

NC Department of State Treasurer

State & Local Government Finance Division

Debt Management Project

Scope Statement

Tracking No. TECH-003557

PREPARED BY:

NC Department of State Treasurer <http://www.nctreasurer.com>

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Scope Statement

1. General Information:

Department/Agency:	North Carolina Department of State Treasurer
Issue Date:	June 14, 2007
Project Name:	State & Local Government Finance Division Debt Management Project Tracking Number TECH-003557
Project Sponsor:	Vance Holloman – Deputy State Treasurer
Project Contact:	Bob Sickler
Technical Services Contract:	Attachment 10 – Technology Advisory Services
Due Date for Questions:	June 28, 2007 at 5:00 p.m. EST
Due Date for Responses:	July 16, 2007 at 2:00 p.m. EST
Delivery Instructions:	Scope Statement Responses must be addressed to: North Carolina Department of State Treasurer Attention: Cynthia Wood – Room # 574 325 North Salisbury Street Raleigh, NC 27603

Questions regarding this Scope Statement must be sent to Cynthia.wood@nctreasurer.com by the date and time specified above. Please put "State & Local Government Finance Division-Debt Management Project" in the subject line of your e-mail. Responses to the questions will be emailed to the eligible vendors on Attachment 10 of the Technical Services Contract. Oral answers are not binding on the State.

2. Administrative Items

Vendor must provide 2 originals and 6 copies of the proposal, and 1 soft copy on a CD (in Microsoft Word format) to facilitate distribution of the proposal. Proposal must include an execution page signed by an authorized officer of the corporation or company.

Do not mark your entire response as "Confidential and/or Proprietary". Only vendor information referenced in the NC Information Technology General Terms and Conditions for Goods and Related Services, Section 17, "Confidentiality" may be confidential. Acceptance of proposals for evaluation when marked confidential or proprietary, or as exempt from disclosure under N.C. Public Records laws, shall not constitute a determination by the State that any materials or information contained therein are exempt from disclosure

All responses are due at the Department of State Treasurer by the date and time specified above.

Responses should be placed in a sealed package and clearly labeled with the name of your company and "TECH-003557 Debt Management Project" on the outside of the package.

In the event of a conflict between the Supplemental Terms and the General Terms and Conditions, or any other document, the order of precedence shall be 1) the Supplemental Terms of this Scope statement, 2) the General Terms and Conditions for Goods and Related Services in ITS-000748, and 3) the Vendor's proposal or other document.

3. Scope Statement Purpose

The purpose of this Scope Statement is to solicit proposals from Vendors to conduct a study to analyze the existing Information Technology Systems and business processes in the State & Local Government Finance Division (S&LGFD) of the North Carolina Department of State Treasurer. The purpose of this analysis is to determine and define what business processes need to be changed and the identification of information technology strategies/options to achieve the desired level of functionality and efficiency, focusing on their critical needs in the areas of Debt Management.

4. Project Background

History – State & Local Government Finance Division

The State and Local Government Finance Division is organized to provide the State Treasurer, the Local Government Commission, the North Carolina Solid Waste Management Capital Projects Financing Agency, the North Carolina Infrastructure Finance Corporation and the North Carolina Capital Facilities Finance Agency with staff assistance in fulfilling their respective statutory functions. The Division is organized along functional lines into two major groups of services: Debt Management and Fiscal Management.

The Local Government Commission (LGC) provides assistance to local governments and public authorities in North Carolina. The LGC, staffed by the Department of State Treasurer, approves the issuance of debt for all units of local government and assists these units with fiscal management. The Commission is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue, and five others by appointment (three by the Governor, one by the General Assembly upon the recommendation of the President Pro Tempore and one by the General Assembly upon the recommendation of the Speaker of the House). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

Nonprofit and for-profit corporations providing certain services may receive financing assistance through bonds issued by the North Carolina Capital Facilities Finance Agency. The Agency Board of Directors is composed of seven members: the State Treasurer, the State Auditor, and five others by appointment (three by the Governor, one by the President Pro Tempore of the Senate and one by the Speaker of the House of Representatives). The administrative staff for the Agency is provided by the Department of State Treasurer.

