

STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
HONOLULU, HAWAII  
MAY 27, 2016  
ADDENDUM 7  
TO  
REQUEST FOR PROPOSALS  
NO. RFP-ERP16001  
ENTERPRISE PAYROLL AND TIME AND ATTENDANCE SOLUTION (EPS) SOLUTION FOR  
THE STATE OF HAWAII  
SERVICES

The contents of this Addendum address amendments within the three major areas of RFP-ERP16001 as follows:

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Therefore, the intent of this Addendum is to provide additional clarification and details to all Offerors to the effect that they allow for the preparation and submission of a Best and Final Offer (BAFO). The submission of the BAFO must include all proposed solution inclusions and costs and all content submitted must be a part of the BAFO, the State will not accept any exceptions. The BAFO submitted by an Offeror that provides the State the best value based on the prescribed evaluation criteria will become part of and be incorporated into the contract in an eventual award.

# **1. AMENDMENTS TO THE MAIN RFP**

## **RFP Section 2.2 is amended as follows:**

### **EPS-Related Terms**

The State has established a statewide IT strategy with respect to several IT objectives and projects. As part of this, it has established a strategic Enterprise Resource Planning Program. Under the ERP Program is the Enterprise Payroll Solution (EPS) Project. The relationship of ERP- and EPS-related terms used in this RFP is as follows: (a) the “EPS System,” which shall include Custom Software and Configurations so as to function and be integrated together with the Hosting Services for processing the State’s data in accordance with the RFP Requirements;” (b) the “EPS Services,” which are services provided in connection with the EPS System; (c) the “EPS,” which consists of the combination of EPS System, the EPS Services and other associated services; (d) a “Project,” which includes “Implementation Services”, etc., to implement the RFP Requirements in whole or in part; (e) an “EPS Project,” which are two or more sub-Projects or Phases to create and deliver the EPS; and (f) the “Offer,” which is a proposal submitted by an “Offeror” to this RFP to meet the RFP Requirements.

## **RFP Section 5.6 Enhanced End-User Training Objective is amended as follows:**

### **5.6.1 Enhanced End-User Training**

Each Offeror in its Offer shall provide an enhanced training methodology to develop an internal State team able to implement a training program for end users on an ongoing basis. The enhanced training methodology is required to enable the State to transition to its full support of the training program over a period of time. The enhanced training program should provide the State with the ability to support a range of training delivery formats (e.g., classroom training, webinar training, online training, online help, knowledge base documents and frequently asked questions). The enhanced training program shall provide the ability for the State to effectively and efficiently train and provide support tools for end users at multiple locations located on each of the Islands of Hawaii.

### **5.6.2 Payroll Administrator Training**

Each Offeror in its Offer shall provide a detailed plan to provide payroll administration classroom, on-site training directly to an estimated 100 individuals representing all employer jurisdictions and departments. The training plan shall include standard and customary payroll processing practices within the guidelines of the certifying body of the American Payroll Association and Federal (and State) Wage and Hour and Fair Labor Standards Act (FLSA) provisions. Training should include, but not be limited to the following: setting up pay entry views, adding employees to pay entry screens, completing payroll compensation adjustments and corrections to withholdings (voluntary, involuntary and court-ordered), standard audit and balancing functions, review of payroll reconciliation reports, tax corrections, audit and filing steps and quarterly and annual wage and tax adjustments, and importing calculated and summarized payroll gross information into the new payroll processing engine.

### **5.6.3 Manager, Supervisor, Scheduler, Timekeeper Training**

Each Offeror in its Offer shall provide a detailed plan to provide time and attendance manager, supervisor and timekeeper classroom, onsite training to an estimated 300 individuals representing all employer jurisdictions and departments. The training plan shall include standard and customary time and attendance and scheduling roles and responsibilities typically held by those who manage, schedule, correct and edit time entries. Training should include, but not be limited to the following: establishing schedule patterns, setting up schedule groups and assigning patterns to groups or individuals (as necessary), reviewing, editing and correcting timecard entries, completing historical edits due to late time entries and payrolls processed, utilizing exception reporting and dashboard tools, generating standard audit reports to review (overtime, leaves, compensatory time, additions to pay and time worked, deductions to pay and time worked) and generated timecard historical reports for various employment verification inquiries and meeting compliance reviews and audits.

**RFP Section 5.8 is amended as follows:**

**Organizational Change Management (OCM) Requirement**

The State acknowledges that there will be extensive organizational and operational changes required as part of the implementation of the EPS and overall project. Each Offeror shall propose how it, if selected as Contractor, will implement an organizational and business process change management program designed to ensure acceptance and use of the new EPS System and reporting tools by relevant State employees in conformity with the State's requirements.

The Offeror's proposal should include in its OCM strategy, how the following obstacles to change will be addressed:

- Current reliance on manual processes;
- Decentralized nature of government and siloed processes;
- Prevalence of personal and institutional knowledge over documentation;
- Hawaii's unique culture.

In addition, the Offeror should include all OCM costs in its BAFO response.

**RFP Section 9 Significant RFP Due Dates is amended as follows:**

Table 3 below contains the State's current estimate of the scheduled milestones and deadlines under this RFP. When a date stated in Table 3 constitutes a deadline or date requiring an item due from a Prospective Offeror, Offeror, Priority-Listed Offeror or Contractor, the specific time of the deadline is 4:00 p.m. Hawaiian Standard Time (HST).

Table 3. Deadlines and Dates is amended as follows:

1. Step	2. Date
Release of the RFP	Tuesday, February 16, 2016
Pre-Offer Conference	Friday, February 26, 2016
Deadline for Submission of Written Questions from Prospective Offerors regarding the RFP and regarding the Offeror's Library	Wednesday, March 2, 2016
State's Responses to Written Questions	Wednesday, March 9, 2016 (4:00 p.m. HST)
Deadline for Submission of Letter of Intent to Submit Offers	Thursday, March 18, 2016
Deadline for Submission of Offers	Monday, April 4 2016 (4:00 PM HST)
Start of Initial Evaluation of Offers	Monday, April 4, 2016
Determination of Priority-Listed Offerors (as necessary)	Thursday, April 28-30, 2016
Discussions with Priority-Listed Offerors (as necessary)	Thursday, May 10-June 3, 2016
Deadline for BAFO Submission (if required)	Tuesday, June 7, 2016
Notice of Award	On or before Thursday, June 30, 2016
Contract Executed	To Be Determined (TBD)
Notice to Proceed	To Be Determined (TBD)

**RFP Section 11.6 is amended as follows:**

**11.6 Software**

Each Offer must identify with specificity the COTS and non-COTS software and hardware items it proposes to use to provide the EPS. To the extent that an Offeror requires or advises the State to use other software to receive and use the EPS, the Offer shall: (a) specify the software; (b) specify whether the Offeror will procure any licenses required by the State to use such software; (c) specify whether such license will require modification for the use by the State as required or advised by the Offeror; (d) specify whether the State itself is required to obtain licenses directly from third parties; and (e) if an Offeror has agreements that must be submitted for Third Party Software licensors, the Offeror shall submit such agreements on the flash drives as required in CALL FOR BAFO on page 60 of Addendum 7 and shall clearly indicate where such agreements are

on the flash drive. Offeror shall provide the cost to the State of procuring the software and applicable licenses, and maintenance and support services subject to subsection (d).

**RFP Section 13.3 is amended as follows:**

Additional Discussions. The State reserves the right to convene additional rounds of discussions with Priority-Listed Offerors prior to or after a potential call for Best and Final Offers (BAFOs) but before submission of the BAFOs by such Priority-Listed Offerors.

**Table 4: is amended as follows:**

<b>Evaluation Points</b>	<b>Evaluation Category</b>
<b>15</b>	<b>Offeror Qualifications</b> Offeror Background and Experience Financials Offeror References
<b>15</b>	<b>Project Organization and Staffing</b> Staffing Plans Project Team Staff Experience and References
<b>Business Solution</b>	
<b>40</b>	Functional Requirements Functional Areas Reporting Interfaces Conversions Enhancements Forms Workflows Software Description
<b>15</b>	Technical Requirements Technical Architecture Solution Architecture Solution Technology
<b>10</b>	Implementation Services Implementation Plans included with offer Work Plan and Schedule

<b>Evaluation Points</b>	<b>Evaluation Category</b>
25	Ongoing Services Hosting Services Maintenance and Operations Services Business Process Outsourcing Services Project Team Facility Requirements Service Level Agreement Requirements
90	<b>Subtotal Business Solution</b>
<b>Cost</b>	
40	Total Cost – as documented in Appendix L Cost Workbook, Tab 1 Total Cost Summary.
40	“Cost Realism” means that the Costs in an Offeror’s Cost Proposal:  1. Are realistic for the work to be performed.  2. Reflect a clear understanding of the RFP Requirements and desired Phasing of solutions.  3. Are consistent with the various elements of the non-cost portion of the Offer.
80	<b>Total Cost Points</b>
<b>200</b>	<b>Total</b>

**RFP Section 13.8.6 Cost is amended as follows:**

13.8.6 Cost: The area of costs will be evaluated and scored at a maximum of 80 points, which includes 40 points for Total Cost Summary and 40 points for Cost Realism as depicted in Table 4. This includes the Offeror’s completed responses in Appendix L: Cost Workbook for the specific Functional Area attached to this RFP. This includes:

- (a) Software Licensing and Support
- (b) Hosting Option
- (c) Payroll M&O Services
- (d) Time & Attendance M&O Services
- (e) Business Process Outsourcing
  - Automated Clearing House Remittance (ACH) processing, Pay Statements, Direct Deposit Advice Issuance, electronic funds transfer
  - Tax Deposits, Reporting and Filing

- W-2's, 941's, 940's, 941X's etc.
- (f) Project Team Facilities
- (g) Implementation Services – Payroll
- (h) Implementation Services – Time and Attendance
- (i) Optional Functionality

**RFP Section 13.8.6.1 Cost Points Conversion is amended as follows:**

After applying the Preference for Hawaii Software Development Business for each applicable Offer, in converting Total Cost to Total Cost points, the Lowest Total Cost Offer will automatically receive the maximum number of points allocated to Total cost, which is 40 points. The point allocations for cost on the other Offers will be determined through the method set out in the following formula:  $[\text{Lowest Total Cost} \times 40 \text{ points (maximum)}] \text{ divided by } [\text{Offeror's Proposed Total Cost}] = \text{Cost Points Awarded}$ .

**RFP Section 13.8.6.2 Cost Realism is amended as follows:**

The area of cost realism will be evaluated and scored at a maximum of 40 points.

Evaluation Criteria for a firm fixed-price contract shall include cost realism analysis as input for consideration during evaluation of the non-cost components of an Offer.

“Cost Realism” means that the Costs in an Offeror’s Cost Proposal:

1. Are realistic for the work to be performed.
2. Reflect a clear understanding of the Requirements and desired Phasing.
3. Are consistent with the various elements of the non-cost portion of the Offer.

An unrealistic Cost may:

- Indicate that an Offeror does not have the organization, experience, and/or technical skills needed to successfully perform the Contract.
- Place additional pressure on the Offeror’s financial resources available to support Contract performance.
- Indicate deficiencies in the Offeror’s understanding of the Functional, Technical, and/or Services Requirements and the performance risk associated with the Offer.
- Indicate that an Offeror cannot comply with the required or proposed schedule for Contract performance.

The firm fixed-price Contract resulting from this RFP will not be adjusted by the State according to the cost realism analysis. Rather, the cost realism analysis will be used during the evaluation of Offers by identifying and assessing risk within any of the non-cost components of the Evaluation Criteria in “Table 4, Evaluation Criteria”.

**RFP Section 15.4 is amended as follows:**

**15.4 Payments to Contractor**

Payments shall be made to the Contractor in accordance with Law and upon satisfaction of the applicable Milestones/Deliverables as detailed in the Payment Schedule on “Tab 7, Payment Schedule – “Implementation Services” and “Tab 6, Ongoing Services” in “Appendix L, Cost Workbook.” The receipt of Deliverables shall be due based on the Project Schedule as agreed to and approved by the State, or as amended. Payments for all Deliverables from Software Licenses, Implementation Services activities, and activities related to Ongoing Services are subject to receipt of invoices with supporting documentation attached, and subsequent review and approval by the State of the invoices and Deliverables.

**RFP Section 15.5 is amended as follows:**

**15.5 Deliverables**

Contractor-Deliverables include Software and activities include developing Custom Software and other Deliverables, configuring the Software, implementing Deliverables, and maintaining and distributing information in electronic format. A list of minimum Deliverables is provided in “Appendix E-1, Implementation Services Requirements” which may be supplemented by the Offeror in its Offer. For development of all Deliverables, the Contractor is responsible for leading the activity, and the State is responsible for approving the activity and giving Acceptance of or rejecting the Deliverable. The Contractor shall use the State-approved project management, word processing, presentation and spreadsheet products (Microsoft Office) in the preparation of all correspondence, Deliverables and other Work Product. The Contractor must develop Deliverables in the form and format specified by the State; such form and format shall be developed by the Contractor and subject to the approval of the State. No work will be performed on any Deliverable associated with a payment milestone until the State Program Manager approves in writing.

