate which automated testing tools that you have used in similar projects and which tool you propose to use for this Project.
4. Indicate which tools that you have used to develop and maintain network diagrams and schematics for similar projects and which tool you propose to use for this Project.
   * + 1. Co-Implementation & Self-Sufficiency
5. Explain how your approach/methodology will help accomplish PEBA’s goal of a self-sufficient maintenance and support model after the final Phase Go Live. Ongoing production support will be performed by PEBA IT and ORD resources, with PEBA resources fulfilling an estimated 70% - 90% of all production support demands.
6. If a co-development agreement is required, please provide a copy.
7. Describe the pros, cons, and potential risks of PEBA’s planned co-development and post implementation self-sufficiency objectives.
8. Provide a sample IT Operations Manual, Business User Manual, and Business Procedure Manual.
9. How will you ensure that training and user documentation is continually updated as the product evolves in the future?
10. Provide an estimate of PEBA IT resources by type during implementation and after the final Phase Go Live necessary to support PEBA’s goal of operational self-sufficiency.
11. Provide a sample Training Plan.
12. Provide examples of similar projects in which the client became self-sufficient after the final Phase Go Live. Include which components of the solution were co-developed and which were supported after the final Phase Go Live.
13. Provide a list of required and recommended certifications and product training that PEBA IT staff should possess to support and enhance the infrastructure and underlying software.
14. Indicate whether you provide certification in your proposed solution. If so, please describe the certifications and levels of certification.
15. Describe how you have managed this type of knowledge transfer successfully in the past.
16. Provide a sample Turnover Plan.
17. Provide a sample Turnover Results Report.
18. Please include your rate schedule in Attachment 6 Business Proposal Template for professional services that may be necessary to assist PEBA in the completion of future System modifications. These professional services would be in support of PEBA prior to the attainment of self-sufficiency that are outside of the scope of implementation services and Maintenance and Support Services listed in Attachment 6 Business Proposal Template payment milestones. Engagement for additional services would be pursuant to the terms stated in the Proposal by separate change order authorization or purchase order.
    * 1. **OFFEROR’S STAFFING**
         1. Provide an organizational chart. Identify the Key Personnel that you propose to be involved in the Project on this chart.
         2. List the names of Key Personnel to be assigned to this Project with a description of their role and responsibilities, their location by city, the percentage of time they would be committed to this Project, and the percentage of time they are expected to be on-site vs. offsite.
         3. Provide resumes of your Key Personnel that will be assigned to this Project, showing employment history, education, years of experience, relevant certifications, information regarding comparable projects worked (description of project and responsibilities, dates of assignment) and project role.
         4. Designate the Project Manager who will have overall, daily responsibility for the Project.
         5. Provide a list of at least two (2) references from clients for each of your Key Personnel who will be assigned to this Project.

Include with each reference:

* The reference name, name of the person to contact and their title, address, e-mail address, and telephone number.
* A description of the services provided.
* The length of the contract including the start and end date.

References will be contacted and sent a written reference survey. As such, your submitted references should be agreeable to completing and returning PEBA’s written reference survey.

**4.1.7** **SUBCONTRACTOR’S EXPERIENCE AND ABILITY TO PERFORM**

* + - 1. Provide the following information for each Subcontractor, including the Government Cloud Services Subcontractor:

1. Provide a narrative designed to demonstrate the Subcontractor’s qualifications, and the advantages to PEBA in selecting the proposed Subcontractor. The narrative must include the Subcontractor’s specialized experience, business expertise, prior experience working with the Contractor, and success in implementing and deploying new benefit administration systems for public sector pension and health and welfare plans. In addition, indicate which aspects of the Project and the proposed solution the Subcontractor will be part of and approximately, per dollar value, what percent of the Project will be attributable to the Subcontractor. Include any information you wish PEBA to consider about the Subcontractor’s qualifications and experience.
2. Provide a detailed description of the Subcontractor and the Subcontractor’s company history. Include the Subcontractor’s principal business, ownership, number of employees regularly employed, number of offices and locations, and how long the Subcontractor has been in the business of providing the services proposed in the RFP response, in particular benefit administration systems for public sector pension and health and welfare plans.
3. Provide information reflecting the Subcontractor’s current financial position. Include a copy of the Subcontractor’s audited financial statements for the last three (3) years.
4. Please outline and describe the nature of any business relationships, partnerships, or co-ownership partnerships currently in place. Describe any ongoing responsibilities (financial, strategic, or otherwise) currently in place or that are a result of these relationships. Describe any recent (within the last 3 years) or pending mergers, acquisitions, or re-organizations that have been or may be encountered by the Subcontractor in the next 12 to 36 months and the anticipated impact of such events on the Subcontractor.
5. Provide specific detailed information regarding any and all situations where the Subcontractor has defaulted on a contract. Provide specific detailed information regarding any and all situations where a contract has been canceled or in which a contract was not renewed due to alleged fault on the part of the Subcontractor.
6. In the last three (3) years has the Subcontractor had a project or contract terminated prior to successful conclusion or implementation? If so, describe the circumstances. Provide a list of any contracts that were terminated prior to the original contract end date and the reason for termination.
7. For any similar project undertaken within the last three (3) years, indicate any time where the Subcontractor has caused the delivery schedule to increase by more than 20% from the original schedule over the life of the project. Describe the situation, circumstances, variances, and other relevant information to explain the reason(s) for the variance.
8. Provide the Subcontractor’s annual gross revenue during the last three (3) fiscal years. If 2018 is not yet available, provide an estimate for FY 2018 and include FY 2015.
9. Provide specific detailed information regarding any legal action(s), including currently pending actions, against the Subcontractor in the past seven (7) years.
10. Provide specific, detailed information regarding whether the Subcontractor has been subject to any sanctions or enforcement action related to legal or regulatory issues including, but not limited to, privacy compliance, HIPAA compliance, civil or criminal sanctions, or enforcement actions.
    * + 1. Provide the following information for the Government Cloud Services Subcontractor ***only***:
11. Provide a copy of the Government Cloud Services Subcontractor’s FedRAMP certification.
12. Is a Terms of Service Agreement required by the Government Cloud Services Subcontractor? If so, provide a copy of the Terms of Service Agreement.
13. The Government Cloud Services Subcontractor must provide annually a SOC-2, Type 2 audit report that addresses all five trust principles of security, availability, processing integrity, confidentiality, and privacy, audited by an independent public accounting firm under Statement on Standards for Attestation Engagements No. 18 (“SSAE 18 Report”) for each facility from which Government Cloud Services are provided.
    * 1. **OFFEROR’S REFERENCES**

4.1.8.1 Offeror is to provide a list of at least three (3) references from clients for whom they have implemented the version of the solution being proposed. Include with each reference:

* The reference name, name of the person to contact, title, address, e-mail address, and telephone number.
* A description of the project.
* The length of the contract including the start and end date.
* Staff assigned to referenced engagement that will be designated for work per this RFP.
* Your resource/staffing commitment.

References will be contacted by phone or sent a written reference survey. As such, your submitted references should be agreeable to completing and returning PEBA’s written reference survey.

Offeror References that are not received or are not complete may adversely affect your score in the evaluation process. PEBA may contact any or all business references for validation of information submitted. Additionally, PEBA reserves the right to consider all information available to it (outside of the information required in this section) in its evaluation of Offeror’s RFP response.

4.1.8.2  Offeror is to disclose, within the past three (3) years, all technology implementation contracts with North America public employee pension or insurance funds that were terminated, or which contracted work was stopped or considerably altered prior to completion, for any reason. Please give a detailed description.

4.1.8.3 Offeror is to provide the information below. Client or contract specific requests below are to include named engagements with North America public employee pension or insurance funds.

1. Provide your company’s most recent audited financial statement.
2. Describe any updates or changes to company ownership, the nature of any key business relationships, partnerships, or co-ownership partnerships that have occurred since the submission of your RFQ response. Describe any ongoing responsibilities (financial, strategic, or otherwise) currently in place or that are a result of these relationships. Describe any recent (since the submission of your RFQ response) or contemplated ownership changes, mergers, acquisitions, or re-organizations that have been or may be encountered by your company in the next 12 to 36 months and the anticipated impact of such events on your company.
3. Provide specific detailed information regarding any legal action(s), including currently threatened, pending, or closed actions against your company since the submission of your RFQ response.

d.      Provide specific detailed information regarding whether your company has been subject to any sanctions or enforcement action related to legal or regulatory issues including but not limited to privacy compliance, HIPPA compliance, civil or criminal sanctions, or enforcement actions since your RFQ response.

e.      Has any client for which you have implemented a technology solution had any instance of a security intrusion, data breach, or data loss since your RFQ response? If yes, please describe the nature of the event/breach/loss and the manner in which the event/breach/loss was rectified.

4.1.8.4 Offeror is to disclose any North American public employee pension or insurance fund clients it has acquired, completed contracted work, or lost since the submission of its RFQ response. Please describe the scope and size of these contracts.

* + 1. **ORAL PRESENTATIONS**

Each Offeror may be required to make an Oral Presentation covering its submitted proposal. Oral Presentations will be made in-person at PEBA’s offices and any travel expenses incurred by the Offeror are the Offeror’s sole responsibility. The time allotted per individual Offeror will not exceed five hours, including the question and answer period. PEBA will make every effort to notify the responsive and responsible Offerors in ample time to schedule a specific date/time for presentations and to help minimize the Offeror’s travel expenses. PEBA requires that the presentation be given by the Key Personnel identified in the Offeror’s proposal. The presentation should be conducted in a straightforward manner to secure a clear and meaningful understanding of the Offeror’s submitted proposal. Offerors will not be allowed to distribute or introduce any new information or materials that are not included in their Proposal response. The Offeror may not ask questions, divulge any cost information, or receive preliminary assessments on its Proposal from the members of the evaluation panel. Oral Presentations do not constitute clarifications, discussions, or negotiations.

Oral Presentation Agenda Format

Topic Time Limit

1. Introductions and presentation of Offeror’s proposed approach to the contract. 20 min.
2. Solution demonstration – Business Functionality. 120 min.
3. Solution demonstration – Technical. 120 min
4. Question and answer period / wrap-up. 40 Min
   1. **BUSINESS PROPOSAL**

The pricing structure for this Contract will be a fixed-price agreement with Milestone-based payments. Milestones will be associated with PEBA’s Acceptance of the Deliverables. Milestone payments will reflect the relative value of the Deliverables. The sum of all Milestone payments will equal the total contract value.

(a) Offerors’ Business Proposals must use the worksheet provided in Attachment 6 Business Proposal Template.

(b) Unless otherwise set forth in a Change Order, PEBA is not obligated to reimburse Contractor for expenses (i.e., transportation, lodging, meals, per diem, etc.) for additional services requested in this RFP.

(c) The Contractor’s schedule of payments from PEBA and compensation will be contingent upon the satisfactory completion of mutually agreed upon Milestones as set forth in Attachment 6 Business Proposal Template.

(d) Please note the 10% Hold-Back per Phase requirements in Section 6.3.5.

(e) This contract is subject to available and incremental funding; therefore, payments shall not exceed 25% of the total implementation fees in any single year of the Project.

**PART 5**

**AWARD CRITERIA**

Offers will be evaluated using the evaluation factors stated below. Evaluation factors are stated in the relative order of importance, with the first factor being the most important. Evaluation factors (c) and (d) are of equal importance. Once evaluation is complete, all responsive Offerors will be ranked from most advantageous to least advantageous.

**Evaluation Of Offers:**

**(a) OFFEROR’S SOLUTION.** To evaluate this criterion, the evaluation panel will use the information submitted in response to:

* **Proposed Solution**, Part 4, Section 4.1.4.1;
* **Solution Customization/Configuration**, Part 4, Section 4.1.4.2;
* **Track Record with the Proposed Solution**, Part 4, Section 4.1.4.3 and Section 4.1.8;
* **Technical Questions**, Part 4, Section 4.1.4.4 and Attachment 3 – Service Provider Security Assessment Questionnaire; and
* **Subcontractor’s Experience and Ability to Perform**, Part 4, Section 4.1.7.

**(b) OFFEROR’S APPROACH.** To evaluate this criterion, the evaluation panel will use the information submitted in response to:

* **Approach & Methodology**, Part 4, Section 4.1.5.1; and
* **Co-Implementation & Self-Sufficiency**, Part 4, Section 4.1.5.2.

**(c)** **BUSINESS PROPOSAL.** Points will be provided to the evaluation panel by the Procurement Officer once the evaluation panel has completed and finalized their scoring for award criteria (a), (b) and (d).

**(d) OFFEROR’S STAFFING.** To evaluate this criterion, the evaluation panel will use the information submitted in response to Part 4, Section 4.1.6.

**Proof of Concept:**

Once the evaluation of Offers is complete, and all responsive Offerors have been ranked from most advantageous to least advantageous, PEBA may award twelve-week contracts to the top two highest ranked responsive and responsible Offerors to conduct a Proof of Concept. If, after the completion of the evaluation of offers, the second highest ranked responsive and responsible Offeror does not have a mathematical possibility of being the highest scored after the evaluation and addition of points from the Proof of Concept to the total points from the evaluation of Offers, a Proof of Concept may be conducted with the only highest ranked Offeror.

Proofs of Concept will be evaluated using the evaluation factors (a through d) stated below. Evaluation factors are all of equal importance. At the conclusion of the twelve-week contract to conduct a Proof of Concept both Contractors will be evaluated. The Proof of Concept scores will be added to each Contractor’s total score from the evaluation of their offers to determine the highest ranked. PEBA will then issue an intent to extend the twelve-week contract of the Contractor who is the highest ranked for the remainder of the contract term. The twelve-week contract of the second ranked Contractor will not be extended.

1. Ability to turn requirements into specifications.
2. Design and configuration of the functionality.
3. Validation and delivery of the functionality.
4. Interaction of the Finalist’s team and PEBA staff.

**PART 6**

**TERMS AND CONDITIONS**

**6.1 GRANT OF LICENSE TO PEBA**

**6.1.1 Scope of License.** Contractor grants to PEBA a nonexclusive, nontransferable, non-assignable (except in conjunction with a transfer or assignment of the Contract in accordance with Section 6.2.6), worldwide, royalty-free, fully paid-up, perpetual and non-terminable license to install, execute, modify, reproduce, access and Use the Licensed Programs in conjunction with the BAS System for its own internal data processing and computing needs and to make such copies of each component of the Licensed Programs as needed for such use, including copies for archival, disaster recovery, testing, training, and backup purposes, each in accordance with and subject to the terms and conditions contained in this Contract. Such right to use extends to all Authorized Users. The license grant provided herein will not be deemed to limit PEBA’s ownership of the Work Product. This license does not include the specific licenses granted or terms of sale for any Third Party Equipment or Third Party Software agreed to in writing by PEBA.

**6.1.2 Source Code.** Upon delivery of each Phase of the BAS System, Contractor shall provide PEBA with the then current Source Code Materials. Contractor hereby grants to PEBA a nonexclusive, fully paid up, royalty free, perpetual, and non-terminable license to install, execute, modify, configure, reproduce, and use the Source Code Materials. As part of such license, PEBA shall be permitted to allow its third party designees to do any of the foregoing on behalf of PEBA. During the term of this Agreement, Contractor shall update the Source Code Materials at least once per year and as frequently as a Release is made available by Contractor.

**6.1.3 Escrow.**  For the duration of this Contract and for as long as PEBA purchases Maintenance and Support Services from Contractor, Contractor will maintain an “*Escrow Agreement*” with a third-party escrow agent (the “*Escrow Agent*”) that is mutually agreed to by the parties and attached hereto as Attachment 7 Escrow Agreement. Such Escrow Agreement will designate PEBA as a third-party beneficiary and meet all the requirements of this Section. Upon the execution of this Contract, Contractor will provide the Escrow Agent with the then current versions of Source Code of the Licensed Programs, all proprietary tools used with the Licensed Programs under this Contract, all Documentation, all Open Source code utilized with the Licensed Programs, all source code of Third Party Software that is incorporated in or bundled together with the Licensed Programs, and all operation documents, including but not limited to documents describing the third-party tools and the methods and procedures utilized for the installation, configuration and operation of the Licensed Programs and Third Party Software, to the extent the same currently exist (“*Deposit Materials*”). Contractor will update the Deposit Materials at least once per year and as frequently as a Release is made available by Contractor. Contractor will bear the cost of putting the Deposit Materials in escrow and may replace such Escrow Agent; provided, however that it obtains PEBA’s advance written approval of the new Escrow Agent, which will not be unreasonably withheld by PEBA.

Under the Escrow Agreement, PEBA will be able to obtain a copy of the Deposit Materials if: (i) Contractor ceases supporting the Licensed Programs for its customer base; (ii) Contractor fails to provide Maintenance and Support Services for the Licensed Programs to PEBA in accordance with Contractor’s obligations under this Contract; (iii) Contractor files a petition for bankruptcy or insolvency, has an involuntary petition under bankruptcy laws filed against it, commences an action providing for relief under bankruptcy laws, files for the appointment of a receiver, or is adjudicated a bankrupt concern, ceases to do business or dissolves; or (iv) this Contract is terminated by PEBA pursuant to [Section 6.11](#_bookmark38) or 6.12 (collectively, a “*Release Event*”). Upon a Release Event, Contractor hereby grants to PEBA a nonexclusive, fully paid up, royalty free, perpetual, and non-terminable license to copy, modify, create Derivative Works, reproduce, and otherwise use the Deposit Materials for PEBA’s internal business purposes. As part of such license, PEBA will be permitted to allow its third-party designees to do any of the foregoing.