The North Carolina Infrastructure Finance Corporation (Corporation) was created by the General Assembly and organized as a separate not-for-profit corporation. It is managed by a three-member board appointed by the State Treasurer. The Corporation is authorized to issue tax-exempt debt to finance the acquisition, construction, repair and renovation of State facilities and related infrastructure. The debt obligations are secured by lease agreements with the State, with the State financially responsible for the debt payments. The administrative staff for the Corporation is also provided by the Department of State Treasurer.

The State and Local Government Finance Division handles the sale and delivery of all State and local debt and monitors the repayment of State and local government debt.

FISCAL MANAGEMENT FUNCTIONS

Another function of the Division involves monitoring certain fiscal and accounting standards prescribed for local governmental units by the Local Government Budget and Fiscal Control Act. As a part of its role in assisting local units and monitoring their fiscal programs, the Division provides guidance in following generally accepted accounting principles. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a Certified Public Accountant or by an accountant certified by the Commission as qualified to audit local government accounts. That audit must be performed in accordance with Generally Accepted Auditing Standards promulgated by the AICPA. If a governmental unit is required to have an expanded audit performed in accordance with Government Auditing Standards, the auditor is required to provide the unit and the Local Government Commission with a copy of the audit firm's most recent peer review report prior to contracting for the audit. Each local government is required to file a copy of its annual audit report with the Division and submit all invoices to the Division for approval.

The staff of the Fiscal Management Section annually reviews the audited financial statements of approximately 1,230 local governments and public authorities. The staff determines that all reports are prepared in accordance with generally accepted accounting principles and that applicable auditing standards have been followed. The staff also reviews the audit report to evaluate the financial condition of the unit, to determine if the unit complied with the Local Government Budget and Fiscal Control Act and other State laws and to determine if the unit has an adequate system of internal controls in place. The staff also verifies that revenue bond covenants have been met and that required compliance statements have been issued. If a municipality is a member of a joint municipal power agency, the staff will also review the transfers between the municipality's General Fund and Electric Fund to determine if it complies with a transfer policy adopted by the unit.

When problems are noted, local governments and public authorities, as well as their independent auditors, receive written communication expressing the staff's concerns, suggestions for improvements and an offer of assistance. A response detailing the unit's plans to take corrective action is requested. In providing assistance to local governments, units are counseled in accounting systems and internal controls, cash and investment management, budget preparation, risk management, capital planning and changes in laws and regulations. Staff members also perform research and provide technical assistance to local governments with specific questions in these areas. On-site assistance is furnished to local governments with regard to financial and accounting systems and management services. Educational programs in the form of seminars and classes also are provided in order to accomplish these tasks. Staff members make presentations throughout the year at various workshops sponsored by the School of Government; the North Carolina Association of School Business Officials, the North Carolina Government Finance Officers Association; the North Carolina Association of County Finance Officers; the N. C.

Finance and Reimbursement Officers Association, the N.C. Local Government Investment Association; and numerous other county, municipal and school organizations. The staff also worked with the School of Government to present the Annual State Treasurer's Conference on Local Government Accounting, Auditing and Financial Management to provide training to local government auditors and officials.

The Division has expanded its assistance role by maintaining computerized databases of historical information from local government audit reports, city and county Annual Financial Information Reports, and Reports of Deposits and Investments. The information collected is used in a variety of ways to automate operations and enhance the assistance provided to local governments. The files also are utilized in special projects that benefit the operations of the State. Upon request, data is provided to such organizations as the U.S. Bureau of the Census, the N.C. Department of Revenue, the General Assembly, the N.C. League of Municipalities, the School of Government and the N.C. Association of County Commissioners to assist these groups in their activities.

Because of recent changes in the field of governmental accounting and the enactment of the Federal Single Audit Act and the State Single Audit Act, continuing assistance is provided to the independent auditors of local governments, particularly in the area of professional education. The staff reviewed and compiled all compliance supplements from State agencies to be used by local government auditors. A member of the staff serves on the Governmental Accounting and Auditing Committee of the North Carolina Association of Certified Public Accountants. Staff members provide additional assistance to independent auditors by researching their questions concerning governmental accounting, auditing and budgeting, as well as North Carolina General Statutes. In addition, exposure drafts of the Governmental Accounting Standards Board (GASB) are analyzed, and any comments and recommendations that staff may have on these drafts are submitted to the GASB.

