



STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget

525 W. ALLEGAN ST., LANSING, MICHIGAN 48913

P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number 1

to

Contract Number 071B5500100

CONTRACTOR	CONLIN-HALLISSEY TRAVEL INC
	1504 E. Grand River Ave, Suite 200
	East Lansing, MI 48820
	Kevin Hamilton
	517-492-1417
	khamilton@conlintravel.com
	CV0020181

STATE	Program Manager	Ronda Whiting	SW
		517-636-6739	
		whitingr1@michigan.gov	
	Contract Administrator	Jillian Yeates	DTMB
		(517) 275-1131	
		yeatesj@michigan.gov	

CONTRACT SUMMARY				
TRAVEL ADMINISTRATOR SERVICES STATEWIDE				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
April 27, 2015	April 26, 2018	2 - 1 Year	April 26, 2018	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	2 Years	<input type="checkbox"/>		April 26, 2020
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$334,650.00	\$0.00	\$334,650.00		
DESCRIPTION				
Effective April 26, 2018 this contract is amended as follows:				
1. Renew contract two years. The revised Expiration Date is April 26, 2020				
2. Increase Internet Hotel Only Reservation pricing to \$4.75 (Exhibit C - Pricing, Transaction Fee)				
3. Change the Notices contact and Contract Administrator to Jillian Yeates, Email: yeatesj@michigan.gov and Phone: 517-275-1131 (Standard Contract Terms, Sections 2 and 3)				
4. Change Program Manager to Ronda Whiting; Email: whitingr1@michigan.gov and Phone: 517-636-6739 (Standard Contract Terms, Section 4)				
5. Delete Administrative Fee and Reporting section (Standard Contract Terms, Section 7)				
6. Delete Extended Purchasing Program section (Standard Contract Terms, Section 8).				
All other terms, conditions, specifications and pricing remain unchanged. Per Contractor and Agency agreement, and DTMB Central Procurement approval.				

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
525 W. ALLEGAN, LANSING, MI 48933

NOTICE OF CONTRACT NO. 071B5500100

between

THE STATE OF MICHIGAN

and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Conlin Travel, Inc. 1504 E. Grand River Avenue, Suite 200 East Lansing, MI 48820	Kevin Hamilton	khamilton@conlintravel.com
	PHONE	VENDOR TAX ID # (LAST FOUR DIGITS ONLY)
	(517) 492-1417	1358

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER	DTMB	Dave Ancell	(517) 322-5051	ancelld@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Mary Ostrowski	(517) 284-7021	ostrowskim@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Travel Administrator Services - Statewide			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
3 Years	April 27, 2015	April 26, 2018	2, one year
PAYMENT TERMS	F.O.B.	SHIPPED TO	
Net 45	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS:			
N/A			
MISCELLANEOUS INFORMATION:			
N/A			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION:		\$334,650.00	



Notice of Contract #: 071B5500100

For the Contractor:

_____,
Contract Administrator

Date

For the State:

_____,

State of Michigan

Date



STATE OF MICHIGAN
Department of Technology, Management and Budget
Procurement

Contract# 071B5500100
Travel Administrator Services - Statewide

Contract Manager Name: Mary Ostrowski
Telephone Number: (517) 284-2021
DTMB-Procurement Telephone Number 1-855-MI-PURCH (1-855-647-8724)
E-Mail Address: ostrowskim@michigan.gov



EXHIBIT A STATEMENT OF WORK CONTRACT ACTIVITIES

1.0 Requirements

1.1 Work and Deliverables

- 1) The Contractor must provide access to professional travel agent(s) and an online reservation system that can provide all travel reservations (domestic and international) requested 24/7/365. This must include domestic and international travel reservations for air, car, hotel, and rail services.
- 2) The Contractor must record all exceptions to policy for reporting and compliance purposes.
- 3) All commissions earned and generated on State travel must be returned to the State of Michigan.
- 4) The Contractor(s) may also be required to collect on behalf of the State from each traveler booking airfare a "service fee" determined by the State Of Michigan. The "service fee" will be charged to the air travel credit account that is charged for the airfare.
- 5) The Contractor(s) must submit on a monthly basis a reconciliation of the transaction fees incurred during the past month offset by the commissions earned and any service fees collected on behalf of the State.
- 6) The Contractor must establish, maintain, and update traveler profiles for all official State travelers. This must include electronic means by which the traveler can easily complete or update their profiles.

The Contractor must use the Concur online reservation system's integrated profile process. Travelers simply login to the reservation system and update as needed. This information is automatically formatted to both the GDS database and to the Concur online reservations system database.

A. Reservations

1. Air Ticketing

The Contractor must:

- a. Offer the lowest air fare available, including web fare to meet the travelers' itinerary and offer alternate itinerary options that are cost effective. The alternate itinerary options must be provided through both avenues of service: via the internet reservation system and consulting/booking agents.

With the use of GDS tools, custom point of sale tools, and robust online programming, the Contractor must provide the best options for each traveler while being in the best interest for the State of Michigan cost savings strategies. The online booking tool can be set up to not allow the purchase of anything but the lowest fare or it can ease that restriction and simply identify any selections that are out of policy.

The Contractor must utilize every opportunity to secure the lowest fare for travelers. The Contractor's iQCX fare checker module identifies any record with re-ticketing or re-pricing opportunities, notes and queues this information to the booking agent. The PNR is continuously re-checked up to 24 hours before departure for additional savings opportunities.

- b. Track and utilize unused tickets.

The Contractor must use their unused ticket management system which integrates unused ticket information into the online reservation system providing alerts to travelers. These tickets must also be displayed in the fare grid after searches are performed and within other areas of the purchase stream. The system must educate the traveler at every opportunity. This integration must continue over to the point of sale process utilized by the Contractor's travel consultants. Every record must be quality checked against available tickets. Additionally, the Contractor must provide email reminders to travelers for tickets that are nearing expiration to further expand the potential for savings.



- c. Document and report on all exceptions to State policy to the Program Manager in a monthly report.

The Contractor must advise all State-authorized travelers if their selected itineraries, booked by phone or through the online reservations system, do not meet the criteria identified in state travel policy. If the traveler does not choose to subsequently modify their itineraries, this exception to travel policy must be documented and reported. Reports can be auto-generated in a variety of formats and can be provided at a granular level of departments to travelers.

- d. Purchase all air ticketing on a travel credit account issued to the travelers department with the account information maintained in the profile.

2. Hotel

The Contractor must:

- a. Have in place a system to ensure that travelers are booked at the best value available.

The Contractor must use their Worldspan GDS to maintain a hotel database that can search several hundred thousand properties worldwide. The Contractor must search for accommodations selected by location, type of accommodations, or proximity to business. Using Worldspan's Hotel Source[®] enhancement, the Contractor must access multi-tiered rates, including government rates, and rates specifically negotiated for the State of Michigan. This program emulates the hotel's own reservations system in order to generate a real time reservations display that guarantees state travelers will always receive the best value within travel policy compliance.

- b. Identify and offer the lowest cost possible at qualifying hotels. Travelers are allowed to reserve a room at a two or three star/diamond/crown rated hotel at the lowest rate excluding suites.

Both online and offline, travelers must be presented with the lowest cost at appropriate hotels. Through travel policy integration both online and offline, allowed room types, as well as exceptions, must be shown (or discussed with a travel consultant) to provide travelers with information to make educated decisions.

- c. Document and report on all exceptions to State policy.

The Contractor must advise all State-authorized travelers if their selected itineraries, booked on the phone or the online reservations system, do not meet the criteria identified in state travel policy. If the traveler does not choose to subsequently modify their itineraries, this exception to travel policy must be documented and reported.

