



STANDARD AGREEMENT

Enterprise Architecture Services

October 11, 2018

STANDARD AGREEMENT ("Agreement")

AGREEMENT NUMBER

2018-03

1. This Agreement is entered into between Western Climate Initiative, Inc. (WCI, Inc.) and the Contractor named below:

CONTRACTOR'S NAME

KAI Partners, Inc.

2. The term of this Agreement is:

October 11, 2018 to April 30, 2019

3. The maximum amount of this Agreement is:

(USD)

4. The parties agree to comply with the terms and conditions of the following attachments, which are by this reference made a part of the Agreement. WCI, Inc. is not an agent of the WCI, Inc. Participating Jurisdictions or any of its funding entities.

- Attachment A – Scope of Work
- Attachment B – Budget Detail and Payment Provisions
- Attachment C – General Terms and Conditions
- Attachment D – Individual Conflict of Interest and Confidentiality
- Attachment D1 – Organization Conflict of Interest and Confidentiality
- Attachment E – Contract Insurance Requirements
- Attachment F – Contractor's Technical Proposal
- Attachment G – Contractor's Cost Proposal

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

| CONTRACTOR | | WCI, Inc. Use Only |
|--|--|--------------------|
| CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc) KAI Partners, Inc. | | |
| BY (Authorized Signature) Signature on file | DATE SIGNED(Do not type) 10/16/18 | |
| PRINTED NAME AND TITLE OF PERSON SIGNING David V. Kendall, President | | |
| ADDRESS 3301 C Street, #1000, Sacramento, CA 95816 | | |
| CONTRACTEE | | |
| CONTRACTEE'S NAME Western Climate Initiative, Inc. | | |
| BY (Authorized Signature) Signature on file | DATE SIGNED(Do not type) 10/16/18 | |
| PRINTED NAME AND TITLE OF PERSON SIGNING Greg Tamblyn, Executive Director | | |
| ADDRESS 980 9th Street, Suite 1600, Sacramento, CA 95814 | | |

Contractor agrees, as part of the Agreement, to provide to WCI, Inc. the services described in the Agreement and the Attachments to the Agreement, including the services described in Attachment A, Scope of Work, and in Attachment F, Contractor's Technical Proposal, (all such services, collectively, the "Work" or the "Work Schedule").

Project Representatives are responsible for administrative and financial oversight and accountability. The Contractor Project Representative has the authority to make executive level administrative decisions for the Contractor and any subcontractor(s). The Project Representatives during the term of this Agreement will be:

| | |
|----------------------------------|-----------------------------------|
| Western Climate Initiative, Inc. | Contractor: KAI Partners, Inc. |
| Name: Greg Tamblyn | Name: David V. Kendall, President |
| Phone: 916-449-9966 | Phone: 916-465-8065 |
| Fax: 916-446-7104 | Fax: 916-471-0263 |
| Email: gtamblyn@wci-inc.org | Email: dkendall@kaipartners.com |

Direct all administrative inquiries to:

| | |
|----------------------------------|---------------------------------|
| Western Climate Initiative, Inc. | Contractor: KAI Partners, Inc. |
| Attention: Jeannine Farrelly | Attention: Angela Darchuk |
| Phone: 916-449-9508 | Phone: 916-465-8065 |
| Fax: 916-446-7104 | Fax: 916-471-0263 |
| Email: operations@wci-inc.org | Email: adarchuk@kaipartners.com |

ATTACHMENT A: SCOPE OF WORK

PURPOSE / BACKGROUND / OVERVIEW OF ENTERPRISE ARCHITECTURE SERVICES

A. PURPOSE

The purpose of this Agreement is for Contractor to perform independent comprehensive Enterprise Architecture Services (“EAS” or the “Services”) in order to: (1) achieve greater alignment between information technology and business strategies, and (2) guide the process of planning and designing the Information Technology (IT)/Information Systems (IS) capabilities of WCI, Inc. to meet desired organizational objectives and goals.

B. BACKGROUND

The Western Climate Initiative (“WCI”) partnership represents the largest carbon market in North America, and the only one developed and managed by governments from two different countries. The WCI partnership covers a population of more than 60 million people and about 3 trillion USD / 4 trillion CAD in gross domestic product (GDP).

Western Climate Initiative, Inc. (“WCI, Inc.”) is a non-profit corporation formed in 2011 to support the implementation of state and provincial greenhouse gas (“GHG”) emissions trading programs. California, Ontario, Québec, and Nova Scotia (Participating Jurisdictions) participate in the WCI carbon market, building on their common, continuous and collaborative efforts to tackle climate change and reduce GHG emissions from multiple sources in the most cost-effective way possible. The administrative and technical support provided by WCI, Inc. can be expanded to support jurisdictions that join in the future. Each Participating Jurisdiction specifies its regulatory and administrative requirements, and WCI, Inc. provides administrative and technical support that meets these specifications.

Most of the support provided by WCI, Inc. is highly technical and has been developed through the use of specialized contractors:

- The development and administration of the Compliance Instrument Tracking System Service (“CITSS”) serves as a single registry for all Participating Jurisdictions;
- The development and administration of the GHG allowance auction and reserve sale platform, used by each jurisdiction to auction emission allowances under their cap-and-trade programs and to conduct reserve sales;
- The performance of analyses by an independent market monitor to support market monitoring performed by each jurisdiction; and
- Financial administrative services for auctions and reserve sales, which includes evaluation and management of bid guarantees submitted by applicants,

financial settlement for sold allowances and the distribution of auction proceeds to the jurisdictions and consigning entities.

The Contractor will work closely with WCI, Inc. to facilitate and establish necessary communication channels with vendors and the Participating Jurisdictions to conduct the Services. The Contractor will need to conduct interviews with Participating Jurisdiction and WCI Inc. contractor personnel and evaluate a variety of documents. These documents include contract agreements, business processes, technical documents, and other relevant material.

C. OVERVIEW

WCI, Inc. recently finished an IT technical assessment of one of the systems that is currently utilized in the cap-and-trade program. During this assessment, opportunities for improving the processes and systems that support registration, tracking and compliance functions of the cap-and-trade program were identified. WCI, Inc. wants to expand on this technical assessment to evaluate the entire portfolio, functions and related services supporting the cap-and-trade program.

The Contractor will assist WCI, Inc. to transform the current technology infrastructure and systems for the cap-and-trade program into a more cost-effective, scalable and sustainable solution. The Contractor is expected to find mechanisms to improve our technology service provider functions so WCI, Inc. can support the future goals of the cap-and-trade program.

The Contractor will work with stakeholders, both leadership and subject matter experts, to build a holistic view of the organization's strategy, processes, information and information technology assets.

The Contractor will link the mission, strategy, and processes of the organization to its IT strategy and document this using various architectural models or views that show how the current and future needs of the organization will be met in an efficient, sustainable, agile and adaptable manner.

The comprehensive Services shall meet the following WCI, Inc. objectives:

- Develop a comprehensive understanding of the current processes related to application design, architecture, software development, IT infrastructure, hosting and maintenance, database management, IT security, controls, document management, system performance and other applied business operations, practices and procedures of the organization applications.
- Determine the ability of the applications to scale successfully to accommodate a range of future expansions to support WCI, Inc. and the Participating Jurisdictions, including an estimate of escalating costs as expansion occurs.

- Evaluate the efficiency and sustainability of the current business and IT processes, procedures, controls, and methodologies.
- Identify gaps, risks, issues and opportunities to meet WCI, Inc.'s and the Participating Jurisdictions' needs.
- Develop recommendations to ensure scalability and sustainability of the applications, eliminate or reduce software and process inefficiencies, increase productivity, and create new functionalities that benefit the cap-and-trade program.

The Contractor shall document comprehensive findings in the deliverables as part of the Services based on documentation review, as well as interviews with WCI, Inc., contractor personnel and Participating Jurisdiction staff. The selected Contractor will propose a plan to provide services consistent with industry standards and best practices evaluating and making recommendations in the following areas listed below:

- **Business Value:** Assess the business value of functionality needed to support the cap-and-trade portfolio versus what is currently available today. This will be accomplished by recommending scope, prioritization, gaps and alignment strategies across the multiple portfolio systems.
- **Cross-Program Governance:** Ensure the use of an enterprise architecture framework and Governance program that intertwines with and supports the WCI, Inc. Project Management Office (WCI, Inc. PMO). This will be based on industry standard enterprise architecture frameworks but will be tailored to suit the needs and best fit for WCI, Inc.
- **Cross-Program Compliance:** assess development of the cap-and-trade systems by different vendors which have an impact across the enterprise. This will include the recommendations for introducing standards, practices and principles whereby vendors will be evaluated, selected and managed.
- **Technology Selection:** analysis and recommendations related to the selection of various technologies that will support the future needs of the cap-and-trade program and its various functions.
- **Enterprise Organizational Change Management:** related to the future state of the organization and the system impacts and business process changes needed.
- **Program Management & Execution:** a Project Management Governance structure is in the process of being established to support and manage the projects that impact the cap-and-trade systems. The WCI, Inc. PMO supports the following functions: manage the overall projects and system development to include dependencies between various systems and vendors, establish consistent project management processes and tools, facilitate interaction throughout governance. The

Contractor will conduct analysis, reinforce and make recommendations related to the implementation of the WCI, Inc. PMO, roles and responsibilities, issues where there are, or may be cross program impacts or conflicting views presented by participating Jurisdictions, effectiveness of decision making within projects, prioritization techniques within the programs and teams and across the portfolio.

- Cross-Program Risk management: cross program impacts of risks identified within individual projects and programs
- Procurement/Vendor/Contract Management: definition of future solicitation content, including milestone dates, deliverables and key performance indicators.

This Scope of Work for the EAS covers five (5) main tasks, all of which are considered as part of the Services. A description of each task, and any deliverables, is presented below.

Task 1: Enterprise Architect Services Plan and Work Schedule

The Contractor shall prepare an EAS Plan (“Plan”) and Work Schedule that will meet the project objectives and the timeframe outlined in Section 4 of this RFP.

The Contractor will attend a kick-off meeting with WCI, Inc. and Participating Jurisdiction staff to discuss the project. The Contractor shall develop and submit a Draft and Final Plan and Work Schedule outlining how the Contractor will conduct the Services and when tasks will be completed. The Contractor must adequately plan and document the work necessary to address the EAS objectives. The Contractor must plan to obtain reasonable assurance that the evidence and information available is sufficient and appropriate to support the Contractor’s findings and recommendations.

The Plan must include a clear description of the following:

- EAS objectives and scope.
- Information and materials that the Contractor will need to collect to perform the Services.
- Industry best practices and performance standards that are applicable and will be utilized to deliver the Services.
- Methods and procedures for conducting the assessment.
- Metrics to support findings and criteria used for determination and development of recommendations.
- A proposed Final Report format template (See Task 5 for more detail).

Deliverables:

- **Draft Plan and Work Schedule:** The Contractor shall deliver a Draft Plan and Work Schedule two weeks after the kick-off meeting, or as otherwise agreed upon by the parties. The Draft Plan and Work Schedule shall cover all details as specified in the Agreement. WCI, Inc. shall provide comments to the Contractor for incorporation into the Final Plan and Work Schedule.
- **Final Plan and Work Schedule:** The Contractor shall deliver the Final Plan and Work Schedule two weeks after receipt of comments from WCI, Inc.

Task 2: Enterprise Architecture Governance Program

The Contractor will work with WCI, Inc. and Participating Jurisdiction staff to define and implement an organizational enterprise architecture program incorporated within the WCI, Inc. governance model.

- Evaluate and determine the current enterprise architecture capability and current maturity level

- Develop and conduct enterprise risk, change management and readiness assessment for implementation of the enterprise architecture program
- Define and recommend a tailored enterprise architecture framework for the cap-and-trade program based on industry best standard practices
- Define the education, training, roles, responsibilities and resources needed for the WCI, Inc. Governance program
- Develop measures and processes to evaluate the success of the enterprise architect program

Deliverables:

- **Draft Enterprise Architecture Governance Report I** presenting comprehensive findings, next steps, implementation plan, timeline and work schedule to deploy the enterprise architecture governance program within the organization
- **Final Enterprise Architecture Governance Report I.** The Contractor shall deliver the Final Enterprise Architecture Governance Report I two weeks after receipt of comments from WCI, Inc.
- **Presentation to WCI, Inc. and Participating Jurisdiction staff**

Task 3: Implement an organizational enterprise architecture program incorporated within the WCI, Inc. governance model.

- Establish and implement IT enterprise architecture governance processes and procedures, roles and responsibilities, education, training and change management of the organization for the enterprise architecture program
- Identify key team members needed for the enterprise architecture program and train members on responsibilities
- Implement learning sessions on governance subjects, education and training needs of the organization for the enterprise architecture program
- Implement measurements, key performance indicators and metrics that will reinforce and show the value of the enterprise architecture program

Deliverables:

- **Draft Enterprise Architecture Governance Report II** presenting governance processes and procedures, roles and responsibilities, education, training, measurements, key performance indicators and metrics, and change management of the organization for the enterprise architecture program and next steps
- **Final Enterprise Architecture Governance Report II.** The Contractor shall deliver the Final Enterprise Architecture Governance Report II two weeks after receipt of comments from WCI, Inc.
- **Governance training materials**
- **Presentation to WCI, Inc. and Participating Jurisdiction staff**

Task 4. Current and Future State Analyses

Task 4.1: Conduct Current State Analysis

The Contractor will perform current state analysis of WCI, Inc.'s IT infrastructure and systems, organization to IT alignment, IT operations, methodologies, tools, standards, and reference models for the organization. Working with the WCI, Inc. team the Contractor will complete the following:

- Document current system designs including enterprise core diagrams, models and views that describe the current state of the organization such as: functional, integration, information security and other views as needed
- Conduct gap analysis to identify technical and functional gaps, including but not limited to: security, data content, data storage, interfaces, disaster recovery, etc. to identify risks and mitigation measures.
- Participate in meetings with stakeholders to understand the future vision of the cap-and-trade program

Deliverables:

- **Draft Current State Analysis Document**
- **Final Current State Analysis Document.** The Contractor shall deliver the Final Current State Analysis Document two weeks after receipt of comments from WCI, Inc.

Task 4.2: Conduct Future State Analysis

The Contractor will perform future state analysis of WCI, Inc.'s IT infrastructure and systems, organization to IT alignment, IT operations, methodologies, tools, standards, and reference models for the organization.

- Identify current and emerging technologies applicable to the cap-and-trade program.
- Produce end-state definition, including target portfolio, technologies, infrastructure, system architecture, sourcing and staffing models.
- Develop standards and procedures for information technology acquisition and utilization
- Establish information technology best practices and standards for WCI, Inc.

Deliverables:

- **Draft Future State Analysis Document**, which will include documenting the cap-and-trade program technology options, timelines and costs
- **Final Future State Analysis Document.** The Contractor shall deliver the Final Future State Analysis Document two weeks after receipt of comments from WCI, Inc.

Task 5: Roadmap and Enterprise Architecture Services Final Report

Upon completion of Task 4 the Contractor will provide the Enterprise Architecture

Services Final Report, which includes creating a multi-year roadmap to visualize how WCI, Inc. will evolve from the present-day architecture to the future architecture. The roadmap should outline the steps WCI, Inc. will take to evolve in the coming years.

