STATE OF MICHIGAN PROCUREMENT

Department Technology, Management and Budget
Central Procurement Services
320 S Walnut Street Lansing, MI 48933
P.O. Box 30026, Lansing, MI 48909

CONTRACT CHANGE NOTICE

Change Notice Number **5**
to
Contract Number **MA220000000133**

CONTRACTOR	
	THE REHMANN GROUP
	1500 W. Big Beaver Rd., 2nd Floor
	Troy MI 48084
	Nathan C. Baldermann
	517-841-4235
	Nathan.baldermann@rehmann.com
	CV0045122

STATE			
	Program Manager	Various	Various
	Contract Administrator	Colleen West	DTMB
		517-730-8430	
		westc6@michigan.gov	

CONTRACT SUMMARY			
SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2027
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐	0 Years	
CURRENT VALUE	**VALUE OF CHANGE NOTICE**		**ESTIMATED AGGREGATE CONTRACT VALUE**	
$1,166,360.00	$0.00		$1,166,360.00	

DESCRIPTION
Please note the Program Manager or Contract Administrator may have changed, and are reflected on this Change Notice. Effective November 20, 2025, this Contract is amended to reflect updated accessibility requirements. All prior references to ADA, Accessibility, and/or WCAG 2.0 are replaced and superseded with the following language: Accessibility Requirements: The State is required to comply with the Americans with Disabilities Act of 1990 (ADA) and has adopted standards and procedures regarding accessibility requirements for websites, applications, content, and electronic documents. Due to a change in the law, the State is required to comply with specific accessibility standards for websites, applications, content and documents. Starting 4/24/2026, throughout the Term, all websites, applications, software, content, and electronic documents, including but not limited to mobile applications, text, images, sounds, videos, controls, animations, links, and documents (including files in the following formats: PDF, word processing, presentation, and spreadsheet), created, provided, or made available by the Contractor under this Contract, must comply with WCAG 2.1 Level AA. All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
TREA	Jeff Guilfoyle	517-335-7505	guilfoylej@michigan.gov
DTMB	Jordan Sherlock	517-897-1973	SherlockJ@michigan.gov
LARA	Rebecca Mack		MackR2@michigan.gov
DTMB	Diana McFadden	517-241-9104	McFaddenD@michigan.gov
LEO	Eric Frederick	517-230-8510	FrederickE1@michigan.gov
MDE	Jenny Manar	517-335-0543	ManarJ@michigan.gov
DTMB	Susan Watt-Smith	517-230-0535	WattSmithS@michigan.gov

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
320 S. Walnut Street 2nd Floor Lansing, MI 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **4**
to
Contract Number **MA220000000133**

CONTRACTOR	
	THE REHMANN GROUP
	1500 W. Big Beaver Rd., 2nd Floor
	Troy MI 48084
	Nathan C. Baldermann
	517-841-4235
	Nathan.baldermann@rehmann.com
	CV0045122

STATE			
	Program Manager	Jeff Guilfoyle	TREA
		517-335-7505	
		guilfoylej@michigan.gov	
	Contract Administrator	Susan Watt-Smith	DTMB
		517-230-0535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 12 Months	October 31, 2024
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS		**EXTENDED PURCHASING**	
☐ P-Card ☐ Direct Voucher (PRC) ☐ Other		☒ Yes ☐ No	
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☒	36 Months	☐		October 31, 2027
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$440,360.00	$726,000.00	$1,166,360.00		

DESCRIPTION
Effective September 11, 2024, the attached Schedule A - Statement of Work (SOW), Schedule B - Pricing, and associated $726,000.00 are added to the Contract for use by DTMB Financial Services. Zach Kolodin, 517-242-0449, kolodinz@michigan.gov, is the Project Manager associated with this SOW. Additionally, the 3, 1-year options available on this contract are hereby exercised. The revised contract expiration date is October 31, 2027. All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on September 10, 2024.

SCHEDULE A - STATEMENT OF WORK CONTRACT ACTIVITIES

SCOPE

The Michigan Infrastructure Office (MIO) is utilizing consulting services to leverage federal tax credits for renewable energy and energy efficiency projects across the enterprise and within State-owned facilities. The contracted services must be in accordance with provisions of the Inflation Reduction Act of 2022 (IRA) Section 1647 along with other applicable energy tax credits. These services will also be made available to clients of the MIO Technical Assistance Center, such as local governments.