- d. Official State travelers will provide a personal credit card or a State issued hotel card to guarantee hotel reservations.

The Contractor must use their credit card mapping process, which allows their system to process the appropriate card when no air segments are present, to handle the complexities of having numerous departments, credit cards and rules of credit card usage.

3. All Other Travel

The Contractor must:

- a. Provide the lowest cost rail reservations for the traveler that prefers this service.

The Contractor must provide access to passenger rail rates, both through their Worldspan Global Distribution System and through direct access. Worldspan displays rates and real time schedules for both the U.S. Passenger Rail System, Canada's Rail System and Europe. The Contractor must have additional options available through direct connections they have developed with third-party providers.



- b. Provide the lowest cost rental car reservations for State travelers when authorized and approved.

The Contractor must use Worldspan Car Source® for real-time communications between over 60 car rental companies to guarantee complete and current rates, availability, and pricing quotes. Worldspan Car Select® also sources rates at thousands of travel agencies, leading tour operators and car rental web sites worldwide. As an added value to State of Michigan travelers, the Contractor must directly partner with the car rental industry's top companies to create a preferred car rental program. Whether travelers have a preference or are limited to certain companies at their destinations, the State must be assured that all of the Contractor's programs offer exceptional service and value. The Contractor's program must be designed for organizations that want to supplement any negotiated rental car program. The Contractor's partners must offer special, competitive rate programs that present excellent value to travelers. These programs must provide access to discounted rates with unlimited miles, free upgrades when available, and membership in Preferred Rental programs.

B. Internet Reservation System

1. The Contractor must provide a managed Internet reservation tool that will accommodate the State of Michigan travel policies.

The Internet Reservation tool must:

- a. Be user-friendly, providing the user with direction in selecting travel within policy.

The Contractor must use Concur online solution. Concur captures web fares, as well as GDS published fares, so as to be compliant with State travel policies.

Concur online reservations system features:

- Lower Costs through Higher Adoption Rates: Many business travel online reservations solutions require a training curve that creates a high productivity cost, especially for infrequent travelers who need a refresher every time they attempt to use the system. By reducing training time, the State's travelers would be more productive and more likely to use the solution, therein reducing personnel costs that the agency must charge to the state.
- The Ability to Tightly Manage Travel Policy Compliance: Concur has the ability to mandate travel policy compliance, report exceptions, or take a middle ground and require authorization. It can also make exceptions in some areas, while holding steadfast in others. For example, if a traveler was not using the lowest available fare due to an extenuating circumstance, the reservation would be dropped into a specified queue and held until approved by the CCI.
- Customizable Interface Set-up feature in online environments: It is critical to have useful information readily available to the State's travelers, therein promoting return visits. As best practices are revised, vendor rates are re-negotiated, or as travel policies are updated, such content maintenance is easily integrated into Concur. The Contractor must reevaluate the current interface and customize based on new contract requests.
- Capability of booking guest travelers: On occasion, a State department could wish to bring in a person for consultation, interview, etc., or even send a staff member who does not normally travel, to a conference or meeting. Here, Concur has a component, The Guest Traveler, a feature that allows an authorized travel arranger to perform reservations for such non-profiled travelers. The reservation will be listed in the arranger's Concur account for compliance and reporting purposes. A reservation is created manually in the GDS by Concur, since no personal Worldspan Profile exists for the guest traveler, but the department level profile will still move into the record. The advantages to this component include: A specific guest policy can be created, or can default to the basic state travel policy. Support of air, car and hotel vendor affiliate programs, which are captured at time of booking. Support of full workflow and reporting A guest traveler booking can also be made by using the Trip Template and Clone Trip functions.



- Itinerary Changes: Concur, takes the potentially cumbersome process and wraps it in a user-friendly interface. For qualified trips, users select the “change trip” feature, identify the components to be changed, enter in new search parameters and make their new selections. Old and new fares and rules are automatically researched and a new price is quickly generated. The newly calculated price reflects appropriate rules, taxes, additional collections, refunds, penalties and fees and this information is passed along directly into the online purchase stream. Any residual value is also reflected back to the user.

- b. Include traveler profile sync with the agencies Global Distribution System (GDS).

Concur profile process integrated into the Concur online reservation platform seamlessly synchronizes to the GDS within 30 seconds of any update made by a traveler. The information is automatically formatted to the GDS in the needed format. Travelers do not need to enter content in any particular format, Concur does the heavy lifting of normalizing the entries.

- c. Capture and display web fares in compliance with State travel policies.

The Contractor must have the capability of checking both GDS fares and web fares for every travel reservation. The online booking tool can be set up to not allow the purchase of anything but the lowest fare or it can ease that restriction and simply identify any selections that are out of policy. Anything out of policy will be reviewed by a travel manager and the traveler will be contacted if a more appropriate choice is available within policy. Any out of policy exceptions will be reported both through reports via iBank and Travel GPA.

- d. Identify contracted travel vendors.

Contracted and preferred vendors can be displayed in many different views within the online reservations system. They can float to the top of the search results, be flagged with custom icons – including a custom logo.

- e. Identify unused ticket segments for exchange.

The Contractor utilizes an unused ticket management system through the Concur booking platform. Unused ticket information is integrated into the online reservation system and provides alerts to travelers. These tickets are also displayed in the fare-grid after a search is performed and also within other areas in the purchase stream.

C. Database Reporting System

1. The Contractor must provide an online database reporting system that Agencies can access and run ad hoc reports themselves. The Agencies must be able to pull data fields such as:
 - a. Data by airline
 - b. Point to point departures and destinations.
 - c. Ticket cost for all air travel.
 - d. Average ticket costs
 - e. Tickets issued, refunded exchanged and voided.
 - f. Exception report identifying travelers who chose a more costly accommodation when offered a lower cost option.
 - g. Hotel reservation activity.
 - h. Car rental reservation
 - i. User information.

The Contractor’s reporting program consists of a web based suite of reporting tools that provide the reporting and benchmark information expected in today’s business climate. Utilizing these reporting tools, the State has full access to Pre and Post reports along with exception reports on a dynamic level. Report delivery can be set to the State’s specifications to match the State’s requirements.



The suite must be accessible from a single administrator page within Contractor's State travel portal. iBank[®] can deliver over 120 standard reports and a virtually unlimited number of user-defined reports to the State of Michigan upon demand, or on a scheduled broadcast basis. With iBank[®] reporting, the State of Michigan can focus on Spend Analysis, Supplier Management, Policy/Risk Management, Activity Management, Spend Management, and Reconciliation Analysis.

2. The Contractor must work with DTMB VTS once the Contract is in place to determine any additional reporting fields.
3. The Contractor must use their Database Reporting Systems and functionalities as identified below:

The Contractor's primary end-user reporting system is iBank. Reports can be automated, standard or custom. iBank delivers over 120 standard reports and a virtually unlimited number of user-defined reports on demand or on a scheduled broadcast basis. With iBank reporting, the State can focus on Spend Analysis, Supplier Management, Policy/Risk Management, Activity Management, Spend Management and Reconciliation Analysis.

iBank allows users to:

- Access to multi-dimensional views of the State's travel program
- Present critical information to key managers
- Produce custom key performance indicators and measure variance to goals
- Export information to other applications
- Deliver data to other critical applications
- Uncover new ways to improve spend categories

The Contractor utilizes Travel GPA. Travel GPA is a benchmark and policy success engine that evaluates a client on key performance indicators and identified goals. TRAMS, the Contractor's mid-office accounting system, allows the Contractor to review credit card charges, data consistency and integrity and reservation anomalies. TRAMS feeds the cleansed data into these other two systems.