DEBT MANAGEMENT FUNCTIONS

The Division issues and monitors all State debt, including debt secured by a pledge of the taxing power of the State and debt for which repayment is subject to appropriation. After voter approval of a bond issue and with the assistance of other State agencies, the Division determines the cash needs, plans for the repayment of debt (maturity schedules) and schedules bond sales at the most appropriate time. An official statement describing the bond issue and other required disclosures about the State is prepared with the advice and cooperation of bond counsel. Finally, the Division handles the actual sale and delivery of the bonds, maintains the State bond records and registers of bonds and monitors the debt service payments. As of June 30, 2005, the State had general obligation bonds outstanding of \$5.7 billion and Certificates of Participation and Lease-Purchase bonds outstanding of \$740.2 million.

The Division also is responsible for the authorization and sale of revenue bonds for the North Carolina Medical Care Commission, the Municipal Power Agencies, the North Carolina Capital Facilities Finance Agency, and the North Carolina Housing Finance Agency. Only the specific revenues pledged in payment thereof secure these bonds. The staff works with these agencies' personnel in determining the feasibility and scheduling of the bond offering, in structuring the issue and the underlying security documents and in preparing the data that must be presented to the Local Government Commission for its approval.

After approval is granted, the governmental unit and its bond counsel assist the staff in gathering and assembling information for an official statement, which is distributed electronically to a large group of potential bidders nationwide. The general obligation bonds are awarded through the competitive bid process on the basis of lowest total net interest cost to the governmental unit. After the sale, the staff delivers and validates the definitive bonds and ensures that the moneys are promptly transferred from the buying brokers to the governmental unit.

In addition to bond sales, the staff assists the units in selling certain short-term debt obligations. These may be bond anticipation notes to provide interim funding of projects until the definitive bonds are sold, or they may be other notes secured by specific pledges of taxes, grants or future revenues. Authorization for short-term debt obligations also is based upon Local Government Commission approval.

Debt records are maintained for all units on principal and interest payments coming due in the current and future years. All debt service payments are monitored through a system of monthly reports.

As of June 30, 2005, authorized and unissued general obligation bonds for local governments amounted to \$3.50 billion; and general obligation debt outstanding amounted to over \$8.6 billion. Of the \$1.6 billion in general obligation bonds marketed for local units, over \$.29 billion were sold competitively for new money at tax-exempt rates averaging approximately 53 basis points below the national average (according to the Bond Buyer's Index). Over the life of these bonds, the issuers are expected to save in excess of \$12.6 million in interest costs. Over \$.8 billion in refunding were sold competitively, achieving savings in excess of \$47.7 million over the life of the bonds.

The Division's staff assists in the sale of revenue bonds, which must have the Commission's approval in order to be issued by municipalities, public authorities, joint municipal electric power agencies and county industrial facilities and pollution control financing authorities. These bonds are secured only by specific revenue pledged in payment of the bonds.

Another responsibility of the Division's staff is assisting units that desire to enter into agreements to finance the lease or installment purchase of capital assets.

The Division assists the State Treasurer in representing the State in all presentations to Moody's Investors Service, Inc., Standard and Poor's Corporation, and Fitch Ratings Inc., the three national bond rating agencies used by the State and local governmental units in North Carolina. As of June 30, 2005, the State had a "Triple-A" rating, the highest rating attainable, from two of the three national rating agencies. These favorable ratings have enabled the State to sell its bonds at an interest rate considerably below the Bond Buyer's Index, thereby providing tremendous savings to North Carolina's taxpayers.

Another important function of the Division is the approval, sale and delivery of all North Carolina local government bonds and notes. The Division staff counsels and assists local governmental units in determining the necessity of the project, the size of the issue and the most expedient form of financing. A review is made of the debt management policies of the unit, the effect of the financing on the tax rate and the unit's compliance with the Local Government Budget and Fiscal Control Act. Sale dates are scheduled depending on the need for the money, the anticipated interest rates and the favorable times bonds can be sold with a minimum of competition. The staff strives to resolve all problems and to determine that all statutory requirements are met before applications are presented to the Local Government Commission for approval.

Local Government Commission approval is required when the contract or agreement extends for five or more years and obligates the unit to pay sums of money to another, without regard to whether the payee is a party to the contract; and obligates the unit to the extent of \$500,000 or a sum equal to one tenth of one percent (.001) of the appraised value of property subject to taxation by the unit, whichever is less. Local Government Commission approval is also required when the contract or agreement involves the construction or repair of fixtures or improvements on real property, and it is not exempted in G.S. 159-148(b).