**6.1.4 Documentation and Training.** In connection with its installation of the BAS System, Contractor will provide PEBA with Documentation and training for PEBA Personnel as set forth in Section 3.15. Documentation that is Work Product will be owned by PEBA. For any Documentation that is not Work Product, Contractor hereby grants to PEBA the perpetual, non-exclusive, irrevocable right to use, modify, create Derivative Works of, and to make copies of such Documentation to facilitate PEBA Personnel’s permitted use of the BAS System.

**6.1.5 Ownership and Software Licenses.**

(a) **Title.**

(1) All rights, title, and interest in and to any Base Program provided by the Contractor to the State will remain perpetually with the Contractor, except as otherwise expressly provided in this Contract.

(2) All rights, title, and interest in and to the Work Product vests in PEBA as set forth herein. Contractor will thereafter have no right, title or interest in any Work Product and will be delivered to PEBA or otherwise disposed of by Contractor only as directed by PEBA. All Work Product will be considered PEBA Confidential Information. As herein used, title includes providing to PEBA all intellectual elements of the Work Product including, but not limited to, developmental work product, notes, object and source codes, documentation, and any other items which would aid PEBA in understanding, using, maintaining, and enhancing said Work Product. Except for the Contractor Technology that may be included, incorporated or embedded in or integrated into the Work Product, PEBA will own, and Contractor hereby irrevocably and perpetually assigns, transfers and conveys to PEBA, all of Contractor’s worldwide rights, title and interests, including all patent rights, copyrights, trademarks, know-how, trade secrets and other intellectual property rights, in and to the following: (a) Work Product (including related documentation necessary to Use and support the Work Product), except to the extent the Parties have otherwise agreed in any Statement of Work that Contractor would own such Work Product; (b) all modifications and Enhancements to, and Derivative Works of, PEBA Systems (including any Work Product that constitute a modification, Enhancement, or Derivative Work of PEBA Systems), whether or not the Parties have agreed in the manner described in the preceding subsection (a); (c) training documentation (whether or not it is a Deliverable) developed by Contractor in connection with the provision of the Services; (d) all reports and manuals, including the Procedures Manual and any training manuals (whether or not any of the foregoing is a Deliverable); and (e) those interfaces, knowledge bases, configuration specifications and hierarchies and organizational schemes for materials that relate to PEBA Systems (whether or not any of the foregoing is a Deliverable). Contractor hereby waives any and all of its rights relating to certain “moral rights” that Contractor may have in any Work Product and other rights that Contractor may have in certain resale proceeds of certain of any Work Product that may be deemed to be literary works. Contractor will cooperate with PEBA or its designees and execute all documents of assignment, declarations, and other documents which may be prepared by PEBA or its designees, and take other necessary actions as reasonably directed by PEBA or its designees to effect the title transfer to all Work Product or to perfect, protect, or enforce any proprietary rights resulting from or related to this Contract. For those Contractor Personnel who create Work Product hereunder, Contractor represents and warrants that it has written agreements with such Contractor Personnel assigning to Contractor ownership of all right, title, and interest (including all patent rights, copyrights, and other intellectual property rights) in all Work Product created in the course of performance the Contractor Personnel’s obligations under the Project. PEBA hereby grants Contractor a non-exclusive, non-transferable right to modify, publish, create Derivative Works, copy, distribute, and produce and use the Work Product during the term of this Contract and solely for the purpose of Contractor fulfilling its obligations hereunder and in support of or enhancement of the Licensed Programs for PEBA.

Contractor hereby grants to PEBA a nonexclusive, nontransferable, non-assignable (except in conjunction with a transfer or assignment of the Contract in accordance with Section 6.2.6), worldwide, royalty-free, fully paid-up, perpetual and non-terminable license to install, execute, modify, reproduce, access and Use (and allow PEBA Authorized Users to Use) all (a) Contractor Technology; (b) processes, methodologies, procedures, and trade secrets; (c) Software, tools and machine-readable texts and files; and (d) literary work or other work of authorship, including documentation, reports, drawings, charts, graphics and other written documentation used by Contractor in connection with the Base Programs and related services that is (i) included, incorporated or embedded in or integrated into the Deliverables or Customizations, or other part of the business, Systems or operations of PEBA (including any business method or process) or (ii) linked to or required to be called upon by any Deliverable or Customization, or other part of the business, Systems or operations of PEBA (including any business method or process) such that the BAS System or other Systems of PEBA will not function in accordance with its specifications or, in the absence of specifications, for its intended purpose, without any of the foregoing being linked or called-upon by any of the same.

(b) **Export Control.** The State acknowledges that the products acquired hereunder may be licensable by the U. S. Government. It further acknowledges that a valid export license must be obtained from the Department of Commerce prior to export of said products.

(c) **Software Tools.** The contractor will provide to the State, simultaneous with its initial installation, and any subsequent Enhancements, upgrades, fixes, etc., software tools (including, but not limited to compilers, editors, etc.) that the State would require to maintain or enhance the customized software. These services will be provided at no additional cost to the State.

(d) This Section 6.1.5 will survive termination of this Contract for any reason.

**6.2 CONTRACTOR’S RESPONSIBILITIES**

**6.2.1** **Contractor’s Obligations.** Contractor shall provide to PEBA: (i) all the Deliverables set forth in this Agreement and meeting in all material respects all of the System Specifications in the time frames required under this Contract; and (ii) all services set forth in this Contract in the time frames required under this Contract. The Contractor will provide and pay for all materials, tools, equipment, labor and professional and non-professional services, and will perform all other acts and supply all other things necessary, to fully and properly perform and complete the work. The Contractor must act as the prime contractor and assume full responsibility for any Subcontractor’s performance. The Contractor will be considered the sole point of contact with regard to all situations. No subcontracting will release Contractor from its responsibility or obligations under the contract.  Contractor will remain liable and responsible for any of its subcontractors’ work and activities, including its subcontractors’ compliance with and breach of the terms of the contract, and for all acts and omissions of such subcontractors. Contractor will be solely responsible for the payment of all fees and expenses to its subcontractors.

**6.2.2** **Licenses and Permits.** During the term of the contract, the Contractor will be responsible for obtaining, and maintaining in good standing, all licenses (including professional licenses, if any), permits, inspections and related fees for each or any such licenses, permits and /or inspections required by the State, county, city or other government entity or unit to accomplish the work specified in this solicitation and the contract.

**6.2.3 Maintenance and Support.** After implementation of the BAS System, Contractor will provide the Maintenance and Support Services from the end of the Warranty Period to the end of the Contract Term (“Initial Term”). After the initial term for Maintenance and Support Services, PEBA will have the option to renew the Maintenance and Support Services indefinitely in three (3) year terms by so notifying Contractor prior to the expiration of the then current term for such Maintenance and Support Services. The terms and conditions of the Contract will carry forward into the Maintenance and Support Services renewals.

Maintenance and Support Services may be terminated by PEBA at any time by providing sixty (60) days advance written notice to Contractor. If the Maintenance and Support Services are terminated at any time or are not renewed by PEBA, Contractor will cooperate with PEBA to transition responsibility for the Maintenance and Support from Contractor to PEBA Personnel, at Contractor’s then current hourly rates to the extent the actual time spent is outside of the scope of the current services provided in this Contract. No adjustment in any fee or rate set forth in the Contractor Proposal for Maintenance and Support Services will be made unless specifically agreed to by PEBA in a Change Order.

**6.2.4 Software Upgrades, New Releases and Versions**. As part of Maintenance and Support Services, Contractor is responsible for the testing, roll-out, installation, and implementation of all Upgrades, new releases, versions, and fixes of Software provided by Contractor or used and maintained by Contractor in connection with Contractor’s provision of the Services (including Upgrades, new releases, versions, and fixes provided as part of the maintenance support included in any third party contractor’s charges or otherwise). Contractor will carry out any roll-out, installation, or implementation in a manner so as not to disrupt the Services or PEBA’s operations. Within six months after an upgrade, new release, version, or fix to such Contractor provided or maintained Software becomes available, Contractor will: (a) provide PEBA with the results of its testing and evaluation of such upgrade, new release, version, or fix; and (b) subject to the provisions of this provision, will implement each upgrade, new release, version, or fix. Contractor will not install without PEBA’s approval an upgrade, new release, version, or fix of Licensed Programs that: (i) is required to be validated or raises any validation issues (as reasonably determined by PEBA); (ii) does not comply with PEBA architecture standards or product requirements; or (iii) has any adverse cost, performance, integration, conversion, process, or functionality impact on PEBA or the Services. Contractor will not install an upgrade or new versions or releases of Licensed Programs or make other Licensed Programs changes if doing so would require PEBA to install upgrades or new releases of, replace, or make other changes to Software, or require PEBA to acquire new Equipment or Upgrade then-current Equipment, for which PEBA is financially responsible, without PEBA’s consent. Contractor may not install any Upgrade, new release, version, or fix of Licensed Programs that is a first installation, or an alpha or beta release, without PEBA’s consent. PEBA will have the right, but not the obligation, to install Upgrades or new releases of, replace, or make other changes to Software, but if the same has any adverse cost, performance, integration, conversion, process, or functionality impact on Contractor or the Services, Contractor will be relieved of its responsibility for providing the Services in accordance with applicable Service Levels.

**6.2.5 Unencumbered Personnel.** All persons assigned by the Contractor to perform services for PEBA under this Contract, whether they are employees, agents, Subcontractors, or principals of the Contractor, will not be subject to any employment contract or restrictive covenant provisions which would preclude those persons from performing the same or similar services for PEBA after the termination of this Contract, either as an employee, an independent contractor, or an employee, agent, Subcontractor or principal of another contractor with the State. If the Contractor provides PEBA with the services of any person subject to a restrictive covenant or contractual provision in violation of this provision, any such restrictive covenant or contractual provision will be void and unenforceable, and the Contractor will pay PEBA and any person involved all of its expenses, including attorneys’ fees, caused by attempts to enforce such provisions.

**6.2.6 Assignment, Novation, and Change of Name, Identity or Structure.**

(a) Contractor will not assign this contract, or its rights, obligations, or any other interest arising from this contract, or delegate any of its performance obligations, without the express written consent of the Procurement Officer. The foregoing restriction does not apply to a transfer that occurs by operation of law (e.g., bankruptcy; corporate reorganizations and consolidations, but not including partial asset sales). Notwithstanding the foregoing, Contractor may assign monies receivable under the contract provided that the state will have no obligation to make payment to an assignee until thirty (30) days after Contractor (not the assignee) has provided the Procurement Officer with (i) proof of the assignment, (ii) the identity (by contract number) of the specific state contract to which the assignment applies, and (iii) the name of the assignee and the exact address or account information to which assigned payments should be made.

(b) If Contractor amends, modifies, or otherwise changes its name, its identity (including its trade name), or its corporate, partnership or other structure, or its FEIN, Contractor will provide the Procurement Officer prompt written notice of such change.

(c) Any name change, transfer, assignment, or novation is subject to the conditions and approval required by Regulation 19-445.2180, which does not restrict transfers by operation of law.

**6.2.7** **Compliance with Laws.** During the term of the contract, Contractor will comply with all applicable provisions of laws, codes, ordinances, rules, regulations, and tariffs.

**6.3 PAYMENTS TO CONTRACTOR**

**6.3.1 Payment Types and Fixed-Fees.** The parties will recognize the following (5) types of payments for this Contract:

(a) **Payments for BAS System License Fees**

These payments are for Contractor’s license fees for the Licensed Programs.

(b) **Payments for Implementation Services**

These payments are for Contractor’s implementation services for the Project, which will include, but not be limited to, the Contractor providing Customizations, implementation of the BAS System, Interfaces, training, and Documentation. These fixed fees will include all of Contractor’s travel and out-of-pocket expenses.

(c) **Payments for Third Party Equipment and Third Party Software**

These payments are for Third Party Equipment and Third Party Software to be purchased by Contractor on behalf of and for PEBA as set forth in this Contract. The listed fees will include all shipping, delivery, maintenance and shipping related insurance expenses as agreed to in the formal request to purchase. PEBA and Contractor will mutually agree which Third Party Equipment and Third Party Software will be procured from Contractor and which Third Party Equipment and Third Party Software will be procured by PEBA. Additionally, PEBA and Contractor will mutually agree on any deviations or variations from the Third Party Equipment and Third Party Software proposed by Contractor.

(d) **Payments for Maintenance and Support Services**

These payments are for the Maintenance and Support Services as set forth in this Contract.

(e)  **Payments for Government Cloud Subcontractor Services**

These payments are for the Government Cloud Subcontractor Services as set forth in this Agreement.

(f) **Payments for Professional Services**

These payments are for professional services that may be necessary to assist PEBA in the completion of future BAS System modifications. These professional services would be in support of PEBA prior to the attainment of self-sufficiency or in augmentation of PEBA resources that are outside of the scope of implementation services and Maintenance and Support Services. Such services are not authorized without the issuance of a change to this agreement pursuant to 6.3.8 or a written purchase order pursuant to 6.3.7.

(g) Contractor acknowledges and agrees that Attachment 6 Business Proposal Template lists all fees due for this Project and that Contractor will not be permitted to exceed any of the fees listed in Attachment 6 Business Proposal Template unless pre-approved by PEBA in a written amendment or written Change Order (as defined in Section 6.3.8) signed by both parties. PEBA will make payments to Contractor in accordance with the deliverable-based schedule set forth in Attachment 6 Business Proposal Template schedule of payment milestones. The schedule of payment milestones includes estimated invoice dates that are subject to completion by Contractor of the related services and Acceptance by PEBA of the related Deliverable noted in Attachment 6 Business Proposal Template. The estimated invoice dates are subject to change based upon updates to the Project Work Plan and Contractor’s successful completion of payment milestones and PEBA’s written acceptance of such work. No progress payments will be made for partial or incomplete work.

**6.3.2 Invoices for Third Party Software and Third Party Equipment.** Contractor will invoice PEBA for the fees for any Third Party Equipment and Third Party Software procured by Contractor as follows: (i) in the case of Third Party Equipment, upon delivery thereof to PEBA, and (ii) in the case of Third Party Software, on or about the date of license grant to PEBA. Contractor will reasonably cooperate with PEBA so that Third Party Software and Third Party Equipment are not delivered to PEBA until they are needed.

**6.3.3 Payment of Invoices**. Invoices will not be submitted to PEBA until PEBA accepts the applicable Deliverables by issuing a Certificate of Acceptance. All invoices must be accompanied by a copy of such Certificate of Acceptance for processing of the payment. PEBA will process payment for each undisputed portion of the invoices in a manner consistent with the policies and procedures of PEBA, with a target for payment for each accepted invoice no more than thirty (30) days after the receipt of the invoice unless Contractor and PEBA agree to longer payment terms. In the event PEBA withholds payment of any disputed portion of an invoice, PEBA will not be deemed in default of its payment obligations hereunder, provided that it notifies Contractor of the reasons for such dispute in writing. Funds are not presently available for this entire contract. PEBA’s obligation under this contract is contingent upon the availability of authorized funds from which payment for contract purposes can be made. No legal liability on the part of PEBA for any payment may arise until funds are made available for this contract. It is further anticipated that funding, if authorized, will be made available over the course of several years on a year-by-year basis and funding may be subject to legislative authorizations. Therefore, PEBA shall not be in a position to pay more than twenty five percent of the total contract value in any particular year (the annual limit of PEBA liability). As indicated in the Business Proposal Template Payment Milestone worksheet, include no more than twenty five percent of the total contract value in any given calendar year based upon the projected Payment Milestones. To the extent Contractor may perform services which would otherwise cause PEBA’s financial obligation to exceed the annual limit of liability, Contractor performs such services at its sole risk and expense; PEBA is not obligated to pay the Contractor for any costs in excess of the annual limit of PEBA liability.

**6.3.4 Taxes.** PEBA is exempt from all Federal, State, and Local taxes, including, but not limited to, any sales and use taxes, on goods and services to be provided by Contractor and its Subcontractors, and therefore not liable for any such taxes levied on or by Contractor in performance hereunder. No payment will be made by PEBA for any taxes levied on Contractor’s wage payments.

**6.3.5 Hold-Back Amount.** For payment of invoices for each Phase, PEBA will remit payment less ten percent (10%) (the “*Hold-Back Amount*”), unless otherwise indicated in the payment schedule. Half of the Hold-Back Amount for each Phase will be paid by PEBA upon completion of the Warranty Period for that Phase, including any extension necessary to correct Defects reported during the Warranty Period. The last half of the Hold-Back Amount for each Phase will be paid by PEBA upon the completion of the final Warranty Period, including any extension necessary to correct Defects reported during the Warranty Period.

**6.3.6 Payment and Interest.**

(a) PEBA will pay the Contractor, after the submission of proper invoices or vouchers, the prices stipulated in this contract for Deliverables accepted pursuant to an accepted schedule of payment milestones, less any deductions provided in this contract. Unless otherwise specified herein, including the purchase order, payment will not be made on partial deliveries accepted by PEBA or on work that has not been tested and accepted by PEBA.

(b) Unless otherwise provided herein, including the purchase order, payment will be made by check mailed to the payment address on “Page Two.”

(c) Notwithstanding any other provision, payment will be made in accordance with S.C. Code Section 11-35-45, which provides the Contractor’s exclusive means of recovering any type of interest from PEBA. Contractor waives imposition of an interest penalty unless the invoice submitted specifies that the late penalty is applicable. Except as set forth in this paragraph, PEBA will not be liable for the payment of interest on any debt or claim arising out of or related to this contract for any reason.

(d) Amounts due to PEBA will bear interest at the rate of interest established by the South Carolina Comptroller General pursuant to Section 11-35-45 (“an amount not to exceed fifteen percent each year”), as amended, unless otherwise required by Section 29-6-30.

(e) Any other basis for interest, including but not limited to general (pre- and post-judgment) or specific interest statutes, including S.C. Code Ann. Section 34-31-20, are expressly waived by both parties. If a court, despite this agreement and waiver, requires that interest be paid on any debt by either party other than as provided by items (c) and (d) above, the parties further agree that the applicable interest rate for any given calendar year will be the lowest prime rate as listed in the first edition of the Wall Street Journal published for each year, applied as simple interest without compounding.