The Contractor utilizes MagnaTech for unused ticket reporting and traveler notices.

D. Cancellations and Changes

1. Cancelled reservations must not incur a transaction fee.
2. Changes in reservations that do not generate a new ticket must not incur a transaction fee. Only when a change generates a new ticket will a transaction fee be allowed.

E. Communication

1. The Statewide effectiveness of a centrally managed program requires prompt effective communication. The Contractor must be able to provide electronic confirmation capabilities, fax capabilities and phone response within two hours.

The Contractor must offer a number of communications options for state travelers. In addition to electronic communication via e-mail, the Contractor must offer both direct and toll free telephone calling, as well as faxing, to their Lansing area, Ann Arbor, Grand Rapids and San Francisco offices. The Contractor's Cisco telephone platform is an ACD system with a capacity of up to 144 lines and 16 call routing steps. It is especially designed for high volume businesses to distribute calls in predetermined sequence should there be an excessive call volume.

In addition to intelligent call routing, its features include:

- Call categorization
- Emergency routing
- Ability to export ACD information for specialized reporting
- Supervisory tools such as silent monitoring of agent calls, agent help key, and agent record call
- Sixteen Call Management reports available on the desktop via LAN-based server



- Real-time group and system status displays 12 in-depth management reports on agent, group, and system performance
- Skill set-based routing

a. The Contractor's communication turnaround times.

The Contractor's set standards for communication turnaround must include:

- 90% of calls answered within 20 seconds during business hours
- 90% of all after-hours/emergency calls within 60 seconds
- 80% of all calls for online support within 20 seconds
- Responding to voicemail within an average of 30 minutes
- Addressing all traveler inquiries within 2 hours and keep the traveler informed of actions and progress through to resolution
- Resolving customer service issues related to the Contractor within 3 business days

The Contractor must strive to ensure State traveler's requests are handled efficiently and thoroughly.

F. Accounting

1. The Contractor must submit a monthly reconciliation of transaction fees and commissions earned with any monies due or owed identified by the 25th day of the month following reporting period.

The Contractor uses their comprehensive TRAMS Back Office Accounting system. Initially developed in 1999 by an agency consortium, TRAMS is independent of the global delivery systems and has been developed out of best practices of some of the world's leading travel management companies. This means that the system has programming elements that work outside of traditional airline accounting. These would include reconciliation of fees collected against transaction fees billed and commissions earned.

Other elements of this accounting system include:

- Commission tracking
- Ticket logs, ARC report, IAR reconciliation
- Client history and statements
- Vendor history and statements
- Mailing labels and Mail Merge Files
- Client marketing information
- Client travel history
- Commercial client reporting
- Merge with word processors
- Fare savings reports
- Management analysis
- Income statement and balance sheet
- Decision making data, and much more

It completely automates management and accounting activities, interfaces with Worldspan, and reinvests over \$500,000 per year in research and development, resulting in continuing enhancements and improvements.

2. If requested, the Contractor must collect a "service fee" on behalf of the State, with monthly reconciliation of service fees collected, transaction fees billed and commissions earned.

G. Quality Assurance

The Contractor must provide the following minimum service levels to meet traveler needs:

1. The Contractor must perform 98% of all transactions error free.



a. How Contractor will meet this service level:

The Contractor will use combination of their profile management, agent education and quality control processes.

Through the use of quality control system, COMPLEAT, every transaction must be scanned for accuracy to such a granular level that mechanical errors within a reservation are virtually eliminated. Additionally, through agent monitoring and management oversight, Contractor's agents must process each reservation properly, with less than a 1% error rate.

b. How Contractor will report on this service level monthly:

The Contractor must report from COMPLEAT on all actions taken on reservations and errors. The Contractor must measure agent accuracy and efficiency from quality control, phone stats and error rates. The Contractor's account managers must utilize Salesforce for tracking customer complaints.

c. The Contractor's systems in place to track quality of this service level:

With the use of COMPLEAT, Salesforce, proprietary tools and old-fashioned monitoring, the Contractor must track all components of service levels for the State.

2. The Contractor must act upon 98% of complaints within 72 hours.

a. How Contractor will meet this service level:

The Contractor must initially address all traveler inquiries within 24 hours and must keep the traveler informed of actions and progress through to resolution. Customer service issues related to agency performance must be completely resolved within 3 business days.

b. How Contractor will report on this service level monthly.

Through the use of issue logs maintained within the Contractor's Salesforce system, the State of Michigan account manager can obtain insightful reports and information.

c. The Contractor's systems in place to track quality of this service level.

The Contractor's primary tool for service issue/complaint documentation is Salesforce. All Contractor staff must be able to open service tickets within Salesforce to indicate when an issue is being worked on, who is assigned to it, and its status of resolution. This report will be reviewed by the program manager on a quarterly basis. With any event needing immediate response, the Program manager will be notified directly.

3. The Contractor must provide an internet reservation system that is available 99% of the time.

a. How Contractor will meet this service level.

The Contractor is a licensed reseller of the Concur platform. Through Concur, the Contractor must provide a quarterly performance report as well as real-time dashboard of outages and service interruptions.

b. How Contractor will report on this service level monthly.

The Contractor must provide this information in their monthly reporting package.

c. The Contractor's systems in place to track quality of this service level.

The Contractor must utilize the Concur performance dashboard for active monitoring of service levels. The Contractor must track calls to identify any trends that may be occurring across their client base.

d. The Contractor must advise the Program Manager of internet reservation system issues (i.e. scheduled maintenance, unexpected system outages).



The Contractor must send outage information through their mail system to the Program Manager. Depending on the severity of the issue and the estimated time to resolve, the Contractor must send notification through their Green, Yellow and Red travel alert process. The Contractor must then work with the Program Manager to decide on notification to users of the system – email, Travel Hub, online reservation system messages.

- 1) All system outages/shutdowns must be reported immediately to the Program Manager or designee.

The Contractor must send current system glitches and outage information through their email system to the Program Manager automatically as they arise. The Contractor must send out notifications via the Green, Yellow and Red travel alert process. The color of alert is determined by the severity of the issue and the estimated time to resolve. The Contractor must provide the Program Manager with access to a portal that displays outage activity from the online reservation system provider, Concur. The Contractor must post various messages on the Travel Hub at www.somtravel.com and in the online reservation tool, Concur.

- 2) Within 24 hours of problem resolution and restart, the Contractor must prepare and submit a report to the Program Manager or designee indicating elapsed downtime hours, start/end timeframes, reason for the outage, impact on the systems (lost data, etc.) for each occurrence, and resolution to mitigate future occurrences.

4. The Contractor must provide a reporting system that is available 99% of the time.

- a. How Contractor will meet this service level.

The Contractor works closely with their reporting systems' vendors to be sure they are meeting the service levels set forth in the Contractor's agreements with them.

- b. How Contractor will report on this service level monthly.

The Contractor requires their vendors to submit system stats on a quarterly basis. The Contractor must also monitor their systems daily.

- c. The Contractor's systems in place to track quality of this service level.

The Contractor's Executive Staff must monitor all systems. Additionally, the Contractor's wholly owned subsidiary oversees system security, availability and quality through system scanning software.

- d. The Contractor must advise the Program Manager of reporting system issues (i.e. scheduled maintenance, unexpected system outages).

The Contractor must send outage/scheduled maintenance information of their reporting system through their email system to the Program Manager. Additionally, the Program Manager can call the Contractor's reporting specialists should they experience a problem with access whether related to outages, shutdowns or other reasons.

- 1) All system outages/shutdowns must be reported immediately to the Program Manager or designee.