**RFP Section 17.4 is amended as follows:**

The State shall have the right to directly retain any Subcontractor after the expiration, termination (except a termination for convenience) or suspension (except a suspension for convenience) of the Contract under which it is retained, including any subcontractor providing services subject to any part of a Contract that is so terminated or suspended.



**RFP Section 20 is amended as follows:**

“Exhibit 5, State Attorney General (AG) General Conditions” contains legal terms. “Exhibit 6, Selected Supplemental General Conditions” contains Supplemental Conditions for any Contracts. Attachment 16 contains supplemental license agreement terms and maintenance agreement terms for Third Party Software, which is described in Attachment 16, without configurations or Custom Software. The terms of any license agreement for licenses of Third Party Software expressly override any terms of the Contract for the Third Party Software without Configurations or Custom Software except that the licenses: (a) shall be perpetual and shall not end if the State terminates maintenance services for such Third Party Software; (b) shall not override State requirements imposed by the State Constitution, laws or regulations; (c) shall not override the Contract’s provisions regarding jurisdiction and exclusive venue; (d) shall not include mandatory and binding arbitration as a dispute resolution procedure; (e) shall not require waiver of the State’s sovereign immunity; and (f) shall not require the State to indemnify the Third Party Software licensor for any purpose whatsoever. Exhibit 5 and Exhibit 6 work together and are to be read together. In the event of a conflict between or among any provisions of Exhibit 5 and Exhibit 6, the provision(s) that provide(s) the State with greater rights or greater protections, as determined by State in its sole determination in each case, shall control, except that the terms of any license agreement for licenses of Third Party Software expressly override any terms of the Contract for the Third Party Software without Configurations or Custom Software and the licenses: (a) shall be perpetual and shall not end if the State terminates maintenance services for such Third Party Software; (b) shall not override State requirements imposed by the State Constitution, laws or regulations; (c) shall not override the Contract’s provisions regarding jurisdiction and exclusive venue; (d) shall not include mandatory and binding arbitration as a dispute resolution procedure; (e) shall not require waiver of the State’s sovereign immunity; and (f) shall not require the State to indemnify the Third Party Software licensor for any purpose whatsoever.

## **2. AMENDMENTS TO EXHIBITS**

**Exhibit 5, Section 7 (Indemnification and Defense) is amended as follows:**

The CONTRACTOR shall defend, indemnify, and hold harmless the State of Hawaii, the contracting agency, and their officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys’ fees, and claims, suits, and demands therefor, except claims, suits, and demands by the CONTRACTOR directly against the State for the negligent acts or omissions or willful misconduct of the State, to the extent arising out of or resulting from the negligent acts or omissions or willful misconduct of the CONTRACTOR or the CONTRACTOR’S employees, officers, agents, or subcontractors under this Contract. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Contract.

**Exhibit 5, Section 9 (Liquidated Damages) is amended as follows:**

- a. The parties agree that any delay or failure by Contractor to timely perform such obligations in the Work Plan and in accordance with the SLAs may interfere with the proper and

timely delivery of the EPS System, to the loss and damage of the State. Further, the State will incur major costs to maintain the functions that would have otherwise been performed by Contractor. When the CONTRACTOR is given notice of delay or nonperformance as specified in paragraph 13 (Termination for Default) and fails to cure in the time specified, or fails to perform obligations as described in Appendix F, it is agreed the CONTRACTOR shall pay to the STATE as provided in Section 9.d the amounts set forth in Appendix F per calendar day from the date set for cure or required in the Work Plan, as applicable, until either (i) the STATE obtains goods or services as required in the Contract, or if the CONTRACTOR is terminated for default, or (ii) until the CONTRACTOR provides the goods or services, or both, if the CONTRACTOR is not terminated for default. To the extent that the CONTRACTOR'S delay or nonperformance is excused under Exhibit 5, paragraph 13d (Excuse for Nonperformance or Delayed Performance) or Exhibit 6, Section 15, liquidated damages shall not be assessable against the CONTRACTOR.

b. The assessment of liquidated damages shall not constitute a waiver or release of any other remedy the STATE may have under this Contract for the CONTRACTOR'S breach of this Contract, and the CONTRACTOR remains liable for damages caused other than by delay and the STATE shall be entitled in its discretion to recover actual damages caused by CONTRACTOR'S failure to perform its obligations under this Contract. However, the STATE will reduce such actual damages by the amounts of liquidated damages received for the same events causing the actual damages. The CONTRACTOR agrees that liquidated damages are enforceable compensatory damages, and that CONTRACTOR shall not claim at any time during and after the term that such damages are unenforceable.

c. The parties acknowledge and agree that CONTRACTOR could incur liquidated damages for more than one failure to perform of a Service or Deliverable if CONTRACTOR fails to timely perform its obligations by each date in Appendix F and the Work Plan.

d. Amounts due the STATE as liquidated damages shall be deducted as credits by the STATE from any money payable to CONTRACTOR under this Contract; or, if any liquidated damages remain on termination, the STATE shall bill CONTRACTOR as a separate item therefor and CONTRACTOR shall promptly make such payments.

e. Notwithstanding anything to the contrary in the Contract and subject to Section 9.b, the cumulative amount of liquidated damages assessed against CONTRACTOR during each year of the Contract term, beginning on the effective date of the Contract, shall not exceed 50% of the amounts paid and payable during each year of the Contract term.

**Exhibit 5, Section 12(b) is amended as follows:**

b. Cancellation or expiration of the order. If a stop performance order issued under this section is cancelled at any time during the period specified in the order, or if the period of the order or any extension thereof expires, the CONTRACTOR shall have the right to resume performance. An appropriate adjustment shall be made in the delivery schedule or contract price, or both, and the Contract shall be modified in writing accordingly, if:

(1) The stop performance order results in an increase in the time required for, or in the CONTRACTOR'S cost properly allocable to, the performance of any part of this Contract; and

(2) The CONTRACTOR asserts a claim for such an adjustment within thirty (30) days after the end of the period of performance stoppage; provided that, if the Agency procurement officer decides that the facts justify such action, any such claim asserted may be received and acted upon at any time prior to final payment under this Contract.

The parties will work in good faith to mitigate the impact to both parties resulting from a suspension for convenience.

**Exhibit 5, Section 13(d) is amended as follows:**

The CONTRACTOR shall not be in default by reason of any failure in performance of this Contract in accordance with its terms, including any failure by the CONTRACTOR to make progress in the prosecution of the performance hereunder which endangers such performance, if the CONTRACTOR has notified the Agency procurement officer within fifteen (15) calendar days after the CONTRACTOR becomes aware of the cause of the delay and the failure arises out of causes such as: acts of God; acts of a public enemy; acts or omissions of the STATE and any other governmental body (including the customer who is a party to this Contract) in its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather. If the failure to perform is caused by the failure of a subcontractor to perform or to make progress, and if such failure arises out of causes similar to those set forth above, the CONTRACTOR shall not be deemed to be in default, unless the goods and services to be furnished by the subcontractor were reasonably obtainable from other sources in sufficient time to permit the CONTRACTOR to meet the requirements of the Contract. Upon request of the CONTRACTOR, the Agency procurement officer shall ascertain the facts and extent of such failure, and, if such officer determines that any failure to perform was occasioned by any one or more of the excusable causes, and that, but for the excusable cause, the CONTRACTOR'S progress and performance would have met the terms of the Contract, the delivery schedule shall be revised accordingly, subject to the rights of the STATE under this Contract. As used in this paragraph, the term "subcontractor" means subcontractor at any tier.

The STATE shall not be in default by reason of any failure in performance of this Contract in accordance with its terms, including any failure by the STATE to make progress in the prosecution of the performance hereunder which endangers such performance, if the STATE has notified CONTRACTOR within fifteen (15) calendar days after the STATE becomes aware of the cause of the delay and the failure arises out of causes such as: acts of God; acts of a public enemy; acts or omissions of the CONTRACTOR or its Subcontractor and any governmental body in its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather.

**Exhibit 5 is amended by adding the following new Section 13(g):**

Termination for the State's Nonpayment. Except to the extent the STATE is exercising its remedies, if the STATE fails to pay CONTRACTOR undisputed, material charges when due under the Contract and fails to make such payments within ninety (90) calendar days of receipt of written notice from CONTRACTOR of the failure to make such payments, CONTRACTOR may, by giving written notice to the STATE, terminate this Contract as of a date specified in the written notice of termination. CONTRACTOR shall not have the right to terminate the Contract for the STATE'S breach of the Contract except as provided in this Section.

**The preamble to Exhibit 5 Section 14(c) is amended as follows:**

**The Agency procurement officer may require the CONTRACTOR to transfer title (except for Pre-Existing Work (as defined in Exhibit 6) and any Third Party Software) and deliver to the STATE in the manner and to the extent directed by the Agency procurement officer. Exhibit 5, Section 23.b is amended as follows:**

b. If any change causes an increase or decrease in the cost of, or the time required for performance of, any part of the performance under this Contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this Contract, the Agency procurement officer shall make a reasonable adjustment in the (1) cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the Contract accordingly.

**Exhibit 5, Section 23.e is amended as follows:**

e. Notwithstanding the terms and conditions of subparagraphs 23a and 23b, the cost of this Contract and, if this Contract is incrementally funded, the funds allotted for the performance of this Contract, shall not be increased or considered to be increased except by specific written modification of the Contract indicating the new contract cost and, if this contract is incrementally funded, the new amount allotted to the contract.

**Exhibit 5, Section 26 is amended as follows:**

**The STATE shall have complete ownership of all material, both finished and unfinished, which is developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract, following payment for such material except that title shall pass on delivery if the STATE is withholding amounts therefor pursuant to Exhibit 6, Section 13.1(a) or other exercise of its remedies, or, if there is no payment required for any such material, or portion thereof, and all such material shall be considered "works made for hire." All such material shall be delivered to the STATE upon expiration or termination of this Contract, or such other time as requested. The STATE, in its sole discretion, shall have the exclusive right to copyright any product, concept, or material developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract (except for Pre-Existing Work**

**(as defined in Exhibit 6) and any Third Party Software). Exhibit 5, Section 39 (Waiver) is amended as follows:**

The failure of either party to insist upon the strict compliance with any term, provision, or condition of this Contract shall not constitute or be deemed to constitute a waiver or relinquishment of that party's right to enforce the same in accordance with this Contract. The fact that the STATE specifically refers to one provision of the procurement rules or one section of the Hawaii Revised Statutes, and does not include other provisions or statutory sections in this Contract shall not constitute a waiver or relinquishment of the STATE'S rights or the CONTRACTOR'S obligations under the procurement rules or statutes.

**Exhibit 5, Section 42.d is amended as follows:**

d. Termination for Cause. In addition to any other remedies provided for by this Contract, if the STATE learns of a material breach by CONTRACTOR of this paragraph 42 [Confidentiality of Personal Information] by CONTRACTOR, the STATE may at its sole discretion:

- (1) Provide an opportunity for the CONTRACTOR to cure the breach or end the violation; or
- (2) Terminate this Contract in accordance with Section 13.

In either instance, the CONTRACTOR and the STATE shall follow chapter 487N, HRS, with respect to notification of a security breach of personal information.

**Exhibit 6, Insert a new Section 1.12.1:**

**"Configuration(s)":** The setting up of the business rules and workflow of business decisions to be used to implement the specific business rules, workflow and related metadata of the State, without utilizing programming language or database queries and the entering of data into tables that a software "rules engine" will process to determine workflow sequences, value limitation, and other variables, all without altering the Software source code.

**Exhibit 6, Section 1.33 is amended as follows:**

**"EPS System"** has the meaning ascribed thereto in Table 1 in the Primary RFP Document and the Technology, Equipment and Software; the ESP System shall include Custom Software and Configurations so as to function and be integrated together with the Hosting Services for processing the State's data in accordance with the RFP Requirements. Also referred to as the System and EPS in the RFP.

**Exhibit 6, Insert a new Section 1.61.1 as follows:**

**"Maximum Amount"** means the maximum amount paid and payable by the State to Contractor under this Contract as described in Attachment S-2 of the Contract for Goods or Services Based Upon Competitive Sealed Proposals.

**Exhibit 6, Section 1.69 is amended as follows:**

1.69 “Phase” means the combination of functions described as a Phase in the RFP, accepted Offer, applicable Deliverables, and the Work Plan, including but not limited to each Phase for the payroll function and for the time and attendance function, and each Phase shall be a part of the EPS System.