(f) PEBA will have all of its common law, equitable, and statutory rights of set-off.

**6.3.7 Purchase Orders.** Contractor will not perform any Work prior to the receipt of a purchase order from PEBA. Purchase orders may be used to elect professional services available under this contract, but are subject to all terms and conditions of this Contract. Purchase orders may be electronic. No particular form is required. An order placed pursuant to the purchasing card provision qualifies as a purchase order.

**6.3.8 Change Orders.**

(a) **Requested by PEBA.** In the event PEBA requests a change to the scope of the Project, the PEBA Project Manager will deliver such request in writing to the Contractor’s Project Manager. Within ten (10) Business Days of the receipt of such a request, Contractor will provide a written change order proposal (a “Change Order Proposal”) that will include: (i) a description of the change, the tasks involved in completing the work requested, and the level of effort involved in implementing the change; (ii) the estimated date by which such change will be completed; (iii) any consequential changes that will need to occur in the Project Work Plan; (iv) the total flat fee cost for implementing such change; and (v) the latest day by which written approval can be given to Contractor so that Contractor can implement the change in line with Contractor’s Change Order Proposal.

(b) **Requested by Contractor.** In the event the Contractor desires to initiate a change to the scope of the Project, it will provide to PEBA a Change Order Proposal that meets the foregoing requirements and also clearly explains the basis under this Contract that gives rise to the need for a change.

(c) **Change Order Process.** Contractor will bear all costs in preparing a Change Order Proposal. PEBA will have no obligation to accept or agree to any Change Order Proposal, provided that Contractor may invoke the Dispute procedures set forth in Section 6.14 in the event PEBA rejects a Change Order Proposal that Contractor reasonably believes is justified. Contractor shall complete the disputed work or provide the disputed goods or services notwithstanding the existence of a dispute. A Change Order Proposal that is acceptable to PEBA and Contractor will become a Change Order under this Contract when it is signed by the PEBA Executive Director (or his designee) and the Contractor Account Executive (or his designee). Prior to preparing a Change Order Proposal, Contractor will first determine whether the proposed change can be reasonably accommodated within the existing level of Contractor resources, not including overtime work, then being used by Contractor in performing its obligations hereunder, and if so the charges payable by PEBA for the Project will not be increased. To the extent a change proposed by either party will reduce the Contractor’s cost to fully perform its obligations hereunder, Contractor will not be required to reduce its fee but will issue a credit memo that reflects the fees and costs associated with the services and Deliverables that will not be provided. PEBA will be permitted to apply such credits against future Change Orders. Contractor will maintain a change request reporting mechanism and provide a change control plan/methodology for the duration of the Project. The fees specified in a Change Order Proposal will be tied to the payment points set forth in Attachment 6 Business Proposal Template and be subject to the Hold-Back Amount.

(d) The Contractor is not authorized to perform and will not perform any change order service until PEBA has approved the change order proposal in writing and a written change order has been executed by both parties.

(e) PEBA will be the sole judge of the acceptable completion of change order work and, upon such determination, will provide the Contractor a Certificate of Acceptance.

**6.3.9**  **Change Directives.**

(a) Contract Modification.  By a written order, at any time, and without notice to any surety, the Procurement Officer may, subject to all appropriate adjustments, make changes within the general scope of this Contract in any one or more of the following:

(1)   drawings, designs, or specifications, if the supplies to be furnished are to be specially manufactured for PEBA in accordance therewith;

(2)   method of shipment or packing;

(3)   place of delivery;

(4)   description of services to be performed;

(5)   time of performance (i.e., hours of the day, days of the week, etc.); or,

(6)   place of performance of the services.  Subparagraphs (1) to (3) apply only if supplies are furnished under this Contract.  Subparagraphs (4) to (6) apply only if services are performed under this Contract.

(b)   Adjustments of Price or Time for Performance.  If any such change increases or decreases the Contractor’s cost of, or the time required for, performance of any part of the work under this Contract, whether or not changed by the order, an adjustment will be made in the Contract price, the delivery schedule, or both, and the Contract modified in writing accordingly.  Failure of the parties to agree to an adjustment will not excuse the Contractor from proceeding with the Contract as changed, provided that the State promptly and duly makes such provisional adjustments in payment or time for performance as may be reasonable. By proceeding with the work, the Contractor will not be deemed to have prejudiced any claim for additional compensation, or an extension of time for completion.

(c)   Time Period for Claim.  Within 30 days after receipt of a written Contract modification under Paragraph (1) of this clause, unless such period is extended by the Procurement Officer in writing, the Contractor will file notice of intent to assert a claim for an adjustment.  Later notification will not bar the Contractor’s claim unless the State is prejudiced by the delay in notification.

(d)   Claim Barred After Final Payment.  No claim by the Contractor for an adjustment hereunder will be allowed if notice is not given prior to final payment under this Contract.

**6.4 PROJECT MANAGEMENT AND DELAYS**

**6.4.1 Project Management.** Contractor will be responsible for planning, scheduling, and completing all Project tasks. Contractor will provide weekly written status reports that include at least the information and documents requested by PEBA. The parties will have weekly status meetings (unless otherwise agreed) and regularly scheduled steering committee meetings. Incorporating any items provided by PEBA, Contractor will be responsible for preparing the agenda and objectives for each weekly status meeting and regularly scheduled steering committee meetings. Contractor will provide such information to all attendees three (3) Business Days in advance of the applicable meeting and conduct all meetings and prepare all follow up materials that result from such meeting. Contractor will make Key Personnel and any other requested Contractor Personnel available for all meetings. In addition to the regular status reports and meetings, Contractor agrees that it will provide all other information reasonably requested by PEBA in a timely manner and attend all other reasonably requested meetings by PEBA’s Personnel. The PEBA Project Director will have overall Project authority, working closely with the PEBA Project Manager and the assigned Contractor Project Manager who will provide project management and technical direction. Decisions that may affect the scope of the Project or delay completion will be discussed with the PEBA Project Director and the PEBA Project Manager prior to a decision being made by the Contractor Project Manager.

**6.4.2 Updating Project Documents and Reduction of PEBA Requirements.** Contractor is responsible for updating and maintaining all project management documentation, including but not limited to the Project Work Plan, Requirements Traceability Matrix, and the System Specifications throughout the implementation process; provided that no such changes will be considered agreed upon until approved in writing by PEBA. Contractor will make such updates as frequently as changes are agreed to by the parties and no less frequently than on a quarterly basis for the Implementation Plan and a weekly basis for all other such materials. Contractor will submit all updated project management documents to PEBA for its approval. Contractor acknowledges and agrees that none of the project management documents, whether or not approved by PEBA, will be able to abrogate any of the Solicitation requirements or a Change Order executed by the parties; Contractor will be required to meet all the Solicitation requirements, regardless of whether the project management documents include the requirement or not. Notwithstanding the foregoing, a Solicitation requirement can be eliminated from the Project in the event Contractor specifically proposes the elimination of the Solicitation requirement in writing to PEBA and such proposal is agreed to in writing by PEBA’s Executive Director. In the event PEBA agrees in writing to any reduction in the requirements of the Solicitation, the Contractor will not be required to reduce its fee but will issue a credit memo that reflects the fees and costs associated with the services and deliverables that will not be provided. PEBA will be permitted to apply such credits against future Change Orders. In the event PEBA wishes to reinstate the eliminated requirement, the parties will enter into a Change Order and the cost of such Change Order will not exceed the amount of the applicable credit memo issued by Contractor for such reduction.

**6.4.3 PEBA Caused Delay and Concurrent Delay.** Contractor acknowledges that from time to time PEBA may not be able to meet the time frames specified in the Project Work Plan or that PEBA may determine that it is necessary to delay and/or modify the timing and sequencing of the implementation as provided in the Project Work Plan. Contractor acknowledges and accepts that reasonable delays may occur. While PEBA is committed to the Project and will use reasonable efforts to provide staff and resources necessary to satisfy all such time frames, PEBA will not be deemed in default for any delays in the Project, provided PEBA uses its reasonable efforts to accomplish its designated responsibilities and obligations as set forth in the Project Work Plan, and provided further that, if applicable as set forth below, PEBA provides a reasonable time extension for such delays.. In addition, PEBA may, at its option, suspend the Project or any part thereof if necessary to perform its mission or future funding is not available. Contractor and PEBA agree to adjust the applicable Project Work Plan to take into account any PEBA-caused delays or suspensions; provided, however, that Contractor will continue to perform any and all activities not affected by such PEBA-caused delay. PEBA may require Contractor to re-prioritize or re-sequence certain functions, and in the event an adjustment to a Project Work Plan causes Contractor scheduling conflicts or personnel unavailability and Contractor promptly notifies PEBA of such conflicts or unavailability, PEBA and Contractor will prepare a revised, mutually agreeable Project Work Plan, which may delay the commencement and completion dates of the Project and will take into consideration the readjusted time frames and any necessary resequencing of the activities. Such readjustment, rescheduling or modification of the Project for any and all delays will be at no additional cost to PEBA if the aggregate delays are less than or equal to sixty (60) Business Days and no single delay is more than ten (10) Business Days in length. If the readjustment, rescheduling or modification of the Project arises solely from PEBA-caused delays which are more than sixty (60) Business Days in the aggregate in any calendar year, or if a single PEBA-caused delay is more than ten (10) continuous Business Days in length, the parties will enter into a mutually agreed Change Order, including any mutually agreed supplemental charges justified by the PEBA-caused delay. If the readjustment, rescheduling or modification of the Project arises from concurrent delays (delays attributable to a combination of the acts or omissions of PEBA and Contractor or delays attributable to conditions beyond the control of either party) which are more than sixty (60) Business Days in the aggregate in any calendar year, or if a single PEBA-caused delay is more than ten (10) continuous Business Days in length, Contractor’s sole and exclusive remedy will be an extension of time to complete its work.

**6.4.4 Contractor Caused Delay.** Contractor caused delays will, in no circumstances, last for more than ten (10) consecutive Business Days. If a Contractor caused delay exceeds ten (10) consecutive Business Days, PEBA will have the right to terminate this Contract for default subject to the issuance of a Notice to Cure pursuant to 6.11.5 in addition to all other remedies available to it. All Contractor-caused delays will be the responsibility of Contractor and no Change Orders will be approved by PEBA for such Contractor delays.

**6.5 FORCE MAJEURE**

**6.5.1 Event of Force Majeure.** Neither party will be liable for any costs or damages due to nonperformance under this Contract arising out of any cause or event not within the reasonable control of such party and without its fault or negligence, including, but not restricted to, severe weather, earthquakes, labor disputes, fire, flood, explosion, act of God, terrorist attack, war, insurrection, riot, government regulation or act, vandalism, strike or quarantine (such causes or events hereinafter referred to as “*Events of Force Majeure*”).

**6.5.2 Notice Requirement:** Each party will give the other party prompt notice of the occurrence of any Event of Force Majeure that may cause delay hereunder, and the date of performance by any party that gives such notice will be extended for a period not exceeding the period of delay caused by the Event of Force Majeure so identified.

**6.5.3 Postponement of Deliverable, Phase, or System.** If requested by written notice received from PEBA after either party is given notice of any Event of Force Majeure, Contractor will postpone shipment of the Deliverable, Phase, or BAS System for such period as PEBA may request by written notice to Contractor. To the extent any such postponement affects the cost, scope and schedule of the Project, PEBA and Contractor will enter into an appropriate Change Order in accordance with the Change Order procedures under this Contract.

**6.5.4 Limitation on Period of Force Majeure.** No Event of Force Majeure will be an excuse for permanent nonperformance but will be an excuse only for delays in performance and only to the extent that such delays are directly attributable to such cause. Accordingly, should any Event of Force Majeure delay performance in any material respect for a period of more than six (6) months, either party will have the option to rescind this Contract upon the provision of written notice to the other party.

**6.5.5 Exculpation.** Neither party will be liable for any delay or failure in the performance of its obligations under this Contract that directly results from any failure of the other party to perform its obligations as set forth in this Contract.

**6.6 CUSTOM PROGRAMMING**

**6.6.1 Customizations.** As may be required by this Contractor to meet the System Specifications, the parties acknowledge that the Licensed Programs must be configured and/or customized. PEBA expects a Configuration to be a design specification within the Licensed Programs that does not require custom code and that is made to align the inherent functionality of the Licensed Programs with the System Specification. A Customization would require the creation of custom code in order to provide the requested functionality.

The Contractor will explain to PEBA whether the requested design is classified as a Configuration, Minor Customization, Major Customization, or Other, as described in Section 3.1, and whether the requested design will result in a change in classification from what was included in the Contractor’s proposal. Additionally, the Contractor will be fully transparent and communicative on how the requested design will affect cost and the future performance, maintenance, and patching of the BAS System, to ensure PEBA has all pertinent information necessary to make an informed decision on the design.

Contractor shall develop all Configurations and Customizations for each Phase prior to installation of each Phase of the BAS System and in accordance with the Project Work Plan.

**6.7 WARRANTIES; REMEDIES**

**6.7.1 Warranty Period.** The Warranty Period will be the period of time commencing with the Go Live of each Phase used by PEBA in an operational, non-test environment, utilizing actual production data and terminating twelve (12) months after that Go Live. Each Phase will have its own Warranty Period as described in this section.

(a) **Periodic Processes.** The Warranty Period will be extended to cover the Periodic Processes under Section 3.1.5.20 if the first Live Use of the functionality relating to the Periodic Processes occurs outside of the twelve (12) month Warranty Period in Section 6.7.1. Any Defects discovered during the first Live Use will be corrected as in Section 6.7.3. PEBA will notify the Contractor of any Defect within 60 days after the first live use of the Periodic Processes.

**6.7.2 Warranty of Conformity to Specifications.** During the Warranty Period, Contractor represents and warrants that the BAS System (i) will operate without Defect; and (ii) will operate in material conformity with the System Specifications. Contractor, at its own expense, upon receipt of written notice from PEBA, will make all corrections and modifications necessary to the BAS System and each component or portion thereof, so that the BAS System will so operate. If a Defect is discovered during the Warranty Period but, despite the exercise of reasonable diligence by PEBA, written notification of such Defect reaches Contractor within a reasonable time after the conclusion of the Warranty Period, such Defect will be deemed to have been reported during the Warranty Period.

**6.7.3 Correction of Warranty Period Defects.** Contractor represents and covenants that it will use all reasonable diligence to correct Defects in the BAS System discovered during the Warranty Period, when reported to Contractor in writing or discovered by Contractor within the Warranty Period. Contractor will use its best efforts to perform all warranty services during the Warranty Period in a manner which minimally disrupts PEBA’s daily operations.

Upon PEBA reporting a Defect in the BAS System during the Warranty Period, PEBA will categorize the Defect Severity and Priority as documented in Section 3.14.7.

Without limiting the parties’ ability to agree to a different timeframe as circumstances warrant, the parties acknowledge the following to be Contractor’s target timeframes for initiating verification of a Defect, identification of potential workarounds, identification of potential resolutions, identification and assignment of Contractor Personnel to address Defects and the commencement of work to resolve such Defects:

(i) for Critical Defects, two (2) hours after they are reported to Contractor during Business Hours and 4 hours for Critical Defects reported after Business Hours;

(ii) for Major Defects, four (4) hours after they are reported to Contractor during Business Hours and 6 hours for High Defects reported after Business Hours; and

(iii) for Moderate Defects, five (5) Business Days after they are reported to Contractor.

For purposes of reporting a Critical or Major Defect to Contractor, the parties will establish an agreed to process, including an afterhours process. Where effective and practicable given the nature of the Critical or Major Defect, Contractor will provide the Defect Correction for a Critical or Major Defect by means of a “temporary fix” consisting of sufficient programming and operating instructions to implement the Defect Correction consistent with the agreed plan. Contractor represents and covenants that it will initiate work toward Defect Correction for a Moderate or Low Defect in a diligent manner consistent with the agreed to plan, either on a remote basis or on-site, as is most effective, efficient and practicable given the nature of the Defect. Contractor may provide the Defect Correction for a Moderate or Low Defect by means of a “temporary fix” consisting of sufficient programming and operating instructions to implement the Defect Correction in a timely manner.

Contractor will ensure that each Defect Correction is included in all subsequent Releases of the Licensed Programs where such functionality is made available to all customers of the Base Program. Contractor will provide reasonable diagnostic assistance for all Defects, and Contractor will resolve such Defects in accordance with its warranty obligations hereunder at no additional charge to PEBA.

**6.7.4 Complete System.** Contractor represents and warrants that no additional third-party software or equipment is required or necessary to operate the BAS System in accordance with System Specifications and the Performance Specifications, other than as is listed in Attachment 6 Business Proposal Template. In the event any additional equipment or software is needed to comply with this Section, Contractor will promptly provide, test, install, and appropriately configure the additional software and hardware at the Government Cloud Services Subcontractor hosting facilities or PEBA Premises, free of charge and at no additional cost to PEBA and PEBA will reasonably cooperate with Contractor in its fulfillment of these obligations.

**6.7.5 Warranty of Right to License; Noninfringement.** Contractor represents and warrants that it is the owner of the Licensed Programs and that it has the right to convey the licenses set forth in this Contract, and that PEBA’s use of such Licensed Programs, the design of the BAS System as a whole, and the execution of the Licensed Programs on Contractor approved Equipment do not infringe, misappropriate, or otherwise violate any third-party rights, including but not limited to any patent rights, copyrights, trade secret rights, trademark rights, or other proprietary rights. Notwithstanding the foregoing, it is agreed that Contractor will not be in breach of this warrant for any infringement arising solely from the use of the Third-Party Equipment or Third-Party Software.