The technology roadmap will be used to set the strategy and timeline for all product efforts across the entire group and set of products in the organization. The roadmap will outline the plan across multiple products understanding the overall direction and strategy across the organization and how they are associated with one another. The roadmap will provide a visualization linking all the complex relationships that exist across the different products and how each product relates to the overall organizational strategy and key initiatives and will assist the stakeholders in a better understanding of decisions pursued across the suite of products and solutions. The roadmap will provide clarity and objectivity at the macro and micro levels as well as new product opportunities and will map strategic goals and objectively show where there is not yet a market product that works toward a specific goal.

The roadmap will ensure that each product in the portfolio is working on building the right features and focused on the key initiatives that roll up to initiatives at the product line levels and assist the organization in identifying risks of building the wrong things and working on initiatives that are inconsistent with the organization's goals. The roadmap will help WCI, Inc. better understand the overall direction as well as the success metrics that WCI, Inc. wants to achieve and identify large, strategic and tactical projects which can be implemented to reach the organizational goals. Additionally, the roadmap will present a prioritization regarding which initiatives will have the biggest impact on the organization's goals utilizing a prioritization scorecard for the most important factors for ranking initiatives and data-driven scores to identify which strategic initiatives matter most for achieving the vision and goals.

Below is the preliminary outline for the Enterprise Architect Services Final Report. This outline is provided to illustrate a minimum expected level of organization and content. In reporting findings, observations, and recommendations, additional sections may be included based on the proposed methods and the results of the assessment.

1. Executive Summary
2. Overview and Enterprise Architect Services Objectives
3. Scope and Methodology
4. Observations and Analysis
5. Recommendations
6. Implementation Plan with timeline (the multi-year "Enterprise Architect Services Roadmap")
7. Cost Estimates
8. Appendices (All findings from the Enterprise Architect Services)

Supporting Documentation shall include:

- The basis for each finding,

- How findings relate to the objectives and requirements of the Enterprise Architect Services,
- Prioritized recommendations for improvements while documenting the pros and cons,
- An Implementation Plan (Roadmap) to address the recommendations that identifies the timeline and estimated costs for implementation.

Deliverables:

- **Draft Enterprise Architect Services Final Report**, including without limitation, the Enterprise Architect Services Roadmap
- **Final Enterprise Architect Services Final Report**. The Contractor shall deliver the Final Enterprise Architect Services Final Report two weeks after receipt of comments from WCI, Inc.

ATTACHMENT B BUDGET DETAIL AND PAYMENT PROVISIONS

A. Invoicing and Payment

- i. Fixed Price. For services satisfactorily rendered on a time and materials basis, and upon receipt and approval of the invoice for such services satisfactorily rendered, WCI, Inc. agrees to compensate the Contractor at the pricing set forth in this Attachment B. The maximum amount payable for each deliverable and Task, and total contract value, shall not exceed the value identified in this Attachment B of the Agreement, unless otherwise agreed by the parties in writing. Compensation refers to the consideration set forth in this Attachment B to be paid to Contractor for all of Contractor's services provided and costs incurred to fulfill its duties and obligations about the Agreement.
- ii. Hourly Rates. The hourly rates for the duration of this Agreement are inclusive of all taxes, fees, and any other non-travel expenses.
- iii. Holdback. Ten percent (10%) of the amount of each invoice for services satisfactorily provided by Contractor under this Agreement, and invoiced in accordance with subsection (v) below, will be deducted as a holdback from each payment by WCI, Inc. to Contractor. Upon acceptance of the final deliverable for each Task and after receiving an invoice from Contractor, WCI, Inc. shall within 45 days remit to Contractor the holdback amount withheld for such Task.
- iv. Travel. Costs for travel will be incurred and charged for on a cost-reimbursable basis, at cost, and only if authorized in writing by the WCI, Inc. Executive Director. When traveling within the United States, travel cost reimbursement must abide by U.S. Federal travel regulations and per diem rates per <https://www.gsa.gov/travel/plan-book/per-diem-rates>. When traveling outside the United States, travel cost reimbursement must abide by the per diem rates used by the U.S. State Department: https://aoprals.state.gov/web920/per_diem.asp.
- v. Invoicing. All services satisfactorily performed shall be payable in arrears for services rendered. Payment terms are NET 45 after receipt of undisputed invoices for completed services. Invoices shall include the Agreement Number and summary of services performed for the amount invoiced. Invoices shall be submitted monthly in arrears. Each item in the invoice must correspond to, and may not exceed, the budget identified in Attachment B. Invoices shall be emailed to operations@wci-inc.org and mailed to the following address:

**Western Climate Initiative, Inc.
980 Ninth Street, Suite 1600
Sacramento, CA 95814**

B. Budget Detail

Not-to-exceed budget for the Agreement is [REDACTED] (USD).

| Task | Not-to-Exceed Budget per Task |
|--|-------------------------------|
| Task 1: EAS Plan and Work Schedule | [REDACTED] |
| Task 2: Enterprise Architecture Governance Program | [REDACTED] |
| Task 3: Implement Organizational Enterprise Architecture Program | [REDACTED] |
| Task 4: Current and Final State Analyses | [REDACTED] |
| Task 5: Roadmap and EAS Final Report | [REDACTED] |
| Direct Expenses | [REDACTED] |

ATTACHMENT C GENERAL TERMS AND CONDITIONS

1. APPROVAL; AUTHORIZATION

The Agreement shall be of no force or effect until signed by both parties and approved by the Board of Directors of WCI, Inc., if required. Contractor may not commence performance until any such required written approval has been obtained. Contractor represents that the Agreement has been duly authorized by all necessary corporate or other action on the part of Contractor and that the officer or other person signing the Agreement and any documents related thereto on behalf of Contractor possessed full authority to do so.

2. INSURANCE

Contractor shall, and shall cause any subcontractors to, carry and maintain in effect the insurance coverages set forth on Attachment E: Contract Insurance Requirements at all times while performing the Work. Contractor shall provide WCI, Inc. with current insurance certificates evidencing these required coverages prior to commencing the Work, and shall give at least 30 days' advance written notice to WCI, Inc. of the cancellation or material alteration of such policies. At WCI, Inc.'s request, Contractor shall provide WCI, Inc. with (i) evidence that the insurance coverages are being maintained and (ii) copies of the policies providing for such insurance coverages. WCI, Inc., each Participating Jurisdiction (as defined in Section 10 of these General Terms and Conditions), each funding entity and their respective directors, officers, representatives, agents, employees and volunteers shall be named as an additional insured and certificate holder on all such insurance policies and subrogation against WCI, Inc. shall be waived. Contractor shall pay any deductibles, and all insurance shall be primary, without right of contribution by any insurance carried by WCI, Inc. Contractor shall comply with all financial responsibility standards required by WCI, Inc., each of the Participating Jurisdictions and applicable law.

3. SUBSTITUTION OF KEY PERSONNEL

A. Personnel and Key Personnel. Individuals providing Services that are employed by Contractor or any approved subcontractor are referred to herein as "**Personnel**." "**Key Personnel**" (or individually, a "**Key Person**") means those individuals employed by Contractor (or who are approved subcontractors) who will play a significant consulting role in providing the Services. Key Personnel includes [REDACTED]

B. Personnel and Key Personnel Screening. Prior to assigning any Personnel and Key Personnel to provide Services, Contractor shall complete all the background check and other employee screening processes required by WCI, Inc. or by law, plus any other requirements as may be specified in Attachment A.

C. Replacement of Personnel and Key Personnel. (i) If WCI, Inc. believes that the performance or conduct of any Personnel or Key Personnel is unsatisfactory for

any reason or is not in compliance with the provisions of this Agreement, WCI, Inc. shall so notify Contractor and Contractor shall promptly address the performance or conduct of such person, or, at WCI, Inc.'s request, immediately replace such person with another person acceptable to WCI, Inc. with sufficient knowledge and expertise to perform the Services in accordance with this Agreement. (ii) Key Personnel shall not be replaced by Contractor without providing WCI, Inc. at least ten (10) days' notice and obtaining WCI, Inc.'s prior written approval, which approval shall not be unreasonably withheld; provided, however, that any such replacement shall have equivalent skills, expertise, qualifications, certifications and knowledge of the Key Person being replaced. (iii) Contractor shall act promptly and diligently to fill any vacancies of Key Personnel. Key Personnel shall be identified in this Section 3(B) which shall be modified to reflect changes in Key Personnel during the Term of this Agreement.

4. PERFORMANCE; DELIVERY, ACCEPTANCE, AND REJECTION OF DELIVERABLES

A. Contractor shall perform the Work safely, in accordance with the highest standard of care, skill, and diligence provided by a professional person or company in performance of work similar to the Work, and all Work shall be of good quality and free from faults and defects. Time is of the essence for the Agreement, and Contractor shall perform the Work in accordance with the Work Schedule. Although the Work may be interrupted, altered, delayed, or accelerated due to a *force majeure* event as listed in Section 41 of these General Terms and Conditions, the conduct of WCI, Inc.'s business operations, governmental regulation or similar conditions, except as set forth in Sections 5 or 6 of these General Terms and Conditions, no changes in the Work Schedule or any compensation or reimbursement to be paid to Contractor shall be made as a result thereof.

B. Delivery of Deliverables. Upon completion of each Deliverable, Contractor shall deliver to WCI, Inc. the Deliverable in accordance with the delivery criteria set forth in Attachment A.

C. Deliverable Acceptance and Rejection. Upon WCI, Inc.'s receipt of each Deliverable, WCI, Inc. will review such Deliverable to ensure that it conforms to the requirements set forth in Attachment A. If WCI, Inc. determines any Deliverable does not conform to the requirements of Attachment A, WCI, Inc. shall notify Contractor in writing of such non-conformity(-ies) ("Non-Acceptance Notice"). Following receipt of a Non-Acceptance Notice, Contractor, at Contractor's sole cost and expense, shall remedy all non-conformities and re-deliver the Deliverable in accordance with the delivery criteria set forth in Attachment A, as promptly as commercially possible and, in any case, within fourteen (14) days or such other timeframe as otherwise agreed by the parties. The parties shall repeat this process until the Deliverable has been accepted; provided, however, that if Contractor fails to re-deliver the Deliverable within the time period specified, or fails more than once to remedy a non-conformity, WCI, Inc. will have the right, at its option, to treat such failure as a material breach incapable of cure and terminate this Agreement in accordance with Section 11 of

these General Terms and Conditions. In such event, the applicable fees shall be reduced equitably to reflect the value of the Deliverable as received relative to the value of the Deliverable had it conformed to the requirements of Attachment A. WCI, Inc. shall give Contractor notice of its acceptance of any Deliverable in writing.

5. CHANGE ORDERS

If either party proposes that changes be made in the scope of Work or the Work Schedule, Contractor shall submit a written change order request with the complete description of the proposed change, a statement of cost, revised Work Schedule impact, and any other information requested by WCI, Inc. Contractor bears all risks of performing, and WCI, Inc. shall be under no obligation to pay for, any changed Work without prior written approval of WCI, Inc. of the changes, which approval may be given or withheld at WCI, Inc.'s sole discretion.

6. FULL UNDERSTANDING; AMENDMENT

The Agreement contains the full and complete understanding of the parties and supersedes all prior understandings or agreements on the subject matter hereof. The language contained in the Agreement shall prevail over any other language, including that of any proposal submitted by Contractor. WCI, Inc. may amend or vary the terms of the Agreement unilaterally, without the need for a change order under Section 5 of these General Terms and Conditions, to allow for additional time or additional funding for performance by providing Contractor with a copy of the applicable amendment or variation signed by WCI, Inc. No other amendment or variation of the terms of the Agreement shall be valid unless made in writing and signed by WCI, Inc. and Contractor. No oral understanding or agreement outside of the Agreement is binding on any of the parties.

7. ASSIGNMENT

Neither the Agreement nor any interest in the Agreement is assignable by Contractor, either in whole or in part, without the prior written consent of, and on such terms as may be approved by, WCI, Inc. in the form of a formal written amendment signed by Contractor, WCI, Inc. and Contractor's assignee.

8. AUDITS

- A. Financial Audit. If the Agreement allows for Contractor to be paid fees at a daily or an hourly rate or for Contractor to be paid or reimbursed for expenses, Contractor shall maintain time records and books of account, invoices, receipts and vouchers of expenses in support of these payments, in form and content reasonably satisfactory to WCI, Inc. Contractor agrees that WCI, Inc. or its designated representative shall have the right to review and to copy any of Contractor's records and supporting documentation pertaining to the performance of tasks that are paid on the basis of a daily or an hourly rate or reimbursed as expenses. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is required by WCI, Inc. Contractor agrees to allow the auditor(s) designated by WCI, Inc., any Participating Jurisdiction or

any funding entity, and/or any of their respective duly authorized representatives, access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of WCI, Inc., any Participating Jurisdiction or any funding entity, and/or any of their respective duly authorized representatives, to audit records and interview staff in any subcontract related to the performance of tasks that are paid on the basis of a daily or hourly rate or reimbursed as expenses. Contractor shall promptly reimburse WCI, Inc. for any expenditures judged by an audit conducted by any of the above to be not in compliance with the requirements of the Agreement. Contractor shall include the provisions of this Section 8.A in any subcontract executed in connection with the Agreement.

- B. Programmatic Audit. Contractor agrees that WCI, Inc. or its designated representative shall have the right to review and to copy any of Contractor's records and supporting documentation pertaining to the performance of tasks that are paid through the Agreement to ensure compliance with the Agreement and with regulations governing the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is required by WCI, Inc. Contractor agrees to allow the auditor(s) designated by WCI, Inc., any Participating Jurisdiction or any funding entity, and/or any of their respective duly authorized representatives, access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of WCI, Inc., any Participating Jurisdiction or any funding entity, and/or any of their respective duly authorized representatives, to audit records and interview staff in any subcontract related to the performance of tasks that are paid through the Agreement. Contractor shall include the provisions of this Section 8.B in any subcontract executed in connection with the Agreement.

9. GRATUITIES

If WCI, Inc. finds that Contractor or any of Contractor's employees, agents, or subcontractors offered or gave gratuities (in the form of entertainment, gifts or otherwise) to any director, officer, employee or agent of WCI, Inc. or of any Participating Jurisdiction or of any funding entity in any attempt to secure the Agreement or favorable treatment in awarding, amending or making any determinations related to the performance of the Agreement, WCI, Inc. may, by written notice to Contractor, terminate the Agreement, and pursue such other rights and remedies that the law or the Agreement provides.