**Exhibit 6, Section 1.71 is amended as follows:**

1.71 “Pre-Existing Works” means computer software, tools and other Technology, which were developed and owned by Contractor prior to the effective date of the Contract or which are developed during the term by Contractor in performing work that is not exclusively for this Contract and any modifications thereof and derivative works based thereon, and the documentation used to describe, maintain and use such software, including but not limited to Contractor’s proprietary methodologies, information, project management and other tools, deliverable examples, procedures, processes, techniques, data models, templates, general purpose consulting and software tools, utilities, and routines, and provided, that for the purposes of this definition, and without limiting any other provision hereof, the term Contractor includes all Contractor Assisting Entities.

**Exhibit 6, Section 1.84 is amended as follows:**

“Source Materials” means the then-current version of the Source Code for the Software to the extent available as Source Code, the object code for the Software to the extent the Source Code is not available, and, to the extent available in the pre-existing Software escrow agreement for Offeror’s Software or Third Party Software, or Schedule 3, as applicable, programmer notes, its database schema and architecture, the functional specifications of the Software, or the then-current license keys, if any, for the Software and any components thereof, and to the extent maintained by Contractor, object libraries, design documentation, statements of principles of operations, schematics, any Contractor’s or administrator’s guides, test data, test protocols, and, if any of the components of the Software are encrypted, the relevant decryption tools and keys for the Software and/or Source Code, together with the names and the then-current addresses, home telephone numbers and personal email addresses of the programmers who wrote the material aspects of the Software and its related documentation and other materials described in Schedule 3 to this Exhibit or the pre-existing Software escrow agreement for Offeror’s Software or Third Party Software.

**Exhibit 6, Section 1.104 is amended as follows:**

1.104 “Use” means use, install, operate, develop, compile, run, reproduce, deploy, distribute, transmit, display, perform, create Derivative Works of, make available on servers, provide or receive access to, integrate with software, including Software, make interoperable and perform tasks as necessary to utilize any item, creation, object, program, idea, concept, data, information, knowledge or any other tangible or intangible property and otherwise exploit same in any manner whatsoever. “Use” shall include creating Derivative Works with respect to

Contractor or Contractor Assisting Entity-owned Intellectual Property Rights and, if Contractor is otherwise permitted to grant such rights on behalf of a Third Party, with respect to such Third Party Intellectual Property Rights.

**Exhibit 6, Section 1.106 is amended as follows:**

1.106 “Work Plan” means the overall plan of activities for the delivery of Services and Deliverables, and the delineation of tasks, activities and events to be performed and Deliverables to be produced with regard thereto, as provided in accordance with this Contract. Also referred to as the Project Management Plan in the RFP and the Contract.

**Exhibit 6, Section 2.1 is amended as follows:**

Precedence. In the event of a conflict between or among any provisions of this **Exhibit 6** and **Exhibit 5**, the provision which provides the State with greater rights or greater protections, as determined by State in its sole determination in each case, shall control. The terms of any license agreement for licenses of Third Party Software expressly override any terms of the Contract for the Third Party Software, which is described in Attachment 16, without Configurations or Custom Software, except that the licenses: (a) shall be perpetual and shall not end if the State terminates maintenance services for such Third Party Software; (b) shall not override State requirements imposed by the State Constitution, laws or regulations; (c) shall not override the Contract’s provisions regarding jurisdiction and exclusive venue; (d) shall not include mandatory and arbitrary arbitration as a dispute resolution procedure; (e) shall not require waiver of the State’s sovereign immunity; and (f) shall not require the State to indemnify the Third Party Software licensor for any purpose whatsoever.

**Exhibit 6, Section 2.2 is amended as follows:**

2.2 Contractor Technology, Third Party Software, and Pre-Existing Works License. Except for Third Party Software, including COTS Software, that is directly licensed to the State by a Third Party or except as provided in Attachment 16, Contractor hereby does grant State a Software License to the Contractor Technology, Third Party Software and Pre-Existing Works, including the Source Code Form thereof that is provided by Contractor or Third Party Software licensors or made available pursuant to a Software Escrow Agreement or Attachment 16, and shall cause others to do the same to the extent required by the State, as necessary for State’s use, including Use, thereof. As between State and Contractor, the Contractor Technology that is not developed for State pursuant to the terms hereof, will be deemed exclusively owned and/or licensed (under the Software License pursuant to the terms of this Section) by Contractor, including any improvements, Updates and/or Enhancements not developed for State pursuant to the terms hereof. For the avoidance of doubt, the foregoing Software License shall survive the termination or expiration of this Contract (or any part thereof) for any reason, and no consideration shall be required to be paid by State for the Software License after such termination or expiration. State has the right to assign and sublicense its Software License, or any part thereof as it deems necessary to use, including Use, the EPS, in whole or in part, and other Deliverables and Services. For further avoidance of doubt, the Software License granted in this Section includes all versions of, and improvements, Updates and Enhancements to, the Contractor Technology used in connection with, or as a part of, the EPS.

**Exhibit 6, Section 3.2 is amended as follows:**

State shall own Custom Software and all worldwide right, title and interest, including all Intellectual Property Rights in and related thereto, following payment therefor, except that title shall pass on delivery if the State is withholding amounts therefor pursuant to Exhibit 6, Section 13.1(a) or other exercise of its remedies, or, if there is no payment required therefor, unless the Parties otherwise agree in writing in an amendment to the contract, in: (i) the Custom Software in Source Code Form, the object code and the Custom Software specifications and RFP Requirements (but excluding Contractor's Pre-Existing Works); and (ii) all Work Product and Deliverables, including those relating to the Custom Software. The Custom Software shall be State Property and shall be assigned to State in accordance with Section 4.2.

**Exhibit 6, Section 4.1 (State Ownership) is amended as follows:**

State Ownership. State shall own all worldwide right, title and interest, including all Intellectual Property Rights in and related thereto, in: (a) the Custom Software (unless otherwise agreed to in writing by the Parties in an amendment to the contract) (including, for the avoidance of doubt, the Source Code thereof) and Documentation therefor, the Custom Software specifications and RFP Requirements to the extent not included in the foregoing, and all EPS Service Modifications, Updates and Enhancements (including with respect to all of the foregoing, the Source Code thereof) thereto and the Documentation therefor; (b) all Work Product and Deliverables, and, in the event that Software is the subject thereof, the Source Code thereof and the Documentation and the specifications and RFP Requirements (however designated) therefor; and (c) all other Work Product and Deliverables created hereunder, whether or not, with respect to each of subsections (a), (b) and (c), created by Contractor and/or any Contractor Assisting Entity or by Contractor and/or a Contractor Assisting Entity in combination with another person or entity (including State) (collectively, "**State Property**"). Title to all such Custom Software, Deliverables and Work Product shall pass to and vest in the State following payment therefor except that title shall pass on delivery if the State is withholding amounts therefor pursuant to Exhibit 6, Section 13.1(a) or other exercise of its remedies, or, if there is no payment required therefor.

**Exhibit 6, Section 4.2 (Assignment) is amended as follows:**

Each foregoing assignment, grant and conveyance to State shall be referred to as a "State Assignment," and Contractor acknowledges and agrees that such State Assignment shall be effective following payment for such Work Product and/or Deliverable except that title shall pass on delivery if the State is withholding amounts therefor pursuant to Exhibit 6, Section 13.1(a) or other exercise of its remedies, or, if there is no payment required for any Work Product and/or Deliverable, or portion thereof, or the Intellectual Property Right, which is the subject thereof.



**Exhibit 6, Section 6.1 is amended as follows:**

Annexes and Appendices. Contractor shall perform the Services and provide Deliverables as set forth herein subject to the terms and conditions set forth herein, including, for the avoidance of doubt any Annex or Appendix. Such Services include but are not limited to providing the State with Deliverables that will receive Acceptance, configuring the Software, developing Custom Software, integrating the Software into Phases and the EPS System, loading the EPS Software onto the Hosting Services or SaaS Equipment, as applicable, providing Hosting Services or SaaS Services, as applicable, providing Deliverable Warranty Services, providing M&O Services, and providing other Services, as described in the Contract and in accordance with RFP Requirements.

**Exhibit 6, Section 7.5 (Deliverables Warranty) is amended as follows:**

Notwithstanding any provision in the Contract, Contractor represents, warrants and covenants to the State, as an essential part of the Contract that during the Deliverable Warranty Period, each Deliverable, including but not limited to each Phase, the EPS and the Hosting Services, Custom Software, Upgrades, Enhancements, and Updates, in whole and in part, shall conform to and perform in accordance with its applicable specifications and RFP Requirements. Contractor shall promptly and in accordance with Appendix F repair or replace each of the Deliverables that does not meet its specifications and RFP Requirements during the Deliverable Warranty Period (which begins upon Go-Live of EPS, in whole or in part, and Acceptance of each other Deliverable in accordance with the terms of the Contract and continues for one (1) year (the “**Deliverable Warranty Period**”)) at no charge to the State. If a Deliverable includes any products provided by a Third Party, such as equipment or Third Party Software or other software or Technology, Contractor shall fully cooperate with and coordinate the work with such Third Party and the State to promptly and in accordance with Appendix F repair and replace the Deliverables to perform in accordance with their applicable RFP Requirements at no charge to the State during the Deliverable Warranty Period and at charges agreed upon in the Contract during M&O Services. Contractor also warrants that it has and shall have the capability and capacity to produce the Deliverables it has agreed to provide to the State and that it shall procure those Software licenses necessary to provide the Deliverables to the State hereunder and under the Contract. If additional Software licenses or Deliverables, including but not limited to Enhancements, are needed to the Third Party Software specified in the accepted Offer for Contractor to meet this representation, warranty and covenant, Contractor shall provide such Software licenses and Deliverables at no additional Cost to the State.

**Exhibit 6, Section 7.7 is amended as follows:**

Legal and Regulatory Compliance. Contractor represents that, at the time of implementation, the EPS, in whole and in part, shall comply with all applicable State Laws as interpreted in writing by State in the RFP Requirements for Contractor to implement and with all federal Laws. Contractor also warrants that, during the term, the EPS, in whole and in part, shall comply with State Laws as interpreted and provided in writing by State in the RFP Requirements and with all applicable federal Laws, subject to Change Orders that describe: (a) changes that shall be made to the EPS after its implementation to comply with such representation and warranty at no additional charge for federal changes and at amounts in the Change Order to design, develop and implement State changes; and (b) a plan for the

Implementation Services to design, develop and implement such changes. Each such Change Order shall describe how the parties will design, develop and implement each such change to meet federal and/or State mandated schedules and RFP Requirements unless an Implementation will negatively impact the State or is infeasible, in which case the parties will negotiate in good faith a Change Order to address the implementation and schedule. The Change Order shall also describe a good faith Implementation process to protect the State's business operations. After Acceptance of Deliverables that include Software to comply with changes to applicable federal and State Laws as described above, including the EPS, Contractor shall correct failures to comply with those changes to applicable federal Laws and State Laws as interpreted and provided in writing by State at no charge or as otherwise described in the applicable Change Order.

**The Preamble to Exhibit 6, Section 8.1 (Indemnification) is amended as follows:**

Indemnification by Contractor. In addition to, and not by way of limitation of, the provisions of Sections 7 and 8 of the General Conditions, Contractor shall indemnify, defend, save and hold harmless State and its officers, authorized representatives, employees, agents, successors and permitted assigns (collectively, the "**State Indemnified Persons**") from any and all Losses arising from, in connection with, as a result of, caused by, or based on, any allegations, actions, demands or claims, except for allegations, actions, demands or claims by Contractor directly against the State for the negligent acts or omissions or willful misconduct of the State:

**Exhibit 6, Section 8.1(a) is amended as follows:**

"deleted by agreement of the parties."

**Exhibit 6, Section 8.1(c) is amended as follows:**

(c) resulting from the negligent actions or omissions of Contractor, a Contractor Assisting Entity or any party performing or assisting in the performance of the Services and/or willful misconduct, fraud or negligence by any of the foregoing entities;

**Exhibit 6, Section 8.1(f) is amended as follows:**

(f) deleted by agreement of the parties.

**Exhibit 6, Section 8.1(g) is amended as follows:**

(g) that the performance of Services or, except for Third Party Software that is subject to a license agreement in Attachment 16 and that provides in that license agreement a substantially similar indemnity for the State as described in Section 8.1(g), provision of the Contractor Technology, Deliverables and/or Work Product (including, for avoidance of doubt, as performed in whole or in part by one or more Contractor Assisting Entities, or any party performing or assisting in the performance of the Services or provision of the Deliverables) and/or the Service or Contractor Technology, Deliverables and/or Work Product, infringes, misappropriates or otherwise violates any Intellectual Property Right, confidentiality right, privacy right, database right or other proprietary right of any third party;

**Exhibit 6, Section 10 (Software Escrow) is amended as follows:**

10. Software Escrow.

10.1 Contractor shall provide the State with the Source Code Form of all Software and associated Source Materials for all Software licensed for Use by the State from Contractor or used by Contractor to provide the EPS including any Third Party Software provided by Contractor or from Third Party Software licensors whose license agreements are in Attachment 16 and, if Contractor and/or its Contracting Assisting Entities make such Software available directly to State, and for the Custom Software. Contractor shall provide such Source Code and Source Materials at no additional cost on magnetic media, or other electronic format that is acceptable to the State.