**6.7.6 No Claims.** Contractor represents and warrants that, as of the date of this Contract, there is no action, suit, claim, investigation or proceeding pending, or to the best of Contractor’s knowledge, threatened against, by or affecting Contractor or the BAS System or any component thereof in any court, or by or before any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind which, if adversely determined, might materially adversely affect the use of the BAS System or any component thereof or restrict Contractor’s ability to consummate the transactions contemplated hereby or provide the services under this Contract. Contractor further represents and warrants that it knows of no basis for any such action, suit, claim, investigation or proceeding.

**6.7.7 Service Warranty.** Contractor represents and warrants that it complies with, at all times during the term of the Contract will continue to comply with, all applicable federal, state, and local laws, statutes, rules, regulations, and ordinances in performance of the services hereunder, including, but not limited to, professional services and Maintenance and Support Services. Contractor represents and warrants that it will perform all services, including, but not limited to, professional services and Maintenance and Support Services, and provide the Deliverables required by this Contract in a timely, professional and workmanlike manner, and in accordance with prevailing industry practices and standards; provided, however, that where this Contract specifies a particular standard or criteria for performance, this warranty is not intended to and does not diminish that standard or criteria for performance.

**6.7.8 Software Warranties**. For all Licensed Programs provided hereunder, Contractor represents and warrants that (i) contractual terms and conditions included in any “clickwrap,” “browsewrap,” “shrinkwrap,” or other license agreement that accompanies any Licensed Programs are void and have no effect; (ii) the Licensed Programs do not contain any hidden files not known and approved by PEBA; (iii) no Licensed Program will replicate, transmit or activate itself without control of a human operating the computing equipment on which it resides in a manner not known and approved by PEBA; and (iv) the Licensed Programs do not alter, damage or erase any data or computer programs without control of a human operating the computing equipment on which it resides in a manner not known and approved by PEBA.

**6.7.9 Single Point of Contact**. The Contractor will be the initial contact point for all warranty notifications and support requests, regardless of the perceived source of the problem.

**6.7.10 Scalability**. The Contractor represents and warrants that the BAS System has the capacity to scale up to meet PEBA’s processing load.

**6.7.11 Hardware Sizing**. The Contractor represents and warrants that the Equipment and any related technological infrastructure that the Contractor provides or recommends is of sufficient capacity and capabilities to consistently and reliably meet the requirements of the Contract.

**6.7.12 Open Source Code.** Contractor covenants that it will not use any Open Source code as part of the License Programs or any other component of the BAS System unless it specifically identifies the Open Source code in Attachment 6 Business Proposal Template, provides a copy of the applicable Open Source code license agreement to PEBA, and secures PEBA’s written consent to provide such Open Source code.

**6.7.13 Date Compliance.** Contractor represents and warrants that the License Programs are designed to be used prior to, during, and after any transition from one year to another, one century to another and one fiscal year to another forever and that the Licensed Programs will operate during each time period without error relating to date data or computations related thereto, specifically including any error relating to, or the product of, date data which represents or references different years, centuries, fiscal years or more than one year, century, or fiscal year. PEBA represents and warrants that all existing interfaces, files and data stored or currently used contain valid century information.

**6.7.14 Disabling Code.** Contractor represents and warrants that the BAS System and any component thereof do not intentionally or negligently contain any virus, malware, worm, trap door, back door, timer, clock, counter or other limiting routine, copy protection mechanism, dongle key, instruction or design that would erase data or programming or otherwise cause the BAS System or any component thereof to become inoperable or incapable of being used in the full manner for which it was designed and created including, without limitation, any such timers or other limiting routines that Contractor may configure within the BAS System, any limitations that are triggered by: (a) the Licensed Programs being used or copied certain number of times, or after the lapse of a certain period of time; (b) the Licensed Programs being installed on or moved to a central processing unit or system that has serial number, model number or other identification different from the central processing unit or system on which Licensed Programs were originally installed; or (c) the occurrence or lapse of any similar triggering factor (each, a “*Disabling Code*”). Contractor will use reasonable care to protect PEBA’s Equipment from the introduction of a Disabling Code and ensure that all Contractor Personnel take all reasonable precautions to ensure that it does not introduce any Disabling Code while performing services under this Contract. Notwithstanding anything contained herein to the contrary, in the event Disabling Codes are identified by Contractor or PEBA and were introduced therein as a result of Contractor’s breach of this Section, Contractor will take all reasonable steps necessary, at no additional cost to PEBA to: (i) restore any and all data lost by PEBA as a result of such Disabling Code, to PEBA’s latest backup thereof, and to the extent that such recovery is technically feasible, provided that PEBA, at all relevant times, had used industry standard virus-checking software and back-up procedures; (ii) provide a replacement component of the BAS System without Disabling Code, (iii) test the replacement component of the BAS System for the presence of Disabling Codes to ensure it is free of Disabling Code; and (iv) install and implement such replacement component of the BAS System.

**6.7.15 New Equipment.** Contractor represents and warrants that all Third Party Equipment and replacement or repair parts delivered to PEBA hereunder will be new (i.e., unused and not reconditioned or refurbished). To the extent that the passage of time, prior to the purchase of hardware of software, results in improved products being available for the same cost to Contractor as the Third Party Equipment originally proposed by Contractor, Contractor will provide the improved product to PEBA at no additional charge.

**6.7.16 Legal Requirements.** For changes to the BAS System required to comply with federal law or other legal requirements, Contractor will make all necessary changes to the BAS System when notified in writing by PEBA at no additional charge to PEBA. When the necessity of such changes are known by Contractor Key Personnel, Contractor will promptly notify PEBA of changes to the legal requirements that may impact the BAS System, but Contractor will not provide legal advice.

**6.7.17 Security Controls.** Contractor covenants to implement or as appropriate enable industry standard security features in the BAS System and that the BAS System complies with the System Security Plan agreed to by the parties.

**6.7.18 Limitation of Liability.**

(a) **Warranties.** EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS CONTRACT OR REFERENCED HEREIN, EACH PARTY DISCLAIMS ALL WARRANTIES RESPECTING PEBA, ALL SERVICES PROVIDED UNDER THIS CONTRACT AND THE PARTIES’ OBLIGATIONS, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

(b) **Damages.** Except for: (i) damages that arise from Contractor’s breach of its confidentiality obligations or resulting from Contractor’s bad faith or willful misconduct; or (ii) Contractor’s indemnification obligations set forth in Sections 6.8.2, 6.8.3 and 6.8.4, IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY DAMAGES, OR ANY LOST PROFITS ARISING OUT OF OR OTHERWISE RELATING TO THIS CONTRACT OR THE USE OR PERFORMANCE OF PEBA OR ANY COMPONENTS THEREOF, HOWEVER CAUSED, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES.

(c) **Contractor’s Liability.** Except for (i) damages that arise from Contractor’s breach of its confidentiality obligations or resulting from Contractor’s bad faith or willful misconduct; or (ii) Contractor’s indemnification obligations set forth in Sections 6.8.2, 6.8.3 and 6.8.4, the Parties agree the Contractor’s liability under this Contract will be limited to an amount equal to two (2) times the awarded Contract value, including the amount posted on the Intent to Award and any modifications due to Change Orders. In no event will this section limit the liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct.

Contractor acknowledges that the following will be considered “direct damages” and Contractor will not assert that they are indirect, incidental, collateral, consequential or special damages or lost profits to the extent they result from Contractor’s failure to perform in accordance with this Agreement. Contractor may be liable to PEBA for the following direct damages in the event of breach (i) costs and expenses of recreating or reloading any lost, stolen or damaged Government Information; (ii) costs and expenses of implementing a work-around in respect of a failure to provide the BAS System or related Services or any part thereof; (iii) cover damages, including the costs and expenses incurred to procure the BAS System, the Services, or corrected Services from an alternate source, to the extent in excess of Contractor’s charges under this Contract; (iv) costs and expenses incurred to bring the BAS System or hosting Services in-house or to contract to obtain the BAS System or hosting Services from an alternate source, including the costs and expenses associated with the retention of external consultants and legal counsel to assist with any re-sourcing; or (v) payments, fines, penalties, interest, sanctions, or other remedies imposed by a governmental body or regulatory agency or required by an applicable law for Contractor’s failure to comply with legal requirements or deadlines.

(d) **PEBA’s Liability.** In no event will PEBA’s liability under this Contract exceed the amount paid and owed by PEBA to Contractor.

**6.7.19 No Withholding of Services.** The Contractor warrants that during the Term of this Contract it will not withhold the BAS System to be provided hereunder, for any reason, including but not limited to a dispute between the parties arising under this Contract, except as may be specifically authorized herein. **Due to the serious impact and irreparable harm any suspension or termination of this vital and critical services Contract would have on the continuing operations of PEBA and the State entities, employees and retirees relying on PEBA, in which case an adequate remedy at law is highly unlikely to be available, PEBA’s failure to perform its responsibilities set forth in the Contract will not be grounds for suspension or termination by Contractor. CONTRACTOR ACKNOWLEDGES AND AGREES THAT PEBA WOULD NOT BE WILLING TO ENTER INTO THIS CONTRACT WITHOUT CONTRACTOR’S COVENANT AND ASSURANCES THAT THE (1) CONTRACTOR’S SERVICES AND PERFORMANCE WILL NOT BE SUSPENDED OR TERMINATED BY CONTRACTOR, AND (2) CONTRACTOR WILL NOT SUSPEND PERFORMANCE EVEN IF PEBA FAILS TO PERFORM ANY OF ITS DUTIES UNDER THE CONTRACT OR CONTRACTOR ALLEGES PEBA IS IN BREACH OF THIS AGREEMENT. ANY TERMINATION HEREUNDER, WHETHER FOR DEFAULT OR CONVENIENCE WILL NOT AFFECT ANY LICENSES GRANTED TO PEBA. Notwithstanding the foregoing, Contactor’s promise not to terminate or suspend its performance will not relieve PEBA from its obligations to pay Contactor for acceptable goods and services provided pursuant to this agreement. Contractor’s remedy shall be to initiate proceedings for recovery of payments pursuant to the Disputes provision of this agreement (6.14) and shall continue to perform during the pendency of any disputes. Contractor agrees that this provision will flow down and be included in any subcontract including without limitation the Government Cloud Service Provider Subcontract.**

**6.8 INDEMNIFICATION**

**6.8.1 No Indemnity or Defense.** Any term or condition is void to the extent it requires the State to indemnify, defend, or pay attorney’s fees to anyone for any reason.

**6.8.2 Third Party Claims – General.** Notwithstanding any limitation in this agreement, and to the fullest extent permitted by law, Contractor will defend, indemnify, and hold harmless Indemnitees for and against any and all suits or claims of any character (and all related damages, settlement payments, attorneys’ fees, costs, expenses, losses or liabilities) by a third party which are attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property arising out of or in connection with the goods or services acquired hereunder or caused in whole or in part by any act or omission of Contractor, its Subcontractors, their employees, workmen, servants, agents, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, regardless of whether or not caused in part by an Indemnitee, and whether or not such claims are made by a third party or an Indemnitee; however, if an Indemnitee’s negligent act or omission is subsequently determined to be the sole proximate cause of a suit or claim, the Indemnitee will not be entitled to indemnification hereunder. Contractor will be given timely written notice of any suit or claim. Contractor’s obligations hereunder are in no way limited by any protection afforded under workers’ compensation acts, disability benefits acts, or other employee benefit acts. This clause will not negate, abridge, or reduce any other rights or obligations of indemnity which would otherwise exist. The obligations of this paragraph will survive termination, cancelation, or expiration of the parties’ agreement. This provision will be construed fairly and reasonably, neither strongly for nor against either party, and without regard to any clause regarding insurance. As used in this clause, “Indemnitees” means the State of South Carolina, its instrumentalities, agencies, departments, boards, political subdivisions and all their respective officers, agents and employees.

# 6.8.3 Third Party Claims – Disclosure of Information.

# (a) Without limitation, Contractor will defend, indemnify, and hold harmless Indemnitees from and against any and all suits, claims, investigations, or fines (hereinafter “action”) of any character (and all related damages, settlement payments, attorneys’ fees, costs, expenses, losses or liabilities) by a third party which arise out of or in connection with a disclosure of Government Information (as defined in the clause titled Information Security - Definitions) caused in whole or in part by any act or omission of Contractor, its Subcontractors at any tier, their employees, workmen, servants, agents, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, regardless of whether or not caused in part by an Indemnitee, and whether or not such action is brought by a third party or an Indemnitee, but only if the act or omission constituted a failure to perform some obligation imposed by the Contract or the law.

(b) Indemnitee must notify Contractor in writing within a reasonable period of time after Indemnitee first receives written notice of any action. Indemnitee’s failure to provide or delay in providing such notice will relieve Contractor of its obligations under this clause only if and to the extent that such delay or failure materially prejudices Contractors ability to defend such action. Indemnitee must reasonably cooperate with Contractor’s defense of such actions (such cooperation does not require and is without waiver of an Indemnitees attorney/client, Work Product, or other privilege) and, subject to Title 1, Chapter 7 of the South Carolina Code of Laws, allow Contractor sole control of the defense, so long as the defense is diligently and capably prosecuted. Indemnitee may participate in Contractor’s defense of any action at its own expense. Contractor may not, without Indemnitee’s prior written consent, settle, compromise, or consent to the entry of any judgment in any such commenced or threatened action unless such settlement, compromise or consent (i) includes an unconditional release of Indemnitee from all liability related to such commenced or threatened action, and (ii) is solely monetary in nature and does not include a statement as to, or an admission of fault, culpability or failure to act by or on behalf of, an Indemnitee or otherwise adversely affect an Indemnitee. Indemnitee’s consent is necessary for any settlement that requires Indemnitee to part with any right or make any payment or subjects Indemnitee to any injunction.

(c) Notwithstanding any other provision, Contractor’s obligations pursuant to this clause are without any limitation whatsoever. Contractor’s obligations under this clause will survive the termination, cancellation, rejection, or expiration of the Contract. This provision will be construed fairly and reasonably, neither strongly for nor against either party, and without regard to any clause regarding insurance.

(d) “Indemnitee” means the State of South Carolina, its instrumentalities, agencies, departments, boards, political subdivisions and all their respective officers, agents and employees.

**6.8.4 Intellectual Property.**

(a) Without limitation and notwithstanding any provision in this agreement, Contractor will, upon receipt of notification, defend, indemnify, and hold harmless the State of South Carolina, its instrumentalities, agencies, departments, boards, political subdivisions and all their respective officers, agents and employees (collectively “State” in this clause) against all actions, proceedings or claims of any nature (and all damages, settlement payments, attorneys’ fees (including inside counsel), costs, expenses, losses or liabilities attributable thereto) by any third party asserting or involving an intellectual property (“IP”) right related to an acquired item. State will allow Contractor to defend such claim so long as the defense is diligently and capably prosecuted. State will allow Contractor to settle such claim so long as (i) all settlement payments are made by Contractor, and (ii) the settlement imposes no non-monetary obligation upon State. State will reasonably cooperate with Contractor’s defense of such claim.

(b) In the event an injunction or order will be obtained against State’s use of any acquired item, or if in Contractor’s opinion, the acquired item is likely to become the subject of a claim of infringement or violation of an IP right, Contractor will, without in any way limiting the foregoing, and at its expense, either: (i) procure for State the right to continue to use, or have used, the acquired item, or (ii) replace or modify the acquired item so that it becomes non-infringing but only if the modification or replacement does not adversely affect the specifications for the acquired item or its use by State. If neither (i) nor (ii), above, is practical, State may require that Contractor remove the acquired item from State, refund to State any charges paid by State therefor, and take all steps necessary to have State released from any further liability.

(c) Contractors obligations under this paragraph do not apply to a claim to the extent (i) that the claim is caused by Contractor’s compliance with specifications furnished by the State unless Contractor knew its compliance with the State’s specifications would infringe an IP right, or (ii) that the claim is caused by Contractor’s compliance with specifications furnished by the State if the State knowingly relied on a third-party’s IP right to develop the specifications provided to Contractor and failed to identify such product to Contractor.

(d) As used in this paragraph, these terms are defined as follows: “IP right(s)” means a patent, copyright, trademark, trade secret, or any other proprietary right. “Acquired item(s)” means the rights, goods, or services furnished under this Contract. “Specification(s)” means a detailed, exact statement of particulars such as a statement prescribing materials, dimensions, and quality of work.

(e) Contractor’s obligations under this clause will survive the termination, cancellation, rejection, or expiration of this Contract.

**6.9 INSURANCE**

**6.9.1 Umbrella Excess Liability.** Contractor will provide umbrella excess liability insurance on an “occurrence” basis providing “following form” coverage for the underlying coverages outlined above with the following minimum limits:

Each Occurrence Limit $5,000,000

Aggregate Limit $10,000,000

Contractor or its agent/broker will confirm that PEBA must be covered as additional insured on Umbrella Excess in a form equal or equivalent to the Additional Insured and endorsements referenced in the underlying CGL (both Premises/Operations and Products/Completed Operations).

**6.9.2 Contractor’s Liability Insurance – General.**

(a) Without limiting any of the obligations or liabilities of Contractor, Contractor will procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of no less than A-: VII, and maintain for the duration of the Contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work and the results of that work by the Contractor, his agents, representatives, employees or Subcontractors.

(b) Coverage will be at least as broad as:

(1) **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on an “occurrence” basis, including products-completed operations, personal and advertising injury, with limits no less than $1,000,000 per occurrence. If a general aggregate limit applies, the general aggregate limit will be twice the required occurrence limit. This Contract will be considered to be an “insured contract” as defined in the policy.

(2) **Worker’s Compensation:** As required by the State of South Carolina, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than $1,000,000 per accident for bodily injury or disease.

(b) PEBA, its officers, officials, employees and volunteers, must be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor’s insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used.