10. INDEMNIFICATION

- A. To the fullest extent permitted by law, Contractor shall indemnify, defend and hold harmless (i) the provinces of British Columbia and Quebec, the State of California and any other governmental jurisdiction participating in the greenhouse gas (GHG) reporting or cap-and-trade programs administered by WCI, Inc. (together, the "Participating Jurisdictions"), (ii) WCI, Inc., (iii) any funding entity and (iv) the directors, officers, employees and agents of each of the foregoing (clauses (i) through (iv) together, the "Indemnified Parties") from and against any and all debts, losses, claims, damages, costs, expenses, demands, fines, judgments, contracts (implied and expressed, written and unwritten), penalties, obligations, payments and liabilities of every type and nature (whether known or unknown, fixed or contingent), including any costs and expenses of any pending or threatened lawsuit, action or proceeding (including attorneys' fees, out-of-pocket expenses and other costs and expenses incurred in investigating, preparing or defending any such pending or threatened lawsuit, action or proceeding, whether brought by a party to the Agreement or by any other person), (collectively, the "Losses") incurred, suffered or sustained by any Indemnified Party by reason of or in connection with (y) any act or omission or alleged act or omission by Contractor or any of its subcontractor or any of their respective direct or indirect employees, contractors, subcontractors, suppliers or laborers or by any other person, firm or entity furnishing or supplying services, materials or supplies to, for or on behalf of Contractor or any of its subcontractors in connection with the Agreement or (z) any breach or alleged breach of the Agreement by Contractor or any of its subcontractors, including any breach or alleged breach of any representation, warranty, acknowledgement or covenant contained in these General Terms and Conditions or otherwise in the Agreement.
- B. Within a reasonable time after an Indemnified Party obtains actual knowledge of any claim, action, suit or proceeding by a third party (an "Action") as to which recovery may be sought against Contractor pursuant to this Section 10 or Section 24 of these General Terms and Conditions, the Indemnified Party shall give written notice of such Action to the Contractor, which written notice may be provided by WCI, Inc. on its behalf and on behalf of all other Indemnified Parties. Notwithstanding the foregoing, the right to indemnification under this Section 10 or Section 24 of these General Terms and Conditions shall not be affected by any failure or delay in giving such notice unless, and then only to the extent that, the rights and remedies of the Contractor have been materially prejudiced as a result of such failure or delay. If, within fifteen (15) days after such notice has been given, Contractor notifies the Indemnified Party of its election to defend any Action, then, except as described below, the Contractor may control the defense of such Action at its own expense through counsel reasonably satisfactory to the Indemnified Party, provided that the Indemnified Party may participate in such defense at its own expense but, in any event, Contractor will have the right to control such defense as long as it is actively defending such Action. Failure by Contractor to so notify the Indemnified Party

shall be deemed a waiver by Contractor of its rights to defend such Action. In such event, the Indemnified Party may tender the defense to Contractor or, at the Indemnified Party's option, select counsel of its own choosing.

- C. The Indemnified Party can take over and assume control of the defense of an Action, or seek a settlement of any Action, if (i) Contractor has failed to accept the defense of, or to actively defend, the Action, (ii) in the Indemnified Party's reasonable judgment there is a conflict of interest between Contractor and the Indemnified Party in conducting the defense, (iii) the Action relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation against Contractor, (iv) the Action seeks an injunction or equitable relief against an Indemnified Party or (v) Contractor fails to provide reasonable assurance to the Indemnified Party that it has the financial capacity to defend such Action. In any of the foregoing cases, Contractor will pay the fees and expenses of one (but no more than one) counsel to all Indemnified Parties.
- D. Except with the prior written consent of the Indemnified Party, Contractor shall not, in the defense of any Action, consent to the entry of any judgment (other than a judgment of dismissal on the merits without costs) or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all Losses in respect of such Action.
- E. Contractor shall not be responsible for any settlement entered into by the Indemnified Party without the prior written consent of Contractor, which consent shall not be unreasonably withheld.
- F. Within ten (10) days of the Indemnified Party's written request, Contractor shall reimburse the Indemnified Party for the amount of any judgment or settlement rendered with respect to any Action and for all Losses incurred by the Indemnified Party relating to such Action.

11. TERMINATION FOR CAUSE

If Contractor fails to perform any of the requirements of this Agreement at the time and in the manner herein provided, including any failure to meet the performance standards set forth in Section 4 of these General Terms and Conditions, WCI, Inc. may notify Contractor in writing of such failure. If Contractor does not cure the failure within 15 days from the notice date, or if such failure is of such a nature that it cannot be cured within such 15-day period, and Contractor does not commence the cure within such 15-day period and complete such cure within an additional 15-day period, WCI, Inc. may, upon an additional 5 days' written notice, terminate this Agreement and be relieved of any further obligation to make payments for Work performed after the termination date. Additionally, WCI, Inc. shall not be responsible for any additional fees, costs or expenses incurred by Contractor in connection with its efforts to cure any such failure unless WCI, Inc. has agreed to be so responsible in writing. In the event of any such termination, WCI, Inc. has the right to any remaining Work for which it has paid before the

termination date. In the event of any such termination, the cost incurred by WCI, Inc. to take over and complete the Work on its own behalf, over and above the payments that would have been made to Contractor to complete the Work had there been no termination for cause, shall be deducted from any sums due Contractor under the Agreement, and the balance, if any, shall be paid to WCI, Inc. by Contractor upon demand.

12. INDEPENDENT CONTRACTOR

Contractor, and the agents and employees of Contractor, in the performance of the Agreement, shall act in an independent capacity and not as directors, officers, employees or agents of WCI, Inc. or the Participating Jurisdictions or any funding entity. Contractor is not entitled to receive employee benefits or insurance coverage including worker's compensation, disability insurance, Social Security, unemployment compensation coverage, or any other statutory benefit. Contractor will maintain control over its employees and its subcontractors and will comply with all tax withholding or contribution requirements, whether federal, state, local or foreign, applicable to its employees and subcontractors. Contractor will have the ability to obtain and maintain the required paperwork appropriate to perform the services required by the Agreement. Contractor will pay all the appropriate taxes on its compensation by WCI, Inc. and will indemnify WCI, Inc. for any unpaid tax obligations on fees paid to Contractor.

13. ACKNOWLEDGEMENT

The parties acknowledge that WCI, Inc. is not an agent of any Participating Jurisdiction or any of its funding entities or of any combination of Participating Jurisdictions or its funding entities.

14. COMPENSATION

The consideration to be paid to Contractor, as provided in the Agreement, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly provided to the contrary elsewhere in the Agreement. All compensation shall be paid in accordance with WCI, Inc.'s policies and procedures with respect to the compensation and payment of contractor business expenses. WCI, Inc. shall not be responsible for any expense incurred by Contractor that is not in accordance with WCI, Inc.'s policies and procedures.

15. UNENFORCEABLE PROVISIONS

If any provision of the Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then the remaining provisions of the Agreement will remain in full force and effect as if such invalid or unenforceable provision had never been included. Notwithstanding the foregoing, if such invalid or unenforceable provision could be more narrowly drawn so as not to be invalid or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of the Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

16. SETTLEMENT OF DISPUTES

- A. In the event a dispute shall arise between Contractor and WCI, Inc. and the parties have not been able to resolve the dispute in good faith within thirty (30) days of the existence of the dispute, the dispute shall be arbitrated before three arbitrators, one to be selected by each party and the third to be selected by the other two selected arbitrators. Any such arbitration shall be held in Sacramento, California, and notwithstanding anything to the contrary set forth elsewhere in these General Terms and Conditions, this agreement to arbitrate shall be enforceable through a proceeding brought in any court of competent jurisdiction within the State of California. The arbitrators shall apply the substantive law of the State of California, without regard to its Conflicts of Laws provisions. Arbitration may be conducted in accordance with the standard rules of the AAA Commercial Arbitration except that the arbitrators may not make any award not strictly in conformance with this Agreement. The decision of the arbitrators shall be final and conclusive upon the parties and may, notwithstanding anything to the contrary set forth elsewhere in these General Terms and Conditions, be entered and enforced in any court of competent jurisdiction within the State of California or elsewhere. In connection with any proceeding brought in accordance with this Section 16 in the State of California, Contractor and WCI, Inc. waive any objection to such jurisdiction on the grounds of venue or forum non conveniens and any similar grounds, consent to service of process by mail or in any other manner permitted by law, and agree to be bound by any judgment rendered by any such court in connection with the Agreement. Each party shall bear its own costs and expenses related to any arbitration, and the parties shall equally share the fees and expenses of the arbitrators and the arbitral body.
- B. The existence of a dispute not fully resolved shall not delay Contractor in its performance of the Agreement. Contractor shall continue with its responsibilities under the Agreement, which shall not be affected by the dispute.

17. POTENTIAL SUBCONTRACTORS

Contractor shall not subcontract or delegate any of its obligations under the Agreement without prior written approval of WCI, Inc. Contractor shall require all subcontractors to comply with the obligations of Contractor in these General Terms and Conditions by incorporating the terms of these General Terms and Conditions into all subcontracts.

Nothing contained in the Agreement or otherwise shall create any contractual relation between WCI, Inc., any Participating Jurisdiction or any funding entity, on the one hand, and any subcontractor, on the other, and no subcontract shall relieve Contractor of its responsibilities and obligations under the Agreement. Contractor agrees to be as fully responsible to WCI, Inc. for the acts and omissions of its subcontractors and of persons employed by any of them in their performance of the subcontract as it is for the acts and omissions of persons directly employed by Contractor. Contractor's obligation to pay its subcontractors is an obligation independent from WCI, Inc.'s obligation to make payments to

Contractor. As a result, WCI, Inc. shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

18. STOP WORK ORDER

WCI, Inc. reserves the right to issue a written order to stop any or all Work in the event that a dispute should arise, WCI, Inc. receives a request to issue such an order from any Participating Jurisdiction or any funding entity or WCI, Inc. gives Contractor a notice that the Agreement will be terminated. The order to stop any or all Work will be in effect until WCI, Inc. sends a written order to resume the stopped Work.

19. TERMINATION

- A. WCI, Inc. reserves the right to terminate the Agreement in its sole discretion at any time upon thirty (30) days' prior written notice to Contractor.
- B. In the case of early termination, Contractor shall submit an invoice and a report covering services to the termination date, following the invoice and progress report requirements of the Agreement. A copy and description of any data collected up to the termination date shall also be provided to WCI, Inc., along with all other materials required by the Agreement.
- C. Upon receipt of such invoice, progress report, data and other materials, a final payment will be made to Contractor. This payment shall be for all WCI, Inc.-approved, actually incurred costs that in the opinion of WCI, Inc. are justified and conform to the requirements of the Agreement, and shall include labor and materials purchased or utilized (including all non-cancellable commitments) prior to the termination date, and any pro rata indirect costs as specified in the Agreement.

20. COUNTERPARTS

The Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21. PROGRESS PAYMENTS

To the extent not provided otherwise elsewhere in the Agreement, in computing the amount of any progress payment, WCI, Inc. shall determine what Contractor has earned during the period for which payment is being made on the basis of the Agreement terms, but shall retain out of such earnings an amount equal to ten percent (10%) thereof, pending satisfactory completion of the entire task required under the Agreement. However, if the Agreement consists of the performance of separate and distinct tasks, then at the discretion of WCI, Inc., any funds so withheld with regard to a particular task may be paid upon completion of that task. A final invoice must be submitted by Contractor to WCI, Inc. and approved by WCI, Inc. to release the withheld funds.

22. FINAL PAYMENT

The acceptance by Contractor, or by anyone claiming by or through it, of final payment shall be and shall operate as a full and final release of the Indemnified

Parties as to all claims by and all liability to Contractor for all things done or furnished in connection with the Agreement and for every act or neglect of the Indemnified Parties and others relating to or arising out of the Agreement, including claims arising out of breach of contract and claims based on claims of third persons.

23. COMPUTER SOFTWARE

Contractor certifies that it has appropriate systems and controls in place to ensure that WCI, Inc. funds will not be used in the performance of the Agreement for the acquisition, operation or maintenance of computer software in violation of patent or copyright laws or other intellectual property rights of any kind.

24. INTELLECTUAL PROPERTY

- A. Except as set forth in the Work Schedule, the right to use all material, software, firmware, compositions of matter, manufactures, apparatus, appliances or processes required in connection with the Agreement and to which a patent, copyright or other intellectual property right applies or may apply shall be obtained by Contractor without separate or additional compensation whether the same is patented, copyrighted or otherwise protected as an intellectual property right before, during or after the performance of the Agreement.
- B. Contractor shall defend, indemnify and hold the Indemnified Parties harmless against all Losses promptly upon the incurrence thereof resulting from any third party claim that work product produced, used, created or delivered by Contractor, its employees or its subcontractors, including any documentation associated with any work product and any work product which includes any third party content, under the Agreement (the “Contractor Work Product”) infringes, misappropriates or otherwise violates a trademark, copyright or other third party’s proprietary right. Notwithstanding the foregoing, Contractor shall have no obligation or liability with respect to any such claim based upon: (i) Contractor Work Product that has been altered, modified or revised by anyone other than Contractor and such claim or liability would have been avoided but for the alteration, modification or revision; (ii) the combination, operation or use of Contractor Work Product with products not furnished by Contractor or set forth in the documentation accompanying the Contractor Work Product when such combination, operation or use is part of any allegedly infringing process; or (iii) use of the Contractor Work Product in a manner not authorized in the documentation accompanying the Contractor Work Product when such claim or liability would have been avoided but for such unauthorized use. Contractor will promptly notify the Indemnified Parties of any such claim. In addition to the obligations above, if any Contractor Work Product becomes the subject of any third party claim, demand or allegation that the Contractor Work Product infringes, misappropriates or otherwise violates any third party’s patent, trademark, copyright or other proprietary right, then Contractor, at its sole option, shall: (i) promptly obtain, at no expense to WCI, Inc., the right for WCI, Inc. to continue exercising all rights and licenses in such Contractor Work Product in accordance with the terms of the Agreement; or (ii) replace the

subject Contractor Work Product with non-infringing and substantially equivalent work.

- C. Except as set forth in the Work Schedule, Contractor agrees that all Contractor Work Product created, developed, conceived, made, invented or suggested during the term of the Agreement by or for Contractor, its employees or any of its subcontractors it engages to perform work for WCI, Inc. and relating generally to any matter or thing that may be connected with the Agreement or in any way with WCI, Inc.'s existing or contemplated products, services or business or containing WCI, Inc.'s proprietary or sensitive information shall become the absolute and exclusive property of WCI, Inc., including (i) concepts, trademarks, slogans, works, ideas, designs, discoveries, inventions, improvements, advances, methods, practices, techniques, and developments and relationships with customers and prospective customers, (ii) reports, drawings, studies, specifications, estimates, maps, computations and other data and correspondence, (iii) software, computer programs and similar processes and (iv) materials, including books, magazines and periodicals and office material, purchased under the Agreement for WCI Inc., (collectively, the "WCI, Inc. Intellectual Property"). All WCI, Inc. Intellectual Property shall automatically be deemed to become the property of WCI, Inc. immediately when made or conceived. Contractor and its subcontractors agree to cooperate with and assist WCI, Inc. to apply for and to execute any applications and/or assignments reasonably necessary to obtain any patent, copyright, trademark, or other statutory protection for any WCI, Inc. Intellectual Property. Contractor shall, and shall cause employees and subcontractors of Contractor to, promptly sign any and all lawful papers, take all lawful oaths and do all lawful acts, including giving testimony, upon request by WCI, Inc., in connection with any patent, trade name, trademark, service mark or copyright application or issued patent, or registered copyright or trademark and/or any divisions, continuations, renewals, re-examinations, reissues or the like of any of them. Such lawful papers include, but are not limited to, any and all declarations, powers, assignments, and other papers deemed by WCI, Inc. to be necessary or advisable in connection with the filing or prosecution of any patent, trademark, service mark or copyright application or in connection with the grant of any letters patent, trademark or service mark registration, or copyright registration, or in connection with the transfer of any rights to any invention, trademark, trade name, service mark, or copyright. Contractor agrees to keep and maintain adequate and current written records of the foregoing described in this paragraph and promptly to disclose to WCI, Inc. all WCI, Inc. Intellectual Property.
- D. WCI, Inc., at its discretion, may grant a nonexclusive and paid-up license to Contractor and its subcontractors to use any copyrightable materials or other intellectual property related to the WCI, Inc. Intellectual Property.
- E. Contractor and its subcontractors shall not disclose any of the WCI, Inc. Intellectual Property or any portion thereof, to any other organization or person without the prior written consent of WCI, Inc.