10.2 If Contractor and/or its Contracting Assisting Entities and/or Third Party Software licensors (including Third Party Software licensors whose license agreements are in Attachment 16) do not directly provide the Software in Source Code Form to the State, Contractor shall provide the State through the Escrow Agent, pursuant to Schedule 3 of this Exhibit, or pursuant to standard, pre-existing software Source Code escrow agreements with a copy of the Source Code, object code, and updated associated Source Materials for Contractor-owned or Contractor Assisting Entity-owned Software, including Pre-Existing Works, and any other Software, including Third Party Software, which Contractor is permitted by its license agreements to provide to sublicensees (including the State) or which Third Party Software licensors whose license agreements are in Attachment 16 provide through standard, pre-existing software Source Code escrow agreements, in its then-current condition and as Updated or Upgraded during the Term in accordance with the terms of Schedule 3 or standard, pre-existing software Source Code escrow agreements, as applicable.

10.3 Within ten (10) calendar days of acceptance of the applicable Deliverables with Software, or as otherwise specified herein or elsewhere in the Contract, including for the avoidance of doubt, an Appendix, or other Annex, or elsewhere in the Contract, shall, as applicable, provide the State directly or shall place a copy of the Source Materials with the Escrow Agent pursuant to the Escrow Agreement. Contractor shall thereafter regularly update the Software Source Code, Software executable code, and Source Materials as required to keep the Source Materials current with the then-existing Software, provided, that it shall do so at least on calendar quarterly basis and in any event within ten (10) calendar days of a written request of State.

10.4 Upon State's request, but no more than once per year unless Contractor is not in compliance with its escrow obligations, Contractor will certify in writing its compliance with Section 10.2 and with the Escrow Agreement during the term thereof, which certification will be signed by an officer of Contractor. If the State obtains the Source Code, object code, and Source Materials from a release of these materials pursuant to the Escrow Agreement, Contractor hereby grants to State a non-exclusive, transferable, perpetual (or for the longest period permitted by applicable law), irrevocable, license to Use, execute, alter, adapt, create updates to, and modify, enhance and create derivative works based on the Software (all of which State shall own), reproduce, display, transmit, make available, perform and distribute the Source Materials and authorize others to do any. Further, Contractor consents to, and shall cooperate

with, State contacting and obtaining assistance from the programmers after it has received the Source Materials.

10.5 Contractor shall be responsible for payments due to the escrow company and for making each escrow deposit.

**Exhibit 6, Section 11.5 is amended as follows:**

The State shall have the right to directly retain any Subcontractor after the expiration, termination (except a termination for convenience) or suspension (except a suspension for convenience) of the Contract under which it is retained, including any subcontractor providing services subject to any part of a Contract that is so terminated or suspended.

**Exhibit 6, Section 13.1(a) is amended as follows:**

13.1 Specific Remedies. In addition to all rights and remedies available to the State provided in the Contract, including for clarity, the General Conditions, or otherwise provided by Law, if Contractor is not in compliance with Contract terms, the State may, without being considered in breach of the Contract:

(a) Suspend Payments. Temporarily withhold or disallow all or part of the billing Cost/payments pending correction of a Defect in or a non-submission of a required Deliverable or failure to meet scheduled delivery times and/or milestones by the Contractor or other non-performance of Contractor's obligations if Contractor fails to correct such Defect, submit such Deliverable, fails to meet such scheduled delivery times and/or milestones or other non-performance of its obligations set forth in this Contract within ten (10) calendar days after receiving notice of such failure.

**Exhibit 6, Section 13.1(c) (Receive Market Value) is amended as follows:**

In the event the Contractor fails, refuses or neglects to perform the Services or provide Deliverables, including meeting delivery times and/or milestones in accordance with the terms of the contract, the State reserves the right to purchase, in the open market, pursuant to the State's procurement process and laws, a corresponding quantity of the Services and Deliverables, and to deduct from any monies due or that may thereafter become due to the Contractor, the difference between the Cost set forth in the Contract and the actual cost to the State.

**Exhibit 6, Section 13.1 (f) is amended as follows:**

Termination for Rejection of Deliverables. If Contractor is unable to correct Defects and Problems in a Deliverable or Service pursuant to Exhibit 6, State shall have the right to immediately terminate this Contract, in whole or in part, immediately or at such other time indicated in a notice of termination without penalty or liability to State, with such a termination being deemed a termination due to the material breach of Contractor hereunder, and return the rejected Deliverable, if applicable, to Contractor, and other Deliverables in State's judgment that lack value to the State. If State terminates this Contract under this Section, Contractor shall,

within 20 calendar days thereafter, refund to State all payments made to Contractor for the rejected Deliverable and Services rendered therefor and other Deliverables in State's judgment, in whole or in part that lack value to the State and that are returned to Contractor.

**Exhibit 6, Section 13.1(g)(SLAs) is amended as follows:**

(g) SLAs. If any Deliverable, including but not limited to the EPS, in whole or in part, fails to meet its SLAs during the term and while Contractor is providing M&O Services, Contractor shall modify, reconfigure, upgrade or replace EPS components, including but not limited to Software and Equipment at no additional cost to State in order to provide a solution that complies with such SLAs.

**Exhibit 6, Section 13.1(h) is amended as follows:**

Suspension for Convenience. State shall have the right at any time to order the Services or Deliverables of Contractor fully or partially stopped for its own convenience for up to forty-five (45) consecutive days. Contractor will receive notice of the reasons for such an order. Contractor shall have the right to submit claims as a result of stop work orders issued under this Section. The parties will work in good faith to mitigate the impact to both parties resulting from a suspension for convenience.

**Exhibit 6, Section 13.1(l) (Letter of Credit) is replaced with the following:**

"Deleted by agreement of the parties."

**Exhibit 6, Section 13.3(a) (Acceptance Process) is amended as follows:**

State's times for providing notice of Defects and Problems, Contractor's times for correcting Defects and Problems and State's review thereof shall be in accordance with the timeframes set in the Work Plan, or, if time periods for providing notice of Defects and Problems, correcting Defects and Problems by Contractor and reviewing and retesting the corrected Services or Deliverables are not in the Work Plan, each such time period shall be five (5) business days.

**Exhibit 6, Section 14.6 (Insurance) is amended as follows:**

Crime Coverage with coverage of not less than one million dollars (\$1,000,000) single limit per loss and five million dollars (\$5,000,000) in the aggregate, which shall at a minimum cover occurrences falling in the following categories: Computer and Funds Transfer Fraud; Forgery; Money and Securities; and Employee Dishonesty.

**Exhibit 6, Section 14.8 (Insurance) is amended as follows:**

Cyber-security insurance, with coverage of not less than \$6 million per occurrence/\$10 million general aggregate, that includes but is not limited to coverage for first-party costs and third-

party claims from: (i) failure to protect data, including unauthorized disclosure, use or access, (ii) security failure or privacy breach, (iii) failure to disclose such breaches as required by law, regulation or contract, (iv) notifications, public relations, credit monitoring, postage, advertising, and other services to assist in managing and mitigating a cyber-incident, (v) interruptions of business operations, (vi) network security failure, (vii) cyber-extortion, (viii) cyber-terrorism, (ix) communications and media liability (e.g., infringement of copyright, title, slogan, trademark, trade name, trade dress, service mark or service name in the policyholder's covered material), (x) EFT, computer, and electronic transmissions fraud and theft, and (xi) other cyber-liability and cyber-crime expenses.

**Exhibit 6, Section 15.2 is amended as follows:**

Subject to the terms of **Section 15.1**, if and to the extent a Party's performance of any of its obligations pursuant to the Contract is prevented, hindered or delayed by fire, flood, earthquake, elements of nature or acts of God, acts of war, terrorism, riots, civil disorders, rebellions or revolutions, or any other similar cause beyond the reasonable control of such Party, including but not limited to acts or omissions of the other party, excluding events provided for in the Business Continuity Plan (each, a "**Force Majeure Event**"), then the non-performing, hindered or delayed Party shall be reasonably excused for such non-performance, hindrance or delay, as applicable, of those obligations affected by the Force Majeure Event for as long as such Force Majeure Event continues and such Party continues to use its best efforts to recommence performance whenever and to whatever extent possible without delay, including through the use of alternate sources, work-around plans or other means. The Party whose performance is prevented, hindered or delayed by a Force Majeure Event shall promptly notify the other Party of the occurrence of the Force Majeure Event and describe in reasonable detail (a) the nature of the Force Majeure Event, (b) anticipated impacts, if any, on Services, SLAs, schedules and payments, and (c) mitigation plans through the use of alternate resources, work-arounds and other means.

**Exhibit 6, Section 15.5 is amended as follows:**

Whenever a Force Majeure Event or a disaster causes Contractor to allocate limited resources between or among Contractor's customers, Contractor shall provide the State with priority equal to or over other customers in the receipt of such resources.

**Exhibit 6 is amended by inserting a new Section 16.5 as follows:**

Remedies. Except for remedies designated specifically as exclusive, no remedy conferred by any of the specific provisions of the Contract is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder, now or hereafter existing at law or in equity or by statute or otherwise. The election

of any one or more remedies by either party shall not constitute a waiver of the right to pursue other available remedies.

**Exhibit 6 is amended by inserting a new Section 18:**

**18. Damages Disclaimers and Limitations.**

- 18.1 The State's Disclaimer of Damages.** THE STATE SHALL NOT BE LIABLE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES.
- 18.2 The State's Limitation of Liability.** IN NO EVENT SHALL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT.
- 18.3 Contractor's Limitation of Liability.** EXCEPT AS PROVIDED IN SECTION 21.5, IN NO EVENT SHALL CONTRACTOR'S AGGREGATE LIABILITY TO THE STATE UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT.
- 18.4 Contractor's Disclaimer of Damages.** EXCEPT AS PROVIDED IN SECTION 21.5, CONTRACTOR shall not be liable, regardless of the form of action, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES.
- 18.5 Exceptions to Contractor's Limitation of Liability and Disclaimer of Damages.** CONTRACTOR'S LIMITATION OF LIABILITY IN SECTION 18.3 AND DISCLAIMER OF DAMAGES IN SECTION 18.4, SHALL NOT APPLY TO DAMAGES, EXPENSES, COSTS,

LIABILITIES, CLAIMS OR ACTIONS SUBJECT TO OR COVERED BY CONTRACTOR'S  
INDEMNIFICATION OBLIGATIONS.

**Schedule 1 to Exhibit 6 (Letter of Credit) is replaced with the following:**

“Deleted by agreement of the parties.”

### **3. AMENDMENTS TO APPENDICES**

**Appendix A 10.0 Third Party License and Maintenance Agreements has been added:**

In responding to this RFP, Offerors shall include as Attachment 16 supplemental license agreement terms and maintenance agreement terms for Third Party Software without configurations or Custom Software.