Section 1647 Elective pay allows applicable entities, including tax-exempt and governmental entities that would otherwise be unable to claim certain credits because they do not owe federal income tax, to benefit from clean energy tax credits. The goal of the services outlined in this Statement of Work is to assist the State of Michigan in complying with all federal and State regulations relating to clean energy projects and corresponding tax credits. This work will be completed under the direction of, and as requested by, the Michigan Infrastructure Office (MIO).

Anticipated Term of the Statement Of Work (SOW).
The term of this SOW is anticipated to be from **September 16, 2024, to October 30, 2026.**

1. Requirements

1.1. General Requirements

A. Requirement 1: Consulting services in interpreting federal regulations, including guidance on specific investments, and developing legally operative language for use in solicitation documents and contract forms.

Contractor will provide comprehensive consulting services related to tax credits for renewable energy projects, particularly under the Inflation Reduction Act of 2022 (IRA). Contractor is equipped to handle engagements of all sizes and scales, supported by a robust infrastructure designed to support diverse project initiatives, especially within state-owned facilities.

B. Requirement 2: Preparation of documentation necessary to properly substantiate applicable tax credit, including bonus eligibility and validation of specific project costs eligible for claim.

Contractor will manage the preparation and substantiation of documentation necessary to claim federal tax credits, including determining bonus eligibility and validating project costs. Contractor's methodology memorandum explains the rationale behind the tax credit claims and any additional bonus eligibility, such as the domestic content bonus, energy communities, and/or low-income community bonus.

Contractor must ensure that every aspect of documentation is meticulously prepared, reviewed, and validated to maximize the benefits available under federal programs such as the IRA. Contractor will conduct a comprehensive review of all relevant project documentation, financial records, and contracts to accurately identify and validate the specific costs eligible for tax credits. This process involves close collaboration with the State to gather all necessary information, ensuring that each expense is documented in strict compliance with federal requirements.

Contractor must validate bonus eligibility for specific projects to ensure that all potential bonus credits are identified and claimed accurately. Contractor's prepared documentation is designed to withstand federal audit scrutiny, with comprehensive supporting materials that include detailed cost allocation reports, contracts, invoices, and receipts, all of which substantiate each claimed credit. Contractor's methodology memorandum explains the rationale behind the tax credit claims and bonus eligibility, providing a transparent and cohesive narrative that reinforces the credibility of the State's submissions. By implementing rigorous internal review procedures and guiding clients through the pre-filing registration process, Contractor ensures that all documentation is accurate, compliant, and ready for any audit defense, positioning the State, to fully leverage the tax credits available for renewable energy projects.

C. Requirement 3: Complete reports set by IRA Elective Pay Guidelines. Reporting must be compatible with State of Michigan Microsoft Office Suite tools.

Contractor will fulfill the reporting obligations mandated by the IRA Elective Pay Guidelines, ensuring that all reports are both comprehensive and accurate while integrating with the State of Michigan's Microsoft Office Suite tools. Contractor will focus on understanding the specific reporting requirements imposed on the State of Michigan and will ensure that reports not only meet the formal requirements of the Elective Pay provision but also provide clear, actionable insights for our clients.

All deliverables must be formatted in Microsoft Word, Excel, and/or PowerPoint files, allowing for effortless internal review, modification, and distribution. Contractor's reporting process must capture all necessary data related to tax credit validation, project costs, and bonus eligibility under the IRA. The reports must include detailed breakdowns of project expenses, eligibility assessments, and supporting documentation, providing the MIO with user-friendly, compliant, and functional reports that effectively support their objectives in maximizing federal tax credits for renewable energy.

D. Requirement 4: 3 years of audit defense - Provide support in responding to inquiries, providing relevant documentation, and navigating the audit process effectively. It may include representation, documentation review, strategic advice and any necessary negotiations to resolve audit issues. The support aims to ensure compliance with applicable laws, regulations, or contractual obligations.

Contractor must provide comprehensive support throughout the audit process, ensuring that the State is thoroughly prepared to respond to inquiries, provide

necessary documentation, and navigate audits with confidence. Contractor must proactively document all critical information upfront, creating IRS-ready deliverables specifically designed to address initial audit inquiries. Contractor's structured approach includes not only detailed documentation review but also representation, strategic advice, and negotiation assistance, all aimed at ensuring compliance with relevant laws and regulations.

When responding to audit inquiries, Contractor must deliver targeted support to address specific questions or concerns raised by auditors, ensuring that all responses are timely, accurate, and well-documented. This involves preparing detailed explanations that justify tax credit claims, clarify the methodologies used in calculating eligible costs, and demonstrate full compliance with applicable regulations. In cases where audit issues require resolution, Contractor will assist with negotiations, advocating for the acceptance of legitimate claims and working to protect the State's interests, ensuring that the audit process concludes favorably, with minimal disruption to the State's operations, by providing the expertise and support necessary to achieve the best possible outcomes.