- F. Contractor and its subcontractors shall not use the WCI, Inc. Intellectual Property, or any portion thereof, in any other work without the prior written consent of WCI, Inc., subject to any license granted in writing to Contractor by WCI, Inc.

25. RIGHTS IN DOCUMENTS, MATERIALS, AND DATA PRODUCED

Contractor shall deliver or cause the delivery to WCI, Inc. of all WCI, Inc. Intellectual Property as soon as practical and in any event no later than the termination or completion of the Work. WCI, Inc. shall have the right to use the WCI, Inc. Intellectual Property without restriction or limitation and without compensation to Contractor other than that provided for in the Agreement. Any document produced in whole or in part under the Agreement shall not be the subject of an application for copyright by or on behalf of Contractor or its subcontractors. All reports, maps and other documents completed by Contractor as a part of the Agreement shall bear on the title page of such report, map, or document, the following legend: *“Prepared by (Insert name of Contractor) for submission under Agreement with Western Climate Initiative, Inc. The preparation of this (insert report, map or document, as appropriate) was financed in part by funds provided by (insert name of the funding agency, if applicable).”* The month and year in which the document was prepared shall also be shown.

26. CONFIDENTIALITY

Contractor acknowledges that the Confidential Information (as hereinafter defined) of WCI, Inc. has independent economic value, is not known to other persons who might profit from its use and is the subject of efforts by WCI, Inc. to maintain its secrecy that are reasonable under the circumstances. Contractor agrees to use such Confidential Information solely for the purposes permitted by the Agreement and further agrees not to, directly or indirectly, disclose to any other person any Confidential Information except to the extent expressly required by law or authorized in writing by WCI, Inc. For the purposes of the Agreement, “Confidential Information” shall include any information so described elsewhere in the Agreement, all data stored or made accessible through the Compliance Instrument Tracking System Service or any additional or successor tracking system service, unless WCI, Inc. notifies Contractor in writing that such information is not confidential, any information identified as confidential in agreements entered into by WCI, Inc. with Participating Jurisdictions or any funding entity and identified elsewhere in the Agreement, and any confidential, proprietary or trade secret information of WCI, Inc., any Participating Jurisdiction and any funding entity that is disclosed to Contractor or Contractor otherwise obtains in the course of its performance of the Agreement such as, but not limited to, information related to articles, electronic data, recordings, papers, bulletins, reports or other material reporting the plans, progress, analysis or results and findings of the Work, business plans, party lists, benefit plans, designs, pricing offered to or agreed upon by parties, commissions or commission structures, financial statements, software diagrams, flow charts, product plans and other items and information belonging to WCI, Inc., its personnel, customers and affiliates. Confidential Information shall not include any information: (i) that as of

the time of receipt by Contractor is in the public domain or subsequently enters the public domain without breach of the Agreement by Contractor; (ii) that as of the time of receipt by Contractor, is already known to or in Contractor's possession other than as a result of an improper disclosure to Contractor; (iii) is independently developed by or for Contractor without the use of any Confidential Information as evidenced by Contractor's own files and records; (iv) is received in good faith by Contractor from a third party that was lawfully in possession of, and entitled to disclose, the information; or (v) that the parties mutually agree in writing to release from the terms of the Agreement. Contractor shall use best endeavors to prevent any disclosure of Confidential Information by Contractor, its subcontractors, or its or their agents and employees. Contractor further agrees to not deliver, "reverse engineer," reconstruct, reproduce or in any way allow such Confidential Information, knowledge, data or other information, or any documentation relating thereto to be delivered or used by any third party without specific direction or consent of WCI, Inc. In addition, Contractor shall:

- A. Notify WCI, Inc. promptly and in writing of the circumstances surrounding any possession, use or knowledge of Confidential Information or any part thereof by any person in a manner other than as authorized by this Section 26.
- B. Ensure that Contractor's and all subcontractors' senior management with operating knowledge of the Work, and all of their respective employees, agents, and representatives working directly on the tasks provided for in the Agreement, sign and submit to Contractor Attachment D: Individual Conflict of Interest and Confidentiality Statement. Contractor will then certify to WCI, Inc. as to the submission of such statements by all such required individuals, and will in addition sign and submit to WCI, Inc. Attachment D1: Organization Conflict of Interest and Confidentiality Statement on its own behalf, and obtain and submit to WCI, Inc. Attachment D1: Organization Conflict of Interest and Confidentiality Statement signed by each subcontractor.
- C. Adhere to all WCI, Inc. confidentiality and disclosure policies disclosed to Contractor in writing and, if directed by WCI, Inc., enter into agreements with Participating Jurisdictions and funding entities related to the management, sharing, and disclosure of information. Contractor and any subcontractor in connection with the performance of the Agreement must make available for WCI, Inc.'s inspection all requested background information on staff performing the Work employed by the Contractor and any subcontractor.
- D. Treat all Confidential Information, Deliverables (as defined in Attachment A), and Contractor Work Product as Confidential Information in accordance with this Agreement. No Confidential Information, Deliverables, Work or Contractor Work product may be disclosed in any form to any third party without the written consent of the Executive Director of WCI, Inc. or his or her authorized agent, except when required by law or legal process. Contractor is authorized to maintain a copy of all information necessary to comply with its contractual obligations and applicable professional standards. If WCI, Inc.'s Executive Director or his or her authorized agent so requires, the following disclaimer must accompany all Confidential Information prepared by Contractor or

prepared or provided by WCI, Inc. and copied or reproduced in any form by Contractor: *"Publication of this document shall not be construed as endorsement of the views expressed therein by Western Climate Initiative, Inc. or any federal, state or provincial agency."*

- E. Not use, without WCI, Inc.'s written approval, any WCI, Inc. materials for any purpose other than performing the contracted services.
- F. Not remove any WCI, Inc. or Participating Jurisdiction or any funding entity equipment and/or data on any activities from WCI, Inc.'s secured environment without advance written approval from WCI, Inc.
- G. Upon full payment to Contractor, surrender all documents, property (whether in written or electronic form) and transportable recorded media of any kind belonging to WCI, Inc. or containing WCI, Inc. Confidential Information at the conclusion of the engagement, upon termination of the Agreement, or upon the written request of WCI, Inc.
- H. Upon confirmation of loss or theft of Confidential Information in any form, immediately report to WCI, Inc. the occurrence of such loss or theft.
- I. Provide WCI, Inc. all pass phrases/passwords used as private keys to encrypt data used, produced or acquired in the course of performing duties under the Agreement.
- J. Use best practices to make security arrangements to protect Confidential Information from unauthorized access, collection, use, disclosure, alteration or disposal. Upon WCI, Inc.'s written request, Contractor shall provide a reasonably detailed report of the security arrangements it maintains to protect Confidential Information. WCI, Inc. or its representatives may conduct security inspections of such security arrangements upon reasonable notice to Contractor during normal business hours.
- K. Not damage or harm WCI, Inc.'s reputation, goodwill and business relations with any person or entity, including but not limited to customers, official bodies, governmental agencies and WCI, Inc. employees.

27. CONFLICTS OF INTEREST

- A. Contractor must ensure that no conflicts of interest exist between the services required under the Agreement and services provided by Contractor to other clients or Contractor's other business operations.
- B. Contractor must not have any financial interests in the outcome of any services it provides under the Agreement except for fees for service under the Agreement.
- C. Contractor must have in place formal policies and procedures to identify and mitigate conflicts of interest and ensure that Contractor's organization, management and employees avoid financial interests and activities that potentially create conflicts of interest. Complete copies of all such formal policies and procedures shall be provided to WCI, Inc. prior to Contractor's commencement of Work under the Agreement.

- D. Contractor and its subcontractors must not be subject to any laws or regulations specific to any greenhouse gas (GHG) reporting or cap-and-trade program in any WCI, Inc. Participating Jurisdiction or any funding entity. Contractor and its subcontractors must not be a beneficial owner of more than 5% of the voting interests of any entity subject to any of the provisions of any GHG reporting or cap-and-trade program in any WCI, Inc. Participating Jurisdiction or any funding entity. In addition, the Contractor and its subcontractors must not be a beneficial owner of more than 5% of the voting interests of any direct parent company, direct subsidiary or sister company of an entity subject to any of the provisions of any GHG reporting or cap-and-trade program in any WCI, Inc. Participating Jurisdiction or any funding entity.
- E. Contractor must ensure that its employees and subcontractors meet and comply with the requirements described in Sections 27.A through 27.C above.
- F. Notwithstanding the foregoing, WCI, Inc. reserves the right to determine, at its sole discretion, whether information received from any source indicates the existence of an actual or potential conflict of interest. If WCI, Inc. determines that a conflict of interest exists, or that there is an unavoidable appearance of a conflict of interest that cannot be resolved to the satisfaction of WCI, Inc., WCI, Inc. may terminate the Agreement immediately upon written notice to Contractor.
- G. Contractor will advise WCI, Inc. if performing services for other clients could potentially interfere with Contractor's duties pursuant to this Agreement.

28. PUBLICITY

Neither Contractor nor any of its subcontractors shall issue or permit to be issued any press release, advertisement, or literature of any kind that refers to WCI, Inc., any Participating Jurisdiction or any funding entity or the Work performed in connection with the Agreement without first obtaining the written approval of WCI, Inc. Such approval may be withheld for any reason.

29. REPRESENTATIONS AND WARRANTIES

Contractor represents and warrants that:

- A. it is duly organized, validly existing and in good standing as a corporation or other entity as represented herein under the laws and regulations of its jurisdiction of incorporation or organization;
- B. it has the full right, power, and authority to enter into this Agreement and to perform its obligations under this Agreement;
- C. the execution of this Agreement by its representative whose signature is set forth herein is authorized by Contractor;
- D. it will perform the services using personnel with the required specialized skill, experience, and qualifications and in a professional and workmanlike manner in accordance with generally recognized industry standards for similar services and will devote adequate resources to meet its obligations under this Agreement; and
- E. the services, including any deliverables provided hereunder, as delivered by Contractor and used in accordance with this Agreement, will not infringe,

misappropriate, or otherwise violate any intellectual property rights or other rights of any third party, and will comply with all applicable laws and regulations.

30. COMPLIANCE WITH LAWS, SAFETY

Contractor shall give all necessary notices, secure all necessary permits, and comply with all applicable federal, state, provincial and local laws, ordinances, rules and regulations applicable to the Work including, without limitation, all nondiscrimination in employment, safety, health, and environmental laws, rules, and regulations.

31. NO VIOLATION OF OTHER AGREEMENTS OR COVENANTS

Contractor has not signed any other agreement, and has not accepted any obligation, that would interfere or conflict with its ability to fulfill its duties and obligations in connection with the Agreement. Contractor has not entered into and is not bound by any covenants, laws, rules or regulations that would restrict, impair or prevent the performance of its duties and obligations under the Agreement.

32. STATUS

Contractor's performance pursuant to this Agreement will not violate the legal or equitable rights of any third party.

33. RIGHTS AND REMEDIES

Contractor expressly acknowledges that this Agreement is not effective to bind any party other than WCI, Inc. Contractor has no recourse against the Participating Jurisdictions or any funding entities, elected officials, commissioners, employees or agents of any Participating Jurisdiction or funding entity, for any claim, right, or demand arising out of or related to the Agreement.

34. LIMITATION OF DAMAGES

WCI, Inc., its directors, officers, employees and agents and any other Indemnified Party shall not be liable for any special, indirect, incidental, or consequential damages, including economic damages such as lost profits, arising out of or in connection with the Agreement or the performance of the Work, regardless of whether any such person or entity has been told, has reason to know or, in fact, knows of the possibility of any such damages or whether any related claim sounds in tort, contract, breach of warranty or any other theory.

35. THIRD PARTIES

The parties agree that the Participating Jurisdictions and any funding entity are intended third-party beneficiaries of the Agreement. Other than the Participating Jurisdictions and any funding entity, there are no other third party beneficiaries with any rights under the Agreement.

36. RESTRICTIONS ON CONTACT WITH WCI, INC. EMPLOYEES AND CONSULTANTS

Unless otherwise agreed to in writing, the parties hereto agree that during the term of this Agreement and for a period of one (1) year after the expiration or

termination of this Agreement, neither party shall knowingly solicit for employment any person employed by the other working under this Agreement. This Section 36 shall not restrict in any way the right of either party to solicit or recruit generally in the media, and shall not prohibit either party from hiring an employee of the other who answers any advertisement or who otherwise voluntarily applies for hire without having been personally solicited by the hiring party.

37. REMEDIES OF WCI, INC.

Contractor agrees that it would be impossible or inadequate to measure and calculate WCI, Inc.'s damages from a breach of the covenants of the Agreement. Accordingly, Contractor agrees that if Contractor breaches or threatens to breach any of such covenants in the Agreement, WCI, Inc. will have available in addition to any other right or remedy available to it at law or in equity, the right to seek an injunction from a court of competent jurisdiction restraining such breach or threatened breach and ordering specific performance of any such provision of this Agreement. Contractor further agrees that no bond or other security shall be required in obtaining such equitable relief, and Contractor hereby consents to the issuance of such injunction and to the ordering of specific performance.

38. GOVERNING LAW; FORUM

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California without reference to its conflict-of-law principles. Subject to the requirements of Section 16 of these General Terms and Conditions, Contractor and WCI, Inc. consent to the exclusive jurisdiction of the federal and state courts of California, in connection with any action or proceeding arising out of the Agreement, or any document or instrument delivered in connection with the Agreement. Contractor and WCI, Inc. waive any objection to such jurisdiction on the grounds of venue or forum non conveniens and any similar grounds, consent to service of process by mail or in any other manner permitted by law, and agree to be bound by any judgment rendered by any such court in connection with the Agreement.

39. NOTICES

All notices or other communications required or to be given under the Agreement shall be given in writing and delivered personally or by nationally recognized overnight courier or by certified mail, postage prepaid, return receipt requested, to the receiving party at the address set forth in the Agreement. Notice shall be deemed given on the date of delivery in the case of personal delivery, on the date of delivery or refusal of delivery in the case of delivery by overnight courier or on the delivery or refusal date as specified on the return receipt in the case of certified mail.

40. CONSTRUCTION

The Agreement shall be construed neutrally and without regard to the party that drew it, and any ambiguity shall not be interpreted against the drafting party. Headings used in the Agreement are provided for convenience only and shall not

be used to construe meaning or intent. Where the context allows, the word “including” shall mean “including without limitation.” The word “or” not exclusive.

41. FORCE MAJEURE

Neither Contractor nor WCI, Inc. shall be responsible or liable for any failure or delay in the performance of its obligations under the Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God, earthquakes, fires, floods, wars, civil or military disturbances, sabotage, epidemics, riots, loss or malfunctions of utilities, computer (hardware or software) or communications service disruptions, labor disputes, acts of civil or military authority, or governmental, judicial or regulatory actions, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility that are beyond the party’s reasonable control and that prevent the party from performing its obligations under the Agreement. Each party shall notify the other of the occurrence of a *force majeure* event as soon as possible after learning of same, and any notifying party shall resume or begin the performance of any delayed or unperformed obligations as soon as reasonably practicable after the end of the *force majeure* event.

42. PARTICIPATING JURISDICTIONS’ AND FUNDING ENTITIES’ POLICE POWER AND OTHER SOVEREIGN POWERS UNIMPAIRED

Notwithstanding any provision to the contrary elsewhere in this Agreement or these General Terms and Conditions, nothing in this Agreement or these General Terms and Conditions shall limit or otherwise impair in any respect any Participating Jurisdiction’s or any funding entity’s future exercise of their police power or any other sovereign powers.