(c) For any claims related to this Contract, the Contractor’s insurance coverage will be primary insurance as respects the State, PEBA, and its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the State, PEBA, or its officers, officials, employees and volunteers, will be excess of the Contractor’s insurance and will not contribute with it.

(d) Prior to commencement of the work, the Contractor will furnish the State with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this section. All certificates are to be received and approved by the State before work commences. However, failure to obtain the required documents prior to the work beginning will not waive the Contractor’s obligation to provide them. The State reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by this section, at any time.

(e) Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor will notify the State immediately upon receiving any information that any of the coverages required by this section are or will be changed, cancelled, or replaced.

(f) Contractor hereby grants to the State and PEBA a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or PEBA by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or PEBA has received a waiver of subrogation endorsement from the insurer.

(g) Any deductibles or self-insured retentions must be declared to and approved by the State. The State may require the Contractor to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

(h) The State reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

**6.9.3** **Contractor’s Liability Insurance – Information Security and Privacy.**

(a) Without limiting any other obligations or liabilities of Contractor, Contractor will procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of no less than A-: VII, and maintain for the duration of the Contract, a policy or policies of insurance against claims which may arise from or in connection with the performance of the work and the results of that work by the Contractor, his agents, representatives, employees, Subcontractors or any other entity for which the Contractor is legally responsible.

(b) Coverage must include claims for:

(1) information security risks, including without limitation, failure to prevent unauthorized access to, tampering with or unauthorized use of a computer system; introduction of malicious codes, computer viruses, worms, logic bombs, etc., into data or systems; or theft, damage, unauthorized disclosure, destruction, or corruption of information in whatever form;

(2) privacy risks, including (A) failure to properly handle, manage, store, destroy, or otherwise control personally identifiable information in any format; (B) loss or disclosure of confidential information; and (C) any form of invasion, infringement or interference with rights of privacy, including breach of security/privacy laws or regulations;

(3) contractual liability for the Contractor’s obligations described in the clauses titled “Indemnification - Third Party Claims – Disclosure Of Information” and “Information Use And Disclosure;” and

(4) errors, omissions, or negligent acts in the performance, by the Contractor or by any entity for which the Contractor is legally responsible, of professional services included in the work.

(c) If the work includes content for internet web sites or any publications or media advertisements, coverage must also include claims for actual or alleged infringement of intellectual property rights, invasion of privacy, as well as advertising, media and content offenses.

(d) If the work includes software, coverage must also include claims for intellectual property infringement arising out of software or content (with the exception of patent infringement and misappropriation of trade secrets)

(e) Coverage will have limits no less than ten million ($10,000,000.00) dollars per occurrence and ten million ($10,000,000.00) dollars aggregate.

(f) If the insurance required by this clause is procured on a form affording “claims-made” coverage, then (i) all limits stated above as “per occurrence” will be understood to mean “per claim” or “per occurrence,” as is consistent with the terms of the “claims-made” policy; and (ii) such claims-made insurance will provide for a retroactive date no later than the date the Contract is awarded.

(g) All terms of this clause will survive termination of the Contract and will continue until thirty (30) days past the final completion of the work, including the performance of any warranty work. In addition, Contractor will maintain in force and effect any “claims- made” coverage for a minimum of two (2) years after final completion of all work or services to be provided hereunder. Contractor will purchase an extended reporting period, or “tail coverage,” if necessary to comply with the latter requirement.

(h) PEBA, its officers, officials, employees and volunteers, must be covered as additional insureds on the policy or policies of insurance required by this clause.

(i) For any claims related to this Contract, the insurance coverage required by this clause will be primary insurance as respects the State, PEBA, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the State, PEBA, or its officers, officials, employees and volunteers, will be excess of the Contractor’s insurance and will not contribute with it.

(j) Prior to commencement of the work, the Contractor will furnish the State with original certificates of insurance for every applicable policy effecting the coverage required by this clause. All certificates are to be received and approved by the Procurement Officer before work commences. However, failure to obtain the required documents prior to the work beginning will not waive the Contractor’s obligation to provide them. The State reserves the right to require complete, certified copies of all required insurance policies, including policy declarations and any endorsements required by this section, at any time.

(k) Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor will notify the State immediately upon receiving any information that any of the coverages required by this clause are or will be changed, cancelled, or replaced.

(l) Contractor hereby grants to the State and PEBA a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or PEBA by virtue of the payment of any loss under such insurance as is required by this clause. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or PEBA has received a waiver of subrogation endorsement from the insurer.

(m) Any deductibles or self-insured retentions must be declared to and approved by the State. The State may require the Contractor to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

# 6.10 INFORMATION SECURITY

**6.10.1** **Service Provider Security Assessment Questionnaire – Required.** The Contractor must demonstrate that programs, policies and procedures are in place to adequately provide for the confidentiality, integrity, and availability of the information systems used by Contractor to process, store, transmit, and access all Government Information. In order for the State to accurately evaluate the strength and viability of the Contractor’s security policies, procedures and practices related to confidentiality, integrity and availability, Offerors must submit with their offers a thorough and complete written response to Attachment 3 Service Provider Security Assessment Questionnaire (“Response to SPSAQ”), which must address all applicable organizations and applicable information systems. The terms used in this clause will have the same meaning as the terms defined in the clause titled Information Security – Definitions.

**6.10.2 Service Provider Security Representation.** The following obligations are subordinate to any other Contract clause to the extent the other clause specifically provides for enhanced safeguarding of Government Information, applicable information systems, or applicable organizations. Offeror (i) warrants that the work will be performed, and any applicable information system (as defined in the clause titled “Information Security - Definitions”) will be established and maintained in substantial conformity with the information provided in Offeror’s Response to SPSAQ; (ii) agrees to provide PEBA with prompt notice of any material variation in operations from that reflected in the Response to SPSAQ; and (iii) agrees to comply with all other obligations involving either information security or information use and disclosure imposed by the Contract, notwithstanding any inconsistent statement in Offeror’s Response to SPSAQ. To the extent Offeror’s Response to SPSAQ does not conform to any other contractual requirements, PEBA’s lack of objection does not constitute a waiver.

# 6.10.3 Definitions. The following definitions are used in those clauses that cross reference this clause:

1. **Clearing** means removal of data from an information system, its storage devices, and other peripheral devices with storage capacity, in such a way that the data may not be reconstructed using common system capabilities (i.e., through the keyboard); however, the data may be reconstructed using laboratory methods.
2. **Compromise** means disclosure of information to unauthorized persons, or a violation of the security policy of a system in which unauthorized intentional or unintentional disclosure, modification, destruction, or loss of an object may have occurred. Without limitation, the term “compromise” includes copying the data through covert network channels, or copying the data to unauthorized media, or disclosure of information in violation of any obligation imposed by this Contract.
3. **Data** means a subset of information in an electronic format that allows it to be retrieved or transmitted.
4. **Government Information** means information (i) provided to Contractor by, or generated by Contractor for, PEBA, or (ii) acquired or accessed by Contractor as a result of performing the Work. Without limiting the foregoing, Government Information includes any information that Contractor acquires or accesses by software or web-based services, which includes, without limitation, any metadata or location data. Government Information excludes unrestricted information.
5. **Information** means any communication or representation of knowledge such as facts, statistics, or opinions, in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual.
6. **Information system** means a discrete set of information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information.
7. **Intrusion** means an unauthorized act of bypassing the security mechanisms of a system.
8. **Media** means physical devices or writing surfaces including but not limited to magnetic tapes, optical disks, magnetic disks, large scale integration memory chips, and printouts (but not including display media, e.g., a computer monitor, cathode ray tube (CRT) or other (transient) visual output) onto which information is recorded, stored, or printed within an information system.
9. **Public information** means any specific information, regardless of form or format, that the State has actively and intentionally disclosed, disseminated, or made available to the public. Information is not public information solely because it may be subject to inspection pursuant to an unfulfilled public records request.
10. **Safeguarding** means measures or controls that are prescribed to protect information.
11. **Software** means any computer program accessed or used by PEBA or a third party pursuant to or as a result of this Contract.
12. **Third party** means any person or entity other than PEBA, the Contractor, or any Subcontractors at any tier.
13. **Unrestricted information** means (1) public information acquired other than through performance of the work, (2) information acquired by Contractor prior to contract formation, (3) information incidental to your contract administration, such as financial, administrative, cost or pricing, or management information, and (4) any ideas, concepts, know-how, methodologies, processes, technologies, techniques which Contractor develops or learns in connection with Contractor’s performance of the work.
14. **Voice** means all oral information regardless of transmission protocol.
15. **Web-based service** means a service accessed over the Internet and acquired, accessed, or used by the using governmental unit or a third party pursuant to or as a result of this Contract, including without limitation, cloud services, software-as-a-service, and hosted computer services.

# 6.10.4 Safeguarding Requirements.

(a) **Safeguarding Information.** Without limiting any other legal or contractual obligations, Contractor will implement and maintain reasonable and appropriate administrative, physical, and technical safeguards (including without limitation written policies and procedures) for protection of the security, confidentiality and integrity of the Government Information in its possession. In addition, Contractor will apply security controls when the Contractor reasonably determines that safeguarding requirements, in addition to those identified in paragraph (c) of this clause, may be required to provide adequate security, confidentiality and integrity in a dynamic environment based on an assessed risk or vulnerability.

(b) **Safeguarding requirements and procedures.** Contractor will apply the following basic safeguarding requirements to protect Government Information from unauthorized access and disclosure:

(1) *Protecting information on public computers or web sites.* Do not process Government Information on public computers (e.g., those available for use by the general public in kiosks, hotel business centers) or computers that do not have access control. Government Information will not be posted on web sites that are publicly available or have access limited only by domain/Internet Protocol restriction. Such information may be posted to web pages that control access by user ID/password, user certificates, or other technical means, and that provide protection via use of security technologies. Access control may be provided by the intranet (versus the web site itself or the Application it hosts).

(2) *Transmitting electronic information.* Transmit email, text messages, blogs, and similar communications that contain Government Information using technology and processes that provide the best level of security and privacy available, given facilities, conditions, and environment.

(3) *Transmitting voice and fax information.* Transmit Government Information via voice and fax only when the sender has a reasonable assurance that access is limited to authorized recipients.

(4) *Physical and electronic barriers.* Protect Government Information by at least one physical and one electronic barrier (e.g., locked container or room, login and password) when not under direct individual control.

(5) *Sanitization.* At a minimum, clear information on media that have been used to process Government Information before external release or disposal. Overwriting is an acceptable means of clearing media in accordance with National Institute of Standards and Technology 800–88, Guidelines for Media Sanitization, at http://csrc.nist.gov/ publications/nistpubs/800-88/NISTSP800-88\_with-errata.pdf.

(6) *Intrusion protection.* Provide at a minimum the following protections against intrusions and compromise:

(i) Current and regularly updated malware protection services, e.g., anti-virus, antispyware.

(ii) Prompt application of security-relevant software upgrades, e.g., patches, service packs, and hot fixes.

(7) *Transfer limitations.* Transfer Government Information only to those Subcontractors that both require the information for purposes of contract performance and provide at least the same level of security as specified in this clause.

(c) **Subcontracts***.* Any reference in this clause to Contractor also includes any Subcontractor at any tier. Contractor is responsible for, and will impose by agreement requirements at least as secure as those imposed by this clause on, any other person or entity that contractor authorizes to take action related to Government Information.

(d) **Other contractual requirements regarding the safeguarding of information***.* This clause addresses basic requirements and is subordinate to any other Contract clauses or requirements to the extent that it specifically provides for enhanced safeguarding of information or information systems.

**6.10.5** **Data Location.** Contractor is prohibited from accessing, processing, transmitting, or storing Government Information, as defined in the clause titled Information Security, outside the United States. This obligation is a material requirement of this Contract.

# 6.10.6 Use and Disclosure. Except to the extent necessary for performance of the work, citizens should not be required to share information with those engaged by the government in order to access services provided by the government and such information should be used by those engaged by the government only to the extent necessary to perform the work acquired; accordingly, this clause addresses basic requirements for the Contractor’s use and disclosure of Government Information, which expressly includes, but is not limited to, information provided by or obtained from the citizens. Anonymizing information does not resolve the foregoing concern. This clause should be broadly interpreted to effectuate this intent. Every obligation in this clause is material. Absent express reference to this clause, this clause supersedes any other clause to the extent of any inconsistency unless and to the extent the other clause provides greater protection for Government Information.

(a) **Definitions.** The terms used in this clause will have the same meaning as the terms defined in the clause titled Information Security – Definitions.

(b) **Legal mandates.** Contractor will be permitted to use, disclose, or retain Government Information to the limited extent necessary to comply with any requirement imposed on Contractor by law. If it is necessary for Contractor to use, disclose, or retain Government Information in order to comply with a law, Contractor will provide using governmental unit with written notice, including a description of the circumstances and applicable law, in advance of such use, disclosure or retention except to the extent expressly prohibited by law.

(c) **Flow down.** Any reference in this clause to Contractor also includes any Subcontractor at any tier. Contractor is responsible for, and will impose by agreement the requirements of this clause on, any other person or entity that contractor authorizes to take action related to Government Information.

(d) **Collecting Information.** Contractor must gather and maintain Government Information only to the minimum extent necessary to accomplish the work.

(e) **Rights, Disclosure, and Use.** Except as otherwise expressly provided in this solicitation, Contractor agrees NOT to either (1) use or disclose Government Information, or (2) retain Government Information after termination or expiration of this Contract. Contractor acquires no rights in any Government Information except the limited rights to use, disclose and retain the Government Information in accordance with the terms of this solicitation. To the extent reasonably necessary to perform the work, Contractor may: (i) use (including access, process, transmit, and store) and maintain the Government Information itself; and (ii) disclose Government Information to persons having a need-to-know (e.g., Subcontractors). Before disclosing Government Information to a Subcontractor or third party, Contractor will give PEBA detailed written notice of both the reason for disclosure and the identity and location of the recipient. The notice will be provided no later than fifteen (15) Business Days in advance of the disclosure.

(f) **Return.** Notwithstanding PEBA’s failure to perform or the pendency of a dispute, Contractor agrees to promptly deliver to PEBA (or destroy, at PEBA’s option) all Government Information in its possession as and upon written request of PEBA (provided that, if the Contract has not expired or been terminated, Contractor will be excused from the performance of any work reasonably dependent on Contractor’s further access to such Government Information).

(g) **Privacy Policy & Applicable Laws.** Without limiting any other legal or contractual obligations imposed by this Contract or the law, Contractor will (a) comply with its own privacy policies and written privacy statements relevant to the work, and (b) comply with (1) all laws applicable to Contractor regarding Government Information, and (2) all laws and standards identified in the clause, if included, entitled Information Use and Disclosure – Standards.

(h) **Actions Following Disclosure.** Immediately upon discovery of a compromise or improper use of Government Information, Contractor will take such action as may be necessary to preserve forensic evidence and eliminate the cause of the compromise or improper use. As soon as practicable, but no later than twenty-four hours after discovery, Contractor will notify PEBA of the compromise or improper use, including a description of the circumstances of the use or compromise. As soon as practicable after discovery, Contractor will undertake a thorough forensic investigation of any compromise or improper use and provide PEBA all information necessary to enable PEBA to fully understand the nature and extent of the compromise or improper use.

With regard to any compromise or improper use of Government Information, Contractor will:

(1) provide any notification to third parties legally required to be provided such notice by Contractor, and if not (e.g., if legally required of PEBA), Contractor will reimburse PEBA for the cost of providing such notifications;

(2) pay all costs and expenses for at least two years of identity theft monitoring services (including without limitation, credit monitoring) and identity theft restoration services for any such affected individuals receiving notice where such services are appropriate given the circumstances of the incident and the nature of the information compromised;

(3) undertake any other measures that are customary and reasonable for an entity to take when experiencing a similar disclosure,

(4) pay any related fines or penalties imposed on PEBA, and

(5) reimburse PEBA all costs reasonably incurred for communications and public relations services involved in responding to the compromise or improper use. Notwithstanding any other provision, contractor’s obligations pursuant to this item (h) are without limitation.

(i) **Survival & Remedy.** All the obligations imposed by this paragraph are material. The obligations of this section will survive termination or expiration of the Contract. Without limiting any rights PEBA may have, and notwithstanding any other term of this Contract, Contractor agrees that PEBA may have no adequate remedy at law for a breach of Contractor’s obligations under this clause and therefore PEBA will be entitled to pursue equitable remedies in the event of a breach of this clause.

# 6.10.7 Standards. To the extent applicable: (a) Breach of security of state agency data; notification; rights and remedies of injured parties; penalties; notification of Consumer Protection Division, S.C. Code Ann. § 1-11-490; (b) South Carolina Financial Identity Fraud and Identity Theft Protection Act (FIFITPA), 2008 Act 190, as amended. Solely for purposes of Section 39-1-90 of the South Carolina Code of Laws, as amended, Contractor is deemed to be the owner of Government Information, as defined herein, and Contractor agrees that PEBA is not a licensee; (c) The South Carolina Family Privacy Protection Act of 2002, S.C. Code Ann. §§ 30-2-10, *et seq ;* (d) Personal Identifying Information Privacy Protection, S.C. Code Ann. §§ 30-2-310 *et seq. ;*(e) Data Breach Notification, Proviso 117.105 of the 2018-2019 Appropriations Act. H.R. 3701 § 117.110. 121st Cong. (S.C. 2015) (Act 91), as revised in any future annual appropriations act.