**Appendix A 11.0 (previously Appendix A 10.0) Offer Checklist has been amended as follows:**

The Offeror must address ALL sections and attachments (with the exception of Attachments 17-23 which are optional) and provide, in sequence, the information and documentation as required (referenced with the associated Offer page numbers) in the table below:

Table 17. Offer Checklist

<b>Offer Pages (to be completed by Offeror)</b>	<b>Section/Attachment</b>	<b>RFP Reference</b>
	Section 1.0: Offer Transmittal Letter	“Exhibit 1, Section 2.1.1” and “Appendix A, Section 1.0”
	Section 2.0 Offer Form OF-1	“Exhibit 1, Section 2.1.2” and “Appendix A, Section 2.0”
	Section 3.0: Executive Summary	“Exhibit 1, Section 2.1.3” and “Appendix A, Section 3.0”
	Section 4.0: Administrative Requirements Response	“Exhibit 1, Section 2.1.” and “Appendix A, Section 4.0”
	Section 5.0: Offeror Qualifications	“Exhibit 1, Section 2.1.6” and “Appendix A, Section 5.0”
	Section 6.0: Business Solution	“Exhibit 1, Section 2.1.7” and “Appendix A, Section 6.0”
	Section 7.0: Certification	“Exhibit 1, Section 2.1.8” and “Appendix A, Section 7.0”
	Section 8.0: Confidential Information	“Exhibit 1, Section 2.1.9” and “Appendix A, Section 8.0”
	Section 9.0: Cost	“Exhibit 1, Section 2.1.10” and “Appendix A, Section 9.0”



<b>Offer Pages (to be completed by Offeror)</b>	<b>Section/Attachment</b>	<b>RFP Reference</b>
	Section 10.0: Offer Checklist	"Exhibit 1, Section 2.1.11" and "Appendix A, Section 10.0"
	Attachment 1: Offeror Financials	"Appendix A, Section 1.0"
	Attachment 2: Offeror References	"Appendix A, Section 5.2"
	Attachment 3: Subcontractor References	"Appendix A, Section 5.2"
	Attachment 4: Offeror Resumes	"Appendix A, Section 5.4.5"
	Attachment 5: Offeror and Subcontractor Staff References	"Appendix A, Section 5.4.6"
	Attachment 6: Financial Statements Compliance	"Appendix A, Section 6.1.1.9.4"
	Attachment 7-1: Payroll and Time & Attendance Requirements	"Appendix A, Section 6.1.2"
	Attachment 7-2: Optional Payroll and Time & Attendance Requirements	"Appendix A, Section 6.1.2"
	Attachment 8: Responses to Technical Requirements	"Appendix A, Section 6.2.2"
	Attachment 9: Responses to Implementation Services Requirements	"Appendix A, Section 6.3..1.1"
	Attachment 10-1: Detailed Work Plan	"Appendix A, Section 6.3.1.2"
	Attachment 10-2: Deployment Plan	"Appendix A, Section 6.3.1.3"
	Attachment 10-3: Data Conversion Plan	"Appendix A, Section 6.3.1.3"
	Attachment 10-4: Master Test Plan	"Appendix A, Section 6.3.1.3"
	Attachment 10-5: Training Plan	"Appendix A, Section 6.3.1.3"
	Attachment 10-6: Organizational Change Management Plan	"Appendix A, Section 6.3.1.3"
	Attachment 11: Responses to Ongoing Services Requirements	"Appendix A, Section 6.4.2"
	Attachment 12: Responses to Service Level Agreement Requirements	"Appendix A, Section 6.5.1"
	Attachment 13: Cost Proposal	"Appendix A, Section 9.0"
	Attachment 14: RFP Exceptions	"Appendix A, Section 1.0"
	Attachment 15: HCE Compliance Document (Optional)	"Appendix A, Section 1.0"

<b>Offer Pages (to be completed by Offeror)</b>	<b>Section/Attachment</b>	<b>RFP Reference</b>
	Attachment 16: Third Party License and Maintenance Agreements	"Appendix A, Section 10.0 Third Party License and Maintenance Agreements"
	Attachment 17-23 as assigned by Offeror	"Appendix A, Section 11.0"

**Appendix B, Section 4 is replaced in its entirety with the following:**

Offerors shall not send exceptions to the RFP or assumptions. Cost Proposals must be based on the RFP terms, except that Offerors may submit agreement terms required by Third Party Software licensors whose software the Offeror is implementing pursuant to the terms of the RFP as Attachment 16.

**Appendix E-1 is amended as follows:**

<b>Name of Deliverable</b>	<b>Deliverable Group</b>	<b>Payroll Services</b>	<b>Time &amp; Attendance Services</b>
Project Schedule	Project Planning	Yes	Yes
Project Team Training Plan	Project Planning	Yes	Yes
Project Team Training	Project Planning	Yes	Yes
Communication Strategy	Project Planning	Yes	Yes
Configured Environments (sandbox and development)	Project Planning	Yes	Yes
Project Charter	Project Planning	Yes	Yes
Project Management Plan	Project Planning	Yes	Yes
Business Process Organizational Change Management Strategy	Project Planning	Yes	Yes
Initial System Design Document	Initial Analysis and Design	Yes	Yes
Requirements Traceability Matrix	Initial Analysis and Design	Yes	Yes

<b>Name of Deliverable</b>	<b>Deliverable Group</b>	<b>Payroll Services</b>	<b>Time &amp; Attendance Services</b>
Technical Architecture Strategy	Initial Analysis and Design	Yes	Yes
EPS Implementation Strategy	Initial Analysis and Design	Yes	Yes
Business Process Re-engineering Plan	Initial Analysis and Design	Yes	Yes
Knowledge Transfer Strategy	Initial Analysis and Design	Yes	Yes
Business Process Organizational Change Management Plan	Initial Analysis and Design	Yes	Yes
System Landscape, Technical and Business Design Strategy	Initial Analysis and Design	Yes	Yes
Organizational Readiness Assessment	Initial Analysis and Design	Yes	Yes
End-User Training Strategy	Initial Analysis and Design	Yes	Yes
System Security Strategy	Initial Analysis and Design	Yes	Yes
Project Status Reports (including deliverable status reports, issues, risks, plan vs. actual status, etc.)	All Phases	Yes	Yes
Time & Attendance Data Collection Discovery	Initial Analysis and Design		Yes
Data Conversion Strategy	Final Analysis and Design	Yes	Yes
Final System Design Document	Final Analysis and Design	Yes	Yes
Knowledge Transfer Plans	Final Analysis and Design	Yes	Yes
Business Intelligence Plan	Final Analysis and Design	Yes	Yes

<b>Name of Deliverable</b>	<b>Deliverable Group</b>	<b>Payroll Services</b>	<b>Time &amp; Attendance Services</b>
Communication Plan	Final Analysis and Design	Yes	Yes
Business Continuity Strategy	Final Analysis and Design	Project-wide	n/a
Detailed Functional and Technical Specifications, including requirements documents, use cases, and logical, data flow diagrams, architecture documents and physical data models inclusive of forms, reports, interfaces, conversions, enhancements, and workflow (FRICEW)	Configuration and Development	Yes	Yes
Test Plans: Integration, Parallel, User Acceptance, Regression, Stress, Security, and End-to-End	Configuration and Development	Yes	Yes
Test Scripts, Test Cases and Test Data	Configuration and Development	Yes	Yes
Data Conversion Plan	Configuration and Development	Yes	Yes
Data Governance Structure Plan	Configuration and Development	Yes	Yes
Organizational Readiness Assessment	Configuration and Development	Yes	Yes
System Security Plan	Configuration and Development	Yes	Yes
Data Loss Prevention Plan	Configuration and Development	Yes	Yes
PII Data Handling Plan	Configuration and Development	Yes	Yes

<b>Name of Deliverable</b>	<b>Deliverable Group</b>	<b>Payroll Services</b>	<b>Time &amp; Attendance Services</b>
External Requests Plan	Configuration and Development	Yes	Yes
Data Loss Prevention Plan	Configuration and Development	Yes	Yes
Role to Position Mapping	Configuration and Development	Yes	Yes
Business Continuity Plan	Configuration and Development	Yes	Yes
End-User Training Plan	Testing and Training	Yes	Yes
Training Curriculum Document	Testing and Training	Yes	Yes
Documented Successful Testing Results	Testing and Training	Yes	Yes
Enhanced Training Materials	Testing and Training	Yes	Yes
Final Training Materials	Testing and Training	Yes	Yes
Technical, System, and User Documentation (including technical and architectural specifications, etc.)	Testing and Training	Yes	Yes
End-User Training	Testing and Training	Yes	Yes
System and User Documentation	Deployment and Go-Live Support	Yes	Yes
Production Support Plan	Deployment and Go-Live Support	Yes	Yes
Go/No-go Meeting and Go/No-go Documentation	Deployment and Go-Live Support	Yes	Yes
Final Detailed Deployment Plan	Deployment and Go-Live Support	Yes	Yes
Organizational Change Management Effectiveness Assessment	Deployment and Go-Live Support	Yes	Yes

Name of Deliverable	Deliverable Group	Payroll Services	Time & Attendance Services
Phase Closeout (to include System Tuning, Knowledge Transfer Assessment, Project Artifacts in Repository, Lessons Learned, Update Blueprint, Impact Assessment, and Transition Support to COE and Shared Services, M&O Services Staff	Deployment and Go-Live Support	Yes	Yes
Successful Deployment Document (Final Migrated Data)	Deployment and Go-Live Support	Yes	Yes
SPhase	Deployment and Go-Live Support	Yes	Yes
FEPS System	Deployment and Go-Live Support	Yes	Yes

**Appendix E-2 is amended by inserting the following as a new row:**

2.2.19.7	Provide on-site support for the first two occurrences of each of the following cycles: quarter-end, calendar year-end, and fiscal year-end.	X			
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**Section 2.0 is amended as follows:**

#### Ongoing Services

The purpose of the Ongoing Services section is to describe the tasks and Deliverables the Offeror shall provide to the State throughout the duration of the Contract and to define the expected roles and responsibilities of the State and the Offeror. The following areas are included in the Ongoing Services:

Hosting Services or SaaS Services, as applicable

M&O Services

BPO Services

Project Team Facilities

**Table 21 is amended by inserting the following as a new row:**

2.2.20.9	Keep all Documentation current as break-fix services are completed and upgrades are deployed (system, training, and user). Also continuous process improvement services, i.e., making minor enhancements as requested by the State.				
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**Appendix F is amended as follows:**

The references to “Target” in the headings in all tables are changed to “Requirements”.

**Appendix F, Section 1.0 (Overview), second row, is amended as follows:**

<b>Ongoing Services SLAs (Definition)</b>	Include the performance metrics related to the services that the Offeror must provide in support of each Phase, including the EPS, after Go-Live. Ongoing Services SLAs will include all modifications to the EPS that will include, but not be limited to federal regulatory changes and state regulatory changes as well as negotiated bargaining unit changes. Vendor will provide the necessary environment to program and test calculation changes and certify changes prior to releasing modifications to Production. Availability and response time of the EPS, in whole and in part, is measured between the Contractor’s router and the State’s network in terms of payroll functions and transaction processing and calculation of results.
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Sections 2.0.1 and 2.0.2 are amended as follows:

#	Service Type	Service Measure	Performance Requirement	Performance %	Measurement Interval
2.0.1	<b>Key Milestone Completion —Key Milestones on the Critical Path</b>	Actual Acceptance date. Contractor's Status Reports will provide information on progress toward meeting these Acceptance dates.	Actual Acceptance of Key Milestones by Acceptance date in the Work Plan	100%	At Acceptance of Key Milestone(s)
2.0.2	<b>Key Milestone Completion —All Key Milestones NOT on Critical Path</b>	Actual Acceptance date. Contractor's Status Reports will provide information on progress toward meeting these Acceptance dates.	Actual Acceptance of Key Milestones by Acceptance date in the Work Plan	100%	At Acceptance of Key Milestone

Key Milestones shall include Acceptance of the following:

1. Project Charter

**Payroll Phase**

2. Project Management Plan, including Project Schedule
3. Requirements Traceability Matrix
4. Business Process Organizational Change Management Plan
5. Final System Design Document
6. Test Plans (Integration, Parallel, User Acceptance, Regression, Stress, Security, & End-to-End)
7. Documented Successful Testing Results
8. Technical, System, and User Documentation



9. Successful Deployment Document (Final Migrated Payroll Data)
10. Payroll Phase

**Time & Attendance Phase**

11. Project Management Plan, including Project Schedule
12. Requirements Traceability Matrix
13. Final System Design Document
14. Test Plans (Integration, Parallel, User Acceptance, Regression, Stress, Security, & End-to-End)
15. Organizational Readiness Assessment
16. Documented Successful Testing Results
17. Technical, System, and User Documentation
18. Successful Deployment Document (Final Migrated T&A Data)
- 19 Time and Attendance Phase

The second part of Section 2.03 is deleted in its entirety. Table 4 is amended as follows:

Priority Matrix	IMPACT			
URGENCY	State-Wide	Localization	Multiple Users	Single User
<b>Level 1 - Emergency</b> - System no longer functions. <ul style="list-style-type: none"> <li>SLA for responding to Defect call is 30 minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>SLA for reporting recommended resolution and estimated fix date/time for all System components is 8 clock hours.</li> <li>SLA for using best efforts to correct Defect associated with System component is 48 clock hours.</li> <li>SLA for correction of Defect or workaround associated with System component is 96 clock hours.</li> </ul>	Critical	Critical	High	High
<b>Level 2 - Disabled, No Workaround</b> – A business function or System component does not work as required, and no acceptable workaround is available or a workaround that is acceptable to State is not available.	Critical	High	High	Medium