Before approving such agreements, the Local Government Commission must find that the proposed project is necessary and expedient, the proposed undertaking cannot be economically financed by a bond issue and the contract will not require an excessive increase in taxes. During the fiscal year ending June 30, 2005, the Local Government Commission approved contracts or other agreements (including refunding) totaling \$1.21 billion.

The Division also serves as staff to the North Carolina Capital Facilities Finance Agency, an agency established by the General Assembly in 1986. Originally named the North Carolina Educational Facilities Finance Agency, the act creating the Agency has been amended several times and its ability to finance capital projects has significantly expanded. Following initial contact from an applicant, the staff generally begins the process of determining project feasibility and desirability with a preliminary conference. Upon receipt of an application, financial capability and responsibility is reviewed through ratio and trend

analysis. The staff presents the project and its recommendations to the seven-member North Carolina Capital Facilities Finance Agency and subsequently to the Local Government Commission for approval. (All debt issued by the Agency also must be approved by the Local Government Commission.)

The Division also serves as staff to the North Carolina Infrastructure Corporation created by General Assembly to issue tax-exempt debt to finance the acquisition, construction, repair and renovation of State facilities and related infrastructure.

The Department of State Treasurer currently uses an Oracle database for retaining debt data which is accessed using Visual Basic, SQL, and Excel Macros. Vendor must have demonstrated familiarity with these products.

5. Objectives and Deliverables:

The following specific objectives / deliverables are required from this project. The awarded vendor must accomplish in a manner acceptable to DST:

- Identify and inventory the IT environment at a high level – hardware, software, interfaces, degree of integration among the components, age of components of the system, environments, data issues – synchronization, completeness, degree of accuracy, redundancy, etc.
- Identify the problems that exist with the current systems in meeting the business needs of the agency users, local government units, agency management, the Boards, and any other entities that S&LGFD may interface with when issuing bonds
- Identify, review and document S&LGFD current business processes and recommend improvements
- Identify the major strengths, weaknesses, and issues related to the current IT environment.
- Identify business and technical requirements to be included in an RFP. After completion of the study, the State may elect to issue an RFP(s) resulting from the findings of this study.
- Recommend how improvements to the current business processes might be implemented.
- Review and make recommendations regarding quantitative technical issues such as system(s) response time(s), system sizing and growth, upgradability, etc.
- Provide a list of potential vendors generated from contact with other public agencies and private sources.
- Create a high-level Risk Analysis / Mitigation Strategy for the project.
- Create a cost / benefit analysis for the project.
- Create a high-level Project Plan identifying major milestones; estimated timeframes and estimated staffing levels.
- Create an estimated budget for the project.

6. Vendor Proposal Requirements

Vendor proposals must be straightforward, clear, well organized, easy to understand, and concise. They must contain the following seven sections. No other sections should be submitted. Proposals should be submitted in binders with tabs delineating each of the sections.

1. Table of contents.
2. Statement of no conflict of interest - Vendors must certify that neither they, nor any of their

personnel who may provide services under any awarded contract, have a conflict of interest: As defined or described in NC General Statute §§ 14-33.100, 14-234, 133-32 and any other applicable law; and that vendor (including past or present staff) has not participated in prior work with the State that would bias the work of this project and/or create real or perceived questions regarding the veracity, integrity or trustworthiness of the work, including findings and recommendations. Also the vendor (including past and present staff) has no preexisting disposition on any finding or recommendation that comes from a vested interest in any particular technology, service or product or an emotional investment in the project or its results.

3. Corporate background and experience -This section shall include information on the vendor's corporate organization (history, size, etc.), experience and skills regarding the vendor's track record, reputation and past performance that indicates the capabilities for the successful completion of this work.

A minimum of three references of similar projects in size and scope or other projects indicating the vendor's past performance, experiences and capabilities to do this work must be provided with project description (accompanied by an explanation of how it relates to this project), cost, and other pertinent information. Contact person(s), with telephone numbers and e-mail addresses must be provided for each reference.