43. WAIVER

Each party may extend or waive compliance with any of the agreements of the other party or conditions to such other party’s obligations contained in the Agreement. Any such extension or waiver shall be valid only if set forth in a writing signed by the party to be bound thereby. Any waiver of any term or condition of the Agreement shall not be construed as a subsequent waiver of the same term or condition or a waiver of any other term or condition of this Agreement. The delay or failure of any party to assert any of its rights under the Agreement shall not constitute a waiver of any such rights or in any way affect the validity of such rights. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

44. SURVIVAL

The provisions of Sections 8, 10, 15, 16, 24, 25, 26, 28, 29, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44 and 45 hereof shall survive the expiration or termination of the Agreement.

45. ORDER OF PRECEDENCE

To the extent any inconsistencies or ambiguities arise among the terms of the Agreement and incorporated documents, the following order of precedence shall be used: (1) Applicable laws and regulations; (2) The terms and conditions of the

Agreement; (3) The RFP including any addenda thereto; and (4) Contractor's response to the RFP. To the extent any inconsistencies or ambiguities arise between the exhibits of the Agreement, the following order of precedence shall be used: (1) Attachment C General Terms and Conditions; (2) Attachment B Budget Detail and Payment Provisions; (3) Attachment A Scope of Work; (4) Attachment D Individual Conflict of Interest and Confidentiality; (5) Attachment D1 Organization Conflict of Interest and Confidentiality; (6) Attachment E Contractor Insurance Requirements; (7) Attachment F Contractor's Technical Proposal; and (8) Attachment G Contractor's Cost Proposal.

ATTACHMENT D

INDIVIDUAL CONFLICT OF INTEREST AND CONFIDENTIALITY STATEMENT

I certify that I and any member of my immediate family (parents, siblings, spouse, children, or domestic partner) are not a partner, director, manager, officer, key employee, or beneficial owner of more than 5% of the voting interests of any entity that is subject to any of the provisions of the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if I or any member of my immediate family becomes a partner, director, manager, officer, or key employee or acquire beneficial ownership of more than 5% of the voting interests of any entity that is subject to any of the provisions of the GHG reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to [REDACTED] who will disclose this information to WCI, Inc.

I certify that I and any member of my immediate family are not a partner, director, manager, officer or key employee of, or a beneficial owner of more than 5% of the voting interests of, any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if I or any member of my immediate family becomes a partner, director, manager, officer or key employee of, or a beneficial owner of more than 5% of the voting interests of, any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to [REDACTED] who will disclose this information to WCI, Inc.

I certify that I will not accept any gift, benefit, gratuity or consideration from anyone other than my employer, based on any understanding that it would influence my performance under this Agreement.

I certify that I will keep confidential and secure and will not copy, give, or otherwise disclose to any other person or entity who has not signed a copy of this Conflict of Interest and Confidentiality Statement, all appropriately marked or verbally deemed confidential information concerning the Project (as defined in the Work Schedule) and any other confidential or proprietary information which I learn or acquire in the course of performing duties under the Agreement, and I will follow any instructions provided by the WCI, Inc. Project Manager relating to the confidentiality of Project information. I understand that the information that must be kept confidential ("confidential information") includes, but is not limited to:

- A. All data, analyses, specifications, requirements, concepts and discussions received from WCI, Inc., any Participating Jurisdiction or any funding entity in the course of performing requirements under the Project.

- B. Any personally identifying information, proprietary process or sensitive, non-public market data.
- C. Any third-party confidential information included with, or incorporated in, information provided by WCI, Inc., any Participating Jurisdiction or any funding entity, or otherwise obtained in the course of performing requirements under the Project.
- D. Communications with staff of WCI, Inc., any Participating Jurisdiction or any funding entity related to any of the requirements under the Project, including oral discussions, telephone conversations, emails, attachments, letters and faxes.
- E. All notes, data, analyses, compilations or reports prepared by me that contain or are based upon confidential information.

I certify that I will not use confidential information, or any part thereof, in the performance of services or for the benefit of any person or entity, in any form, whether gratuitously or for valuable consideration, except as provided under the Project, without the prior written consent of WCI, Inc. I understand that [REDACTED] is authorized to disclose information pursuant to law or legal process.

I certify that if I leave this Project before it ends, or at the termination of the Project, I will return all confidential information and copies thereof in my possession or control to [REDACTED], and I will not disclose such information or otherwise make it available, in any form or manner, to any other person or entity. I certify that I have read and understand this Conflict of Interest and Confidentiality Statement, including the requirements set forth therein related to conflict of interest, confidentiality and limitations on the use of confidential information.

I certify that I understand that any unauthorized disclosure of confidential information will be handled in accordance with Section 26 of the Agreement.

Date: _____
Signature: _____
Printed Name: [REDACTED]
Title: [REDACTED]
Organization: KAI Partners, Inc.
Telephone No.: [REDACTED]
Fax No.: [REDACTED]
Email Address: [REDACTED]

Capitalized terms used but not defined in this Conflict of Interest and Confidentiality Statement shall have the meanings assigned to such terms in the Standard Agreement, dated October 11, 2018, between Western Climate Initiative, Inc. and KAI Partners, Inc.

ATTACHMENT D1 ORGANIZATION CONFLICT OF INTEREST AND CONFIDENTIALITY STATEMENT

I certify that KAI Partners, Inc. is not a beneficial owner of more than 5% of the voting interests of any entity that is subject to any of the provisions of the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if KAI Partners, Inc. acquires beneficial ownership of more than 5% of the voting interests of any entity that is subject to any of the provisions of the GHG reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to WCI, Inc.

I certify that KAI Partners, Inc. is not a beneficial owner of more than 5% of the voting interests of any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

I certify that if KAI Partners, Inc. acquires beneficial ownership of more than 5% of the voting interests of any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will immediately disclose this information to WCI, Inc.

I certify that KAI Partners, Inc. will not accept any gift, benefit, gratuity or consideration from anyone, based on any understanding that it would influence KAI Partners, Inc.'s performance under this Agreement.

I certify that KAI Partners, Inc. will keep confidential and secure and will not copy, give, or otherwise disclose to any other person or entity who has not signed a copy of this Conflict of Interest and Confidentiality Statement, all appropriately marked or verbally deemed confidential information concerning the Project any other confidential or proprietary information which KAI Partners, Inc. learns or acquires in the course of performing duties under the Agreement, and will follow any instructions provided by the WCI, Inc. Project Manager relating to the confidentiality of Project information. KAI Partners, Inc. understands that the information that must be kept confidential ("confidential information") includes, but is not limited to:

- A. All data, analyses, specifications, requirements, concepts and discussions received from WCI, Inc., any Participating Jurisdiction or any funding entity in the course of performing requirements under the Project.
- B. Any personally identifying information, proprietary process or sensitive, non-public market data.

- C. Any third-party confidential information included with, or incorporated in, information provided by WCI, Inc., any Participating Jurisdiction or any funding entity, or otherwise obtained in the course of performing requirements under the Project.
- D. Communications with staff of WCI, Inc., any Participating Jurisdiction or any funding entity related to any of the requirements under the Project, including oral discussions, telephone conversations, emails, attachments, letters and faxes.
- E. All notes, data, analyses, compilations or reports prepared by KAI Partners, Inc. that contain or are based upon confidential information.
- F. All other information identified in the Agreement as Confidential Information.

I certify that KAI Partners, Inc. will not use confidential information, or any part thereof, in the performance of services or for the benefit of any person or entity, in any form, whether gratuitously or for valuable consideration, except as provided under the Project, without the prior written consent of WCI, Inc. I understand that KAI Partners, Inc. is authorized to disclose information pursuant to law or legal process.

I certify that KAI Partners, Inc. understands that any unauthorized disclosure of confidential information will be handled in accordance with Section 26 of the Agreement.

| | |
|----------------|--------------------|
| Date: | 10/16/2018 |
| Signature: | Signature on file |
| Printed Name: | |
| Title: | |
| Organization: | KAI Partners, Inc. |
| Telephone No.: | |
| Fax No.: | |
| Email Address: | |

Capitalized terms used but not defined in this Conflict of Interest and Confidentiality Statement shall have the meanings assigned to such terms in the Standard Agreement, dated October 11, 2018, between Western Climate Initiative, Inc. and Kai Partners, Inc.

ATTACHMENT E

CONTRACT INSURANCE REQUIREMENTS

WCI, Inc. retains the right to increase insurance requirements when additional risk exposures are evident.

Throughout the life of the Agreement, the Contractor shall pay for and maintain in full force and effect with an insurance company(s) (Company) rated not less than "A: VII" in Best Insurance Key Rating Guide, the following policies of insurance:

1. **Commercial General Liability Insurance** Commercial General Liability insurance written on an occurrence basis (Insurance Services Office, Form CG 00 01 or equivalent) with limits of at least [REDACTED] per occurrence and at least [REDACTED] products/completed operations aggregate and a [REDACTED] general aggregate limit. Contractor shall not provide general liability insurance under any Claims Made General Liability form. The General Liability Insurance policy must expressly cover, without limitation, all liability to third parties arising out of or related to Contractor's services or other activities associated with the Agreement, including, without limitation, Contractor's indemnification obligations under the Agreement. Contractor's liability insurance must be issued by responsible insurance companies, maintaining an A.M. Best's Rating of A-VII or better. The insurance policy shall waive right of recovery (waiver of subrogation) against WCI, Inc., each Participating Jurisdiction and each funding entity.
2. **Additional Insured on General Liability Policy** WCI, Inc., each Participating Jurisdiction and each funding entity and their respective directors, officers, representatives, agents, employees and volunteers as additional insureds under each commercial general liability policy identified in the preceding paragraph above. The additional insured status shall include ongoing operations and completed operations coverage. Specifically, the policy shall include a combination of ISO forms CG2010 10/01 and CG 2037 10/01 or is equivalent and shall stipulate that the insurance afforded the additional insureds shall apply as primary insurance, and that any other insurance coverage carried by or otherwise available to an "Additional Insured" will be excess only and will not contribute with this insurance.
3. **Workers Compensation Insurance** Contractor's Workers Compensation Insurance with minimum limits of [REDACTED] each for bodily injury by accident (per accident per person), bodily injury by disease (policy limit) and bodily injury by disease (each employee). Contractor must maintain such a policy and provide a certificate of insurance and must provide a waiver of subrogation endorsement.
4. **Automobile Insurance** If applicable, Automobile Liability Insurance, including liability for all owned, hired and non-owned vehicles, with limits of [REDACTED] combined single limit per occurrence; such coverage must be for (A) "any auto" or (B) "all owned autos, hired autos and non-owned autos".

5. **Professional E&O Insurance (if applicable)** Professional Liability Insurance in an amount of [REDACTED] per claim and in the aggregate and written on a claims made bases.
6. **CYBER LIABILITY COVERAGE: (if applicable)** Insurance with limits of [REDACTED] per claim and in the aggregate that includes:
 - Security and privacy liability
 - Media liability
 - Cyber extortion
7. If the **PROFESSIONAL LIABILITY (ERRORS AND OMISSIONS)** and/or **CYBER LIABILITY COVERAGE** insurance above is written on a claims-made basis, it shall be maintained continuously for a period of no less than 3 years after the date of Final Completion. The insurance shall have a retroactive date of placement prior to or coinciding with the date services are first provided that are governed by the terms of the Agreement and shall include, without limitation coverage for professional services as called for in the Agreement.
8. **General Insurance Provisions**
 - Certificates of Insurance, as evidence of the insurance required by this Contract Insurance Requirements Attachment shall be submitted by Contractor to WCI, Inc. The Certificates of Insurance shall provide for no cancellation or modification of coverage without prior written notice to WCI, Inc. in accordance with policy provisions.
 - Proper Address for Mailing Certificates, Endorsements and Notices shall be:

Western Climate Initiative, Inc.
980 Ninth Street, Suite 1600
Sacramento, CA 95814
 - If at any time during the life of the Agreement or any extension, the Contractor fails to maintain the required insurance in full force and effect, all work under the Agreement shall be discontinued immediately, and all payments due or that may become due to the Contractor shall be withheld until acceptable replacement coverage notice is received by WCI, Inc. Any failure to maintain the required insurance shall be sufficient cause for WCI, Inc. to immediately terminate the Agreement.
 - Contractor shall ensure that its sub-contractors of every tier also carry insurance with the provisions of this Contract Insurance Requirements Attachment

ATTACHMENT F
CONTRACTOR'S TECHNICAL PROPOSAL



Western Climate Initiative, Inc.

Enterprise Architecture Services

RFP No. 2018-02

Due: August 29, 2018 by 5:00 p.m.

SUBMITTED BY:



3301 C Street
Suite 1000
Sacramento, CA 95816

Phone: (916) 465-8065
Fax: (916) 471-0263

www.kaipartners.com

A. TITLE PAGE

- Title: Enterprise Architecture Services
- RFP No. 2018-02
- Date of Submission: 08/28/2018
- Company Name: KAI Partners, Inc., (KAIP)



B. COVER LETTER

August 28, 2018

Western Climate Initiative, Inc.

980 Ninth Street

Suite 1600

Sacramento, CA 95814

Attn: Greg Tamblyn

Re: RFP #2018-02 – Enterprise Architecture Services

Dear Mr. Tamblyn:

KAI Partners, Inc. (KAIP) is pleased to submit our proposal to the Western Climate Initiative (WCI) for the Request for Proposal (RFP) Number 2018-02 dated August 3, 2018, for Enterprise Architecture Services.

KAIP understands WCI is seeking a firm to perform independent comprehensive Enterprise Architecture Services to transform its current technology infrastructure and systems for the cap-and-trade program into a more cost-effective, scalable and sustainable solution. KAIP is committed to delivering a very high level of expertise to develop the required WCI deliverables and provide you with a team of professionals who possess the requisite knowledge in areas we believe are critical to a successful outcome for this project. The KAIP team is comprised of men and women from all different backgrounds, both personally and professionally. Our unique team of professionals has proven hands-on experience managing multi-faceted projects in a variety of different industries. Our team brings this diversity and expertise to help you achieve your objectives.

We believe the following success factors will ensure a successful outcome for the WCI Enterprise Architecture Services project:

- **Our significant experience on similar projects:** WCI will receive a carefully chosen team of professionals with significant, relevant experience on similar projects. Most recently, the team members we have chosen to work with WCI have assisted DHCS CA-MMIS Division on multiple projects worth over \$450M and serving more than 10,000 users, helping this division sustain critical operations and services while evolving procurement, business, and technical capabilities.
- **Our in-depth understanding of Enterprise Architecture Services:** KAIP believes that a mindset that sees the enterprise as a system and take a systemic, architectural approach to management goes a long way to avoiding the chaos and confusion that result from unarchitected development over time. The best-intentioned designers and developers who serve the business may all have impeccable intentions and skills, but if their work is not coordinated with clear and effective interfaces, the business can quickly fall into incoherence. Our experience with similar projects and our team of experienced professionals can ensure the WCI project steers clear of these obstacles.



Cover letter requirements:

Statement: The enclosed proposal is submitted in response to the above-referenced RFP #2018-02, including any addenda. Through submission of this proposal, we agree to all the terms and conditions of the RFP and agree that any inconsistent provisions in our proposal may result in a lower score, up to and including disqualification. We have carefully read and examined the RFP and have conducted such other investigations as were prudent and reasonable in preparing the proposal. We agree to be bound by statements and representations made in our proposal.