Priority Matrix	IMPACT			
URGENCY	State-Wide	Localization	Multiple Users	Single User
<ul style="list-style-type: none"> <li>SLA for responding to Defect call is 60 minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>SLA for reporting recommended resolution and estimated fix date/time for all System components is 8 clock hours.</li> <li>SLA for using best efforts to correct Defect associated with System component is 96 clock hours.</li> <li>SLA for correction of Defect or workaround associated with System component is 120 clock hours.</li> </ul>				
<b>Level 3 - Disabled, Workaround</b> – A business function or System component does not work as required, but a workaround that is acceptable to State is available. <ul style="list-style-type: none"> <li>SLA for responding to Defect call is 60 minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>SLA for reporting recommended resolution and estimated fix date/time for all system components is 24 clock hours.</li> <li>SLA for using best efforts to correct Defect associated with System component is 120 clock hours.</li> <li>SLA for correction of Defect associated with System component is 240 clock hours.</li> </ul>	High	Medium	Medium	Medium
<b>Level 4 - Minor - Non-critical</b> , but having a negative effect on one or more business functions or System components.	Medium	Low	Low	Low

Priority Matrix	IMPACT			
URGENCY	State-Wide	Localization	Multiple Users	Single User
<ul style="list-style-type: none"> <li>• SLA for responding to Defect call is 60 minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>• SLA for reporting recommended resolution and estimated fix date/time for all System components is 240 clock hours.</li> <li>• SLA for using best efforts to correct Defect associated with System component is 360 clock hours.</li> <li>• SLA for correction of problem associated with System component is 480 clock hours.</li> </ul>				
<p><b>Level 5 - Cosmetic</b> - Non-critical and non-impacting to one or more business functions or System components.</p> <ul style="list-style-type: none"> <li>• SLA for responding to Defect call is 60 minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>• SLA for reporting recommended resolution and estimated fix date/time for all System components is 240.</li> <li>• SLA for using best efforts to correct Defect associated with System component is 480 clock hours.</li> <li>• SLA for correction of Defect associated with System component is sixty (60) business days.</li> </ul>				

Sections 3.1.1 – 3.1.6 are amended as follows:

#	Service Type	Service Measure	Performance Requirement	Performance % M&O Month	Measurement Interval
3.1.1	Availability of System	Availability	Per schedule	99.9%	System operating at the Server in accordance with RFP Requirements throughout any given day
3.1.2	Response Time of the System	Response Time From Entering Command to Result	99.9% of transactions complete less than 2.0 sec	99.9%	System operating at the Server in accordance with RFP Requirements throughout any given day
3.1.3	Intra-screen Navigation	Response Time From Entering Command (or Mouse Click to Result	99% of events complete less than 1.0 sec	99.0%	System operating at the Server in accordance with RFP Requirements throughout any given day
3.1.4	Security Incident or Breach	Response Time of security incident notification to the State	100% of notifications complete less than 1 hours (all notifications shall occur as soon as possible)	100%	Upon detection of security incident/breach resolution
3.1.5	System unavailability incident Handling during Business Operational Window, 6:00am to 7:00 pm HST	Priority Level	Time to Resolve Availability Incident		Daily during business days
3.1.5.1		Critical	< 1 hours	98%	
3.1.5.2		High	< 2 hours	98%	
3.1.5.3		Medium	< 4 hours	98%	
3.1.5.4		Low	< 24 hours	98%	

#	Service Type	Service Measure	Performance Requirement	Performance % M&O Month	Measurement Interval
3.1.6	System unavailability incident Handling during Business Operational Window, 6:00am to 7:00 pm HST	Priority Level	Time to Resolve Availability Incident		Daily during business days
3.1.6.1		Critical	< 2 hours	98%	
3.1.6.2		High	< 4 hours	98%	
3.1.6.3		Medium	< 8 hours	98%	
3.1.6.4		Low	< 36 hours	98%	
		Formula	Performance = Transactions completed within required time ÷ Total Transactions		
		Reporting Interval	Monitor Continuously, Measure Regularly, Report Monthly		
		Measurement Tools	The Offeror shall specify, and the State must approve monitoring and reporting tools to be used.		

Sections 3.8.1 – 3.8.2 are amended as follows:

#	Service Type	Service Measure	Performance Requirement	Minimum Performance % M&O Month	Measurement Interval
3.8.1	Disaster Recovery – recovery of application and systems in a separate disaster Recovery Locations	Recovery Time Objective (RTO)	48 Hours	Measured during planned tests twice a year	Twice a Year
3.8.2	Disaster Recovery	Recovery Point Objectives (RPO)	< 20 minutes	Measured during planned tests twice a year	Twice a Year

**Section 4.0 is amended as follows:**

**SLAs and Liquidated Damages**

SLAs are applied to the consistent and timely delivery of Implementation and Ongoing services.

This Appendix outlines the circumstances under which the Offeror will be subject to Liquidated Damages for failure to achieve the SLAs. Such circumstances shall be updated to reflect current initiatives and service requirements at least annually.

**Table 13. SLAs and Liquidated Damages**

<b>Item #</b>	<b>Performance Standard</b>	<b>SLA Description</b>	<b>Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)</b>
4.0.1	Key Milestones	Contractor must meet the due date for Acceptance of each Key Milestone, as indicated in the Work Plan. Contractor's Status Reports will provide information on progress toward meeting these Key Milestone dates.	State shall assess \$1,000 per day from the Key Milestone Acceptance date in the Work Plan until the date each Key Milestone receives Acceptance from State.
4.0.2	Change Request Management	Contractor shall provide monthly status reports of System Change Requests identifying the status of all outstanding System Change Requests and resulting Change Orders made or agreed upon by State, including those closed since the last report. The Change Request Management status monthly report will include Change Request date, planned completion date, activity priority status, activity status, and actual completion date.	State shall assess \$200 per day for each day an acceptable Change Request Management status monthly report is not timely received by State. For this section, "acceptable means that the Change Request management status monthly reports include the following elements: Change Request date, planned completion date, activity priority status, activity status, and actual completion date.
4.0.3	Change Request Management	Comprehensive and accurate Change Orders from Contractor to all State Change Requests including proposed solution, cost and time frames, must be delivered to State within [30] days of receipt of a State Change Request. Contractor shall promptly notify State of when Contractor has received the Change Request, which shall then commence the 30 day response timeframe	State shall assess \$200 per day for each day an acceptable Change Order is not timely received by State from Contractor. For this section, "acceptable" means that the Change Order from Contractor includes Contractor's proposed solution, associated solution costs, and applicable

Item #	Performance Standard	SLA Description	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
			timeframes to comply with Change Requests made by State.
4.0.4	EPS System Acceptance	Contractor must receive Acceptance of the EPS System from State no later than the Acceptance Date in the Work Plan	<p>State shall assess liquidated damages as noted below for each business day following the Acceptance Date in the Work Plan until the EPS System receives Acceptance from State:</p> <p>\$1000 per business day for the first 10 business days  \$2000 per business day for the next five business days  \$3000 per business day for the next five business days  \$4000 per business day for each business day thereafter</p>
4.0.5	Turnover Deliverable	Nine months prior to the end of the Contract term, Contractor must receive Acceptance for and implement a Turnover Plan covering the possible turnover of System and operation activities to either the State or a successor contractor. The Turnover Plan must be a comprehensive Deliverable detailing the proposed schedule, activities, and resource requirements associated with the turnover tasks	State shall assess \$1,000 for each day following the Acceptance Date in the Work Plan that the Turnover Plan does not receive Acceptance at least nine months prior to the end of the Contract term until the date the Turnover Plan receives Acceptance from State
4.0.6	Compliance with Other Contract Provisions	The RFP includes SLAs which are not listed in the table in Appendix F: Service Level Requirements. State shall have the right to notify Contractor of its failures to meet these additional SLAs, request a Corrective Action Plan, designate a date by which Contractor must provide a Corrective Action Plan and designate a period of time in which the Contractor must remedy the failure to meet the SLA. Contractor	If the SLA failure is not corrected by Contractor by the due date required by State, State shall assess liquidated damages of \$1000 per Day after the due date until the failure is corrected in State's judgment

Item #	Performance Standard	SLA Description	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		shall provide a Corrective Action Plan within the time period designated by State, fulfill the obligations regarding Corrective Action Plans in the Contract, and remedy the failure within the time period designated by State	
4.0.7	Warranty Services and Maintenance	<p>State will consult with Contractor to determine if a workaround exists and if a Defect is related to the Contractor provided solution. State will determine the severity level assigned to a Defect.</p> <p><b>Level 1 - Emergency</b> - System no longer functions.</p> <ul style="list-style-type: none"> <li>SLA for responding to Defect call is 30 minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>SLA for reporting recommended resolution and estimated fix date/time for all System components is 8 clock hours.</li> <li>SLA for using best efforts to correct Defect associated with System component is 48 clock hours.</li> <li>SLA for correction of Defect associated with System component is 96 clock hours.</li> </ul> <p><b>Level 2 - Disabled, No Workaround</b> – A business function or System component does not work as required, and no acceptable workaround is available or a workaround that is acceptable to State is not available.</p>	<p>State shall assess the liquidated damages as specified below for failure to meet each Level 1 SLA time.</p> <p>\$1000/24 hour period 0 to 72 hours beyond SLA</p> <p>\$2000/24 hour period 73 to 168 hours beyond SLA</p> <p>\$3000/24 hour period 169 to 336 hours beyond Performance Standard</p> <p>\$4000/24 hour period &gt; 336 hours beyond SLA</p> <p>State shall assess the liquidated damages as specified below for failure meets each Level 2 SLA time.</p> <p>\$800/24 hour period 0 to 72 hours beyond SLA</p> <p>\$1600/24 hour period 73 to 168 hours beyond SLA</p>



Item #	Performance Standard	SLA Description	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		<ul style="list-style-type: none"> <li>SLA for responding to Defect call is 60 minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>SLA for reporting recommended resolution and estimated fix date/time for all System components is 8 clock hours.</li> <li>SLA for using best efforts to correct Defect associated with System component is 96 clock hours.</li> <li>SLA for correction of Defect associated with System component is 120 clock hours.</li> </ul> <p><b>Level 3 - Disabled, Workaround</b> – A business function or System component does not work as required, but a workaround that is acceptable to State is available.</p> <ul style="list-style-type: none"> <li>SLA for responding to Defect call is 60 minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>SLA for reporting recommended resolution and estimated fix date/time for all system components is 24 clock hours.</li> <li>SLA for using best efforts to correct Defect associated with System component is 120 clock hours.</li> <li>SLA for correction of Defect associated with System component is 240 clock hours.</li> </ul>	<p>\$2400/24 hour period 169 to 336 hours beyond SLA</p> <p>\$3200/24 hour period &gt; 336 hours beyond SLA</p> <p>State shall assess the liquidated damages as specified below for failure to meet each Level 3 SLA time.</p> <p>\$300/24 hour period 0 to 72 hours beyond SLA</p> <p>\$600/24 hour period 73 to 168 hours beyond SLA</p> <p>\$900/24 hour period 169 to 336 hours beyond SLA</p> <p>\$1200/24 hour period &gt; 336 hours beyond SLA</p> <p>State shall assess the liquidated damages as specified below for failure to meet each Level 4 SLA time.</p> <p>\$100/24 hour period 0 to 72 hours beyond SLA</p>

Item #	Performance Standard	SLA Description	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		<p><b>Level 4 - Minor - Non-critical</b>, but having a negative effect on one or more business functions or System components.</p> <ul style="list-style-type: none"> <li>• SLA for responding to Defect call is 60 minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>• SLA for reporting recommended resolution and estimated fix date/time for all System components is 240 business days.</li> <li>• SLA for using best efforts to correct Defect associated with System component is 360 clock hours.</li> <li>• SLA for correction of problem associated with System component is 480 clock hours.</li> </ul> <p><b>Level 5 - Cosmetic</b> - Non-critical and non-impacting to one or more business functions or System components.</p> <ul style="list-style-type: none"> <li>• SLA for responding to Defect call is 30 minutes, includes acknowledging Defect, logging Defect in the Problem Report database and providing a ticket/tracking number to the caller.</li> <li>• SLA for reporting recommended resolution and estimated fix date/time for all System components is 5 business days.</li> <li>• SLA for using best efforts to correct Defect associated with System component located at Contractor site is 480 clock hours.</li> </ul>	<p>\$125/24 hour period 73 to 168 hours beyond SLA</p> <p>\$150/24 hour period 169 to 336 hours beyond SLA</p> <p>\$200/24 hour period &gt; 336 hours beyond SLA</p> <p>State shall assess the liquidated damages as specified below for failure to meet each Level 5 SLA time.</p> <p>\$50/24 hour period 0 to 72 hours beyond SLA</p> <p>\$75/24 hour period 73 to 168 hours beyond SLA</p> <p>\$100/24 hour period 169 to 336 hours beyond SLA</p> <p>\$125/24 hour period &gt; 336 hours beyond SLA</p>