4. Project approach -This section must describe the objectives of the project, the methodology or approach for performing the project, the deliverables resulting from the work and the schedule/timetable for completing the project. Vendor must explain in detail how each deliverable will be accomplished. The use of subcontractors is allowed pursuant to Paragraphs 4 and 5 of the General Terms and Conditions for Goods and Services, but must be described plainly in the project approach. The responsibility of the vendor must be unequivocally described in the project approach.
5. Project personnel staffing and vendor organization for completing this project - This section must include a description on the proposed staffing, responsibilities and organizational structure for accomplishing this project. Names and qualifications (including resumes) of proposed staff must be provided. Highlight the following expertise and experience by proposed staffing member:

Objective	Proposed Work Days	% Proposed Work Days
Project Management and Administration		
Meeting time with Subject Matter Experts		
Documentation, Analysis, Reports, Preparation & Other		
Total		100%

6. Costs - This project requires a bid with a not-to-exceed amount. The cost schedule must include two items:
 - A. **Not to exceed bid amount.** This amount will be used in the evaluation criteria in selecting the awarded vendor.
 - B. **Single hourly rate.** This rate will apply to all work efforts, regardless of type or complexity. Also, it will apply to all vendor personnel, regardless of required skill or experience levels. The single hourly rate will cover all costs, including direct and overhead expenses. Travel, per diem and other miscellaneous costs will be absorbed in the single rate. Only one (1) single hourly rate will be accepted, and that rate must apply to all persons and all work times

(i.e., person-hours). No limitations on or variations of the single hourly rate will be accepted (such as tiered rates or maximum/minimum number of hours for a rate).

7. Deliverables/Payment Schedule – Payments will be tied to the submission of acceptable deliverables. The DST will determine the acceptability of all deliverables. A schedule must be provided of deliverables, the timing for submitting the deliverables to the DST, and the expected payment (per the work effort expected to be expended for each deliverable per the project plan). This section also must contain a description of each deliverable.

The DST will provide office workspace, telephones and internet access for the awarded vendor, however, no computers will be provided.

7. Timetable/Schedule

The awarded vendor must begin work within two weeks of selection. The project is expected to begin in mid August and must be completed within three months.

8. Project Steering Committee

The Project Steering Committee (PSC) will be responsible for the overall direction and management of the endeavor. The Committee will address and resolve issues, problems and challenges as they arise. Members of the PSC will include:

- Vance Holloman – Deputy Treasurer, Director of the S&LGFD
- Bill Golden – Deputy Treasurer, CIO
- Tim Romocki – Director, Debt Management Section
- Sharon Edmundson – Director, Fiscal Management Section
- Bob Sickler – Applications Development Manager, Project Manager

9. “Best Value” Procurement

"Best Value" procurement means the selection of a Vendor by determining which proposal offers the best trade-off between price and performance, where quality is considered an integral performance factor. The award decision is made based on multiple factors, including: total cost of ownership, meaning the cost of acquiring, operating, maintaining, and supporting a product or service over its projected lifetime; the evaluated technical merit of the Vendor's proposal; the Vendor's past performance; and the evaluated probability of performing the requirements stated in the solicitation on time, with high quality, and in a manner that accomplishes the stated business objectives and maintains industry standards compliance. The intent of "Best Value" Information Technology procurement is to enable Vendors to offer and the Agency to select the most appropriate solution to meet the business objectives defined in the solicitation and to keep all parties focused on the desired outcome of a procurement.

A tradeoff/ranking method of source selection will be utilized in this procurement. The evaluation committee may request written clarifications of any offer received. However, the State in its sole discretion may refuse to accept in full or partially the response to a clarification request given by any vendor. Vendors are cautioned that the evaluators are not required to request clarifications; therefore, all offers should be complete and reflect the most favorable terms. Evaluation methodology shall be in accordance with Title 9 of the NCAC Subchapter 06B, Section.0302, or the corresponding section of any future NC Administrative Code, and Section 10 of this document.

The State may elect to conduct negotiations with one or more vendors and make requests of vendors as may be necessary or proper for best and final offers. Final ranking of responses and award of the contract will be made after the State reviews all bids and completes its evaluation, or if negotiations are conducted, and all rounds of Best and Final Offers have concluded. An award will be made to the vendor with the most advantageous offer.

10. Evaluation Criteria

The Project Steering Committee will evaluate proposals and determine the awarded vendor. At its option, the Project Steering Committee may request oral presentations or discussion with any or all vendors for the purpose of clarification or to explain the materials presented in any part of the proposal. The process used by the Project Steering Committee includes the principles listed above and the criteria listed in the table below and by applying the associated weight.