E. Requirement 5: 990T completion and filing. For 2024, this will occur no later than November 15, 2024.

Contractor must ensure the accurate and timely completion and filing of the 990-T forms by the applicable filing deadlines with precision and efficiency.

To meet any applicable deadlines, Contractor will implement a strategic timeline aligned with the financial reporting schedule of the owners of the energy property, ensuring that all necessary information is collected and reviewed well in advance. Contractor's proactive approach includes early data collection, regular communication with relevant departments, and multiple reviews of the 990-T to minimize errors and prevent delays. Leveraging advanced tax software, Contractor will ensure that all data is accurately captured and reported. Upon completion, a final review will be conducted to confirm the accuracy of the 990-T form, and Contractor will handle the electronic filing with the IRS, providing state-owned facilities with confirmation and necessary documentation.

F. Requirement 6: Provide IRA Elective pay support services/requirements to Michigan Technical Assistance Center clients, such as local governments. This may include consulting to assist with interpreting federal regulations and developing legally operative language for use in solicitation documents and contract forms, bonus credit preparation, IRS pre-registration, 990T and related tax forms completion and filing, assistance with reports and more.

Contractor will deliver comprehensive support services under the IRA Elective Pay program to clients of the Michigan TAC, including local governments. Contractor must ensure that these entities comply with all federal requirements while maximizing the available tax credits under the IRA.

Contractor will help local governments understand and apply the federal regulations related to IRA Elective Pay and associated tax credits. Contractor will translate these regulations into actionable guidance, advising on eligible projects, opportunities for bonus credits, and ensuring compliance with federal standards. Contractor will manage the preparation and submission of bonus credit applications, performs IRS pre-registration for participation in the elective pay program, and handles tax compliance tasks, including the preparation and filing of 990-T forms.

1.2. Specific Standards

Acceptable Use Policy

To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

Mobile Responsiveness

The Contractor's Solution must utilize responsive design practices to ensure the application is accessible via a mobile device.

The use of mobile devices will be dependent on each specific project. Contractor will request all information electronically and provide deliverables in Microsoft Office or PDF format.

ADA Compliance

The State is required to comply with the Americans with Disabilities Act of 1990 (ADA) and has adopted a formal policy regarding accessibility requirements for websites and software applications. The State is requiring that Contractor's proposed Solution, where relevant, to level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0. Contractor may consider, where relevant, the W3C's Guidance on Applying WCAG 2.0 to Non-Web Information and Communications Technologies (WCAG2ICT) for non-web software and content. The State may require that Contractor complete a Voluntary Product Accessibility Template for WCAG 2.0 (WCAG 2.0 VPAT) or other comparable document for the proposed Solution.
http://www.michigan.gov/documents/dmb/1650.00_209567_7.pdf?20151026134621

1.3. Access Control and Audit

The Contractor's solution must integrate with the State's IT Identity and Access Management (IAM) environment as described in the State of Michigan Digital Strategy (https://www.michigan.gov/dtmb/0,5552,7-358-82547_56345_56351_69611-336646--,00.html), which consist of:

A. MILogin/Michigan Identity, Credential, and Access Management (MICAM)
   i. An enterprise single sign-on and identity management solution based on IBM's Identity and Access Management products including, IBM Security Identity Manager (ISIM), IBM Security Access Manager for Web (ISAM), IBM

Tivoli Federated Identity Manager (TFIM), IBM Security Access Manager for Mobile (ISAMM), and IBM DataPower, which enables the State to establish, manage, and authenticate user identities for the State's Information Technology (IT) systems.

B. MILogin Identity Federation
   i. Allows federated single sign-on (SSO) for business partners, as well as citizen-based applications.
C. MILogin Multi Factor Authentication (MFA, based on system data classification requirements)
   i. Required for those applications where data classification is Confidential and Restricted as defined by the 1340.00 Michigan Information Technology Information Security standard (i.e., the proposed solution must comply with PHI, PCI, CJIS, IRS, and other standards).
D. MILogin Identity Proofing Services (based on system data classification requirements)
   i. A system that verifies individual's identities before the State allows access to its IT system. This service is based on "life history" or transaction information aggregated from public and proprietary data sources. A leading credit bureau provides this service.