Item #	Performance Standard	SLA Description	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		<ul style="list-style-type: none"> <li>SLA for correction of Defect associated with System component is sixty (60) business days.</li> </ul>	
4.0.8	Security Management Notice and Mitigation	<p>Contractor shall notify the State Program Manager within one hour following Contractor's awareness or identification of any potential or actual major or minor incident, including any breach, any attack, or the introduction of any disabling device, related to the System.</p> <p>Contractor shall take corrective action to mitigate the potential or actual major or minor security incident within two hours following Contractor's awareness or identification of each potential or actual Security Incident.</p> <p>All such potential or actual Security Incidents awareness or identification times shall be documented within the Security Report. Contractor shall provide Equipment or Software metrics to support the potential or actual Security Incidents awareness or identification time. Contractor shall also report the notification time of notifying the State Project Manager.</p> <p>Within the Security Report, Contractor shall document the correct action taken to mitigate the potential or actual Security Incidents. Contractor shall also provide Equipment or Software metrics to support the potential or actual Security Incidents correct action mitigation.</p>	<p>Liquidated damages for non-compliance with the notification to the State Project Manager SLA shall be assessed at \$5,000 per Security Incident per Day.</p> <p>Liquidated damages for non-compliance with the corrective action mitigation of the potential or actual Security Incident SLA shall be assessed at \$5,000 per Security Incident per Day.</p>

Item #	Performance Standard	SLA Description	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		Once an event has been confirmed to have an impact on security, the event is classified as a Security Incident	
4.0.9	Security Management Report	<p>Contractor shall provide a written report and assessment within 12 hours following Contractor's awareness or identification of the minor security incident regarding all actions taken concerning each identified minor security incident, including any breach, any attack, or the introduction of any disabling device, the current status, and any potential impact(s) to the State Project Manager of the security incident.</p> <p>Contractor shall provide a high level and summary analysis in two hours and a written report and assessment within eight hours following Contractor's awareness or identification of the major security incident regarding all actions taken concerning each identified major security incident, including any breach, any attack, or the introduction of any disabling device, the current status, and any potential impact(s) to the State Project Manager of the security incident.</p> <p>Contractor shall provide a written report and assessment regarding all actions taken concerning each identified security incident, including any breach, any attack, or the introduction of any disabling device, the current status, and any potential impact(s) to the State Project Manager of the security incident. Each security incident shall be categorized according to criticality as either minor or major.</p>	For each and every occasion that the Contractor fails to meet the Security Management Report SLA, as determined by the State Project Manager, Contractor shall be assessed Liquidated Damages of \$500 for each hour and each fraction of an hour that this report and assessment is late.

Item #	Performance Standard	SLA Description	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		<ul style="list-style-type: none"> <li>For a minor security incident, which causes limited loss of Confidential Information, integrity, protection, and/or availability of the System to organizational operations, organizational assets, or individuals, this report and assessment shall be provided within 12 hours following Contractor's awareness or identification of the minor security incident.</li> <li>For a major security incident, which causes serious or catastrophic loss of Confidential Information, integrity, protection, and/or availability of the Systems to organizational operations, organizational assets, or individuals, this report and assessment shall be provided within eight hours following Contractor's awareness or identification of the major security incident.</li> </ul> <p>The State Program Manager, in his sole discretion, may require Contractor to update this report and assessment on an hourly or daily basis depending on criticality, status, and possible impact to State.</p>	
4.0.10	System Availability	Every System component provided by Contractor or implemented per Contractor's guidelines or recommendations or the Documentation must have Availability for State in accordance with Specifications 99.9% of the time 24 hours/day, seven (7) days per	<p>State shall assess liquidated damages as specified below, per hour for each hour, or portion thereof, if the System fails to meet these Availability SLAs.</p> <p>\$1,000/hour 0 to 24 hours beyond the SLA</p>

Item #	Performance Standard	SLA Description	Liquidated Damages (Days are Calendar Days Unless Otherwise Noted Below)
		week for both the Phases and System.	\$2,000/hour 24 to 48 hours beyond the SLA  \$3,000/hour > 48 hours beyond the SLA
4.0.11	System Performance – Response Times	<p>Contractor must meet the following response time SLAs for the System.</p> <p>Record Inquiry Search Response Time: The time elapsed from receipt of the transaction by the Contractor from the switch vendor at the network demarcation point until the Contractor completes delivery of the transaction to the switch vendor at the demarcation point must not exceed 1 second 95% of the time for any inquiry by State staff.</p> <p>Record Create, Update, Delete Response Time: The elapsed time from receipt of the transaction by the Contractor from the switch vendor at the network demarcation point until the Contractor completes delivery of the transaction back to the switch vendor at the demarcation point must not exceed 2 seconds 95% of the time for any create, update, or delete transactions</p>	<p>State shall assess liquidated damages, as specified below, for total minutes within a business week (Monday – Friday, 6:00 AM – 7:00 PM Hawaii Standard Time) where any response time falls below the applicable SLA.</p> <p>\$2,000/week Less than 20 minutes</p> <p>\$5,000/week 20 to 60 minutes</p> <p>\$10,000/week More than 60 minutes</p>

**Appendix J: 5.11 Working Day Rate Calculation – by inserting a new section as follows:**

**Working Day Rate Calculation**

As a point of clarity, the State does not use the annualized wage rate for full-time employee regular pay. Full-time employees who work the full month are paid in equal semi-monthly amounts. If an employee does not work a full month, the employee is paid using the variable working day rate. This is calculated based on the actual days worked in relation to the total scheduled days in the month. Per the specific State example below, identify what means might be employed in your solution to address the calculation of pay due to the variable working days in the pay periods. Please address specifically if the variable working day rate will be done

through configuration or customization, and include any expected costs to set up this calculation parameter (payroll, time and attendance or both).

March Calculation (Variable Working Days)				
Employee Regular Salary Amount	\$3,000/month or \$1,500/pay period			
March 1 - 15	11 working days			
March 16 - 31	12 working days			
In this scenario, the employee is hired on March 3.				
	Multiplied by	Calculated Pay		
	Monthly Salary	Result for		
		March 1 - 15		
		period		
Computation Formula for March 1 -15 period is as follows:				
9 working days (actually worked by employee)	\$3,000	\$	1,173.91	\$ 1,173.91
<hr/>				
23 working days in March				
	Multiplied by	Calculated Pay		
	Monthly Salary	Result for		
		March 16 - 31		
		period		
Computation Formula for March 16 - 31 period is as follows:				
12 working days (actually worked by employee)	\$3,000	\$	1,565.22	\$ 1,565.22
<hr/>				
23 working days in March				
<b>Resulting Pay for the month based on actual days worked</b>				<b>\$ 2,739.13</b>

April Calculation (Full Month Worked)	
April 1 - 15 (semi-monthly pay)	\$ 1,500.00
April 16 - 30 (semi-monthly pay)	\$ 1,500.00
<b>Resulting Pay for the full month worked</b>	<b>\$ 3,000.00</b>

#### Appendix M: 1.0 Proposed Project Approach - by inserting a new section as follows:

In responding to this RFP, Offerors should explain how your business solution will address the State's Proposed Project Approach, as shown in the diagrams below. It should be clear that the State expects to initially replace the mainframe gross to net payroll engine, and phase in the implementation starting with the existing payroll interfaces, followed by payroll automation and modernization enhancements to reduce reliance upon paper and manual processes by providing the ability to enter gross data online, and finally a determination will be made whether to proceed with the time and attendance solution after payroll has successfully met user acceptance.

In order to comply with the proposed phases of payroll and time and attendance modernization, the following process diagram provides an overview of the major steps and recommended sequence. This approach will allow the State to meet its original go-live date for payroll processing on or about May 2017.

Figure 1. Proposed System Diagram

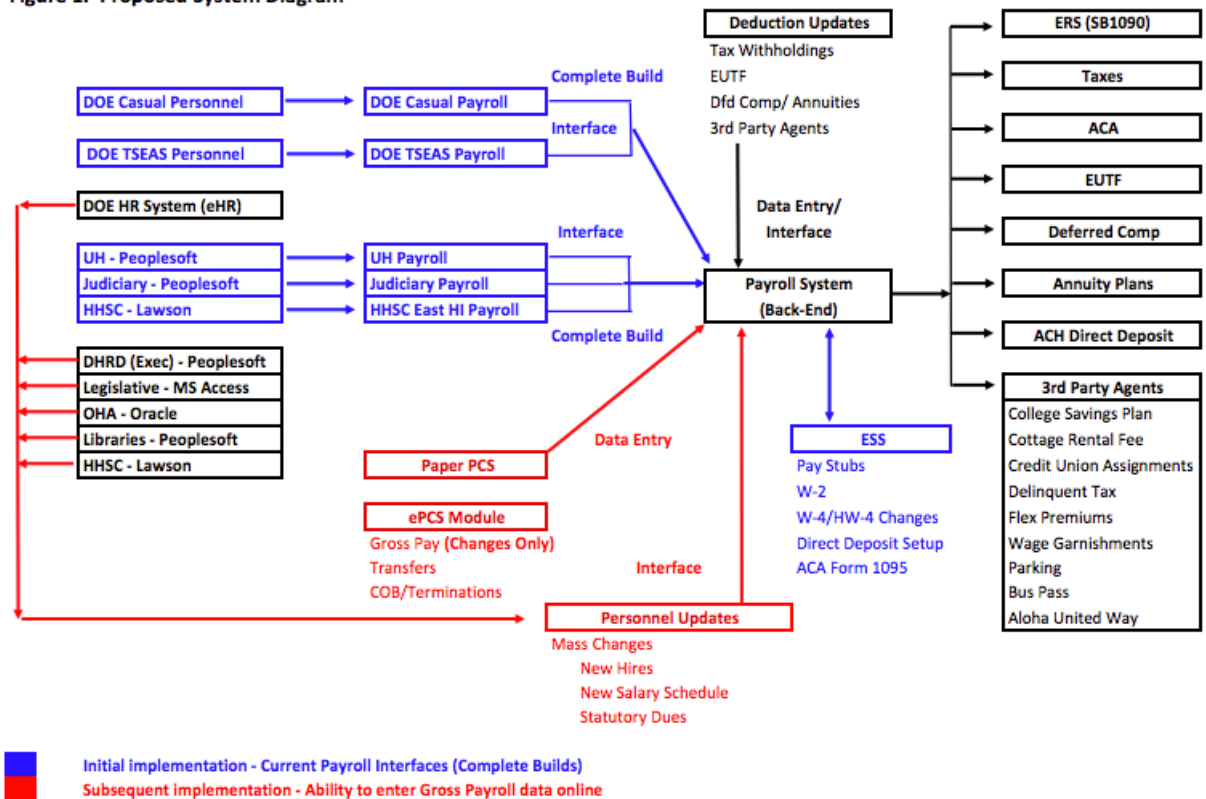
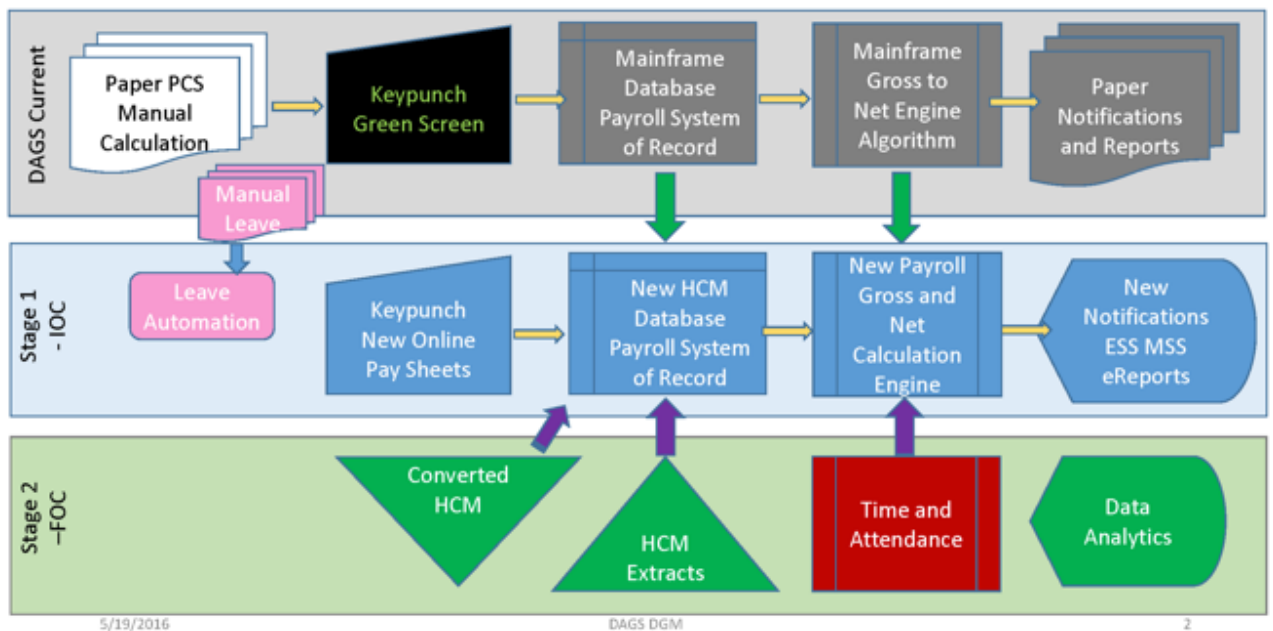


Figure 2. State Payroll Transition





In addition, the following table describes the data types and groups, specific examples of the data fields and the current source system generating the information, unless otherwise noted.