The Contractor must send reporting outage information through their mail system to the Program Manager. Additionally, the Program Manager can call the Contractor's reporting specialists should they experience a problem with access whether related to outages, shutdowns or not.

- 2) Within 24 hours of problem resolution and restart, the Contractor must prepare and submit a report to the Program Manager or designee indicating elapsed downtime hours, start/end timeframes, reason for the outage, impact on the systems (lost data, etc.) for each occurrence and resolution to mitigate future occurrences.



The Contractor works closely with vendors to gain as much information as possible when there is a problem. The Contractor must provide any documentation and information needed to meet this requirement.

5. Reach consensus and resolution on all billing disputes within 30 days of notification.

a. How the Contractor will meet this service level.

The Contractor uses their comprehensive data capture.

b. How the Contractor will report on this service level monthly.

The Contractor must provide a report of billing disputes to the State within the required format.

c. The Contractor's systems in place to track quality of this service level.

The Contractor must document billing disputes in Salesforce through the Contractor's Account Manager and accounting personnel.

1.2 Transition

- A. The Contractor must meet with the State of Michigan Program Manager on a weekly basis following the execution of the contract in an effort to ensure that all program adjustments needed or requested are executed appropriately.

1.3 Training

- A. The Contractor must have updated training opportunities available for all State of Michigan employees.

B. The Contractor must provide at the minimum, access to online training.

The Contractor must have updated training courses available to State employees online at all times and must provide in-person training at the request of the State.

2.0 Staffing

2.1 Contractor Representative

- A. The Contractor must appoint an individual who will be specifically assigned to this Contract, who will respond to State inquiries regarding the Contract Activities, answering any Contract related questions, and resolving any issues. (the "Contractor Representative").

Contractor's Account Manager/Contractor Representative:

Marci Rusinsky

mrusinsky@conlintravel.com

Phone: 734-477-6056

Responsible for responding to State inquiries and issues.

Executive Vice President of Sales and Client Relations

Kevin Hamilton, located in East Lansing office

khamilton@conlintravel.com

(517) 492-1417 - Direct Dial

Responsible for the overall relationship and success of the State of Michigan travel program and will continue to be actively involved.

- B. The Contractor must notify the Contract Administrator at least 30 calendar days before removing or assigning a new Contractor Representative.

- C. The Contractor must specify its toll-free number for the State to make contact with the Contractor Representative:

Toll-Free Number: 1-877-654-2179

Additionally, account managers and the account development team are all available at direct lines or by calling the Contractor's main switchboard.



2.2 Technical Support, Repairs, and Maintenance

- A. The Contractor must specify its toll-free number for the State to make contact with the Contractor for technical support, repairs and maintenance.

Contractor's eServices Division has a direct toll-free number of 1-888-387-3536. Additionally, travel consultants can transfer calls into the eServices phone queue quickly and easily should a caller need technical assistance.

- B. The Contractor must be available for calls and service during the hours of 8 am to 5:30 pm EST Monday - Friday. After-hours emergency service is available for callers following Contractor's office hours and on weekends.

2.3 Work Hours

A. Standard Business Hours

- 1. Booking Agents must be available from 8:00 AM to 8:00 PM EST Monday through Friday. The Contractor's Travel offices provides an after-hours emergency service for necessary calls outside of these hours.

- a. Booking Agents must return calls within two hours if they are unavailable for immediate assistance.

B. Emergency /After Hours Service

- 1. The Contractor must provide emergency/after-hours service 24/7.
The Contractor subcontracts after-hour services to CCRA.

- a. The Contractor's process for emergency/after hour calls:

After-hours emergency services are available from 8:00 pm – 8:00 am Monday through Friday as well as weekends and holidays when the Contractor's offices are closed. Phone calls into the State of Michigan toll free line automatically roll over to this service upon closing. Every record and call is quality control checked the following business day for accuracy.

2.4 Key Personnel

- A. The Contractor must appoint two to three Booking Agent/Consultant/International Booking Agent(s) who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

Four Senior Travel Managers at Contractor's Lansing-area office:

Bruce Wilkinson – Senior Travel Manager
Diane Hoffman - Senior Travel Manager
Sandi Salenbien – Senior Travel Manager
Pamela Rogowski – Senior Travel Manager

Other Key Personnel who will be working on servicing the State of Michigan Account from Contractor's East Lansing office include:

Marci Rusinsky – State of Michigan Account Manager
Kevin Hamilton – Executive Vice President of Sales and Client Relations
Laura Bassett – Executive Vice President, Corporate Travel and Technologies
Jon Schuster – Manager of Online Technology

Other Key Personnel in Contractor's Ann Arbor office will be instrumental in servicing the State of Michigan Account include:

William Swiderek - Chief Financial Officer
Betty A. Harmon, CTC, Executive Vice President
Patti Calvert - Manager of Executive Accounts and Agent Technology



1. Booking Agent/Consultant (including International) – The Contractor must designate a primary and back up staff person to respond to all State contacts.

Four Senior Travel Managers at Contractor's Lansing-area office:
Bruce Wilkinson, Sandi Salenbien, Pam Rogowski and Diane Hoffman

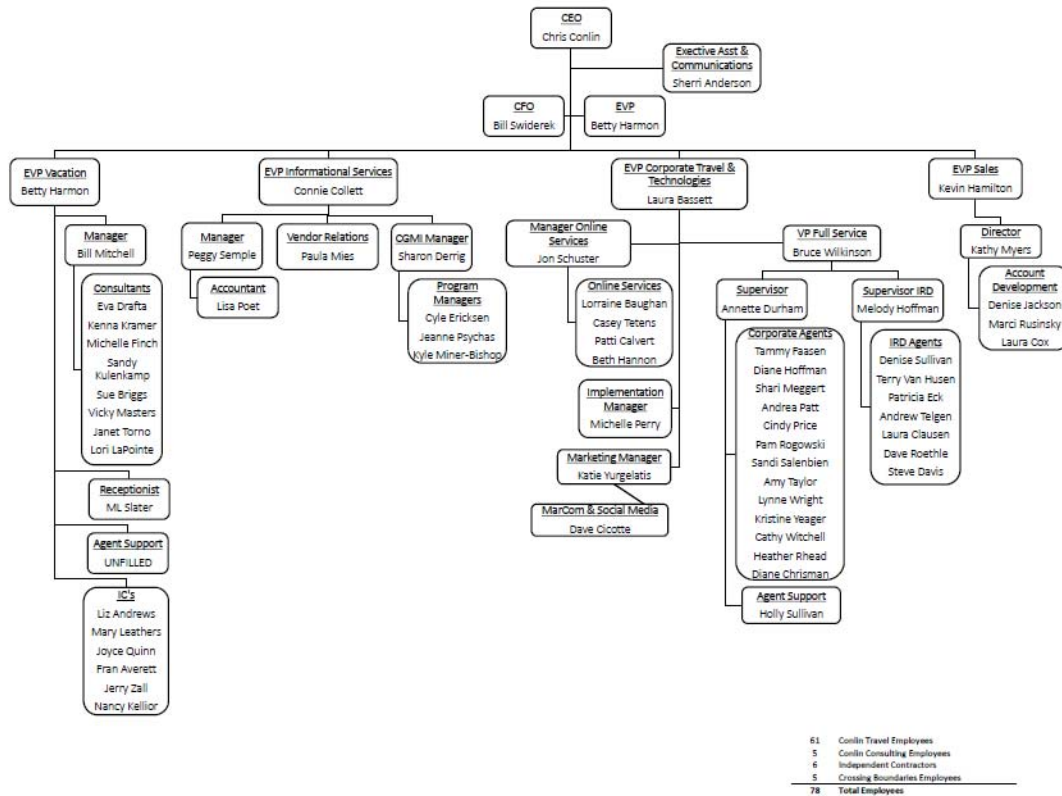
- B.** The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, the Contractor must notify the State of the proposed assignment, introduce the individual to the State's Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.
- C.** The Contractor must not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("**Unauthorized Removal**"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms.
- D.** The Contractor must identify any preferred travel partners.