To integrate with the SOM MILogin solution, the Contractor's solution must support SAML, or OAuth or OpenID interfaces for the SSO purposes.

1.4. Software

N/A

1.5. Migration

N/A

1.6. Hosting

Contractor must maintain and operate a backup and disaster recovery plan to achieve a Recovery Point Objective (RPO) of 24 hours, and a Recovery Time Objective (RTO) of 24 hours.

1.7. Products and Services

In managing its obligation to meet the above milestones and deliverables, the Contractor must utilize the applicable State Unified Information Technology Environment (SUITE) methodologies, or an equivalent methodology proposed by the Bidder.

SUITE's primary goal is the delivery of on-time, on-budget, quality systems that meet customer expectations. SUITE is based on industry best practices, including those identified in the Project Management Institute's PMBoK and the Capability Maturity Model Integration for Development. It was designed and implemented to standardize methodologies, processes, procedures, training, and tools for project management and systems development lifecycle management. It offers guidance for efficient, effective improvement across multiple process disciplines in the organization, improvements to best practices incorporated from earlier models, and a common, integrated vision of improvement for all project and system related elements.

While applying the SUITE framework through its methodologies is required, SUITE was not designed to add layers of complexity to project execution. There must be no additional costs from the Contractor, since it is expected that they are already following industry best practices which are at least similar to those that form SUITE's foundation.

SUITE's companion templates are used to document project progress or deliverables. In some cases, Contractors may have in place their own set of templates for similar use. Because SUITE can be tailored to fit specific projects, project teams and State Program Managers may decide to use the Contractor's provided templates, as long as they demonstrate fulfillment of the SUITE methodologies.

1.8. Secure Web Application Standard

Contractor's solution must meet the State's Secure Application Development Standards as mandated by the State.

Secure Application Development Life Cycle (SADLC)

Contractor must meet the States Secure Application Development Life Cycle requirements that include:

A. Security Accreditation

Contractor must complete the State Security Accreditation process for the solution.

B. Application Scanning

i. On-Premise solutions

The State may scan the application using its application scanning tools. Contractor will need to provide the resources, at its sole expense, to complete any analysis remediation and validation required by the results of the scan.

ii. Externally hosted solutions

Contractor must grant the right to the State to scan either the application code or a deployed version of the solution; or in lieu of the State performing a scan, Contractor will provide the State a vulnerabilities assessment after Contractor has used a State approved application scanning tool. These scans must be completed and provided to the State on a regular basis or at least for each major release.

For COTS or vendor owned applications, Contractor, at its sole expense, must provide resources to complete the scanning and to complete the analysis, remediation and validation of vulnerabilities identified by the scan as required by the State Secure Web Application Standards.

Types of scanning and remediation may include the following types of scans and activities.

- Dynamic Scanning for vulnerabilities, analysis, remediation, and validation
- Static Scanning for vulnerabilities, analysis, remediation and validation
- Third Party and/or Open-Source Scanning for vulnerabilities, analysis, remediation and validation

C. Infrastructure Scanning

i. On-Premise solutions

The State may scan the application using its infrastructure scanning tools and remediate infrastructure vulnerabilities internally.

ii. Externally hosted solutions

A Contractor providing Hosted Services must scan the infrastructure at least once every 30 days and provide the scan's assessment to the State in a format that can be uploaded by the State and used to track the remediation.

2. Service Requirements

2.1. Timeframes

All Contract Activities must be delivered as agreed to between the successful bidder and the state at contract initiation. The receipt of order date is pursuant to the **Notices** section of the *Standard Contract Terms*.

2.2. Delivery

See 2.1. (above).

3. Acceptance

3.1. Acceptance, Inspection, and Testing

The State will use the following criteria to determine acceptance of the Contract Activities:

The Contractor must provide necessary services to ensure that the State has the needed tools to accurately gather and track required reporting criteria set by IRA Elective Pay Guidelines. Applicant or applying firm has provided documented experience working with entities on IRA Direct Pay related credits, IRS 179D, Energy Investment & Production Credits, and/or related government programs.

Along with the general project support listed above the State of Michigan also requires that all necessary forms and filing be completed by the Contractor, accurately and on or before established due date.

The state of Michigan reserves the right to contract with multiple respondents if necessary.

4. Staffing

4.1. Contractor Representative

The Contractor must appoint 1 individual specifically assigned to State of Michigan accounts, who will respond to State inquiries regarding the Contract Activities, answer questions related to ordering and delivery, etc. (the "Contractor Representative").