**6.10.8** **HIPAA Compliance/Confidentiality.** The Contractor will keep confidential all information and material which has or will come into its possession or knowledge in connection with the performance of services under this Contract; and will not release, use or disclose any such information without prior written consent of PEBA. In addition, the Contractor will comply with all State and federal laws and regulations concerning the confidentiality of medical records, including, but not limited to, the Privacy Act of 1974, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended, and any federal regulations concerning the confidentiality of alcohol and drug abuse patient records. Furthermore, the Contractor will adhere to the provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended, and sign Attachment 4 Business Associate Agreement, prior to award of the Contract, which has been constructed in accordance with the requirements of the HIPAA Privacy and Security Rules and the requirements of the HITECH Act.

**6.11 TERM AND TERMINATION**

**6.11.1** **Term of Contract; Effective Date.**

**Maximum Contract Term: January 1, 2020 through December 31, 2026.**

The effective date of this Contract is the first day of the Maximum Contract Term as specified on the final statement of award. The initial term of this agreement is 12 weeks for the completion of the Proof of Concept. At the end of the initial term, one Contract will be extended for the balance of the Maximum Contract Period.

**6.11.2 Contract Services Transition.** Upon termination of this Contract for whatever reason (expiration, termination, or transfer), the Contractor will:

(a) Assist PEBA to ensure an orderly transfer of responsibility and continuity of those services required under the terms of the Contract to an organization designated by PEBA, if requested in writing;

(b) Advise PEBA of the extent to which performance has been completed through the date of expiration or termination and deliver to PEBA whatever Work Product and deliverables then exist;

(c) Promptly refund any fees and expenses paid in advance to Contractor;

(d) Continue to provide access to all Software, Licenses, and the BAS System until notified by PEBA the access is no longer needed; and

(e) Coordinate with PEBA to return property belonging to PEBA, including, without limitation any information that is confidential to PEBA.

**6.11.3** **Termination Due to Unavailability of Funds.** Payment and performance obligations for succeeding fiscal periods will be subject to the availability and appropriation of funds therefore.  When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period, the Contract will be terminated for convenience.

**6.11.4** **Termination for Convenience.**

(a) **Termination.**  The Procurement Officer may terminate this Contract in whole or in part, for the convenience of the State.  The Procurement Officer will give written notice of the termination to the Contractor specifying the part of the Contract terminated and when termination becomes effective.

(b) **Contractor’s Obligations.**  The Contractor will incur no further obligations in connection with the terminated work and on the date set in the notice of termination the Contractor will stop work to the extent specified.  The Contractor will also terminate outstanding orders and subcontracts as they relate to the terminated work. The Contractor will include Termination for Convenience provisions in its subcontracts and purchase orders and Contractor’s failure to include such provisions shall not cause the state to incur additional liability for termination in excess of the allowable amounts of this provision.  The Contractor will settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated work.  The Procurement Officer may direct the Contractor to assign the Contractor’s right, title, and interest under terminated orders or subcontracts to the State.  The Contractor must still complete the work not terminated by the notice of termination and may incur obligations as are necessary to do so.

(c) **Right to Deliverables.**  The Procurement Officer may require the Contractor to transfer title and deliver to the State in the manner and to the extent directed by the Procurement Officer:  (a) any completed Deliverables and Materials; and (b) such partially completed Deliverables or Materials as Contractor has specifically produced, specially acquired, or licensed for the performance of the terminated part of this Contract.  The Contractor will, upon direction of the Procurement Officer, protect and preserve property in the possession of the Contractor in which the State has an interest.   Utilization of this Section in no way implies that the State has breached the Contract by exercise of the Termination for Convenience Clause.

(d) **Compensation.**

(1) The Contractor will submit a termination claim specifying the amounts due because of the termination for convenience together with cost or pricing data required by Section 11-35-1830 bearing on such claim.  If the Contractor fails to file a termination claim within one year from the effective date of termination, the Procurement Officer may pay the Contractor, if at all, an amount set in accordance with Subparagraph (2) of this Paragraph.

(2) The Procurement Officer and the Contractor may agree to a settlement and that the settlement does not exceed the total Contract price plus settlement costs reduced by payments previously made by the State, the proceeds of any sales of supplies and manufacturing materials under Paragraph (3) of this clause, and the Contract price of the work not terminated;

(3) Absent complete agreement under Subparagraph (2) of this Paragraph, the Procurement Officer will pay the Contractor the following amounts, provided payments agreed to under Subparagraph (2) will not duplicate payments under this Subparagraph:

(i) Contract prices for supplies or services accepted under the Contract;

(ii) costs reasonably incurred in performing the terminated portion of the acceptable work less amounts paid or to be paid for accepted supplies or services;

(iii) reasonable costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to Paragraph (2) of this clause.  These costs must not include costs paid in accordance with Subparagraph (3)(ii) of this paragraph;

(iv) any other reasonable costs that have resulted from the termination.  The total sum to be paid the Contractor under this Subparagraph will not exceed the total Contract price plus the reasonable settlement costs of the Contractor reduced by the amount of payments otherwise made, the proceeds of any sales of supplies and manufacturing materials under Subparagraph (ii) of this Paragraph, and the Contract price of work not terminated. Contractor shall not be paid for damages, lost profits or overhead on incomplete or unaccepted work or services.

(4) Contractor must demonstrate any costs claimed, agreed to, or established under Subparagraphs (2) and (3) of this Paragraph using its standard record keeping system, provided such system is consistent with applicable Generally Accepted Accounting Principles. Any such claims are subject to Audit, and the provisions of 6.15.15.

(e) Contractor’s failure to include an appropriate termination for convenience clause in any subcontract will not (i) affect the state’s right to require the termination of a subcontract, or (ii) increase the obligation of the state beyond what it would have been if the subcontract had contained an appropriate clause.

(f) Termination under this clause triggers the provisions in Section 6.1.2, Escrow.

**6.11.5** **Default.**

(a)

(1) The State may, subject to paragraphs (c) and (d) of this clause, by written notice of default to the Contractor, terminate this Contract in whole or in part if the Contractor fails to:

(i) Perform the services within the time specified in this contract or any extension;

(ii) Make progress, so as to endanger performance of this Contract (but see paragraph (a)(2) of this clause); or

(iii) Perform any of the other material provisions of this Contract (but see paragraph (a)(2) of this clause).

(2) The State’s right to terminate this Contract under subdivisions (a)(1)(ii) and (1)(iii) of this clause, may be exercised if the Contractor does not cure such failure within thirty (30) days (or more if authorized in writing by the Procurement Officer) after receipt of the notice from the Procurement Officer specifying the failure.

(b) If the State terminates this Contract in whole or in part, it may acquire, under the terms and in the manner the Procurement Officer considers appropriate, Software or services similar to those terminated, and the Contractor will be liable to the State for any excess costs for those supplies or services.  However, the Contractor will continue the work not terminated.

(c) Except for defaults of Subcontractors at any tier, the Contractor will not be liable for any excess costs if the failure to perform the contract arises from causes beyond the control and without the fault or negligence of the Contractor.  Examples of such causes include acts of God or of the public enemy, acts of the State in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather.  In each instance the failure to perform must be beyond the control and without the fault or negligence of the Contractor.

(d) If the failure to perform is caused by the default of a Subcontractor at any tier, and if the cause of the default is beyond the control of both the Contractor and Subcontractor, and without the fault or negligence of either, the Contractor will not be liable for any excess costs for failure to perform, unless the subcontracted supplies or services were obtainable from other sources in sufficient time for the Contractor to meet the required delivery schedule.

(e) If this Contract is terminated for default, the State may require the Contractor to transfer title and deliver to the State, as directed by the Procurement Officer, any (1) completed Deliverables, and (2) partially completed Deliverables and Materials that Contractor has specifically produced, acquired, or licensed for the terminated portion of this Contract.  Upon direction of the Procurement Officer, the Contractor will also protect and preserve Work Product in its possession in which the State has an interest.

(f) The State will pay Contract price for completed services delivered and accepted. The Contractor and Procurement Officer will agree on the amount of payment for materials delivered and accepted; if the parties fail to agree, the Procurement Officer will set an amount subject to the Contractor’s rights under the Disputes clause.  Failure to agree will be a dispute under the Disputes clause.  The State may withhold from these amounts any sum the Procurement Officer determines to be necessary to protect the State against loss because of outstanding liens or claims of former lien holders.

(g) If, after termination, it is determined that the Contractor was not in default, or that the default was excusable, the rights and obligations of the parties will, if the Contract contains a clause providing for termination for convenience of the State, be the same as if the termination had been issued for the convenience of the State.

(h) The rights and remedies of the State in this clause are in addition to any other rights and remedies provided by law or under this Contract.

(i) Termination under this clause triggers the provisions in Section 6.1.2, Escrow.

**6.12 BANKRUPTCY**

**6.12.1 General.**

(a) **Notice**. In the event the Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Contractor agrees to furnish written notification of the bankruptcy to PEBA.  This notification will be furnished within two (2) days of the initiation of the proceedings relating to the bankruptcy filing.  This notification will include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of all State contracts against which final payment has not been made.  This obligation remains in effect until final payment under this Contract and all subsequent Maintenance and Support Services contracts.

(b) **Termination**. This Contract is voidable and subject to immediate termination by the State upon the Contractor’s insolvency, including the filing of proceedings in bankruptcy. Termination under this clause triggers the provisions in section 6.1.2, Escrow.

**6.12.2 Government Information.**

(a) All Government Information (as defined in the clause herein entitled “Information Security - Definitions”) will belong exclusively to the State, and Contractor has no legal or equitable interest in, or claim to, such information. Contractor acknowledges and agrees that in the event Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, Government Information in its possession and/or under its control will not be considered property of its bankruptcy estate.

(b) Contractor agrees to notify the State within forty-eight (48) hours of any determination that it makes to file for bankruptcy protection, and Contractor further agrees to turn over to the State, before such filing, all Government Information that is in Contractor’s possession in a format that can be readily utilized by the State.

(c) In order to protect the integrity and availability of Government Information, Contractor will take reasonable measures to evaluate and monitor the financial circumstances of any Subcontractor that will process, store, transmit or access Government Information.

**6.13 DISPUTES**

(a) **Choice-of-Forum.**  All disputes, claims, or controversies relating to the Contract will be resolved exclusively by the appropriate Chief Procurement Officer in accordance with Title 11, Chapter 35, Article 17 of the South Carolina Code of Laws, or in the absence of jurisdiction, only in the Court of Common Pleas for, or a federal court located in, Richland County, State of South Carolina.  Contractor agrees that any act by the Government regarding the Contract is not a waiver of either the Government’s sovereign immunity or the Government’s immunity under the Eleventh Amendment of the United States’ Constitution.

(b) **Service of Process.** Contractor consents that any papers, notices, or process necessary for the initiation or continuation of any disputes, claims, or controversies relating to the Contract; for any court action in connection therewith; or for the entry of judgment on any award made, may be served on Contractor by certified mail (return receipt requested) addressed to Contractor at the address provided as the Notice Address on Page Two or by personal service or by any other manner permitted by law, in or outside South Carolina.  Notice by certified mail is deemed duly given upon deposit in the United States mail.

**6.14 MISCELLANEOUS**

**6.14.1 Choice of Law.** The Contract, any dispute, claim, or controversy relating to the Contract, and all the rights and obligations of the parties will, in all respects, be interpreted, construed, enforced and governed by and under the laws of the State of South Carolina, except its choice of law rules.

**6.14.2 Contract Documents and Order of Precedence.**

(a) Any Contract resulting from this solicitation will consist of the following documents:

(1) a Record of Negotiations, if any, executed by you and the Procurement Officer,

(2) the solicitation, as amended,

(3) documentation of clarifications [11-35-1520(8)] or discussions [11-35-1530(6)] of an offer, if applicable,

(4) your offer,

(5) any statement reflecting the state’s final acceptance (a/k/a “award”), and

(6) purchase orders.

These documents will be read to be consistent and complementary.  Any conflict among these documents will be resolved by giving priority to these documents in the order listed above.

(b) The terms and conditions of documents (1) through (5) above will apply notwithstanding any additional or different terms and conditions in any other document, including without limitation, (i) a purchase order or other instrument submitted by the State, (ii) any invoice or other document submitted by Contractor, or (iii) any privacy policy, terms of use, or end user agreement. Except as otherwise allowed herein, the terms and conditions of all such documents will be void and of no effect.

(c) No contract, license, or other agreement containing contractual terms and conditions will be signed by PEBA.  Any document signed or otherwise agreed to by persons other than the Procurement Officer will be void and of no effect.

**6.14.3 Discount for Prompt Payment.**

(a) Discounts for prompt payment will not be considered in the evaluation of offers.  However, any offered discount will form a part of the award, and will be taken if payment is made within the discount period indicated in the offer by the Offeror.  As an alternative to offering a discount for prompt payment in conjunction with the offer, Offerors awarded contracts may include discounts for prompt payment on individual invoices.

(b) In connection with any discount offered for prompt payment, time will be computed from the date of the invoice.  If the Contractor has not placed a date on the invoice, the due date will be calculated from the date the designated billing office receives a proper invoice, provided the State annotates such invoice with the date of receipt at the time of receipt.  For the purpose of computing the discount earned, payment will be considered to have been made on the date that appears on the payment check or, for an electronic funds transfer, the specified payment date.  When the discount date falls on a Saturday, Sunday, or legal holiday when Federal Government offices are closed and Government business is not expected to be conducted, payment may be made on the following Business Day.

**6.14.4 Equal Opportunity.** Contractor is referred to and will comply with all applicable provisions, if any, of Title 41, Part 60 of the Code of Federal Regulations, including but not limited to Sections 60-1.4, 60-4.2, 60-4.3, 60-250.5(a), and 60-741.5(a), which are hereby incorporated by reference.

**6.14.5 False Claims.** According to the S.C. Code of Laws Section 16-13-240, “a person who by false pretense or representation obtains the signature of a person to a written instrument or obtains from another person any chattel, money, valuable security, or other property, real or personal, with intent to cheat and defraud a person of that property is guilty” of a crime.

**6.14.6 Fixed Pricing Required.** Any pricing provided by Contractor will include all costs for performing the work associated with that price. Except as otherwise provided in this solicitation, Contractor’s price will be fixed for the duration of this Contract, including option terms.  This clause does not prohibit Contractor from offering lower pricing after award.

**6.14.7 Notice.**

(a) After award, any notices will be in writing and will be deemed duly given:

(1) upon actual delivery, if delivery is by hand,

(2) upon receipt by the transmitting party of automated confirmation or answer back from the recipient’s device if delivery is by telex, telegram, facsimile, or electronic mail, or

(3) upon deposit into the United States mail, if postage is prepaid, a return receipt is requested, and either registered or certified mail is used.

(b) Notice to Contractor will be to the address identified as the Notice Address on Page Two.  Notice to the state will be to the Procurement Officer’s address on the Cover Page.  Either party may designate a different address for notice by giving notice in accordance with this paragraph.

**6.14.8 Open Trade.** During the Contract term, including any renewals or extensions, Contractor will not engage in the boycott of a person or an entity based in or doing business with a jurisdiction with whom South Carolina can enjoy open trade, as defined in SC Code Section 11-35-5300.

**6.14.9 Publicity.** Contractor will not publish any comments or quotes by State employees or include the State in either news releases or a published list of customers, without the prior written approval of the Procurement Officer.

**6.14.10 Survival of Obligations.** The Parties’ rights and obligations which, by their nature, would continue beyond the termination, cancellation, rejection, or expiration of this Contract will survive such termination, cancellation, rejection, or expiration, including, but not limited to, the rights and obligations created by the following clauses:  Section 6.8.2, Third Party Claims – General; Section 6.8.4, Intellectual Property; Section 6.9.3, Contractor’s Liability Insurance –Information Security and Privacy; Section 6.10.6, Use and Disclosure; Section 6.10.8, HIPAA Compliance/Confidentiality; Section 6.15.2, Contract Documents and Order of Precedence; and any provisions regarding warranty or audit.

**6.14.11 Taxes.** Any tax the Contractor may be required to collect or pay upon the sale, use or delivery of the products will be paid by the State, and such sums will be due and payable to the Contractor upon Acceptance.  Any personal property taxes levied after delivery will be paid by the State.  It will be solely the State’s obligation, after payment to Contractor, to challenge the applicability of any tax by negotiation with, or action against, the taxing authority. Contractor agrees to refund any tax collected, which is subsequently determined not to be proper and for which a refund has been paid to Contractor by the taxing authority.  In the event that the Contractor fails to pay, or delays in paying, to any taxing authorities, sums paid by the State to the Contractor, Contractor will be liable to the State for any loss (such as the assessment of additional interest) caused by virtue of this failure or delay. Taxes based on the Contractor’s net income or assets will be the sole responsibility of the Contractor.

**6.14.12 Third Party Beneficiary.** This Contract is made solely and specifically among and for the benefit of the parties hereto, and their respective successors and assigns, and no other person will have any rights, interest, or claims hereunder or be entitled to any benefits under or on account of this Contract as a third-party beneficiary or otherwise, except to the extent that PEBA is expressly made a third party beneficiary pursuant to section 3.2.

**6.14.13** **Waiver.** The State does not waive any prior or subsequent breach of the terms of the Contract by making payments on the Contract, by failing to terminate the Contract for lack of performance, or by failing to strictly or promptly insist upon any term of the Contract.  Only the Procurement Officer has actual authority to waive any of the State’s rights under this Contract.  Any waiver must be in writing.

**6.14.14** **Pre-performance Conference.** Unless waived by the Procurement Officer, a pre-performance conference between the Contractor, PEBA and Procurement Officer will be held at a location selected by PEBA within five (5) days after final award, and prior to commencement of work under the Contract. The responsibilities of all parties involved will be discussed to assure a meeting of the minds of all concerned. The Contractor or his duly authorized representative will be required to attend at Contractor’s expense.