Evaluation Criteria	Section of Vendor Proposal	Evaluation Weight
1. Vendor strengths, capabilities and experience, including corporate background, references, past and current projects, performance history, etc.	3	20%
2. Description of work, including objectives, approach, deliverables, organizational structure, staffing qualifications, schedule/timetable, etc.	4, 5 and 7	40%
3. Cost A. Not to exceed bid amount – The not to exceed bid amount is the cost that will be used in the evaluation of vendor responses. B. Single hourly rate – The single hourly rate cost is not evaluated as part of these criteria, but it will be a condition of the resulting contract with the selected Vendor.	6	40%

11. Additional Terms and Conditions

- 1) **Supplement:** The additional terms and conditions set forth herein shall supplement the General Terms and Conditions for Goods and Related Services. In the event of a conflict between this Supplement and the General Terms and Conditions, or any other document, the order of precedence shall be determined by the State's solicitation document(s).
- 2) **Invoices, Payment:** Upon execution of this Agreement, the Vendor shall submit to the Agency invoices based on the Deliverables/Payment Schedule in Section 5 item 7 above and, upon approval & acceptance by the Agency, receive payment within thirty (30) days. If this Contract is terminated, the Vendor is required to complete a final accounting report and to return any unearned funds to the Agency within sixty (60) days of the Contract termination date. All payments are contingent upon satisfactory performance of the invoiced items and fund availability. In addition to the Payment Terms of the General Terms and Conditions, the following terms shall apply:
 - a) Invoices for partial delivery of any Deliverables or for the number of work hours expended without acceptance of the associated Deliverables may be submitted no more frequently than monthly, shall reflect all work performed, and shall be subject to a Retainage of twenty five (25%) percent of the unit costs therefore.
 - b) Invoicing for work performed of a continuing nature and for an identified Deliverable shall reflect the pro-rata completion of the work associated with the Deliverable reduced by any amount previously invoiced and paid and further reduced by a Retainage of ten (10%) percent of the unit costs therefore.
 - c) Invoicing for unanticipated work, as described herein, shall not exceed ten (10%) of the total costs identified by the Contract, and shall be submitted in conformance with (b) above.
 - d) Upon completion of a work authorization, task, or Deliverable, and acceptance by the State, Vendor shall submit an invoice for the full charges applicable reduced by the amount previously invoiced and paid.
 - e) Notwithstanding any other term herein, progress payments shall not exceed ninety (90%) percent of the Contract amount prior to the satisfactory completion of the Contract and acceptance of the Deliverables by the State.
- 3) **Acceptance Criteria:**
 - a) The Deliverables must be consistent with the requirements of the Tasks and Service Deliverables outlined in the Project Objectives/Deliverables Section 5 above and must be delivered in a timely and complete fashion with clear and understandable documentation.
 - b) Acceptance of a Deliverable will occur only upon completion of each Task and Service Deliverable as described in the Project Objectives/Deliverables Section 5. Vendor shall send a notification in writing notifying DST of completion of the deliverable with appropriate space provided for DST to sign and date upon DST's determination that the deliverable is acceptable to return to the Vendor.
 - c) If the DST determines that a Deliverable is not acceptable, the Vendor will have two (2) days from receipt of notice of the deficiency to correct or provide an acceptable alternative to correct the deficiency. If such deficiency is not corrected or an acceptable alternative provided, the State may terminate this project as provided in the terms and conditions of the Technical Services Contract, ITS-000748.
- 4) **Reports:** The Vendor must provide weekly status reports to the Project Manager. Status reports will include at a minimum a discussion of project progress, problems encountered and recommended solutions, identification of policy or management questions, and requested project plan adjustments.