The Contractor does not promote any agency preferred travel partners above those of their clients. The Contractor will support any preferred vendors their clients prefer and provide guidance in negotiations. Client savings is their primary goal with preferred vendors.



2.5 Organizational Chart

The Contractor must provide an overall organizational chart that details staff members, by name and title, and subcontractors/travel partners.



2.6 Disclosure of Subcontractors

- A. The Contractor must provide the legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.

Subcontractor for Emergency Travel Reservations services:

CCRA Emergency Afterhours Travel Services.

CCRA 24/7 Call Center Solutions

320 Hemphill Street

Fort Worth, TX 76104

Phone: 682-233-0909

Fax: 682-233-0999

- B. The Contractor must provide a complete description of the Contract Activities that will be performed or provided by the subcontractor.

CCRA provides full reservation services for non-office hours of 8:00 PM – 8:00 AM, weekend and holiday hours.

2.7 Security

- A. The Contractor must protect and keep confidential, all traveler reservation information, protecting it from identity theft and abuse.



The Contractor require their vendors to provide an aggressive security and privacy agreement listing all protocols, hardware, location information, escalation and disaster recovery information. The Contractor must employ the same protocols within their own structure. Security and privacy is managed by their wholly owned subsidiary and responsibilities include hardware, software, system management, security and compliance with all protocols.

1. The Contractor's security systems to protect traveler information from identity theft or abuse:

The Contractor oversees many security systems and protocols to protect traveler information. Along with the technical security of platforms and systems, the Contractor employs an access management process, data access identification, physical building securities and personnel security training.

2. The Contractor other security measures taken:

The Contractor maintains all security certifications.

- B.** The Contractor must comply with Security requirements identified in Exhibit D, General Security Requirements, and Section 31 & 33 of Standard Contract Terms Document.

3.0 Project Management

3.1 Project Plan

- A.** The Contractor must carry out this project under the direction and control of the DTMB Program Manager. Within 30 calendar days of the Effective Date, the Contractor must submit a project plan to the Program Manager for final approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, and resources required.

3.2 Meetings

- A.** The Contractor must attend the following meetings which will be scheduled and arranged by the Program Manager:
 1. Kick-off meeting within two weeks of the award of this Contract.
 2. Weekly/bi-weekly implementation update meeting.
 3. Introduction meetings for all departments.
 4. Quarterly review meetings.
- B.** The State may request other meetings, as it deems appropriate.

3.3 Reporting

- A.** The Contractor must provide various reports, when requested by the State. The State reserves the right to amend required reports as needed.
 1. All reports must be provided at no additional cost to the State.
 2. The Contractor must submit, to the Program Manager, the following written reports no later than the 20th of each month:
 - a. Management Report including all services.
 - b. Individualized management reports for each Department level.
 - c. Quality Assurance/Contract compliance reports reflecting service level requirements.
 - d. Activity reports to support Revenue Sharing Summary.



3. The Contractor must work with DTMB VTS once the Contract is in place to develop and determine the required content of the monthly reports.

B. The Contractor must identify any reporting capabilities that monitor industry changes and enhancements and point out problems, real or anticipated.

The Contractor utilizes a company-wide work-flow process that provides cycles of review for all process, research and development needs.

4.0 Ordering

4.1 Authorizing Document

The authorizing document is a purchase order.

5.0 Invoice and Payment

5.1 Payment Methods

The State will make payment for Contract Activities after receipt of an approved invoice.

6.0 Contract Activities That Will Include IT Related Services

6.1 Look and Feel Standard

All software items provided by the Contractor must be ADA complaint and adhere to the State's Look and Feel Standards www.michigan.gov/somlookandfeelstandards.



EXHIBIT C Pricing

Travel Administrator Services - Statewide

1. Pricing includes all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).
2. The reservation numbers identified below are representational only of potential transactions required in one year. The State may request fewer transactions or require the Contractor to produce more transactions based on the travel needs.
3. It is expected that cancelled reservations or changed reservations that do not generate a (new) ticket will not incur a transaction fee. However, the State recognizes the value the agency provides when voiding a ticket. Therefore, the State will allow a transaction fee for voids when a new ticket is not issued.
4. All direct commissions on travel reservations for hotel, air, and ground transportation must be returned to the State. Direct commissions are defined as “up-front” commissions generated on reservations and do not include retroactive “back-end” commissions.
5. The Contractor must indicate any discount programs offered.

Airfare Reservations

Low Air Fare Options

The Contractor guarantees to offer the lowest available air fares that will meet the requirements of the state-authorized travelers' itineraries, along with other reasonable options that are cost effective. The Contractor's ability to do so is enhanced by special pricing features of the Worldspan GDS, that include:

- Worldspan Power Pricing[®], an enhancement that searches worldwide lower cost fare options to an existing itinerary.
- Worldspan Power Shopper[®], an enhancement that searches for lower cost fares across comparable itineraries, checks for seat availability at that fare designation, and calculates new costs against any cancellation penalties held by the existing fare designation.
- Worldspan Rapid Reprice[®], an enhancement that automates the process of re- pricing airline tickets after changes.

As the Contractor combines their Tier 3 status with these Worldspan e-pricing options, the Contractor can claim priority access to the best pricing and service package for Delta/Northwest, including both GDS fares and web fares.

The Contractor also utilizes BookingBuilder to show availability of vendors that can book web fares outside the Worldspan GDS. This state-of-the-art system allows their travel managers to conduct searches automatically on sites that offer service in that market. BookingBuilder monitors the markets designated in a travel manager's reservation and pops up a notification box onto their Worldspan GDS display, showing which suppliers serve that market. When the Contractor's travel managers click on this display, BookingBuilder Desktop shows it's Availability Dialog, where the travel manager can set the return date, enter additional city pairs, and select the suppliers to be accessed.



With a single click, BookingBuilder can also use its Instant Fare Quote feature for air searches to access multiple sites, grab their flights and fares, and display them in a single listing. Through its exclusive Distributed Site Search™ technology, each travel manager directly accesses the supplier sites, bringing results significantly faster than any other product. Once a fare is selected, the purchase can be made within seconds, simultaneously creating a notation in the GDS allowing the travel manager to finish the reservation.

Hotel Reservations

The Contractor's Worldspan GDS maintains a hotel database that can search over 55,000 properties worldwide. The Contractor can search for accommodations selected by location, type of accommodations, or proximity to business. Using Worldspan's Hotel Source® enhancement, the Contractor can access multi-tiered rates, including government rates, and rates specifically negotiated for the State of Michigan. This program emulates the hotel's own reservations system in order to generate a real time reservations display that guarantees state travelers will always receive the best value within travel policy compliance.

As with the Contractor's airline ticketing capabilities, the Contractor must thoroughly document and report all travel policy exceptions, maintain authorized traveler profiles that include personal credit card information for hotel guarantees, and secure all profile information.