The Contractor must notify the Contract Administrator at least 14 calendar days before removing or assigning a new Contractor Representative.

4.2. Program Manager

The Program Manager for each party related to this SOW will monitor and coordinate the day-to-day activities of the Contract (each a "**Program Manager**"):

State:	Contractor:
Zachary Kolodin 111 S. Capitol Avenue Lansing, MI 48909 kolodinz@michigan.gov 517-242-0449	Anthony J. Licavoli Jr. CPA 1500 W Big Beaver Rd, 2nd Floor Troy, MI 48084 anthony.licavoli@rehmann.com 248.463.4598

4.3. Customer Service Toll-Free Number

See Master Contract 220000000133 Schedule A – SOW, Section 4.2 for details.

4.4. Work Hours

See Master Contract 220000000133 Schedule A – SOW, Section 4.3 for details.

4.5. Key Personnel

The Contractor must appoint at least 1 individual 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.

See Master Contract 220000000133 Schedule A – SOW, Section 4.4 for more details.

A. The Contractor must identify all Key Personnel that will be assigned to this contract in the table below which includes the following:

1. Name and title of staff that will be designated as Key Personnel.
2. Key Personnel years of experience in the current classification.
3. Identify which of the required key personnel positions they are fulfilling.
4. Key Personnel's roles and responsibilities, as they relate to this RFP, if the Contractor is successful in being awarded the Contract. Descriptions of roles should be functional and not just by title.
5. Identify if each Key Personnel is a direct, subcontract, or contract employee.
6. Identify if each Key Personnel staff member is employed full-time (FT), part-time (PT) or temporary (T), including consultants used for the purpose of providing information for the proposal.
7. List each Key Personnel staff member's length of employment or affiliation with the Contractor's organization.
8. Identify each Key Personnel's percentage of work time devoted to this Contract.
9. Identify where each Key Personnel staff member will be physically located (city and state) during the Contract performance.

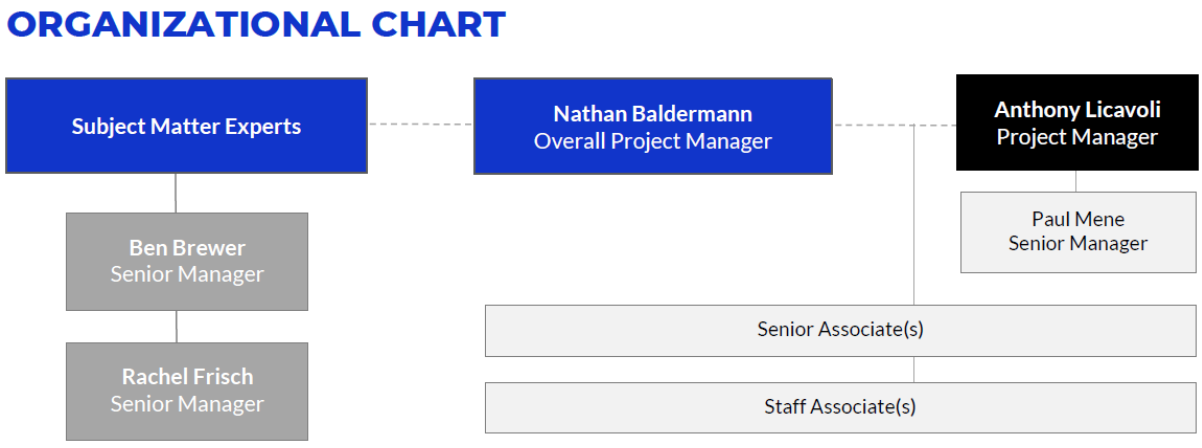
<Add more rows below as needed>

1. Name	2. Years of Experience in Current Classification	3. Role(s) / Responsibilities	4. Direct / Subcontract/ Contract	5. % of Work Time	6. Physical Location
Nathan Baldermann	14	Partner, Overall Program Manager	Direct | FT	5%	Jackson, MI
Anthony J. Licavoli Jr.	4	Partner, Program Manager	Direct | FT	20%	Troy, MI
Paul Mene, JD	2	Senior Manager, Lead Energy Credit Advisor	Direct | FT	35%	Orlando, FL
Grace Koskinen	2	Manager, Energy Credit Advisor	Direct | FT	35%	Troy, MI
Benjamin Brewer	2	Senior Manager, Subject Matter Expert	Direct | FT	2.5%	Lansing, MI
Rachel Frisch	2	Senior Manager, Subject Matter Expert	Direct | FT	2.5%	Muskegon, MI

B. The Contractor must provide **detailed, chronological resumes** of all proposed Key Personnel, including a description of their work experience relevant to their purposed role as it relates to the Statement of Work.