- 5) **Project Management:** All project management and coordination on behalf of agency shall be through a single point of contact designated as the agency Project Manager. Vendor shall designate a Vendor Point of Contact who will provide the single point of contact for management and coordination of Vendor's work. All work performed pursuant to this Contract shall be coordinated between the agency Project Manager and the Vendor Point of Contact.
- 6) **Meetings:** The Vendor is required to meet with agency personnel, or designated representatives, to resolve technical or contractual problems that may occur during the term of the Contract. Meetings will occur as problems arise and will be coordinated by agency. The Vendor will be given reasonable and sufficient notice of meeting dates, times, and locations. Face to face meetings are desired. However, at the Vendor's option and expense, a conference call meeting may be substituted. Consistent failure to participate in problem resolution meetings as demonstrated by two (2) consecutive missed or rescheduled meetings), or to make a good faith effort to resolve problems, may result in termination of the Contract.
- 7) **Confidentiality of Data and Information:**
- a) The Vendor shall protect the confidentiality of all information, data, instruments, studies, reports, records and other materials provided to it by the State or maintained or created in accordance with this Agreement. No such information, data, instruments, studies, reports, records and other materials in the possession of Vendor shall be disclosed in any form without the prior written consent of the State. The Vendor will have written policies governing access to and duplication and dissemination of all such information, data, instruments, studies, reports, records and other materials.
- b) All project materials, deliverables, including software, data, and documentation created during the performance or provision of services hereunder is the property of the State of North Carolina and must be kept confidential or returned to DST, or destroyed with an acceptable certification of destruction provided to DST, or designee. Proprietary vendor materials shall be identified to the State by vendor prior to use or provision of services hereunder and shall remain the property of the vendor. Derivative works of any vendor proprietary materials prepared or created during the performance of provision of services hereunder shall be subject to a perpetual, royalty free, nonexclusive license to the State.
- 8) **Personnel, Facilities, And Records** – Unless otherwise provided by the Agency, the Vendor shall furnish all necessary personnel, services, and otherwise perform all acts, duties and responsibilities necessary or incidental to the accomplishment of the tasks specified in this Agreement. The Vendor shall be legally and financially responsible for its personnel including, but not limited to, any deductions for social security and other withholding taxes required by State or federal law. The Vendor shall not substitute key personnel assigned to the performance of this contract without prior written approval by the Agency's Contract Administrator. The individuals designated as key personnel for purposes of this contract are those specified in the Vendor's proposal.
- 9) **Unanticipated Tasks:** In the event that additional work must be performed that was wholly unanticipated, and that is not specified in this Contract, but which in the opinion of both parties is necessary to the successful accomplishment of the contracted scope of work, the procedures outlined in this article will be followed. For each item of unanticipated work, Vendor shall prepare a work authorization in accordance with the State's practices and procedures.
- a) It is understood and agreed by both parties that all of the terms and conditions of this Contract shall remain in force with the inclusion of any work authorization. A work authorization shall not constitute a contract separate from this Contract, nor in any manner amend or supersede any of the other terms or provisions of this Contract or any amendment hereto.
- b) Each work authorization shall comprise a detailed state Statement of the purpose, objective, or

goals to be undertaken by Vendor, the job classification or approximate skill level or sets of the personnel required, an identification of all significant material then known to be developed by Vendor's personnel as a Deliverable, an identification of all significant materials to be delivered by the State to Vendor's personnel, an estimated time schedule for the provision of the services by Vendor, completion criteria for the work to be performed, the name or identification of Vendor's personnel to be assigned, the Vendor's estimated work hours required to accomplish the purpose, objective or goals, the Vendor's billing rates and units billed, and the Vendor's total estimated cost of the work authorization.

c) All work authorizations must be submitted for review and approval by the procurement office that approved the original Contract and procurement. This submission and approval must be completed prior to execution of any work authorization documentation or performance there under. All work authorizations must be written and signed by Vendor and the State prior to beginning work.

d) The State has the right to require Vendor to stop or suspend performance under the "Stop Work" provision herein.

e) Vendor shall not expend Personnel resources at any cost to the State in excess of the estimated work hours unless the procedure below is followed:

i) If, during performance of the work, the Vendor determines that a work authorization to be performed under this Contract cannot be accomplished within the estimated work hours, the Vendor will be required to complete the work authorization in full. Upon receipt of such notification, the State may:

(1) Authorize the Vendor to expend the estimated additional work hours or service in excess of the original estimate necessary to accomplish the work authorization, or

(2) Terminate the work authorization, or

(3) Alter the scope of the work authorization in order to define tasks that can be accomplished within the remaining estimated work hours.

f) The State will notify Vendor in writing of its election within seven (7) calendar days after receipt of the Vendor's notification. If notice of the election is given to proceed, the Vendor may expend the estimated additional work hours or services.