Hotel Discount Program

In addition, the Contractor offers a strategic advantage for state-authorized travelers through their affiliation with BCD Travel. The BCD Travel Preferred Hotel Program is a flexible negotiated hotel rate program targeted to business travelers. Unlike fixed rate programs, this program is designed to provide business travelers with specially-negotiated rates at participating hotels and ensures there will not be better unrestricted business rate anywhere else. Highlights of this program include:

- All participating properties offer the best unrestricted rates available and many properties offer additional discounts ranging from 5%-15%. Rates are determined dynamically and are updated daily, as market conditions change, to remain competitive.
- As an added value to Contractor/BCD travelers, over 600 participating hotels offer special amenities not available to the general public, such as free in-room high speed internet access and free breakfast.
- The program offers improved flexibility. Unlike other business travel programs, the BCD Preferred program does not require pre-payment, multiple-day stays, or an association with the hotel's own guest loyalty programs.

The program is available to all state-authorized travelers at no extra charge and is available both through the Contractor's reservations centers and through their online distribution portal.

Negotiated Rates

The Contractor has an unprecedented advantage in negotiating hotel rates at frequently visited State traveler destinations. The Contractor's highest level of management remains actively involved in procurement of their clients' hotel contracts.



The Contractor uses a process similar to that of the State, as their first step is to identify the impact that projected state travel might have on a hotel vendor. The Contractor then establishes minimum facility and amenities requirements independent of price. This includes the property's ability to audit a negotiated fare and provide comprehensive reporting data.

As the Contractor evaluates pricing, the Contractor takes an averaging of all competitive bids to establish a benchmark. Finally, they apply service scores and pricing proposals against this benchmark to determine the vendor which offers the best overall value.

The Contractor's experienced supplier relations professionals will assemble RFP criteria in line with state travel policy, source hotels in close proximity to relevant travel destinations, interactively and personally negotiate rates, submit all data for the State's review, and then create final contracts on the State's behalf. Upon approval the Contractor will then load the rates, test for accuracy, and add the negotiated rates to both the Worldspan GDS and to their State of Michigan Travel Portal online reservations system for access by the State's travelers.

Other Travel

Rail Travel Reservations

The Contractor has accessibility to passenger rail rates, both through their Worldspan Global Distribution System and through direct access. Worldspan displays rates and real time schedules for both the U.S. Passenger Rail System (Amtrak) and for Canada's Rail System (Via Rail).

Car Rental Reservations

Worldspan Car Source® provides the Contractor with real-time communications between over 40 car rental companies to guarantee complete and current rates, availability, and pricing quotes. Worldspan Car Select® takes this one-step further by also sourcing rates at thousands of travel agencies, leading tour operators and car rental web sites worldwide.

As an added value to State of Michigan travelers, the Contractor's BCD Travel affiliation has partnered the Contractor with the car rental industry's top companies to create a preferred car rental program. Whether the State's travelers have a preference or are limited to certain companies at their destinations, the State can be assured that all of the Contractor's programs offer exceptional service and value.

The BCD Travel Preferred Car Rental Program is designed for organizations that want to supplement any negotiated rental car program. The Contractor's partners offer special, competitive rate programs that present excellent value to the State's travelers. These programs provide access to discounted rates with unlimited miles, free upgrades when available and membership in Preferred Rental programs.



Domestic Reservations	Est. Number of Annual Reservations	Transaction Fee	Annual Estimated Total	3-Year Total
Agent Supported Air Reservation	1200	\$ 20.00	\$ 24,000.00	\$ 72,000.00
Internet Air Only Reservation	1200	\$ 8.00	\$ 9,600.00	\$ 28,800.00
Agent Supported Hotel Reservation	4500	\$ 10.00	\$ 45,000.00	\$ 135,000.00
Internet Hotel Only Reservation	2500	\$ -	\$ -	\$ -
Agent Supported Car Reservation	75	\$ 10.00	\$ 750.00	\$ 2,250.00
Internet Car Only Reservations	100	\$ -	\$ -	\$ -
Agent Supported Combined Reservation (Air, Hotel, Car)	1000	\$ 20.00	\$ 20,000.00	\$ 60,000.00
Internet Combined Reservation (Air, Hotel, Car)	800	\$ 8.00	\$ 6,400.00	\$ 19,200.00
			<i>Subtotal</i>	\$ 317,250.00

International Reservations				
Agent Supported Air Reservation	100	\$ 28.00	\$ 2,800.00	\$ 8,400.00
			<i>Subtotal</i>	\$ 8,400.00

Other Charges	Estimated Annual Number	Fees	Annual Estimated Total	3-Year Total
Online Reservation System		None	\$ -	\$ -
After Hours Calls	200	\$ 15.00	\$ 3,000.00	\$ 9,000.00
			<i>Subtotal</i>	\$ 9,000.00

3-Year Estimated Total

\$ 334,650.00



Exhibit D

General Security Requirements

On award of the Contract, the Contractor must comply with State and federal statutory and regulatory requirements, and rules; National Institute of Standards and Technology (NIST) publications; Control Objectives for Information and Related Technology (COBIT); all other industry specific standards; national security best practices and all requirements herein.

The Contractor must perform annual testing of all security control requirements to determine they are working as intended. Annual certification must be provided in writing to the CCI or designee in the form of a Service Organization Controls (SOC) 2, Type II review or similar audit report upon award.

A. Governing Security Standards and Publications

The State of Michigan information is a valuable asset that must be protected from unauthorized disclosure, modification, use, or destruction. Prudent steps must be taken to ensure that its integrity, confidentiality, and availability are not compromised.

The Contractor must collect, process, store, and transfer State personal, confidential, or sensitive data in accordance with the Contract, State of Michigan policies, and the laws of the State of Michigan and the United States, including, but is not limited to the following:

- The Michigan Identity Theft Protection Act, MCL 445.61 et seq;
- The Michigan Social Security Number Privacy Act, MCL 445.82 et seq.
- Family Educational Rights and Privacy Act

State of Michigan Policies

- The Contractor must comply with the State of Michigan information technology standards <http://www.michigan.gov/dmb/0,1607,7-150-56355-107739--,00.html>.

B. Security Risk Assessment

The Contractor must conduct assessments of risks and identify the damage that could result from unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support the operations and assets of the State. Security controls should be implemented based on the potential risks. The Contractor must ensure that reassessments occur whenever there are significant modifications to the information system and that risk assessment information is updated.

C. System Security Plan

The Contractor must develop and implement a security plan that provides an overview of the security requirements for the information system. If a security plan does not exist, the Contractor must provide a description of the security controls planned for meeting those requirements. The security plan must be reviewed periodically and revised to address system/organizational changes or problems.

D. Network Security

The Contractor is responsible for the security of and access to State data, consistent with legislative or administrative restrictions. Unsecured operating practices, which expose other connected networks to malicious security violations, are not acceptable. The Contractor must coordinate with DTMB to enter the proper pointers into the State of Michigan infrastructure.

E. Data Security

The Contractor has the responsibility to protect the confidentiality, integrity, and availability of State of Michigan data that is generated, accessed, modified, transmitted, stored, disposed, or used by the system, irrespective of the medium on which the data resides and regardless of format (such as in electronic, paper or other physical form).

The Contractor must:

1. Process the personal data in accordance with the personal data protection laws of the State of Michigan and the United States.



2. Have in place appropriate technical and organizational internal and security controls to protect the personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, and which provide a level of security appropriate to the risk represented by the processing and the nature of the data to be protected. Technical and organizational security controls must be implemented that are appropriate to the risks, such as against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, presented by the processing.
3. Provide secure and acceptable methods of transmitting personal, confidential or sensitive information over telecommunication devices such as data encryption (128 bit minimum), Secure Socket Layer (SSL), dedicated leased line or Virtual Private Network (VPN).
4. Supply the State with information associated with security audits performed in the last three years upon award.
5. Have in place procedures so that any third party it authorizes to have access to the personal data, including processors, will respect and maintain the confidentiality, integrity, and availability of the data upon award.
6. Process the personal, confidential, and sensitive data only for purposes described in the Contract.
7. Identify to the State a contact point within its organization authorized to respond to enquiries concerning processing of the personal, confidential or sensitive data, and will cooperate in good faith with the Department.
8. Not disclose or transfer the personal, confidential, or sensitive data to a third party unless it is approved under this Contract.
9. Not use data transferred by the State as a result of this Contract for marketing purposes.