Qualifications will be measured by education and experience with particular reference to experience on projects similar to that described in the RFP.

4.6. Organizational Chart



4.7. Disclosure of Subcontractors

If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

- 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.
- The relationship of the subcontractor to the Contractor.
- Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
- A complete description of the Contract Activities that will be performed or provided by the subcontractor.

Bidder must provide detailed information as requested in the above requirement(s).	
The legal business name, address, telephone number of the subcontractor(s).	McGuire Sponsel 201 N. Illinois Street, Suite 1000 Indianapolis, IN 46204 T: (317) 564-5000
A description of subcontractor's organization and the services it will provide and information concerning subcontractor's ability to provide the Contract Activities.	McGuire Sponsel offers specialty tax services in various areas related to the IRA. They will be utilized as needed based on the specifics of each project.
The relationship of the subcontractor to the Bidder.	Strategic partnership
Whether the Bidder has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.	Rehmann and McGuire Sponsel formed a strategic partnership in 2019 to work together on various specialty tax consulting opportunities.
A complete description of the Contract Activities that will be performed or provided by the subcontractor.	McGuire Sponsel would be utilized in specific IRA areas, particularly where the use of engineers is required such as a 179D energy efficiency study.
Of the total bid, the price of the subcontractor's work.	See price schedule for hourly rates.

4.8. Access to Tax Information

The Contractor must comply with the requirements of *IRS Publication 1075 (including Exhibit 7 Safeguarding Contract Language) and Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data.*

5. Project Management

5.1. Project Plan

The Contractor must carry out this project under the direction and control of the Program Manager. Within 14 business days of the Effective Date, the Contractor must submit a final project plan to the Program Manager for approval. The plan must identify items such as the required personnel; project management process; project breakdown identifying sub-projects, tasks, and resources required; expected frequency and mechanisms for updates/progress reviews; process for addressing issues/changes; and individuals responsible for receiving/reacting to the requested information, and the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated as outlined in the Contract. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State. The Contractor will carry out this project under the direction and control of the Program Manager. Within 30 calendar days of the Effective Date, the Contractor must submit a final project plan to the Program Manager for 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, timeline, and resources required.

5.2. Meetings

The Contractor must attend the following meetings:

- Kick-off meeting within 10 business days of contract award
- Project selection criteria finalization meeting within 30 business days of award

The State may request other meetings, as it deems appropriate.

5.3. Reporting

The Contractor must accurately gather and track required reporting criteria set by IRA Elective Pay Guidelines and prepare a comprehensive report for each project to ensure compliance with all IRA credit requirements.

Contractor must have documented experience working with entities on IRA Direct Pay related credits, IRS 179D, Energy Investment & Production Credits, and/or related government programs. Contractor must be able to utilize data collection, business intelligence and reporting tools to gather all criteria set by IRA Elective Pay Guidelines including but not limited to geographic, workforce, and pay requirements for use by State contracted Construction firms to accurately report their projects details. There will be no new software, apps or electronic tools as a result of this Statement of Work.

6. Pricing

6.1. Price Term

Pricing is firm for the entire length of the engagement related to this SOW. Contractor pricing must not exceed rates provided in Schedule B - Pricing of the Master Contract 220000000133.

7. Ordering

7.1. Authorizing Document

See master contract Schedule A - SOW section 7.1 for details.

8. Invoice and Payment

8.1. Invoice Requirements
See master contract Schedule A - SOW section 8.1 for details.

8.2. Payment Methods
See master contract Schedule A - SOW section 8.2 for details.

8.3. Procedure
Invoices are to be emailed to DTMB-Accounts-Payable DTMB-Accounts-Payable@michigan.gov and must include a State of Michigan official order number (i.e., DO or PO number) so verification and payment can be completed timely.

9. Liquidated Damages
See Master Contract 220000000133 Schedule A – SOW, Section 9. for details.

10. Service-Level Agreement (SLA)
Service Level Agreements for this Contract will be as follows:

A. If Contractor is assigned an application support task with a deadline, the Contractor must complete the application before the deadline.

B. The Contractor must respond to State and Partner (Tribal/Comm Orgs) inquiries within 24 hours.

The Contractor will be held accountable to meet the requirements and the Service Level Requirements (SLAs) established in the Statement of Work.

The State reserves the right to reconsider or amend these SLAs.

