

TexasOnline 2.0 Master Agreement

Between

**The State of Texas, acting by and through
the Texas Department of Information Resources**

and

Texas NICUSA, LLC

Exhibit H Governance

July 31, 2009

Exhibit H Governance

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Article I. Introduction

- (a) This *Exhibit H* and the *Policies and Procedures Manual* attached as *Attachment H-1* describe the objectives in governance, and the organizations, decision processes, information exchanges, funding methods, and DIR, Vendor and other participation and support required to meet those objectives.

Article II. Contractual Principles

Exhibit H Governance addresses the following Governance principles:

Section 2.01 Governance Principles

- (a) TexasOnline 2.0 governance promotes the best interests of the State and provides maximum latitude to the Vendor to pursue revenue-generating developments.
- (b) The guiding principle in the TexasOnline 2.0 governance is to create a transparent system that provides DIR oversight of TexasOnline 2.0, while also integrating Customers, users, third-parties, and vendors at appropriate points throughout the governance process.
- (c) Governance is built from a core set of tenets:
- 1) Effective yet flexible procedures to secure approvals for rapid deployment of applications;
 - 2) Continuous input from Customers, Citizens and Businesses;
 - 3) Strategic guidance from Customer leadership;
 - 4) Support from the State;
 - 5) Built-in accountability through transparent performance metrics; and
 - 6) Clear channels of communication.

Section 2.02 Governance Participation and Governmental Bodies

- (a) The following organizations will participate in TexasOnline governance:
 - (i) DIR Board;
 - (ii) DIR;
 - (iii) Vendor;
 - (iv) Customers;
 - (v) Auditors;
 - (vi) Other vendors; and
 - (vii) Other persons or entities as agreed by the Parties from time to time.
- (b) The Policies and Procedures Manual (PPM) in *Attachment H-1* specifically identifies the boards, committees, councils and other governance bodies, and the function, authority, responsibility, membership, expected reports, and regularity of meetings of each. The PPM also describes TexasOnline 2.0 governance, policies, and process.
- (c) When determined to be necessary by either of the Parties, the participants in the governance processes will be mutually bound by appropriate confidentiality agreements to facilitate free exchange of financial and technical information while protecting essential organizational interests.

Section 2.03 Governance Resources

Effective January 1, 2010, the two high-level FTEs will be funded by the TexasOnline 2.0 operational budget throughout the life of the Master Agreement if requested by DIR through the Annual Budget Process.

Section 2.04 Business Case Process

The Project Review Board will recommend projects for approval, disapproval, or deferral using the Business Case Prioritization Score. If the Business Case Prioritization Score falls within the Proceed Range, then the project will proceed through the following steps:

- (a) If the project fits within the agreed-upon Annual Budget without change, then the project will proceed.
- (b) If the project exceeds the agreed-upon Annual Budget, and the project cannot be accommodated through the Annual Budget, then the Parties will attempt to mutually agree upon adjustments to scheduling/priority of other TexasOnline 2.0 projects, or make other adjustments.
- (c) If the Parties cannot agree on adjustments, or the project still exceeds the availability of portal resources or exceeds the agreed-upon Annual Budget, then the Parties must agree upon alternative funding or alternative compensation methodology for the project or reject the project.

- (d) If DIR cannot come to agreement with the Vendor, DIR has the option to use another contract vehicle to procure the services for the project.

Article III. Methodology for Updating Associated Exhibit Attachments and Plans

Section 3.01 Recommendations

- (a) Either DIR or Vendor may submit to the other Party a recommendation for changes or additions to the PPM. Such recommendation will be in writing and will (i) specifically identify the portion or portions of the PPM to be changed (ii) include the specific language to accomplish the proposed change, and (iii) identify the reasons for the proposal and anticipated improvements from the change or repercussions for failure to adopt the change. A copy of the recommendation will be provided to DIR and the Vendor.

Section 3.02 Review and Input

- (a) DIR will determine whether input on the recommendation from any other governance body and/or Customer is appropriate, and will promptly circulate the recommendation to those identified. If DIR does request input from any other governance body and/or Customer, DIR will require any input to be provided in writing and submitted within a specified period of time, not to exceed 60 days from the date of the recommendation.
- (b) DIR and Vendor will each receive a copy of the written input from the other governance bodies and/or Customers, if applicable. The Party making the recommendation may propose adjustments to the recommendation to address any input of the other governance bodies and/or Customers.