F. Media Protection

- The Contractor must implement measures to provide physical and environmental protection and accountability for tapes, diskettes, printouts, and other media containing State personal, confidential, and sensitive information to prevent the loss of confidentiality, integrity, or availability of information including data or software, when stored outside the system. This can include storage of information before it is input to the system and after it is output.
- The Contractor must ensure that only authorized users have access to information in printed form or on digital media removed from the information system, physically control and securely store information media, both paper and digital, restrict the pickup, receipt, transfer, and delivery of such media to authorized personnel.

G. Media Destruction and Disposal

The Contractor must sanitize or destroy information system digital media containing personal, confidential, or sensitive information before its disposal or release for reuse to prevent unauthorized individuals from gaining access to and using information contained on the media.

- Personal, confidential, or sensitive information must be destroyed by burning, mulching, pulverizing, or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to affect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.
- Disk or tape media must be destroyed by overwriting all data tracks a minimum of three times or running a magnetic strip over and under entire area of disk at least three times. If the CD, DVD, or tape cannot be overwritten it must be destroyed in an obvious manner to prevent use in any disk drive unit and discarded. Hand tearing, recycling, or burying information in a landfill are unacceptable methods of



disposal. Electronic data residing on any computer systems must be purged based on retention periods required by the State.

H. Access Control

The Contractor must limit information system access to authorized users, processes acting on behalf of authorized users, or devices (including other information systems) and to the types of transactions and functions that authorized users are permitted to exercise. Access must be immediately removed when a staff changes job duties or leaves the employment.

Authentication Process

Authentication is the process of verifying the identity of a user. Authentication is performed by having the user enter a user name and password in order to access the system.

To help protect information from unauthorized access or disclosure, users must be identified and authenticated per the table below prior to accessing confidential or sensitive information, initiating transactions, or activating services.

Publicly available information such as the mother's maiden name, birth date, and address as the sole authenticator is not a secure means of authentication and should not be used.

Automatic user logons are prohibited. Device-to-device logons must be secured (preferably using client certificates or password via tunneled session). For certain implementations, source restrictions (sign-on can occur only from a specific device) provide a compensating control, in addition to the ID and password.

Authentication information (e.g., a password or PIN) must never be disclosed to another user or shared among users.

The authentication process is limited to three unsuccessful attempts and must be reinstated by the authorized personnel (preferably the System security Administrator). User accounts should be systematically disabled after 90 days of inactivity and must be deleted after one year of inactivity.

Password Requirements

The purpose of a password is to authenticate a user accessing the system and restrict use of a userID only to the assigned user. To the extent that the functionality is supported within the technology or product, the controls listed must be implemented.

These following controls or content rules apply at any point where a new password value is to be chosen or assigned. These rules must be enforced automatically as part of a new password content checking process:

Password Property	Value
Minimum Length	Eight characters with a combination of alpha, numeric, and special characters
Composition	<ul style="list-style-type: none"> At least two numeric characters (0 through 9), neither of which may be at the beginning or the end of the password A combination of two upper (A through Z) and lower case (a through z) letters Special characters (!, @, #, \$, %, ^, &, *, (,), +, =, /, <, >, ?, ,, :, ;, \) UserID in password is not allowed
Expiration Requirement (Maximum Password Age):	30 days
Revocation	Passwords should be revoked after three failed attempts (the State strongly supports password revocation after three failed attempts if system



	allows). Passwords should be systematically disabled after 90 days of inactivity to reduce the risk of compromise through guessing, password cracking or other attack and penetration methods.
Temporary passwords	<ul style="list-style-type: none"> • Must be randomly chosen or generated • System must force the user to change the temporary password at initial login
Change process	<p>System must force user to:</p> <ul style="list-style-type: none"> • Confirm their current password/PIN, • Reenter current password/PIN • Create a new password/PIN • Reenter new password/PIN <p>System must prevent users from being able to consecutively change their password value in a single day (The goal is to prevent recycling through password history records to reuse an earlier-used password value)</p>
Login process	Password/PIN must not appear on the screen during the login process (The exception to this is during selection of a machine-generated password).
Encryption of passwords/PINs	Passwords must be stored and transmitted with a minimum of 128-bit encryption. Passwords must be masked when entered on any screen
Compromise of password/PIN	Must be changed immediately
Forgotten password/PIN	Must be reset by authorized person (system Security Administrator)
Current user password/PIN	Must not be maintained or displayed in any readable format on the system
Audit logs	Maintain a record of when a password was changed, deleted, or revoked. The audit trail shall capture all unsuccessful login and authorization attempts for a one year period.
Password history	Keep a password history and perform a check against the history to verify the password has not been used for a minimum of one year
Privileged account access (e.g. supervisor or root)	Security administrator must change the password for that account immediately when user changes responsibilities

I. System Security Application Control

Application controls apply to individual computer systems and may include such controls as data origin, input controls, processing controls, output controls, application access controls, application interfaces, audit trail controls, and system documentation. Application controls consist of mechanisms in place over each separate computer system to ensure authorized data is processed completely, accurately, and reliably. The Contractor is responsible for ensuring application controls are in place and functioning properly within their organization. Ongoing testing and reporting of controls must be part of the business process in order to have a solid understanding of risks, strengths, and weaknesses.

A comprehensive solution is required to ensure that business critical applications are handled efficiently and are prioritized. Dynamic recovery procedures and fail over facilities must be incorporated into the scheduling process whenever possible; and where manual processes are needed, extensive tools must be available to minimize delays and ensure critical services are least impacted.

J. System Auditing

The Contractor must (i) create, protect, and retain information system audit log records to the extent needed to enable the monitoring, analysis, investigation, and reporting of unlawful, unauthorized, or inappropriate information system activity, and (ii) ensure that the actions of individual information system users can be uniquely traced to those users so they can be held accountable for their actions.



The Contractor must observe the following guidelines regarding system auditing:

1. Audit record should contain the following:
 - date and time of the event
 - subject identity
 - type of event
 - how data changed
 - where the event occurred
 - outcome of the event
2. System alerts if audit log generation fails
3. System protects audit information from unauthorized access
4. Audit record should be reviewed by individuals with a “need to know” on a regular basis
5. Audit logs are retained for sufficient period of time.

K. Configuration Control and Management

The configuration management policy and procedures must be consistent with applicable federal laws, directives, policies, regulations, standards, and guidance.

L. Incident Reporting

The Contractor must immediately notify any security incidents and/or breaches to the CCI.

- The Contractor must have a documented and implemented Incident Response Policy and Procedure
- Incident handling form for consistent, repeatable process for monitoring and reporting when dealing with incidents.
- Incident response resource identified to assist users in handling and reporting incidents.
- Personnel trained in their incident response roles and responsibilities at least annually.

M. Physical and Environmental Security

The Contractor must have established physical and environmental security controls to protect systems, the related supporting infrastructure, and facilities against threats associated with their physical environment.

1. The Contractor must have established environmental protection for magnetic and other media from fire, temperature, liquids, magnetism, smoke, and dust.
2. The Contractor must control all physical access points to facilities containing information systems (except those areas within the facilities officially designated as publicly accessible), review physical security logs periodically, investigate security violations or suspicious physical access activities, and initiate remedial actions.
3. The Contractor must periodically review the established physical and environmental security controls to ensure that they are working as intended.