SCHEDULE B - PRICING

State of Michigan IRA Tax Accounting Services

OPERATIONAL CONSULTING SERVICES:

STAFF / ROLE	ANTICIPATED HOURS	ORIGINAL SCHEDULE B – CONTRACT HOURLY RATE	TOTAL
Principal	400*	$490	$196,000*
Senior Manager	600*	$365	$219,000*
Manager	600*	$310	$186,000*
Senior	500*	$250	$125,000*
TOTAL			**$726,000***

**Hours will vary significantly based on the type and extent of the actual project over the two-year term. The above schedule assumes consistent project engagement throughout the term of the SOW.*

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **3**

to

Contract Number **220000000133**

CONTRACTOR	
	THE REHMANN GROUP
	1500 W. Big Beaver Rd., 2nd Floor
	Troy, MI 48084
	Nathan C. Baldermann
	517-841-4235
	nathan.baldermann@rehmann.com
	CV0045122

STATE			
	Program Manager	Various	SW
	Contract Administrator	Susan Watt-Smith	DTMB
		517-230-0535	
		wattsmiths@michigan.gov	

CONTRACT SUMMARY			
SW FINANCIAL AUDITING AND ACCOUNTING PREQUAL PROGRAM			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE**
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2024
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
NET 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-Card	☐ PRC	☐ Other	☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
OPTION	**LENGTH OF OPTION**	**EXTENSION**	**LENGTH OF EXTENSION**	**REVISED EXP. DATE**
☐		☐		October 31, 2024
CURRENT VALUE	**VALUE OF CHANGE NOTICE**	**ESTIMATED AGGREGATE CONTRACT VALUE**		
$394,475.00	$45,885.00	$440,360.00		

DESCRIPTION

Effective June 1, 2023, the attached Schedule A - Statement of Work, Schedule B - Pricing, and associated $45,885.00 are added to this Contract for use by Treasury. Jeff Guilfoyle is the Treasury PM associated with this SOW.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

Program Managers
for
Multi-Agency and Statewide Contracts

AGENCY	NAME	PHONE	EMAIL
TREA	Jeff Guilfoyle	517-335-7505	guilfoylej@michigan.gov

SCHEDULE A - STATEMENT OF WORK CONTRACT ACTIVITIES

Tax Liabilities and Credit Carryforwards Consulting

CN 3 – Contract 220000000133

BACKGROUND

The Department of Treasury (Treasury) is seeking accounting services to assist in resolving an issue raised during year-end closing by the Office of the Auditor General (OAG). In the government fund financial statements, revenue is recorded using a modified accrual basis of accounting. Under this approach funds need to have been earned prior to the end of the fiscal year and must be available, which is defined as having been received within 60 days of the end of the fiscal year.

The OAG has raised concerns with the accounting treatment of credit carryforwards. If a taxpayer filing an annual return has overpaid their annual liability, they can choose to receive a refund, or they can elect a credit carryforward indicating that the amount is to be used as an estimated payment for the next tax year. Cumulative credit carryforward balances have been growing, and the OAG has stated that credit carryforward balances should be recognized as a liability (unearned revenue) on the governmental fund financial statements until earned. The OAG has requested that Treasury develop a methodology to estimate the potential liability relating to credit carryforwards and reduce governmental fund balances accordingly.

Treasury has disputed this determination arguing:

- Taxpayers electing a credit carryforward are requesting these payments be used as estimated payments for the next tax year, so credit carryforwards should be treated the same as estimated payments paid in cash which are recognized as revenue when received. In addition, estimated payments are effectively earned because funds from business activities throughout the year are based on those businesses' underlying exchange activities have already occurred.
- While a taxpayer may have a claim for a refund when electing a credit carryforward, the state also has an effective claim for that first estimated payment.
- The amount of any credit carryforward that is unearned is effectively unmeasurable since taxpayers continue to make estimated payments after claiming. Annual returns are not filed until April or later, so the unearned amount of credit carryforwards at fiscal year-end is unknown before the Annual Comprehensive Financial Report is completed.

Treasury is seeking assistance with three primary goals:

- Ascertaining the opinions of experts on the appropriate accounting treatment of credit carryforwards.
- Documenting how states with similar corporate income taxes account for credit carryforwards in their fund level financial statements.
- Supporting the development of a methodology for accounting for credit carryforwards if a change in Treasury's current approach is appropriate.