Company Name: KAI Partners, Inc.

Mailing Address: 3301 C Street, Suite 1000, Sacramento, CA 98516

Business Address: 2813 Carradale Drive, Roseville, CA 95661

Name and title of company official: David V. Kendall, President (signature below)

Contact Phone/Fax: Phone: (916) 465-8065 / Fax: (916) 471-0263

Contact Email: dkendall@kaipartners.com

Small Business: #0045251

Company Website: www.kaipartners.com

Irrevocable Offer: The proposal is an irrevocable offer good for 180 working days after submission.

Thank you for the opportunity to be included in this solicitation process. We welcome any questions regarding the enclosed documentation.

Sincerely,

A black rectangular box redacting the signature of David V. Kendall.

David V. Kendall
President
KAI Partners, Inc.

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D. EXECUTIVE SUMMARY

KAIP offers WCI and its Participating Jurisdictions a comprehensive plan to evolve the Enterprise Architecture (EA) of its cap-and-trade program, including its associated IT systems, business processes, and strategy. We agree that the “purpose of the EAS is to achieve greater alignment between information technology and business strategies and to guide the process of planning and designing” IT/IS systems. KAIP proposes to work with WCI to develop a comprehensive plan that will include a Governance Plan and Roadmap to promote compliance (both within WCI and among its partners) with organizational standards. To help WCI scale its cap-and-trade program and sustain continual evolution of its IT, our EA services will provide a firm foundation for WCI based upon the following principles:

- *Business value* to ensure that IT investments are tied to business needs and direction.
- *Architecture compliance* through models and checklists across architectural domains.
- *Architectural guidance* to architecture practitioners (including management and WCI and vendor technical staff) for the application of EA principles and practices.

EA is a mindset that ideally permeates the business and is intended to provide the framework within which the enterprise can make conscious decisions about IT – and how it can better utilize IT resources and assets as a means of supporting the overall mission of the organization. EA is an important input to assessing both existing IS/IT systems and the future strategic portfolio, for compliance with the defined architectures and provides valuable insights into the transition activities needed to implement an architecture, in support of business goals and priorities.

EA is about coherence and clarity in decision-making, based on a well-organized fact base. In support of this scope, KAIP will:

- Evaluate WCIs current business processes and IT processes, procedures and methods
- Document the stakeholders of the cap-and-trade program
- Build on the recent assessment of the CITSS by expanding it to cover the entirety of WCI’s portfolio, functionality, and related services
- Incorporate findings from existing documents and interviews with identified stakeholders
- Lead WCI and relevant stakeholders in articulation of appropriate architectural principles
- Address issues in business operations, practices and procedures related to scaling up, scaling out, expansion costs, productivity, and gaps & redundancies of:
 - application design, architecture, and software development
 - IT infrastructure, hosting and maintenance
 - database management
 - IT security
 - controls, and document management
 - system performance
- Recommend improvements and innovations in terms of
 - cross-program governance, compliance, and risk management
 - technology selection, procurement, vendor relations, and contract management
 - enterprise organizational change management
 - program management & execution

E. TECHNICAL PROPOSAL

Experience on Similar Projects

The KAIP team has over six decades of experience working within and consulting to organizations across numerous industries, including health care, oil and gas, technology, and more. We have deep and broad experience with Enterprise Architecture (EA). Our EA experience includes clients in the public and private sector, including the California Department of Corrections and Rehabilitation, several large insurance companies, an investment brokerage, resort condominium exchange, manufacturing, software services, including the IBM Corporation. We have developed EA techniques to project enterprise conditions as markets and enterprises respond to new technologies. In diverse places such as in California, Shenzhen China, and Monterrey, Mexico, we have led jumpstart projects to initiate EA programs in such industries as consumer electronics, building materials, and telecommunications. We also possess extensive experience working for California state clients including the Department of Health Care Services (DHCS) and the Department of Conservation.

Project Experience

WCI will benefit from a KAIP that possesses substantial experience planning, developing, and delivering Enterprise Architecture services on large-scale, high visibility CA IT projects. We have provided this service to clients including Department of Health Care Services (DHCS), CA-MMIS Division. KAIP has assisted DHCS CA-MMIS Division on multiple projects worth over \$450M and serving more than 10,000 users, helping this division sustain critical operations and services while evolving procurement, business, and technical capabilities. Our successful completed projects include:

- **CA-MMIS System Replacement.** We assisted the CA-MMIS division by developing and implementing program integration planning strategies; supporting and executing Division, Department, and Agency governance; and integrating CA-MMIS Division operations into DHCS and California Health and Human Services (CHHS) Agency initiatives.

Our Senior Program Manager and Enterprise Architect actively developed the strategy and implementation of the CA-MMIS Enterprise Architecture program needed to support the implementation of the CA-MMIS Transformation Operating Model (cTOM). The new cTOM model integrates Strategic, Solution Analysis, Portfolio Management, and Service Management frameworks into a cohesive organizational approach necessary to fulfill the CA-MMIS Division mission.

Leveraging this operating model, our personnel were key participants in developing a Division Concept of Operations to clearly describe the scope and components of the CA-MMIS Division in an as-is and to-be state proposed by Division management. This led to the publication of a CA-MMIS Division Roadmap that supported stakeholder communications as well as Division management activities. This roadmap detailed the high-level approach to effectively sustain IT and Business operations throughout the transition to a new multi-vendor support model, transform Division operations in support of new State roles and responsibilities, and establish a system modernization business unit built on Agile principles, modern development standards, and compliance with the CMS modular technology solution standards.

Finally, our Enterprise Architect was a critical part of developing the Architecture Review Team (ART), a chartered body that implemented and controlled the EA governance process. The ART was accountable for decisions to validate, recommend, and approve solutions that supported CHHS, DHCS, and the Division's strategic and business objectives. The KAIP Enterprise Architect developed EA foundation documents including an EA Maturity Model, EA Risks, and an

Architecture Contract. Our Technical Architect developed a tool to rationalize over 100 CA-MMIS Applications. The application Rationalization is an iterative process which assesses the organization current set of applications and technologies according to organization specific criteria (business value and technical health) that aligns with the vision, business value and strategic direction.

- **CA-MMIS Modernization (Digital Service).** The KAIP team (comprised of an Enterprise Architect, Technical Architect, and Business Architect) supported efforts to develop a strategy to modernize Fee-For-Service Medicaid. This included the development of the IT Modernization Strategy, which outlined the approach to modernize technical approach and cost estimates. We developed Product Line Vision Documents, which comprise a mixture of a Architecture Definition Documents and Architecture Vision Documents and which detail the initial strategy and direction in support of the Medi-Cal business partners. We worked with the business to develop a Product Initiative Approach that detailed the following stages:
 - *Conceive* – Identify a potential product.
 - *Plan* – Analyze and plan for the product creation.
 - *Develop* – Create or acquire the product.
 - *Quality Control*– Review and validate the completed product.
 - *Launch* – Release and deploy the product and support initial use by the customer.
 - *Maximize* – Monitor and support ongoing use of the product by the customer.
 - *Retire* – Plan for and execute the retirement or replacement of the product.

We developed Business Motivation Models that provided a scheme/structure for developing, communicating, and managing a business plan in an organized manner. KAIP leveraged an industry tool that allowed the Division to classify their capabilities into four basic areas per the Direction Operation Transformation Support (DOTS) model. We partnered with DHCS to develop twelve Service Orientated Architecture Principles, including the rationale, implication, and metrics for each.

- **CA-MMIS Program Integration Services.** We supported efforts to improve IT Services and IT Service Levels through mapping Knowledge Transfer roles and responsibilities, and we conducted Knowledge Transfer / “Train the Trainer” sessions with DHCS staff. We collected and documented processes for the efficient, accurate, and timely provision of services, including:
 - Program integration planning
 - Governance support and execution
 - DHCS and California Health and Human Services (CHHS) Agency integration
 - CA-MMIS vendor analytic oversight and reporting
 - Division operations monitoring
 - Integration analysis.

We supported Enterprise Architecture analysis, oversight, planning, and implementation in support of IT Operations (ITM&O), working with all branches to develop, document, and implement the change in operational responsibilities for the CA-MMIS Division. We supported the maturation of IT Operations and the new State Service Management Framework based on the ITIL standard. IT Operations affected included data management, decommissioning legacy assets, and file exchange activities for Legacy Operations.

- **CA-MMIS Takeover Project.** We fostered adoption of a common Organizational Change Management (OCM) framework to align multiple business units, including Division Business Operations and Provider Relations. We made process assessments current with DHCS Provider Relations staff to identify root causes of provider satisfaction and dissatisfaction. We then directed

efforts to improve IT Service Metrics, Total Cost of Ownership, and Return on Investment for CA-MMIS. For example, we developed standards regarding training and issue resolution to effect provider satisfaction while reducing workload. We provided Business Analyst and Technical Specialist services to provide analytic oversight, consultation, and support to guide the provisioning and improvement of quality IT. For example, we developed and maintained a data exchange inventory spreadsheet used to control the testing of external and internal interfaces with CA-MMIS. We provided research of technical issues and conducted testing and oversight including interface testing, Assumption of Operations (AOO), and production processing. We reviewed and updated CA-MMIS documentation for multiple business units to evolve legacy processes and procedures and document missing procedural elements.

Department of Conservation, Division of Oil, Gas, and Geothermal Resources (DOGGR).

In support of the California Well State Tracking and Reporting (WellSTAR) System, KAIP has provided IT services to DOGGR on multiple projects worth over \$62M and serving more than 500 users. This includes Enterprise Architecture support for the following project:

- **WellSTAR Data Management Services project.** We implemented a centralized well management and data reporting system allowing the Division to standardize business processes and data management with the objective of significantly improving regulatory enforcement, business operations, and data reporting. We provided process assessments, governance, analytic oversight, readiness assessments, and managed training and business analysis teams, overseeing and managing training design, development, and delivery. We implemented training plans aligned to system release schedules and conducted staff training and skills evaluation. We developed, managed, captured, and reported on performance metrics.

5.1 Key Personnel's Qualifications and Relevant Experience

We understand the importance and urgency of this effort for WCI and accordingly have proposed team members with strong reputations for their abilities and well-established track records to achieve the results WCI is seeking. Our staffing approach is aimed at providing the right resources at the right time for timely and valuable insights. Our team has performed similar work for other clients facing similar challenges and will leverage that experience to help facilitate a successful project.

Project Team

Our team consists of dedicated staff who are responsible for conducting the activities identified in the RFP and further elaborated in our proposal. The project team members were selected for a specific purpose (e.g. relevant experience, technical qualifications, etc.). This is a team that will work together to comprehensively address WCI's requirements.

We pride ourselves on leading the way with a team combining specific expertise and experience with a suite of translatable assets, including:

- Effective communication skills in multiple media and strong audience awareness, including the ability to cater communication effectively to audience knowledge level, motivations, and context;
- Cooperative attitude and the ability to leverage inter-disciplinary talents;
- The willingness and ability to disseminate strategic vision and corporate cultural values throughout an organization;
- A strong overall combination of open-mindedness, cooperative spirit, intrinsic motivation, and creative thought, manifest as an ability to work both independently and in teams;

- Analytical, problem-solving, logic, reasoning, and creative thinking skills, and the ability to apply them to systems design, business engineering, IT solutions development, and other areas of our expertise that entail the design of methods for processing data;
- A thorough knowledge of IT fundamentals, architecture, and the system development lifecycle, including a full range of agile, hybrid, and waterfall development methodologies.

Proposed Team

| Project Team | | |
|--|--|---------------|
| Name and title | Skills/overall experience | Key Personnel |
| <div>██████████</div> <i>Senior Project Manager</i> | <p>██████████ will serve as your senior project manager. He will work closely with the project team and will be responsible for project oversight and client service and satisfaction.</p> <p>██████████ has proven himself to be an expert communicator in the context of guiding Enterprise Architecture IT systems transformation. He possesses in-depth technical knowledge of the IT systems stack, from the architecture of delivery systems and networks through information and information systems architecture. He provides extensive experience with Enterprise Architecture projects and collaborating with high-level leadership in order to deliver project needs on time and within the agreed acceptance criteria. He has managed Enterprise Architecture transformation for projects which include a hybrid methodology environment as an Agile Methodology.</p> | |
| <div>██████████</div> <i>Lead Enterprise Architect</i> | <p>██████████ will serve as your Lead Enterprise Architect. He will actively lead the project and make certain we are delivering on our commitments.</p> <p>██████████ has wide and deep experience in all aspects of Enterprise Architecture, including 15 years as an executive consultant working with IBM clients. ██████████ helped develop the concept of business architecture, through engagements, incorporation of methods into IBM's standard methodology, articles in IBM Systems Journal, representing IBM on the TOGAF version 9 Business Architecture Working Group. He has worked with clients in many industries, before, during and after his 15 years with IBM Global Services, and two-year assignment to IBM Research to help launch the IBM Services Research group in the Almaden Research Center. He was recognized by being elected to the IBM Academy of Technology, one of 300 top technologists at a time that IBM had 350,000 employees. He has experience with very successful, large scale EA programs, such as with the California Department of Corrections and Rehabilitation (CDCR), Huawei in Shenzhen China, RCI for a year in Indianapolis, the IBM corporation itself. He has also worked with organizations that are in the early stages of adopting an EA program, and startups seeking to take an architectural approach to their business from day one.</p> | X |



| Project Team | |
|--------------|---|
| Lead Analyst | KAI will provide a subject matter expert as needed to serve as your lead analyst and be responsible for researching current applicable regulations as well as for reviewing, analyzing, and assessing current WCI operations. The Lead Analyst will obtain documents for review, attend meetings that are significant to the project's processes and provide analysis of various aspects of the projects' activities. |



Resumés

Pages 7 - 11 of the proposal from KAI Partners contains the resumes of key personnel. These pages have been removed from the public document for business confidentiality and competitiveness reasons.

5.2 Technical Approach

Current Services and Programs Offered to Meet Objectives

KAIP offers WCI a seasoned and proven approach to EA assessments and designing and implementing EA roadmaps. For example, KAIP assessed EA, created the EA Vision and Division Roadmap, and oversees implementation of the Division Roadmap for the CA-MMIS Division, the Department of Health Care Services (DHCS) unit in charge of California's Medicaid Management Information System, which links over 10,000 state and vendor workers and affects millions of residents statewide. We have successfully transformed the CA-MMIS Division to Agile methodologies and a multi-vendor environment. Our current services which will benefit WCI include the following:

- Development and implementation of best practices for IT Operations (ITM&O).
- Technology assessment, including catalog of tools, their uses, available training material, maintenance and operations protocols, security requirements, and best practices.
- Training and change management to support implementation.
- EA assessment, evaluation, and strategy for staffing, operational policies and procedures, and technology asset management.
- Implementation and maturation of operational strategy in alignment with Department and Agency EA initiatives.
- Diverse stakeholder engagement to develop, document, and implement changes in operational responsibilities.
- Support for business and technical teams with the analysis of existing systems and application and technical infrastructure.
- Support Division EA in the planning, development, implementation and administration of CA-MMIS Division tools.
- Work with DHCS support resources as well as vendor support staff to manage tool implementation projects to a successful end while ensuring operations impacts are minimal.
- Customization, implementation, and training for the Sparx EA tool to provide full lifecycle modeling.