Section 3.03 Approval

- (a) If DIR and Vendor agree upon the recommendation, the Parties will execute a revision to the PPM, as applicable, which will be effective when signed by authorized representatives of both DIR and Vendor. The revised PPM will be posted in a location identified in the PPM.

Section 3.04 Appeal

- (a) If the DIR and Vendor cannot agree on a recommendation, the recommendation may be submitted to the Executive Steering Committee for resolution.
- (b) Exceptions to the Appeal Process. The following items are exceptions to the process described in Section 3.04 (a) and must be mutually agreed to by both Parties:
- (i) Changes to *Attachment H-1 PPM, Business Case Process*
 - (ii) Changes to *Attachment H-1 PPM, TexasOnline 2.0 Budget Process*

- (iii) Changes to the membership of the Project Review Board and the Executive Steering Committee, as defined in *Attachment H-1 PPM*

Article IV. Remedies for Governance Failures

Section 4.01 Process for Addressing Governance Failures

- (a) It is the intention of the Parties to settle amicably all issues or disputes arising from failure of either Party to comply with the terms of this *Exhibit H (Governance)* (such failure a "Governance Failure") by conference and negotiation by the appropriate members of operations management from both DIR and Vendor, and to provide an escalation process if any such Governance Failure cannot be resolved by such individuals.
- (b) A Party claiming that a Governance Failure has occurred shall notify the other Party giving details of the alleged Governance Failure, and specifying in such notice the corrective action plan it proposes be implemented to address such Governance Failure (the "Governance Notice").
- (c) The Party alleged to have caused the Governance Failure (the "non-performing Party") may either:
 - (i) Accept such corrective action plan in the Governance Notice, in which event the Parties will evidence the agreement to the plan in writing; or
 - (ii) Provide a written response (a "Governance Response") in which it either:
 - 1) Proposes modifications to the corrective action plan set out in the Governance Notice; or
 - 2) Dispute the occurrence of a Governance Failure, its responsibility for the Governance Failure, or otherwise responds to the notification. In the case of a Response by the non-performing Party under any of subsections (1) and (2) herein, during the 20 calendar day period after such Response is given (or any longer period agreed in writing between the Parties) (hereinafter "Initial Period") the appropriate members of operations management from both DIR and Vendor shall work in good faith to resolve the dispute and reach agreement on a corrective action plan, if applicable.
- (d) In the event that appropriate members of operations management from both DIR and Vendor are unable to reach a resolution regarding such dispute during the Initial Period, the matter will be referred to the Executive Steering Committee for resolution and adoption of a corrective action plan, as necessary.

Section 4.02 Corrective Action Plan

- (a) The Corrective Action Plan may include:
 - (i) Provisions for clarifying and/or modifying the proper processes under the Governance provisions of this Master Agreement;

- (ii) Actions which the non-performing Party must agree to take to remedy the Governance Failure, or to prevent similar Governance Failures in the future; and
- (iii) Other guidance or agreements as the Parties mutually agree.

Article V. Documents Referenced in Exhibit H Governance

Section 5.01 Attachments to Exhibit H

(a) The following attachments are incorporated as part of *Exhibit H Governance*:

Table 1: Exhibit H Governance Attachments

Title	Description and Contents
<i>Attachment H-1 Policies and Procedures Manual</i>	The TexasOnline 2.0 PPM attachment provides a detailed description of the TexasOnline 2.0 governance structure. The PPM defines the following: <ul style="list-style-type: none"> • DIR roles and responsibilities • Vendor roles and responsibilities • Function, authority, responsibility, membership, reports, and meeting frequency of all governance committees and teams • Governance policies • Governance processes

Section 5.02 Exhibit H Associated Plans and Timelines

(a) The following plans and timelines are associated with *Exhibit H Governance*:

Table 2: Exhibit H Governance Associated Plans and Timelines

Title	Initial Draft Due	Final Draft Due	Updates
<i>Attachment H-1 Policies and Procedures Manual</i>	May 27, 2009	Effective Date of Master Agreement	Annually, by July 1, or as requested by DIR.

Section 5.03 Other Referenced Documents in Exhibit H

(a) No documents are referenced in *Exhibit H Governance*.