**Phase I Payroll Modernization**

<b>Data Types/Groups</b>	<b>Data Fields Included</b>	<b>Data Source</b>	<b>Data Owner (Department or Employer Jurisdiction, and Business Partners)</b>	<b>Proposed Method of Update into new EPS</b>
Payroll Master Employee Information	Employee ID/Payroll ID, Social Security Number, Name, Address, Federal & State Tax Withholdings, Martial Status, Salary Amount, Bargaining Unit, Retirement/FICA Codes, Department, Division, Branch, Island, Gender, Ethnicity, Deduction Assignments, Wage Assignments (garnishments, liens, child support), Additional Scheduled Earnings, Calendar Year Payment History	Payroll Mainframe Database	DAGS	Data upload
Payroll Electronic Funds Transfers to Employee Accounts	Employee ID/Payroll ID, Name, Bank Name, Bank Account Number, Bank Transit ABA Number, Priority and number of deposit distributions and balance of net.	State has its own customized ACH process and is not in the NACHA format. Data such as the Transit Routing number will need to be collected.	DAGS	Data upload once data is compiled in a vendor provided standard template

<b>Data Types/Groups</b>	<b>Data Fields Included</b>	<b>Data Source</b>	<b>Data Owner (Department or Employer Jurisdiction, and Business Partners)</b>	<b>Proposed Method of Update into new EPS</b>
Payroll FTD, QTD, YTD, #TD Employee Balance Information	Wages, taxes, deductions, garnishments, other earnings, fringes paid and issued based on the prescribed frequency. Also may include FTD or YTD leave balances paid.	Payroll Mainframe Databases, and Garnishment Database System	DAGS	Data upload for all balance information; Garnishment data may need to be keyed into the new EPS
Leave Administration	YTD balances accrued and earned will need to be tracked.	None – Data not currently collected or captured electronically.	All departments and employer jurisdictions	Data upload for balance information; Ongoing leave taken and associated earnings will be included in payroll “gross” file. ESS functionality may be deployed to allow viewing of updated balance (i.e. YTD leave hours taken/paid/processed, YTD leave hours available)

<b>Data Types/Groups</b>	<b>Data Fields Included</b>	<b>Data Source</b>	<b>Data Owner (Department or Employer Jurisdiction, and Business Partners)</b>	<b>Proposed Method of Update into new EPS</b>
In-bound Business Partners and/or Third Party Interfaces	Employee ID/Payroll ID - Deduction Assignments, Modifications, and Cancellations, Payroll D70 Form Adjustments (i.e. Reversals of Overpayments, Pay Cancellations, Reclassification of Wages, Reversals and Deductions Adjustments), Payroll D71 Form Expenditure Adjustments (Employer Share), Wages in Kind	Current interface file specifications is State standards and in State formats	Business Partners and/or Third Party	Electronic transfer using existing file format and specifications
Outbound Business Partners and/or Third Party Interfaces	A complete list of interfaces is included in Appendix H in the RFP document.	Current interface file specifications generated by through the State's interface programs.	DAGS	Electronic transfer using existing file format and specifications required by third party

**Proposed Employee Data & Payroll Updates After Gross to Net Payroll Go-Live**

<b>Data Type/Groups</b>	<b>Data Fields</b>	<b>EPS System of Record</b>	<b>Data Origination (New EPS or Employer Jurisdiction HRMS)</b>	<b>Proposed Method of Update into the new EPS</b>
Payroll Master Employee Information	Employee ID/Payroll ID, Social Security Number, Name, Address, Federal & State Tax Withholdings, Marital Status, Salary Amount, Bargaining Unit, Retirement/FICA Codes, Department, Division, Branch, Island, Gender, Ethnicity, Deduction Assignments, Wage Assignments (garnishments, liens, child support), Additional Scheduled Earnings, Calendar Year Payment History	EPS Payroll and HCM Modules	All Employer Jurisdictions with no human resources management system will enter employee changes directly into the new EPS	Direct data entry by designated Payroll Administrators; State will determine at what point ESS changes will be enabled and utilized
Payroll Electronic Funds Transfers to Employee Accounts	Employee ID/Payroll ID, Name, Bank Name, Bank Account Number, Bank Transit ABA Number, Priority and number of deposit distributions and balance of net	EPS Payroll and HCM Modules	All Employer Jurisdictions will enter these changes directly into the new EPS	Direct data entry by designated Payroll Administrators; State will determine at what point ESS changes will be enabled and utilized

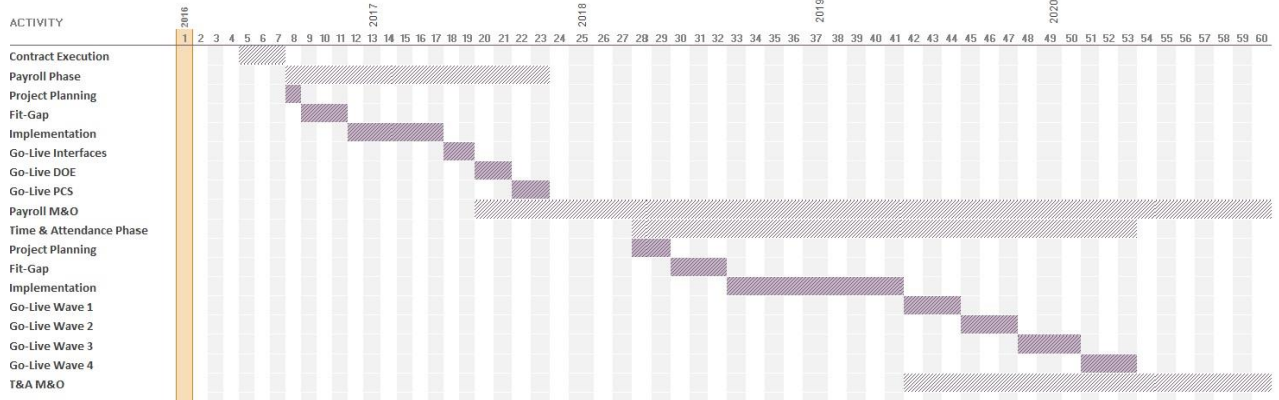
<b>Data Type/Groups</b>	<b>Data Fields</b>	<b>EPS System of Record</b>	<b>Data Origination (New EPS or Employer Jurisdiction HRMS)</b>	<b>Proposed Method of Update into the new EPS</b>
Payroll FTD, QTD, YTD, #TD Employee Balance Information	Wages, taxes, deductions, garnishments, other earnings, fringes paid and issued based on the prescribed frequency. Also may include FTD or YTD leave balances paid.	EPS Payroll and HCM Modules	New EPS will automatically accumulate balances going forward	Updates will be driven by the new EPS system; Payroll Administrators will however, have the ability to update and correct balances, as necessary.
Leave Administration	In addition to monitoring leave taken and general available balances; accrual formulas will be built and implemented in the Time and Attendance system.	EPS Payroll and HCM Modules	All Employer Jurisdictions will continue to transfer leaves taken via payroll gross files into the new EPS until such time that Time & Attendance is fully implemented	Payroll Administrators, Timekeepers will be entering this information into the new EPS

<b>Data Type/Groups</b>	<b>Data Fields</b>	<b>EPS System of Record</b>	<b>Data Origination (New EPS or Employer Jurisdiction HRMS)</b>	<b>Proposed Method of Update into the new EPS</b>
In-bound Employee Data Interfaces	Employee ID/Payroll ID - Name, Address, Federal & State Tax Withholdings, Salary Amount, Bargaining Unit, Department, Division, Branch, Deduction Assignments, Wage Assignments (garnishments, liens, child support), Additional Scheduled Earnings; New Hire Information, Position Changes, Salary Changes, Terminations, Changes in Bargaining Units	EPS Payroll and HCM Modules	All Employer Jurisdictions with operational human resources management systems (HRMS) will generate files to import into the new EPS until such time the State moves to an Enterprise-wide HCM system approach	Electronic transfer using existing file format and import specifications of new EPS
Outbound Third Party Interfaces	A complete list of interfaces is included in Appendix H in the RFP document.	EPS Payroll and HCM Modules	New EPS	Electronic transfer using existing file format and specifications required by third party

#### **Appendix M: 2.0 Proposed Project Timeline – Renumbered from 1.0 to 2.0 and Amended**

In responding to this RFP, Offerors should consider the Proposed Project Timeline for the implementation of the Enterprise Payroll Solution. The timeline reflects the State's preference for implementation of the Payroll Services, Time and Attendance Services, and logical deployments.

Figure 1. Proposed Project Timeline



Unless otherwise specified, all activities requiring State personnel to participate is assumed to occur during normal business hours, 7:45 AM HST to 4:30 PM HST.

#### Appendix M: 3.0 Key Business Dates – Renumbered from 2.0 to 3.0

## 4. CALL FOR BAFO

Call for Best and Final Offer is hereby made pursuant to:

Chapter 3-122 Hawaii Administrative Rules §3 122-54 Best and final offers. (a) The procurement officer shall establish a date and time for the priority-listed offerors to submit their best and final offers. (b) Best and final offers shall be submitted only once, unless the chief procurement officer or the head of a purchasing agency or a designee of either officer above the level of procurement officer determines in writing that it is in the State's best interest to conduct additional discussions or change the State's requirements by an addendum distributed only to priority-listed offerors and require another submission of best and final offers. Otherwise, no discussion of or changes in the best and final offers shall be allowed prior to award. (c) Priority-listed offerors shall also be informed that if they do not submit a notice of withdrawal or another best and final offer, their immediate previous offer will be construed as their best and final offer. (d) After best and final offers are received, final evaluations will be conducted for an award

**Best and Final Offer (BAFO) is due on Tuesday June 7, 2016 at 4:00 p.m. (HST) and shall adhere to the specific instructions and format requirements as indicated below.**

The BAFO shall be submitted via flash drive and all required BAFO documents must be saved in two distinct folders: 1) .pdf and 2) non-pdf format. Each section or attachment should be a

separate files using the Offeror Checklist in Section 11.0 as revised in this amendment for naming. Please do not submit a consolidated document with multiple sections and attachments included in one large file.

There should be two (2) identical flash drives with one clearly marked original and the other identified as a backup copy of the original.

The flash drives shall be delivered or mailed to the following address and marked clearly as follows:

Office of the Comptroller  
RFP-ERP16001 Procurement Officer  
Hawaii Department of Accounting & General Services  
1151 Punchbowl Street, Room 412  
Honolulu, HI 96813

BEST AND FINAL OFFER FOR RFP-ERP16001  
ENTERPRISE PAYROLL SOLUTION, EPS  
[Offeror Name]

**In order to be considered for award Offerors must sufficiently provide a response to the call for BAFO by adhering to one of the following response options:**

- A) Submit letter indicating that the initial proposal is to be considered as the BAFO, together with the attached appropriate changes, corrections, and amendments.
- B) Submit letter indicating initial proposal shall be scored as BAFO.
- C) Submit an entirely new proposal as BAFO.
- D) Withdraw proposal

In order to be sufficiently evaluated to meet the designated timeframe for award, the offeror must clearly delineate all changes or revisions to its original proposal in the BAFO proposal. All changes in the BAFO proposal must be reflected by Track Changes.

Any BAFO received by fax or e-mail shall not be accepted or considered for award. Timely receipt of offers shall be evidenced by the date and time registered by signed attestation by receiving State personnel on behalf of the Procurement Officer. If the Offeror chooses to deliver its offer by United State Postal Service (USPS), please be aware that the USPS does not deliver directly to Room 412. This may cause a delay in receipt by the Procurement Officer and the BAFO may reach the State after the deadline, resulting in automatic rejection. Confirmation of receipt will be issued by email on June 8, 2016.

Any BAFO submitted shall withdraw any previously submitted exceptions using Attachment 14: Proposal Exception Summary Form and assumptions from Attachment 12, Cost Workbook and



from the Offer. Exceptions submitted for the State's consideration in original proposals have all been rejected by the State unless specifically accepted in writing by the State. No new exceptions or assumptions may be submitted.

If an Offeror has agreements that must be submitted for Third Party Software licensors, the Offeror shall submit such agreements on the flash drives as required in CALL FOR BAFO on page 60 of Addendum 7 and shall clearly indicate where such agreements are on the flash drive.

*Debra Gagne, for*

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Douglas Murdock  
Procurement Officer