Our EA methodology begins with a thorough understanding of WCI and Participating Jurisdiction's enterprise landscape and stakeholders' strategies and objectives. Through an iterative model, we work to assess as-is architecture; analyze, develop, and select among possible to-be architectures; develop a feasible transformation plan and strategy; and sustain the transformation with monitoring and assessment of the newly implemented architecture. We aim to implement an EA framework based soundly in an understanding of WCI and partners' existing EA context (see Figure 1).

Our collaboration with WCI in the growth of your EA capability will consist of specific workshops that we can bring to them from our strong team and our deep network, which include the following:

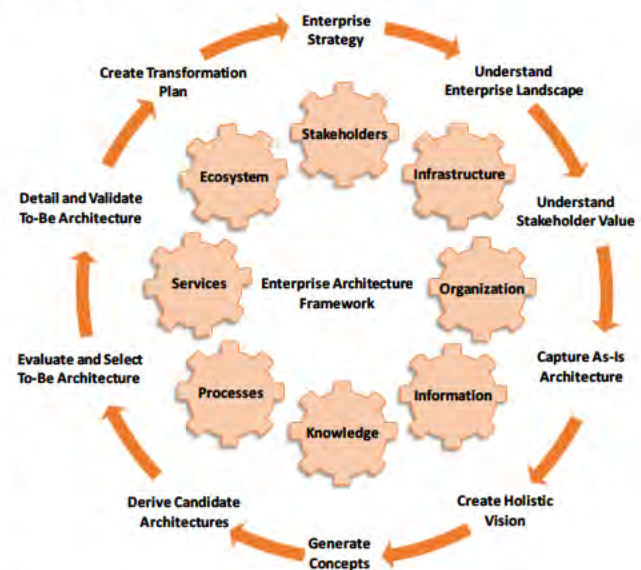


Figure 1. KAIP Enterprise Architecture Methodology

1. Architecture principles
2. Standards catalog
3. EA as governance and governance of EA
4. EA tool selection
5. WCI-tailored EA metamodel
6. Boundary discovery and design
7. Communication gaps and overloads
8. Scalability (business and IT)
9. Roadmapping
10. Relationship management
11. Interface optimization
12. Decision architectures and cognitive bias
13. Tech-forward brainstorming
14. Turbulence mitigation (enterprise homeostats)

Administrative and Operational Management Controls

We recognize that EA architecture must be sustained by establishing appropriate controls to ensure that best practices and to-be processes are not only adopted but sustained. We will work with WCI and participating jurisdictions to implement a system of controls over the creation and monitoring of all architectural components. These controls comprise domain-specific policies including (see Figure 2):

- Sourcing Policy
- Service Management Policy
- Risk Management Policy
- Performance Management Policy

These policies cover the management and operations of IT assets and services, including acquisition, evaluation, integration, implementation, and sustainment. For each domain, we identify control processes and the stakeholders functionally connected to the control process. Functional connections include authority and accountability over control processes, monitoring of control processes, and enacting of control processes.

Timeline for Assessment Activities

| High-Level Task Area | Deliverables | Estimated Completion |
|---|--|----------------------|
| TASK 1: Enterprise Architect Services Plan and Work Schedule | ■ Draft Plan and Work Schedule | ██████ |
| | ■ Final Plan and Work Schedule | ██████ |
| TASK 2: Enterprise Architecture Governance Program | ■ Draft Enterprise Architecture Governance Report I | ██████ |
| | ■ Final Enterprise Architecture Governance Report I | ██████ |
| | ■ Presentation to WCI, Inc. and Participating Jurisdiction staff | ██████ |
| TASK 3: Implement an organizational EA Program | ■ Draft Enterprise Architecture Governance Report II | ██████ |
| | ■ Final Enterprise Architecture Governance Report II | ██████ |
| | ■ Governance training materials | ██████ |
| | ■ Presentation to WCI, Inc. and Participating Jurisdiction staff | ██████ |

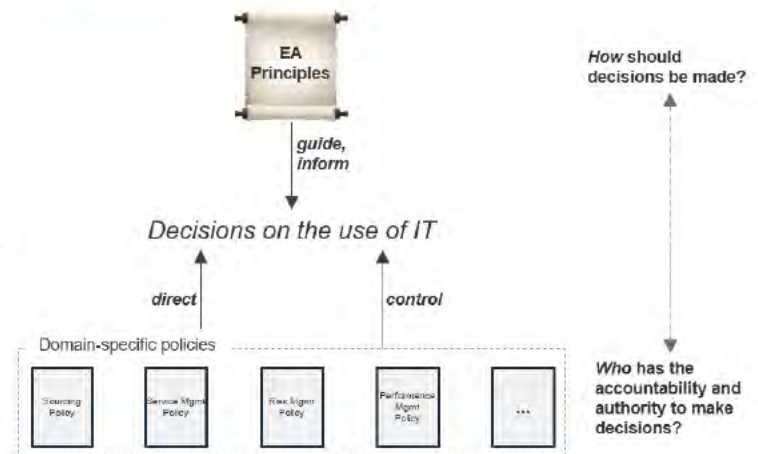


Figure 2. Controls to Administer EA Principles

| High-Level Task Area | Deliverables | Estimated Completion |
|--|--|----------------------|
| TASK 4.1: Conduct Current State Analysis | ▪ Draft Current State Analysis Document | ██████ |
| | ▪ Final Current State Analysis Document | ██████ |
| TASK 4.2: Conduct Future State Analysis | ▪ Draft Future State Analysis Document | ██████ |
| | ▪ Final Future State Analysis Document | ██████ |
| TASK 5: Roadmap and Enterprise Architecture Services Final Report | ▪ Draft Enterprise Architect Services Final Report | ██████ |
| | ▪ Final Enterprise Architect Services Final Report | ██████ |

Anticipated Risks, Issues, or Potential Technical Barriers

We recognize the geographically dispersed, diverse set of stakeholders comprised by the WCI cap-and-trade program. Implementing an effective EA model that sustains the program will require close engagement with this group of stakeholders to ensure strategic alignment for business processes and the operation of IT systems, in particular the Compliance Information Tracking System Service (CITSS) and the Markit Auction Platform (MAP).

KAIP will engage the WCI stakeholder group to present and evaluate long-term scenarios for WCI's IT system development. For example, we understand that a single instance of the CITSS and MAP custom applications services all jurisdictions. As WCI moves forward, this solution may not scale to meet increased demand. Therefore, we will examine possible platforming solutions to allow the program to scale smoothly to new partners. In addition, we will consider the individual needs of stakeholders and the possibility of diverging solutions for WCI jurisdictions, allowing for customized instances of CITSS and MAP.

Alternatives and Options Leading to Effective Solutions

KAIP offers broad expertise and experience in the following EA standards, and we will work with WCI to select an appropriate framework during the development of the Draft Plan:

- TOGAF
- Open Group IT4IT Reference Architecture
- ArchiMate Modeling Language
- ITIL IT Service Management
- ISO standards for IT systems (e.g., ISO 15704:2000 and ISO 38500:2008)

In addition, we encourage the adoption of an EA modeling tool to provide an intuitive, easily accessible, and easily maintainable model of WCI EA for full lifecycle management of EA transformation (see Figure 1 above). KAIP has overseen customization, implementation, and training for the Sparx EA tool for DHCS CA-MMIS. Our Enterprise Architect for WCI offers experience in other industry-standard EA tools such as the Trous EA modeling tool and Janus. At kick-off, we will present a representative sample of available EA tools. Based on stakeholder feedback and stakeholder requirements, we will present a narrower subset of tools that provide the best fit. This approach allows us to select the best option from among the gamut of available tools.

KAIP offers wide-ranging experience in methodologies and tools to support EA development, including ArchiMate, ERWin, BPWin, Trous, Sparxx, Business Process Modeling Language, CA-PMF and CA-OCM compliant Requirement Traceability Matrices, IDEF1X Modeling Language, and common tools to

provide process models (such as Visio). To ground the capture and evolution of WCI's business processes, KAIP offers over a decade of corporate experience in OCM methodologies such as LaMarsh Change Model, Prosci ADKAR, and Kotter's Change Model, as well as expertise in Lean Six Sigma Process Improvement Methodologies (for which we also provide professional training and certification at our Sacramento facility). With this encompassing understanding of the range of EA methodologies, tools, and frameworks, we promise WCI an adaptable, best-fit, stakeholder-conscious approach to define and transform WCI EA.

Task 1: Enterprise Architecture Services Plan and Work Schedule

Throughout the project, KAIP will work collaboratively with WCI to confirm the scope, schedule, and work plan for this project. At the onset of the project, we will hold a kickoff meeting with WCI's project sponsors and other relevant management. At this meeting, we will introduce the KAIP project team and confirm the project goals and objectives, scope, and work plan and develop a Project Charter to formalize the project. We have included a more detailed description of our Project Management Plan in Section 5.3 below.

Activities for this phase will include:

- 1.1 Meet with project stakeholders
- 1.2 Review Project Work Plan, Schedule, and Deliverables
- 1.3 Kickoff meeting
- 1.4 Develop project status reporting template and schedule (ongoing)

Deliverables

- Draft Plan and Work Schedule
- Final Plan and Work Schedule

Task 2: Enterprise Architecture Governance Program

KAIP recognizes that a primary purpose of the enterprise architecture discipline is to provide effective governance of potential change initiatives in the enterprise. The key concept here is 'coherence'. Even with the best of intentions, unless interfaces and dependencies among initiatives and the current state are well understood, conflicts will inevitably be introduced into enterprise operations. An EAS exists to avoid time-consuming and costly gaps and overlaps as IT and business process changes are introduced.

Activities for this phase will include:

- 2.1 Gather and review existing documentation
- 2.2 Review assessment of CITSS
- 2.3 Determine state of WCI's existing governance model
- 2.4 Review EA options

Deliverables

- Draft Enterprise Architecture Governance Report I
- Final Enterprise Architecture Governance Report I
- Presentation to WCI, Inc. and Participating Jurisdiction staff

Task 3: Implement an organizational enterprise architecture program incorporated within the WCI, Inc. governance model.

Our team understands EA governance ensures that optimal architectural design choices are being made that focus on long-term value creation. The architecture governance will implement a system of controls over the creation and monitoring of all architectural components. KAIP will ensure effective introduction, implementation, and evolution of architectures within the organization. The architecture governance will implement a system to ensure compliance with internal and external standards and regulatory obligations

and develop practices that ensure accountability to a clearly identified stakeholder community, both inside and outside the organization. KAIP offers WCI a seasoned and proven approach to implementing organizational architecture programs and will conduct the following activities to complete the deliverable.

Activities for this phase will include:

- 3.1 Boundary Discovery and Design
- 3.2 Develop governance processes and procedures
- 3.3 Develop governance roles and responsibilities
- 3.4 Develop Training and Education processes and materials
- 3.5 Develop Key Performance Indicators (KPIs) and metrics
- 3.6 Develop Change Management and plan next steps

Deliverables

- Draft Enterprise Architecture Governance Report II
- Final Enterprise Architecture Governance Report II
- Presentation to WCI, Inc. and Participating Jurisdiction staff

Task 4. Current and Future State Analyses

Our team will develop a thorough understanding of the current state which will include documenting the current cap-and-trade program technology environment and architecture. This will provide the baseline needed to understand the gaps in the current state that will influence future state options, timelines and costs. This information will aid in establishing a baseline for accuracy, timing, and completeness of the future state analysis.

Activities for this phase will include:

- 4.1 Document current Data Architecture, Functional, and Technical Architectures
- 4.2 Document Security framework model
- 4.3 Document Interface Specifications
- 4.4 Document technology options, timelines, and costs

Deliverables

- Draft Future State Analysis Document
- Final Future State Analysis Document

Task 5: Roadmap and Enterprise Architecture Services Final Report

In this task, we utilize a design driven road mapping process as a means of preparing future product/service concepts and to define elements and sequences of the process. The Final Enterprise Architect Services Report will detail the requirements of an Enterprise Architecture Service to allow WCI in achieving their strategic goals. The purpose of this report is to implement a new Enterprise Architecture strategy/program that will assist WCI in transitioning from its as-is enterprise model to a future-state model in which its Enterprise Architecture is in alignment with its mission to achieve the strategic goals.

Activities for this phase will include:

- 5.1 Conduct Design Research
- 5.2 Identify and Prioritize list of technologies
- 5.3 Map technologies to Human Insights
- 5.4 Create Design Roadmap

Deliverables

- Draft Enterprise Architect Services Final Report and Enterprise Architect Services Roadmap
- Final Enterprise Architect Services Final Report and Roadmap.

5.3 Proposed Management Plan

Over the course of sixty years of project experience managing IT projects, KAIP has developed an approach to project management geared to accomplishing WCI's objectives, including evaluation of IT solutions and business processes, identifying strategic opportunities for improvement through gap analyses and recommending and implementing changes, and sustaining IT operations. KAIP has expertise and experience in industry best practices and standards relevant to the work details of this solicitation, including business analysis, strategy, and IT project management.

To provide the most accurate, efficient, and highest value assessment of WCI's Enterprise Architecture, KAIP will control the flow of project/process information for WCI's stakeholder (including leadership and subject matter experts) in accord with industry best practices and state agency policies and procedures. Our senior project manager is well versed in the California Project Management Framework and Methodology. In addition, our team has over six decades of experience working within and consulting to organizations across numerous industries, including health care, oil and gas, technology, and more. Our experience includes a 20-year history implementing the Project Management Institute's (PMI) best practices and standards.