**6.14.15 Pricing Data; Audit; Inspection**

(a) **Cost or Pricing Data.**  Upon Procurement Officer’s request, you will submit cost or pricing data, as defined by 48 C.F.R. Section 2.101 (2004), prior to either (1) any award to contractor pursuant to 11-35-1530 or 11-35-1560, if the total Contract price exceeds $500,000, or (2) execution of a change order or Contract modification with Contractor which exceeds $100,000. Your price, including profit or fee, will be adjusted to exclude any significant sums by which the State finds that such price was increased because you furnished cost or pricing data that was inaccurate, incomplete, or not current as of the date agreed upon between parties.

(b) **Records Retention.** You will maintain your records for three years from the date of final payment, or longer if requested by the Chief Procurement Officer. The State may audit your records at reasonable times and places. As used in this subparagraph (b), the term “records” means any books or records that relate to cost or pricing data submitted pursuant to this clause.  In addition to the obligation stated in this subparagraph (b), you will retain all records and allow any audits provided for by 11-35-2220(2).

(c) **Inspection.**  At reasonable times, the State may inspect any part of your place of business which is related to performance of the work.

(d) **Instructions Certification.** When you submit data pursuant to subparagraph (a), you will (1) do so in accordance with the instructions appearing in Table 15-2 of 48 C.F.R. Section 15.408 (2004) (adapted as necessary for the state context), and (2) submit a Certificate of Current Cost or Pricing Data, as prescribed by 48 CFR Section 15.406-2(a) (adapted as necessary for the State context).

(e) **Subcontracts.** You will include the above text of this clause in all of your subcontracts.

(f) Nothing in this clause limits any other rights of the state.

**6.14.16** **Relationship of the Parties.** Neither party is an employee, agent, partner, or joint venturer of the other.  Neither party has the right or ability to bind the other to any agreement with a third party or to incur any obligation or liability on behalf of the other party.

**6.14.17 Restrictions on Presenting Terms of Use or Offering Additional Services.**

(a) Citizens, as well as public employees (acting in their individual capacity), should not be unnecessarily required to agree to or provide consent to policies or contractual terms in order to access services acquired by the government pursuant to this Contract (hereinafter “applicable services”) or, in the case of public employees, to perform their job duties; accordingly, in performing the work, contractor will not require or invite any citizen or public employee to agree to or provide consent to any end user contract, privacy policy, or other terms of use (hereinafter “terms of use”) not previously approved in writing by the procurement officer. Contractor agrees that any terms of use regarding applicable services are void and of no effect.

(b) Unless expressly provided in the solicitation, public contracts are not intended to provide contractors an opportunity to market additional products and services; accordingly, in performing the work, contractor will not – for itself or on behalf of any third party – offer citizens or public employees (other than the procurement officer) any additional products or services not required by the Contract.

(c) Any reference to contractor in items (a) or (b) also includes any Subcontractor at any tier. Contractor is responsible for compliance with these obligations by any person or entity that contractor authorizes to take any action related to the work.

(d) Any violation of this clause is a material breach of contract. The parties acknowledge the difficulties inherent in determining the damage from any breach of these restrictions. Contractor will pay the state liquidated damages of $1,000 for each contact with a citizen or end user that violates this restriction.

**PART 7**

**ATTACHMENTS TO SOLICITATION**

Attachments 4, 6, 8, 9, and 13 may be found at the following link: <https://procurement.sc.gov/vendor/contract-opps/other-solicitations/peba>

Attachment 1 Important Tax Notice – Nonresidents Only

Attachment 2 Offeror’s Checklist

Attachment 3 Service Provider Security Assessment Questionnaire

Attachment 4 Business Associate Agreement

Attachment 5 Minority Participation Form

Attachment 6 Business Proposal Template

Attachment 7 Escrow Agreement

Attachment 8 Functional Requirements

Attachment 9 Technical Requirements

Attachment 10 Project Work Plan

Attachment 11 Project Resource Plan

Attachment 12 Project Risk and Mitigation Plan

Attachment 13 Solution Installations

**Attachment 1**

IMPORTANT TAX NOTICE - NONRESIDENTS ONLY

Withholding Requirements for Payments to Nonresidents: Section 12-8-550 of the South Carolina Code of Laws requires persons hiring or contracting with a nonresident conducting a business or performing personal services of a temporary nature within South Carolina to withhold 2% of each payment made to the nonresident. The withholding requirement does not apply to (1) payments on purchase orders for tangible personal property when the payments are not accompanied by services to be performed in South Carolina, (2) nonresidents who are not conducting business in South Carolina, (3) nonresidents for contracts that do not exceed $10,000 in a calendar year, or (4) payments to a nonresident who (a) registers with either the S.C. Department of Revenue or the S.C. Secretary of State and (b) submits a Nonresident Taxpayer Registration Affidavit - Income Tax Withholding, Form I-312 to the person letting the contract.

The withholding requirement applies to every governmental entity that uses a contract (“Using Entity”). Nonresidents should submit a separate copy of the Nonresident Taxpayer Registration Affidavit - Income Tax Withholding, Form I-312 to every Using Entity that makes payment to the nonresident pursuant to this solicitation. Once submitted, an affidavit is valid for all contracts between the nonresident and the Using Entity, unless the Using Entity receives notice from the Department of Revenue that the exemption from withholding has been revoked.

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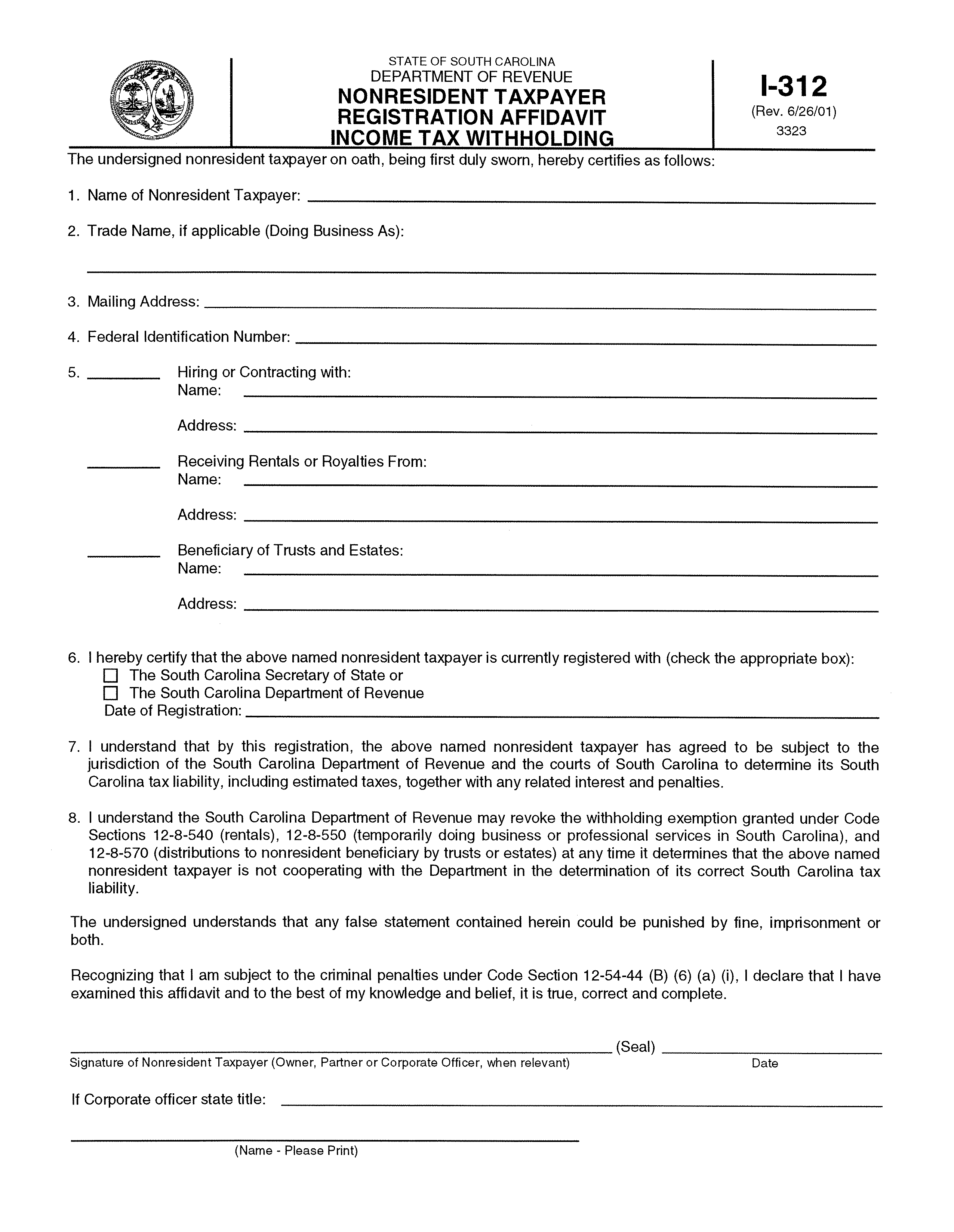
Section 12-8-540 requires persons making payment to a nonresident taxpayer of rentals or royalties at a rate of $1,200.00 or more a year for the use of or for the privilege of using property in South Carolina to withhold 7% of the total of each payment made to a nonresident taxpayer who is not a corporation and 5% if the payment is made to a corporation. Contact the Department of Revenue for any applicable exceptions.

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For information about other withholding requirements (e.g., employee withholding), contact the Withholding Section at the South Carolina Department of Revenue at 803-898-5383 or visit the Department’s website at www.sctax.org.

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This notice is for informational purposes only. This agency does not administer and has no authority over tax issues. All registration questions should be directed to the License and Registration Section at 803-898-5872 or to the South Carolina Department of Revenue, Registration Unit, Columbia, S.C. 29214-0140. All withholding questions should be directed to the Withholding Section at 803-898-5383.



**Attachment 2**

**OFFEROR’S CHECKLIST**

*AVOID COMMON PROPOSAL MISTAKES*

Review this checklist prior to submitting your proposal.

* Make sure you have properly marked all protected, confidential, or trade secret information in accordance with the instructions entitled: SUBMITTING CONFIDENTIAL INFORMATION. *do not mark your entire proposal as confidential, trade secret, or protected! Do not include a legend on the cover stating that your entire response is not to be released!*
* Have you properly acknowledged all amendments? Instructions regarding how to acknowledge an amendment should appear in all amendments issued.
* Make sure your proposal includes a copy of the solicitation cover page. Make sure the cover page is signed by a person that is authorized to contractually bind your business.
* Make sure your proposal includes the number of copies requested.
* Check to ensure your proposal includes everything requested!
* If you have concerns about the solicitation, do not raise those concerns in your response! as this solicitation includes a question & answer period, raise your questions as a part of that process!

This checklist is included only as a reminder to help offerors avoid common mistakes.

Responsiveness will be evaluated against the solicitation, ***not*** against this checklist.

You do not need to return this checklist with your response.

**Attachment 3**

**SERVICE PROVIDER SECURITY ASSESSMENT QUESTIONNAIRE**

Instructions: (1) Attach additional pages or documents as appropriate and make sure answers cross reference to the questions below. (2) As used in this Questionnaire, the phrase “Government Information” shall have the meaning defined in the clause titled “Information Security.” (3) This Questionnaire must be read in conjunction with both of the following two clauses (a) Service Provider Security Assessment Questionnaire – Required, and (b) Service Provider Security Representation.

# Access Control

1. Describe your policies and procedures that ensure access to Government Information is limited to only those employees and contractors who require access to perform your proposed services.
2. What safeguards and practices do you have in place to vet your employees and contractors who will have access to Government Information?
3. Describe safeguards that are in place to prevent unauthorized use, reuse, distribution, transmission, manipulation, copying, modification, access or disclosure of Government Information.
4. Please explain your key escrow (key management) solution including the terms and conditions of your escrow solution for accessing encrypted data by third parties.

# Data Protection and Disposal

1. Do you have documented policy and procedures for managing information assets? If yes, please provide those policies and procedures.
2. Will Government Information be encrypted at rest? Will Government Information be encrypted when transmitted? Will Government Information be encrypted during data backups, and on backup media? Please elaborate.
3. How will Government Information be managed after contract termination? Will Government Information provided to the Contractor be deleted or destroyed? When will this occur?

# Data Protection and Recovery

1. Describe your disaster recovery and business continuity plans. When was the last time you successfully tested your Business Continuity plan? When was the last time you successfully tested your disaster recovery plan?
2. What are your Restore Point Objectives and your Restore Time Objectives for PEBA data? Did you meet your objectives during your most recent test?

# Third Party Management

1. Identify any third party which will host or have access to Government Information.
2. Describe and explain your security policies and procedures as they relate to your use of your contractors and next-tier sub -contractors.

# Human Resources

1. Do you conduct employee security and awareness training? If so, please provide the last three dates, who is included, and provide the outline for the training.

# Audit and Compliance

1. List any reports or certifications that you have from properly accredited third-parties that demonstrate that adequate security controls and assurance requirements are in place to adequately provide for the confidentiality, integrity, and availability of the information systems used to process, store, transmit, and access all Government Information. (For example, an ISO/IEC 27001 compliance certificate, an AICPA SOC 2 (Type 2) report, or perhaps an AICPA SOC 3 report (i.e., a SysTrust or WebTrust seal)). For each certification, describe the scope of the assessment performed. Will these reports / certifications remain in place for the duration of the contract? Will you provide the state with most recent and future versions of the applicable compliance certificate / audit report?
2. Please provide a copy of your latest AICPA SOC 1 (Type 2) report and/or your latest AICPA SOC 2 (Type 2) report for review.

**HIPAA Compliance**

1. What was the last date of your last HIPAA risk assessment for privacy and security? Who conducted the assessment?
2. Does your company have any policies related specifically to HIPAA? If so please provide more details on the name, date of last update, and general information about the policy.
3. Please provide the last three dates that HIPAA training was provided to staff. Describe the training.
4. Have executive officers been trained on HIPAA?
5. Do you have a dedicated HIPAA Compliance officer and/or department? If so, please describe the department and provide contact information for that department.
6. Do you have a dedicated Security Officer and Privacy Officer? If so please describe who they report to and provide basic information about their job responsibilities and roles.
7. To the best of your knowledge, is your company/entity HIPAA compliant? If not, please provide information explaining why not.

# Physical Security

1. Please list the geographical locations of your data centers that could contain PEBA data. Do your secondary/failover sites have commensurate security with your primary site?
2. Describe the policies, procedures and practices you have in place to provide for the physical security of your data centers and other sites where Government Information will be hosted, accessed or maintained.

# Detection and Prevention

1. What controls are in place to detect security breaches? What system and network activity do you log? How long do you maintain these audit logs?
2. Is penetration testing and/or vulnerability assessments performed annually? Is this done with an outside vendor or is it performed using internal staff? Please list the last 3 assessment dates and explain the type of assessment that was performed.

# Incident Response

1. Describe your incident response policies and practices.
2. Have you had any breaches in the last 3 years, as defined by HIPAA, which involve more than 500 records? If yes, please provide details. Have you had paid any HIPAA related fines in the last three years? If yes, please describe.

Offeror’s response to this questionnaire includes any other information submitted with its offer regarding information or data security.

SIGNATURE OF PERSON AUTHORIZED TO REPRESENT THE ACCURACY OF THIS INFORMATION ON BEHALF OF OFFEROR:

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(authorized signature)

Its: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(printed name of person signing above)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(title of person signing above)

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Attachment 4 Business Associate Agreement**

Attachment 4 may be found at the following link: <https://procurement.sc.gov/vendor/contract-opps/other-solicitations/peba>

**Attachment 5**

**Minority Participation**

Is the Offeror a South Carolina Certified Minority Business? [ ] Yes [ ] No

Is the Offeror a Minority Business certified by another governmental entity? [ ] Yes [ ] No

If so, please list the certifying governmental entity:

Will any of the work under this contract be performed by a SC certified Minority Business as a Subcontractor?

[ ] Yes [ ] No

If so, what percentage of the total value of the contract will be performed by a SC certified Minority Business as a Subcontractor?

Will any of the work under this contract be performed by a minority business certified by another governmental entity as a Subcontractor? [ ] Yes [ ] No

If so, what percentage of the total value of the contract will be performed by a minority business certified by another governmental entity as a Subcontractor?

If a certified Minority Business is participating in this contract, please indicate all categories for which the Business is certified:

[ ] Traditional minority

[ ] Traditional minority, but female [ ] Women (Caucasian females)

[ ] Hispanic minorities

[ ] DOT referral (Traditional minority) [ ] DOT referral (Caucasian female)

[ ] Temporary certification

[ ] SBA 8 (a) certification referral

[ ] Other minorities (Native American, Asian, etc.)

(If more than one minority contractor will be utilized in the performance of this contract, please provide the information above for each minority business.)