N. Disaster Recovery and Business Continuity Plan

The Contractor must have developed, periodically update, and regularly test disaster recovery and business continuity plans designed to ensure the availability of State data in the event of an adverse impact to the contractors information systems due to a natural or man-made emergency or disaster event.

O. Security Awareness Training

The Contractor must ensure their staff having access to State information are made aware of the security risks associated with their activities and of applicable laws, policies, and procedures related to security identified in Section A of this document, and ensuring that personnel are trained to carry out their assigned information security related duties.



STANDARD CONTRACT TERMS

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and Conlin Travel, Inc. ("**Contractor**"), a Michigan corporation. This Contract is effective on April 27, 2015 ("**Effective Date**"), and unless terminated, expires on April 26, 2018.

This Contract may be renewed for up to 2 additional 1 year periods. Renewal must be by written agreement of the parties.

The parties agree as follows:

1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Exhibit A – Statement of Work** (the "**Contract Activities**"). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Exhibit A.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State's operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State's quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

2. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
<i>Mary Ostrowski, Buyer</i> <i>DTMB, Constitution Hall</i> <i>525 W Allegan St 1st FLR NE</i> <i>Lansing, MI 48909</i> ostrowskim@michigan.gov <i>(517) 284-7021 (p)</i> <i>(517) 335-0046 (f)</i>	<i>Kevin Hamilton, Executive Vice President</i> <i>Conlin Travel, Inc.</i> <i>1504 E. Grand River Avenue, Suite 200</i> <i>East Lansing, MI 48823</i> khamilton@conlintravel.com <i>(517) 492-1417 - Direct Dial</i>



3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms and conditions of this Contract (each a “**Contract Administrator**”):

If to State:	If to Contractor:
<i>Mary Ostrowski, Buyer</i> <i>DTMB, Constitution Hall</i> <i>525 W Allegan St 1st FLR NE</i> <i>Lansing, MI 48909</i> ostrowskim@michigan.gov <i>(517) 284-7021 (p)</i> <i>(517) 335-0046 (f)</i>	<i>Christopher U. Conlin, President</i> <i>Conlin Travel, Inc.</i> <i>3270 Washtenaw Avenue</i> <i>Ann Arbor, MI 48104</i> cconlin@conlintravel.com <i>(734) 477-6052 – Direct Dial</i>

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “**Program Manager**”):

If to State:	If to Contractor:
<i>Dave Ancell</i> <i>DTMB - Vehicle and Travel Services</i>	<i>Marci Rusinsky</i> <i>Conlin Travel, Inc.</i> <i>1504 E. Grand River Avenue, Suite 200</i> <i>East Lansing, MI 48823</i> mrusinsky@conlintravel.com <i>Phone: 734.477.6056</i>

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Exhibit A) if, in the opinion of the State, it will ensure performance of the Contract.
6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by an company with an A.M. Best rating of "A" or better and a financial size of VII or better.

Insurance Type	Additional Requirements
Commercial General Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations <u>Deductible Maximum:</u> \$50,000 Each Occurrence	Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 04; (2) include a waiver of subrogation; and (3) for a claims-made policy, provide 3 years of tail coverage.
Motor Vehicle Insurance	
<u>Minimal Limits:</u> \$1,000,000 Per Occurrence	
Workers' Compensation Insurance	
<u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.



Employers Liability Insurance	
<u>Minimal Limits:</u> \$100,000 Each Accident \$100,000 Each Employee by Disease \$500,000 Aggregate Disease.	
Cyber Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Crime Insurance	
<u>Minimal Limits:</u> \$1,000,000 Employee Theft Per Loss	Contractor must have their policy: (1) cover forgery and alteration, theft of money and securities, robbery and safe burglary, computer fraud, funds transfer fraud, money order and counterfeit currency, and (2) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as Loss Payees.

If Contractor's policy contains limits higher than the minimum limits, the State is entitled to coverage to the extent of the higher limits. The minimum limits are not intended, and may not be construed to limit any liability or indemnity of Contractor to any indemnified party or other persons.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

7. **Administrative Fee and Reporting.** Contractor must pay an administrative fee of 1% on all payments made to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions), MiDEAL members, and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made by check payable to the State of Michigan and mailed to:

Department of Technology, Management and Budget
 Financial Services – Cashier Unit
 Lewis Cass Building
 320 South Walnut St.
 P.O. Box 30681
 Lansing, MI 48909

Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to DTMB-Procurement.

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.



- 8. Extended Purchasing Program.** The Contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal. Upon written agreement between the State and Contractor, this Contract may also be extended to: (a) State of Michigan employees and (b) other states (including governmental subdivisions and authorized entities).

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

- 9. Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor.
- 10. Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation, and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.
- 11. Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
- 12. Background Checks.** Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
- 13. Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation, provide all necessary documentation and signatures, and continue to perform, with the third party, its obligations under the Contract.
- 14. Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively



to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Exhibit A.
16. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Exhibit A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 23, Termination for Cause.

Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

17. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Exhibit A. All containers and packaging becomes the State's exclusive property upon acceptance.
18. **Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.
19. **Warranty Period.** The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in Exhibit A. If the Contract Activities do not function as warranted during the warranty period the State may return such non-conforming Contract Activities to the Contractor for a full refund.
20. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Exhibit A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Contract Activities purchased under the Contract are for the State's



exclusive use. Prices are exclusive of all taxes, and Contractor is solely responsible for payment of any applicable taxes.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/cpexpress> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

21. **Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in Exhibit A.
22. **Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or purchase order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.
23. **Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

24. **Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.



25. **Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.

26. **General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

27. **Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.



28. **Limitation of Liability.** The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.
29. **Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.
30. **Reserved.**
31. **State Data.**
- a. Ownership. The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.
 - b. Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.
 - c. Extraction of State Data. Contractor must, within one (1) business day of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.
 - d. Backup and Recovery of State Data. Unless otherwise specified in Exhibit A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Exhibit A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.



- e. Loss of Data. In the event of any act, error or omission, negligence, misconduct, or breach that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within 5 calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (g) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and, (h) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. This Section survives the termination of this Contract.

32. **Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

- a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.



- b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any non-State Data Confidential Information is not feasible, such party must destroy the non-State Data Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party.

33. **Data Privacy and Information Security.**

- a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.



- b. Audit by Contractor. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.
- c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

- 34. **Payment Card Industry Data Security Standard.** All electronic commerce applications that allow for electronic receipt of credit or debit card and electronic check transactions must be processed via the State's Centralized Electronic Payment Authorization System (CEPAS). To minimize the risk to the State, full credit/debit card numbers, sensitive authentication data, and full bank account information must never be stored on state-owned IT resources.
- 35. **CEPAS Electronic Receipt Processing Standard.** All electronic commerce applications that allow for electronic receipt of credit or debit card and electronic check transactions must be processed via the CEPAS system.
- 36. **Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain, and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 7 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

- 37. **Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party;



(d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; and (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.

38. **Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
39. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
40. **Reserved.**
41. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.
42. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
43. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.
44. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
45. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.



46. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

47. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
48. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
49. **Order of Precedence.** In the event of a conflict between the terms and conditions of the Contract, the exhibits, a purchase order, or an amendment, the order of precedence is: (a) the purchase order; (b) the amendment; (c) Exhibit A; (d) any other exhibits; and (e) the Contract.
50. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
51. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
52. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
53. **Entire Contract and Modification.** This Contract is the entire agreement and replaces all previous agreements between the parties for the Contract Activities. This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**").