Responsibilities, Processes, and Coordination with WCI

The table below delineates the key project management processes and responsibilities that KAIP will assume in order to conduct the EA assessment for WCI. For each of these processes and responsibilities, we will coordinate with WCI leadership during the project kickoff, the development of the EAS Plan and Work Schedule, and regular project status meetings.

| Process/Responsibility | Description |
|------------------------|---|
| <i>Project Charter</i> | <p>The Project Charter establishes the backbone of the project through a governance structure that supports project operations at multiple levels. It will address the following areas in order to establish common understanding between KAIP and WCI and lay the groundwork for effective collaboration:</p> <ul style="list-style-type: none"> ▪ Project Understanding ▪ Project Objectives ▪ Key Stakeholders ▪ Project Scope ▪ In-Scope Items ▪ Out-of-Scope Items ▪ Project Constraints ▪ Budget ▪ Objectives ▪ Projected Benefits ▪ High-Level Milestones |

We understand the complexity of State IT systems

Our PMs have developed Work Breakdown Structures and developed PMBOK-compliant Project Schedules for highly complex, multi-million-dollar State of California IT projects.

| Process/Responsibility | Description |
|---|---|
| | <ul style="list-style-type: none"> Risks |
| <i>Organization Chart</i> | Our PM, in collaboration with WCI leadership, will document a project organization chart. This chart shall include KAIP WCI Project Team members, as well as representatives from WCI's Participating Jurisdictions, SMEs, and leadership. |
| <i>Responsibility Assignment Matrix</i> | This kickoff deliverable implements PMBOK guidelines to provide an assignment matrix, a ready reference that delineates and disambiguates staff roles. The completed matrix assures that team members are responsible, accountable, and informed, and that WCI stakeholders are consulted when needed. |
| <i>EAS Plan and Work Schedule</i> | <p>The EAS Plan and Work Schedule will establish milestones, strategic objectives (in alignment with the Project Charter), and a task schedule comprising the following high-level task areas, in addition to subsidiary tasks:</p> <ul style="list-style-type: none"> Definition of a WCI Enterprise Architecture Governance Program Implementation of the IT EA program, including training and education for key personnel Current and future state analyses through Prosci and Lean Six Sigma techniques to support the EA Program Development of the EA Services Final Reports <p>As described below, we will provide a dashboard presentation of the Plan and Work Schedule via our Master Project Schedule tool.</p> |
| <i>Critical Path Analysis</i> | The Critical Path Analysis process informs the design and continued development of the Plan and Work Schedule. It identifies which tasks are dependent upon other tasks and which tasks are independent of one another. This allows the identification of tasks that can be performed in parallel, identification of possible start dates for individual tasks, and identification of the shortest possible schedule to complete all project tasks. |
| <i>Kickoff Meeting</i> | Per WCI's expectation, KAIP will conduct the kick-off meeting with WCI leadership. At this meeting, we will introduce the KAIP project team and confirm the project goals and objectives, scope, and work plan and develop a Project Charter to formalize the project. |
| <i>Communications Planning</i> | We will initiate communications planning from day one and conduct a communications requirements analysis, drawing on both California Organization Change Management (CA-OCM) Framework and California Project Management Framework (CA-PMF) guidelines and templates. The communications requirements analysis provides a basis for identifying and understanding communications processes and stakeholder needs. |
| <i>Risk Management Plan</i> | Our Risk Management Plan (detailed below) provides a means of solidifying the Project Plan and Schedule in response to changing |

| Process/Responsibility | Description |
|---|--|
| | circumstances, risks, and potential threat. The Risk Management Plan deliverable is supplemented by Risk, Issues, and Decision Logs. All Risk Management Deliverables will be readily available via dashboard to WCI leadership. |
| <i>Change Control Process</i> | During kickoff, we will determine the change control process for the project plan. Key factors include who requests changes, who authorizes them, and who vetoes them. |
| <i>Status and Progress Reports</i> | On a regular basis determined at project kickoff (typically bi-weekly or monthly), we will provide reports to WCI leadership on the current status of the project in terms of Key Performance Indicators (KPIs), progress against the Plan and Work Schedule, and emergent risks and issues. |
| <i>Project Management Status Meetings</i> | KAIP will plan and conduct regular status meetings with the WCI project director. These meetings cover all key project management areas as defined in this table and detailed below. |
| <i>Project Performance Tracking</i> | As part of the definition and tracking of project requirements, we develop, manage, capture, and report on KPIs. KPIs are defined in terms of a range of input factors per PMI guidelines, including productivity, quality, cost, time, and innovation. Measured performance in turn provides output to status reports, progress reports, and status meetings. |
| <i>Conflict Resolution</i> | KAIP assumes responsibility for working effectively with WCI team members and external members. If conflict arises, our PM will step in to resolve the conflict. Our goal is to identify a proactive path forward so that the conflicting parties can renew cooperation by problem solving toward a common objective. |

Managing Workflow and Schedule

In order to establish a realistic and adaptable schedule that hits the desired marks for assessment completion, KAIP will work to mutually establish roles and expectations, activities, and milestones up front with WCI leadership and partners for this assessment, including WCI team members, contractor personnel, and Participating Jurisdiction staff. In accord with PMBOK principles of time management, we manage the workflow and schedule through:

- Activity Definition in terms of inputs, methods, tools, and outputs to produce an *Activity/Milestone List*
- Activity Sequencing to produce the *Project Schedule Network Diagram*
- Schedule Development to produce the *Project Schedule*

The key deliverable for managing workflow will be the EAS Plan and Work Schedule, which we will establish through our collaboration with WCI, and adapt as needed over the course of the assessment. The Plan and Work Schedule will provide our team with a daily management tool as well as an executive milestone tracking process to WCI leadership, ensuring the project critical path is clearly communicated to all project members. In order to provide a single central deliverable that simultaneously caters to a variety of audiences (as WCI's assessment will involve both external and internal stakeholders with varying levels of knowledge), we will capture the Plan and Work Schedule in our Master Project

Schedule (MPS) tool. The MPS can be layered with different details to enable the PM to direct and manage resources more smoothly, communicate more frequently and effectively with stakeholders, and identify and monitor dependencies and constraints between tasks to avert preventable delays. The MPS can be expressed in several display forms depending upon the purpose of the schedule, the stage of the development of the project, and the primary user of the schedule. For example, the MPS provides all of the following:

- *Milestone Schedule.* The milestone schedule is a summary level schedule that allows the project team to review and identify all of the significant and major project related milestones that may surface during the course of a project. A milestone is a significant event in the project usually marked by the completion of a major deliverable. The milestone schedule is recommended for reporting status reports to top level management and project team members.
- *Detailed Schedules.* Detailed schedules are operational views intended to help project team leads in directing project work specific to their respective teams (i.e.: Development, Testing, UAT, OCM leads, etc.). Detailed schedules are considered the execution playbooks for the project.
- *Gantt Charts.* The Gantt chart is the most common form for representing the MPS. A Gantt chart can show a wealth of information and is often used to visually compare actual progress against estimated or baseline completion dates.

Creating the MPS will give the team an overview of what needs to be done, when it needs to be done and when it shall be completed. The MPS will allow our team and WCI leadership to monitor the progress of the project toward the completion of important milestones, and most importantly, stay on critical path. This schedule's strength lies in its ability to aggregate individual activity schedules and display them in one unified view. The MPS will serve as:

- A communication tool for building buy-in for the project team and stakeholders.
- A status tracking tool that provides easy visibility identifying the critical path, task status and resource allocations.
- A detailed task tracking tool to provide visibility where dependencies must be completed on, before or after to ensure they will be completed on time thereby honoring the critical path.
- A useful tool for facilitating team brainstorming during all phases of the project to work out logistics.

Steps to Remedy Unplanned Deviations from Schedule

As prevention is the best medicine, we will work with WCI at project kickoff to design an EAS Plan and Work Schedule that realistically accommodates the working schedules of WCI stakeholders, including WCI team members, jurisdiction staff, and vendors. In addition, with the expectation that schedule deviation will occur, we will work to build cushioning into the schedule especially for crucial assessment tasks that have a high level of dependencies. For example, the development of a compliant TOGAF framework for cap-and-trade depends for WCI's EA Governance Program may depend on analyses of WCI's foregoing assessments and meetings with cap-and-trade SMEs. In general, the more dependencies for a task or milestone, the greater the chance that at least one dependency will be delayed in completion. Therefore, we will strive to develop a schedule that allows for delays in the schedule for the prior tasks. This minimizes the cascading effect of schedule deviations.

When delays arise, our PM will engage with responsible and knowledgeable IT teams to request a Corrective Action Plan (CAP) in writing. The CAP will be used for communicating, addressing and resolving the identified deficiency. All attempts will be made to resolve issues prior to issuing a request for a CAP response, and a corrective action log will track all deficiencies, CAP plan response parameters, and resolutions.

The CAP consists of two major phases and follows a Root Cause Analysis of the delay:

- *Diagnosis.* Performing an investigation to find the root causes of the problem
 - What delay occurred, where and when was it identified, when did it begin, and how significant is it?
 - What were the process steps that should have been carried out to avoid the delay?
 - Which of the faulty process steps could have caused the delay?
 - What information could indicate which of the possible causes actually occurred in a way that would create the problem?
 - What does the data indicate about which of the possible causes did or did not contribute?
- *Solution.* Taking action to prevent the causes from recurring
 - What changes to the processes of project planning and execution might prevent future delays?
 - Which of the possible solutions identified are the most viable?
 - Following implementation, were the delay prevention solutions implemented and have they worked?

Performance Metrics

As part of the definition and tracking of project requirements, we develop, manage, capture, and report on Key Performance Indicators (KPIs). KPIs provide a mechanism for vendor oversight, project control, and guiding project execution. During the development of the master project schedule and charter, we will work with WCI leadership to design KPIs specifically catered to WCI's expectation. We will establish central dashboards to provide direct, up-to-date access for WCI leadership to KPIs for the assessment. We are experienced in developing and implementing a full range of KPIs per PMI guidelines, including for productivity, quality, cost, time, and innovation, including:

- Budgeted Cost of Work Performed vs. Actual Cost of Work Performed
- Cost Variance (between budgeted and actual costs)
- Cost Performance Index (CPI)
- Budgeted vs. Actual Hours Work (per task and per team member)
- Completed Tasks and Achieved Milestones
- Schedule Variance

Measured performance in turn provides output to status reports and progress reports, as well as status meetings and steering committee meetings. Quantitative evaluation and continual monitoring provides a basis to communicate deficiencies/concerns and identify and recommend remedial/corrective action as needed.

Risks and Mitigations

The KAIP team understands that challenges inevitably arise in maintaining project planning and schedules due to changes in resource availability, operational dependencies, and communication requirements. KAIP has a long history with the State of California and has overcome such challenges with multiple State partners, including DHCS and the Department of Conservation. KAIP's years of experience in rescuing at-risk State IT projects will be a valuable asset for WCI, assuring that the EA assessment proceeds according to plan and that deviations are remedied quickly. We will consider a variety of risks, including:

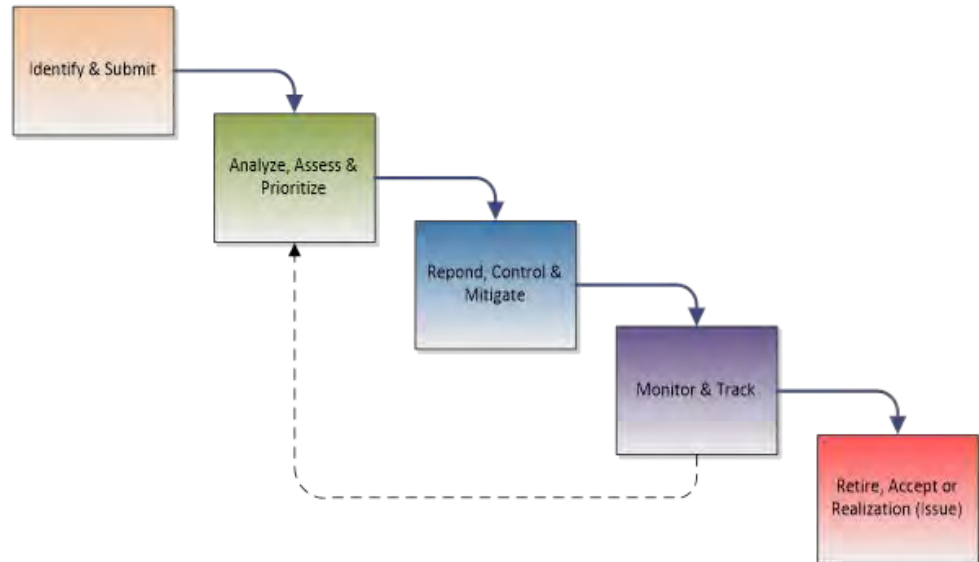


Figure 3. KAIP Risk Management Process

- Cost variances
- Schedule variances
- Insufficient resources to inform accurate assessment of WCI's EA architecture
- Inconsistency among prior assessments and the assessment in progress
- Gaps in input to the WCI EA Governance Model

Identify and Submit Risks

Any WCI stakeholder or project team member can identify and submit risks to our PM through e-mail, in project meetings, or other appropriate methods. Risks, once identified, are entered into the Risk Log. We emphasize upfront communications with stakeholders from the assessment kickoff to mitigate risks as early as possible. No issue is too small: risk can evolve from the early identification of potential threats that have the potential of becoming a risk. Risk identification is an iterative process that KAIP will revisit throughout the project life cycle.

Analyze, Assess, and Prioritize Risks

We will coordinate the review and analysis of submitted risks with WCI leadership. Where necessary, we will deploy Root-Cause Analysis to determine the "Cause and downstream effort" of the newly identified Risk. We will collaborate with WCI to weigh the merits of the threat, define or confirm the probability and timeframe of the risk occurring, and the impact to the assessment. We will then categorize the risk (technical, external, organizational, project management, or other), assign a risk owner, and enter the risk into the Project Risk Log for tracking. KAIP values open, visible and proactive communications with

WCI stakeholders functionally connected to the risk. We will document the results of these communications and their decisions in the Project Risk Log and communicate risk status regularly during project team meetings. As a result of these communications, we will evaluate and escalate or de-escalate risks accordingly. Doing so allows us to prioritize risk management.

Respond, Control and Mitigate Risks

We will collaborate with risk owners (whether WCI stakeholders or KAIP team members) and the project team to ensure that project risks have appropriate mitigation plans and triggers identified. Risk triggers provide an early warning of an impending risk event, giving the Project Manager enough time to take appropriate action or focus extra attention to the risk. Risk triggers also indicate the need to implement a specific risk response activity. The risk owner or our PM will identify a risk trigger whenever a contingency plan must be put in place. If the risk response plan results in additional schedule activities, the PM will update the project schedule to include those activities. Risk owners may choose to mitigate, monitor, accept, avoid, or transfer the risk.

Monitor and Track Risks

This step is an iterative process that begins with a review of the current risks. The purpose of this review is to validate the probability, impact, and mitigation strategies, as well as to ensure that the risk information is current and appropriate. Our PM will monitor risk triggers to ensure risk response actions are carried out, as well as review the trigger dates, mitigation, and contingency activities to verify tasks are proceeding as planned. Our team will engage the risk owner to provide status and updates for risks assigned to them. We will review the status of high level risks on a monthly basis.

Close, Accept or Realize Risks

Once a risk has been mitigated or considered no longer valid, we will collaborate with the owner to retire the risk and then review the final result with WCI leadership during the next project status meeting. Upon retiring a risk, our team will ensure the pertinent details of the final resolution are documented in the Project Risk Log (Risk Radar).

5.4 Potential Conflict of Interest

KAIP has identified no potential conflicts of interest that may arise while conducting the Enterprise Architect Services required under this Agreement.



F. COST PROPOSAL

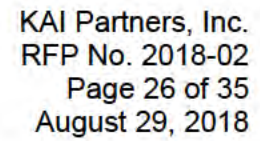
KAI Partners, Inc.

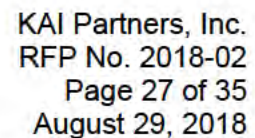
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G. REQUESTED REVISIONS TO GENERAL TERMS AND CONDITIONS

KAIP accepts the General Terms and Conditions included in the Request for Proposal and has not included any exceptions.





| | | | |
|----------------------|--|--------------------------|------------|
| Name of Organization | Department of Health Care Services' (DHCS) California Medicaid Management Information System (CA-MMIS), Digital Service | | |
| Street Address | 4821 Echo Ridge Rd | City | Rocklin |
| State/Province | CA | ZIP/Postal Code | 95677 |
| Contact Person | [REDACTED] | Telephone Number | [REDACTED] |
| Dates of Service | [REDACTED] | Value or Cost of Service | [REDACTED] |

Brief Description of Service Provided:



REFERENCE 3

| | | | |
|----------------------|---|--------------------------|------------|
| Name of Organization | Department of Conservation, Division of Oil, Gas, and Geothermal Resources (DOGGR), WellSTAR Project | | |
| Street Address | 801 K Street | City | Sacramento |
| State/Province | CA | ZIP/Postal Code | 95814 |
| Contact Person | [REDACTED] | Telephone Number | [REDACTED] |
| Dates of Service | [REDACTED] | Value or Cost of Service | [REDACTED] |

Brief Description of Service Provided:

[REDACTED]



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Sacramento, CA 95816

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ATTACHMENT G CONTRACTOR'S COST PROPOSAL

[This attachment has been removed from the public document for business confidentiality reasons.]