For a list of certified minority firms, please consult the Minority Business Directory, which is available at the following URL: <http://osmba.sc.gov/index.html>

**Attachment 6 - Business Proposal Template**

Attachment 6 may be found at the following link: <https://procurement.sc.gov/vendor/contract-opps/other-solicitations/peba>

**Attachment 7 - Escrow Agreement**

To be provided by Offerors as part of their proposal response

**Attachment 8 - Functional Requirements**

Attachment 8 may be found at the following link: <https://procurement.sc.gov/vendor/contract-opps/other-solicitations/peba>

**Attachment 9 - Technical Requirements**

Attachment 9 may be found at the following link: <https://procurement.sc.gov/vendor/contract-opps/other-solicitations/peba>

**Attachment 10 - Project Work Plan**

To be provided by Offerors as part of their proposal response

**Attachment 11 – Project Resource Plan**

To be provided by Offerors as part of their proposal response

**Attachment 12 – Project Risk and Mitigation Plan**

To be provided by Offerors as part of their proposal response

**Attachment 13 – Solution Installations**

Attachment 13 may be found at the following link: <https://procurement.sc.gov/vendor/contract-opps/other-solicitations/peba>

**PART 8**

**EXHIBITS TO SOLICITATION**

Exhibits 1 and 2 may be found at the following link: <https://procurement.sc.gov/vendor/contract-opps/other-solicitations/peba>

**Exhibit 1 – Key Business Rules**

Exhibit 1 Business Rules.xlsx

**Exhibit 2 – PEBA Standards and Information Security Policies**

Exhibit 2 PEBA Standards and Information Security Policies.pdf

**PART 9**

# APPENDIX A DEFINITIONS

1. **“Acceptance”** means the issuance of a Certificate of Acceptance by PEBA.
2. **“Affiliates”** means those business entities that (a) for corporate entities, Contractor has ownership of 20% or more of the stock or shares entitled to vote for the election of the board of directors or other governing body of the entity; (b) for non-corporate entities, Contractor has ownership of 20% or greater of the equity interest; and (c) for any entity, Contractor has control of any entity through voting agreements or covenants.
3. **“Applications Software”** or **“Applications”** means those software application programs and programming (and all modifications, replacements, Upgrades, Enhancements, documentation, materials, media, on-line help facilities and tutorials related thereto) that perform user or business related information processing functions. Applications Software will include all such programs or programming required to meet Contractor’s obligations in providing PEBA with the BAS System.
4. **“Authorized User”** means PEBA Personnel, members of the PEBA Board, participating employers, TPAs, and other third-party contractors and agencies providing services to PEBA, PEBA plan participants, members and beneficiaries.
5. **“BAS System”** means the System being provided hereunder by Contractor, including the Licensed Programs, Documentation, Third Party Equipment, Third Party Software, Work Product, Deliverables, and modifications and updates.
6. **“Base Program”** means the standard software without Customizations in both source and object code form belonging to Contractor or one of its Affiliates and that is identified in the Contractor Proposal, including all Releases therefor, and all documentation relating thereto.
7. **“Business Day”** means Monday through Friday, excluding holidays observed by PEBA.
8. **“Business Hours”** means PEBA’s normal business hours, which are 8:30 AM to 5:00 PM Eastern Time, Monday - Friday.
9. **“Certificate of Acceptance”** means a written certification signed by an authorized representative of PEBA indicating that PEBA is satisfied that a Deliverable, Phase or the System, as applicable and completed, materially performs in accordance with the System Specifications.
10. **“Certification of Contractor Testing Completion”** will have the meaning set forth in Section 3.14.
11. **“Confidential Data”** means sensitive information that is used or held by PEBA. Loss or harm could occur as a result of unauthorized access, use, or disclosure of this information. Statutory or regulatory penalties, notification provisions, or other mandates could result if the information is accessed, used or disclosed in an unauthorized manner.
12. **“Contractor Personnel”** means all of Contractor’s employees, Contractor individual contractors hired for staff augmentation purposes and Subcontractors performing services under the Contract, whether considered a Key Personnel or not. Contractor Personnel also includes the Government Cloud Services Subcontractor and its Subcontractors.
13. **“Contractor Proposal”** means Contractor’s Technical Proposal made in response to the Solicitation, as amended by Section 1.4.
14. **“Contractor Technology”** means the Licensed Programs and any improvements, modifications, Enhancements thereto or Derivative Works thereof, including but not limited to Enhancements thereto, and Documentation and any other works of authorship, materials, information created by Contractor or its Subcontractors prior to or independently of the performance of the services hereunder including improvements, modifications, Enhancements thereto or Derivative Works thereof, or created by Contractor or its Subcontractors as a general consulting tool for their use in performing the services hereunder, plus any modifications or Enhancements thereto and Derivative Works based thereon.
15. **“Contractor Testing”** means the test of the Licensed Programs, Third Party Software, and Deliverables to be conducted by Contractor, to demonstrate that the applicable Phase of the BAS System and the BAS System as installed on the Equipment at the Government Cloud Services Subcontractor hosting facilities or PEBA Premises, conform to the application System Specifications in all material respects, as further described in the Solicitation.

1. **“Customizations”** means the source code and object code of any modification or addition to the Base Programs required for the BAS System to comply with the System Specifications or to implement an Enhancement.
2. **“Data Breach”** means the unauthorized access by a non-Authorized Person that results in the use, disclosure, or theft of PEBA’s Confidential Data or Restricted Data.
3. **“Defect”** means any failure by the BAS System to conform in any material respect with applicable System Specifications, including but not limited to any failure of Licensed Programs to conform with the System Specifications in any material respect. However, any nonconformity resulting from PEBA’s material misuse, improper use, alteration, or damage of Licensed Programs or PEBA’s combining or merging Licensed Programs with any hardware or software not supplied by, authorized, or identified as compatible by Contractor, will not be considered a Defect.
4. **“Defect Correction”** means either a modification or addition that, when made or added to the System or any component thereof, establishes material conformity of the System or any component thereof to the functional System Specifications therefor, or a procedure or routine that, when observed in the regular operation of the System or any component thereof, eliminates the practical adverse effect on PEBA of such nonconformity or Defect.
5. **“Deliverables”** means each deliverable, Licensed Program, Interface, Document Deliverable, or Work Product provided as part of a Phase of the Project.
6. **“Derivative Work”** means a work based on one or more preexisting works, including a condensation, transformation, translation, modification, expansion, or adaptation, that, if prepared without authorization of the owner of the copyright of such preexisting work, would constitute a copyright infringement under applicable Law, but excluding the preexisting work.
7. **“Development Tool”** will mean all software programs and programming (and all modifications, replacements, Upgrades, Enhancements, documentation, materials and media related thereto) that are used in the development, testing, deployment and maintenance of Applications and products selected and/or developed by or for PEBA.
8. **“Document Deliverable”** means the Documentation and any other report or document required to be delivered by Contractor under this Contract.
9. **“Documentation”** means all specifications, manuals, documents, drawings, demonstrations, presentation materials, and other tangible items pertaining to a System or a particular Phase of the System that have been provided by Contractor to PEBA, whether during or before this Contract, as well as the documentation and functional requirements required by the Solicitation, the requirements set forth in the Requirements Traceability Matrix, and the documentation for the Licensed Programs generally made available by Contractor to its customers. In the event of any conflict or inconsistency between the items identified in the Contract and the documentation for the Licensed Programs made generally available, the items in the Contract will control. When requested by PEBA, Documentation will be provided in electronic form.
10. **“Electronic Protected Health Information (“EPHI”)”** means Protected Health Information that is transmitted or maintained by or in electronic media, as defined by 45 CFR § 160.103.
11. **“Embedded Software”** means the following third-party software products that are embedded in the Licensed Programs as listed in Attachment 6 – Business Proposal Template.
12. **“Enhancement”** means any modification or addition that, when made or added to the Licensed Programs, materially changes its utility, efficiency, functional capability, or application, but that does not constitute solely a Defect Correction and that goes beyond what is required under the System Specifications.
13. **“Equipment”** means all networking, communications, and related computing machines and hardware procured, provided, operated, supported, or used by PEBA, Contractor, or Government Cloud Services Subcontractor in connection with the Services, including PEBA Equipment and Third Party Equipment.
14. **“Individually Identifiable Health Information”** means Information that is a subset of health information, including demographic information collected from an individual, and (1) is created or received by a health care provider, health plan, employer, or health care clearinghouse; and (2) relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and (a) that identifies the individual; or (b) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
15. **“Key Personnel”** will mean the following Contractor personnel assigned to this Agreement:
    * + - Project Manager/Project Director
        - Deputy Project Manager/Project Director
        - Lead Functional/Business Analyst
        - Lead Technical Analyst
        - Quality Assurance/Testing Manager
        - Account Executive
16. **“LAN”** means PEBA’s limited-distance distributed processing network (local area network) that comprises PEBA Equipment and supporting communication facilities interconnected by a transmission medium in order to facilitate the inter-exchange of data through the Internet, as further described in the Solicitation.
17. **“Licensed Programs”** means the Base Programs, and the Enhancements, Defect Corrections, modifications, and changes to the Base Programs as well as all Derivative Works prepared therefrom pursuant to this Contract or delivered to PEBA hereunder, all Documentation related thereto, and any other Deliverable provided by Contractor hereunder that is not considered any of the foregoing or Work Product. Licensed Programs will not include Work Product, Third Party Software or Third-Party Equipment.
18. **“Go Live”** means the date that the applicable software of a Phase or the entire System is first used by PEBA in an operational, non-test environment, utilizing actual production data.
19. **“Milestone”** means a mutually agreed upon point of Contractor or Subcontractor delivery of Deliverables, Implementation Services, Maintenance and Support Services, and Government Cloud Subcontractor Services under the terms of this RFP.
20. **“Materials”** will mean, collectively, Software, literary works, other works of authorship, specifications, designs, analyses, processes, methodologies, concepts, inventions, know-how, programs, program listings, programming tools, documentation, user materials, reports, drawings, databases, spreadsheets, machine-readable text and files, financial models and Work Product, whether tangible or intangible.
21. **“Open Source”** means any Software, library, utility, tool or other computer or program code that is licensed or distributed as “free software,” “freeware,” “open source software” or under any terms or conditions that impose any requirement that the Open Source Materials or any Software using, linked with, incorporating, distributed with, based on, derived from or accessing the Open Source Materials: (i) be made available or distributed in source code form; (ii) be licensed for the purpose of making Derivative Works; (iii) be licensed under terms that allow reverse engineering, reverse assembly or disassembly of any kind; or (iv) be redistributable at no charge. Open Source Materials include without limitation any Software or Materials licensed or distributed under any of the following licenses or distribution models or similar licenses or distribution models: the GNU General Public License (GPL), GNU Lesser General Public License or GNU Library General Public License (LGPL), Mozilla Public License (MPL), BSD licenses, the Artistic License, the Netscape Public License, the Sun Community Source License (SCSL) the Sun Industry Standards License (SISL) and the Apache License).
22. **“PEBA Confidential Information”** will mean confidential information of PEBA provided to Contractor or accessed by Contractor under the Contract, including, but not limited to: (i) Personally Identifiable Information (PII), and (ii) information related to PEBA’s operations, such as investment strategies, audit findings, business methodologies, personnel information, technical information; employer information, beneficiary information, survivor information, member information, or any other information deemed by federal or state law, rule or regulation as proprietary or confidential.
23. **“PEBA Data”** means all data created or in any way originating with PEBA, and all data that is the output of computer processing of or other electronic manipulation of any data that was created by or in any way originated with PEBA, whether such data or output is stored on PEBA’s hardware, the Government Cloud Services Subcontractor’s hardware, or exists in any system owned, maintained, or otherwise controlled by PEBA or by the Government Cloud Services Subcontractor.
24. **“PEBA Equipment”** means the LAN central processing units (CPUs), including all terminals, personal computers (“PCs”), servers, SAN and other components thereof, situated at PEBA’s Premises as of the Project Start Date and more fully described in the Solicitation.
25. **“PEBA Identified Contact”** means the person or persons designated in writing by PEBA to receive security incident or breach notification.
26. **“PEBA Personnel”** means all persons engaged from time to time as officers, employees, agents, consultants, or independent contractors of PEBA.
27. **“PEBA Premises”** means those premises occupied by PEBA, including but not limited to those at 202 Arbor Lake Drive, Columbia South Carolina, together with any other premises owned or leased by PEBA.
28. **“Personal Data”** means data that includes information relating to a person that identifies the person by name and has any of the following personally identifiable information (PII): government-issued identification numbers (e.g., Social Security, driver’s license, passport); financial account information, including account number, credit or debit card numbers; or protected health information (PHI) relating to a person.
29. **“Personally Identifiable Information”** means any information about an individual person that uniquely identifies a person, including but not limited to (a) any information that can be used to distinguish or trace an individual’s identity, such as name, address, social security number, telephone number, IP address, financial account number, credit card number, debit card number, driver’s license number, date and place of birth, mother’s maiden name, or biometric records; and (b) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information. Personally Identifiable Information includes, but is not limited to, Individual Personal Information, Medical Records, Protected Health Information, and Electronic Protected Health Information.
30. **“Phase”** means a particular portion of the implementation, as set forth in the Solicitation and in the Project Work Plan, or as may be modified in accordance with this Contract.
31. **“Project”** will mean the planned undertaking to provide the products and services pursuant to the Solicitation and the terms of this Contract.
32. **“Project Start Date”** will mean the mutually agreed upon date on which the Project will begin. After the Project Start Date has been agreed to, it will be identified in the Project Work Plan.
33. **“Project Work Plan”** will have the meaning set forth in Section 3.8.
34. **“Protected Health Information (“PHI”)”** will have the same meaning as the term “protected health information” at 45 CFR § 160.103.
35. **“Releases”** means new versions and releases of the Licensed Programs, which may include both Defect Corrections and Enhancements and which Contractor generally makes available at no additional to customers of the Base Program who have paid their Upgrade Subscription and Maintenance and Support fee.
36. **“Requirements Traceability Matrix”** means the requirements traceability matrix described in the Solicitation.
37. **“Restricted Data”** means highly sensitive information that is used or held by an agency. For PEBA this primarily represents medical data and information pertaining to specific protected classes of individuals (i.e., children).
38. **“SAN”** means the PEBA storage area network.
39. **“Security Incident”** means the potentially unauthorized access by non-Authorized Persons to Personal Data, Restricted Data, or Confidential Data that could reasonably result in the use, disclosure, or theft of PEBA’s unencrypted data. A Security Incident may or may not turn into a Data Breach.
40. **“Software”** means all computer software programs and programming(and all modifications, replacements, Upgrades, Enhancements, documentation, materials and media related thereto), including Applications, Development Tools, Open Source and Systems Software.
41. **“Source Code”** computer software in human-understandable form of source statements, including electronic and printed human-readable, mnemonic or English-like statements.
42. **“Source Code Materials”** means then current versions of Source Code, all proprietary tools required for use of the Licensed Programs under this Contract, all Source Code-related documentation to the extent the same exists at the time, a list of all Open Source code utilized with the Licensed Programs, and all operation documents, including but not limited to documents describing the third-party tools and the methods and procedures utilized for the installation, configuration and operation of the Licensed Programs.
43. **“System”** means an interconnected grouping of manual or electronic processes, including business flow charts, logic diagrams, Equipment, Software, Documentation, source codes, object codes, and Materials of any type whatsoever (tangible or intangible and machine or human readable) which incorporate or reflect the design, specifications, or workings of a System or its Software and associated attachments, features, accessories, peripherals and cabling, and all additions, modifications, substitutions, Upgrades or Enhancements to such System, including all Systems in use or required to be used as of the contract commencement date, and all Systems, Materials, Work Product and Deliverables installed or developed by or for PEBA following the contract commencement date as required by this contract including Contractor’s BAS System. The term “System” may refer to more than one System, despite the use of the singular. A System, or components thereof, may operate on mainframe Equipment or a microprocessor workstation platform or server platform (“Server Platform”) or web-based service enabled components (“Internet Components”) or any combination of the same.
44. **“Systems Software”** means all software programs and programming (and all modifications, replacements, Upgrades, Enhancements, documentation, materials and media related thereto) that perform tasks basic to the functioning of the Equipment and are required to operate the Applications Software or otherwise support the provision of the BAS System and hosting Services by Contractor and the Government Cloud Services Subcontractor, including operating systems, systems utilities, data security software, compilers, performance monitoring and testing tools and database managers.
45. **“System Specifications”** means those technical and functional requirements relating to the design and performance of the BAS System or a particular Phase of the BAS System, as set forth in the Contract. The System Specifications may from time to time be amended by Change Orders.
46. **“Test Phase”** means a scheduled block of testing with a primary focus. Test phases will include, at a minimum, Functional Test, Integration and System Test, and User Acceptance Test.
47. **“Test Specifications”** means those specifications set forth in the Solicitation.
48. **“Test Type”** means the type of testing being performed within a scheduled Test Phase or at any other applicable time during Project execution. Test types include Contractor Testing, User Acceptance Testing, and Performance Testing
49. **“Third Party Equipment”** means the third-party equipment that is required for the System to comply with the System Specifications, as listed in Attachment 6 – Business Proposal Template, which is to be purchased by Contractor on behalf of PEBA, and owned or licensed by PEBA upon delivery to PEBA and PEBA’s payment of the applicable Third Party Equipment fees.
50. **“Third Party Software”** means any software not licensable by Contractor that will be provided by Contractor, but excluding Embedded Software.
51. **“Maintenance and Support Services”** means the post-implementation maintenance and support services described in Attachment 6 – Business Proposal Template.
52. **“Upgrade”** and its derivatives means the updates, renovations, Enhancements, additions and/or new versions or releases of Software or Equipment by Contractor or its subcontractors. Unless otherwise agreed, financial responsibility for the costs, fees and expenses associated with an Upgrade of Software or Equipment will be Contractor’s responsibility.
53. **“Use”** means the right to load, execute, store, transmit, display, copy, maintain, modify, enhance, and create Derivative Works.
54. **“User Acceptance Testing”** means the tests to be conducted by PEBA, to demonstrate that the Phase, Deliverable, or the System, as installed on the Equipment at the Government Cloud Services Subcontractor hosting facilities or PEBA Premises, conform to the applicable System Specifications in all material respects, as further described in the Solicitation.
55. **“Warranty Period”** means the period of time commencing with the Go Live of a Phase used by PEBA in an operational, non-test environment, utilizing actual production data and terminating twelve (12) months after the Go Live of the Phase used by PEBA in an operational, non-test environment, utilizing actual production data.
56. **“Work Product”** will mean all Deliverables (excluding the Licensed Programs, Contractor Technology, Third Party Software, and Third Party Equipment) that (i) do not alter the product level code of the Licensed Programs, (ii) contain PEBA specific information and processes, and (iii) are created or first reduced to practice by Contractor and Subcontractors, alone or with others, in performance of Contractor’s obligation hereunder.