10) Stop Work Order: The State may issue a written Stop Work Order to Vendor for cause at any time requiring Vendor to suspend or stop all, or any part, of the performance due under this Contract for a period up to 90 days after the Stop Work Order is delivered to the Vendor. The 90-day period may be extended for any further period for which the parties may agree.

a) The Stop Work Order shall be specifically identified as such and shall indicate that it is issued under this term. Upon receipt of the Stop Work Order, the Vendor shall immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the Stop Work Order during the period of work suspension or stoppage. Within a period of 90 days after a Stop Work Order is delivered to Vendor, or within any extension of that period to which the parties agree, the State shall either:

i) Cancel the Stop Work Order,

ii) Terminate the work covered by the Stop Work Order as provided for in the termination for default or the termination for convenience clause of this Contract.

b) If a Stop Work Order issued under this clause is canceled or the period of the Stop Work Order or any extension thereof expires, the Vendor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract shall be modified, in writing, accordingly, if:

i) The Stop Work Order results in an increase in the time required for, or in the Vendor's cost properly allocable to the performance of any part of this Contract, and

- ii) The Vendor asserts its right to an equitable adjustment within 30 days after the end of the period of work stoppage; provided that if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.
- c) If a Stop Work Order is not canceled and the work covered by the Stop Work Order is terminated in accordance with the provision entitled Termination for Convenience of the State, the State shall allow reasonable direct costs resulting from the Stop Work Order in arriving at the termination settlement.
- d) The State shall not be liable to the Vendor for loss of profits because of a Stop Work Order issued under this term.

11) Conflict Between Terms In Technical Services Contract – In the event of any conflict between the terms set forth herein and the terms set forth in Exhibit 3 of the Technical Services Contract ITS-0000748, the terms set forth herein shall prevail.

12) VENDOR UTILIZATION OF WORKERS OUTSIDE U.S.: In accordance with Executive Order #60, the Vendor must detail in the bid response, the manner in which it intends to utilize resources or workers. The State of North Carolina will evaluate the additional risks, costs, and other factors associated with such utilization prior to making an award for any such Vendor's proposal. The Vendor shall provide the following for any proposal or actual utilization or contract performance:

- a. The location of work performed under a state contract by the Vendor, any subcontractors, employees, or other persons performing the contract and whether any of this work will be performed outside the United States
- b. The corporate structure and location of corporate employees and activities of the Vendors, its affiliates or any other subcontractors
- c. Notice of the relocation of the Vendor, employees of the Vendor, subcontractors of the Vendor, or other persons performing services under a state contract outside of the United States
- d. Any Vendor or subcontractor providing call or contact center services to the State of North Carolina shall disclose to inbound callers the location from which the call or contact center services are being provided

12. Execution of Scope Statement

By signing the below, the Offeror certifies that:

This Scope Statement Response was signed by an authorized representative of the Offeror;

This Scope Statement Response was not derived through any acts of collusion as Stated in NCGS 147-33.100;

The Offeror agrees to all the mandatory terms and conditions and agrees to pay the 2% administrative fee to ITS per Section I, Paragraph B of the ITS Technical Services Contract ITS-000748; and

The Offeror agrees to abide by all State CIO Policies, Standards and Procedures and in addition, adhere to the Statewide Technical Architecture.

Therefore in compliance with the foregoing Scope Statement and subject to all terms and conditions of the ITS Technical Services Contract, including all exhibits, the undersigned offers and agrees to furnish the services set forth in the Scope Statement if the Scope Statement Response is accepted by the State.

Failure to execute/sign scope statement response prior to submittal shall render it invalid. Late bids are not acceptable.

BIDDER:		FEDERAL ID OR SOCIAL SECURITY NO.	
STREET ADDRESS:		P.O. BOX:	ZIP:
CITY & STATE & ZIP:		TELEPHONE NO:	TOLL FREE TEL. NO
TYPE OR PRINT NAME & TITLE OF PERSON SIGNING:		FAX NUMBER:	
AUTHORIZED SIGNATURE:	DATE:	E-MAIL:	

Acceptance by Agency is contingent upon the Statewide IT Procurement Office's approval of the Agency's recommendation of award. This contract was approved for award by the Statewide IT Procurement Office on _____, 2007.

ACCEPTANCE OF SCOPE STATEMENT RESPONSE

If any or all parts of this scope are accepted, an authorized representative of the Department of State Treasurer shall affix their signature hereto and this document along with the provisions of the Technical Services Contract shall then constitute the written agreement between the parties. A copy of this acceptance will be forwarded to the successful offeror(s).

FOR DEPARTMENT OF STATE TREASURER USE ONLY

Offer accepted this ____ day of _____, 2007, as indicated on attached certification or purchase order by _____ (Authorized representative of the Department of State Treasurer).