SCOPE

This project contains the following scope:

A. Provide financial accounting, integrity oversight monitoring or auditing services. Services may include, but not be limited to, the following:

The Contractor will interview academic and professional experts and review Government Accounting Standards Board (GASB) guidance and published research to determine the appropriate accounting treatment of credit carryforwards under a modified accrual basis of accounting, including how any amounts to be included as an accounting entry should be measured. The Contractor will also document how other states treat credit carryforwards in their governmental funds. The results of this research will be documented in a short report. Finally, if a change to Treasury's current approach is warranted, the selected firm will assist in developing a methodology to account for credit carryforwards that is consistent with the findings of the research.

1. Requirements

1.1. General Requirements

A. The Contractor must interview a minimum 4 experts in governmental accounting on the proper treatment of credit carryforwards under a modified accrual approach. The experts should consist of a mix of practicing and academic accountants.

B. The Contractor must research published guidance from the Government Accounting Standards Board (GASB), academic literature, and other published sources on the appropriate accounting treatment of credit carryforwards.

C. The Contractor must document the treatment of credit carryforwards by at least 8 other states. Selected states should have corporate income tax.

D. The Contractor must summarize the findings from requirements A through C in a short report. Include an analysis of whether the research points to a generally accepted approach or if there is a diversity of opinion in treatment.

E. The Contractor must assist Treasury in developing a methodology for estimating the portion of credit carryforwards that is unearned if the research findings indicate a need.

F. The Contractor must complete work for requirements A through D six weeks from the effective date of the Change Notice to the Contract.

2. Acceptance

2.1. Acceptance

The State will use the following criteria to determine acceptance of the Contract Activities: The Contractor will have completed all deliverable in Schedule A, Requirements Section 1.1, A through D within 6 weeks from the effective date of the Change Notice.

2.2. Final Acceptance

The State will use the following criteria to determine final acceptance of the Contract Activities: Completion of all tasks and deliverables in Schedule A and certified by the State Program Manager that the Contractor has met all the defined requirements of the Contract.

3. Staffing

3.1. Contractor Representative

The Contractor Representative who is specifically assigned to State of Michigan account, who will respond to State inquiries regarding the Contract Activities, answer questions related to ordering and delivery, etc. (the "Contractor Representative") is:

Nathan C. Baldermann, CPA, CGFM
675 Robinson Road
Jackson, MI 49203
517.841.4235
nathan.baldermann@rehmann.com

The Contractor must notify the Contract Administrator at least 5 calendar days before removing or assigning a new Contractor Representative.

3.2. Program Manager

The Program Manager for each party related to this SOW will monitor and coordinate the day-to-day activities of the Contract (each a "**Program Manager**"):

State:	Contractor:
Jeff Guilfoyle **430 W. Allegan Street** **Lansing MI, 48922** **guilfoylej@michigan.gov**	**Nathan Baldermann** **675 Robinson Road** **Jackson, MI 49203** **Nathan.baldermann@rehmann.com** **517-841-4235**

3.3. Customer Service Toll-Free Number

See master contract Schedule A - SOW section 4.2 for details.

3.4. Work Hours

See master contract Schedule A - SOW section 4.3 for details.

3.5. Contractor Personnel

The Contractor personnel who have been identified to perform services under this Contract are in the following table:

1. NAME	2. YEARS OF EXPERIENCE IN CURRENT CLASSIFICATION	3. ROLE(S) / RESPONSIBILITIES	4. DIRECT / SUBCONTRACT/ CONTRACT	5. % OF WORK TIME	6. PHYSICAL LOCATION
Nathan Baldermann	13	Principal, Program Manager	Direct	19%	Jackson, MI
Paul Matz	7	Principal, Subject Matter Expert	Direct	7%	Muskegon, MI
Stephen Blann	17	Principal, Subject Matter Expert	Direct	5%	Grand Rapids, MI
Lisa Pohl	4	Principal, Subject Matter Expert	Direct	2%	Grand Rapids, MI
Benjamin Brewer	1	Senior Manager, Project Manager	Direct	57%	Lansing, MI
Jeff Bankowski	3	Partner, Advisor	Subcontract	5%	Ann Arbor, MI
Jeff Reese	1	Associate Director, Advisor	Subcontract	5%	Cincinnati, OH

3.6. Disclosure of Subcontractors

The following subcontractor, has been identified by the Contractor to perform work under this SOW:

SUBCONTRACTOR INFORMATION	
The legal business name, address, telephone number of the subcontractor(s).	Guidehouse Inc. 2941 Fairview Park Drive, Suite 501 Falls Church, VA, 22042 734.644.0595
The relationship of the subcontractor to the Bidder.	Rehmann and Guidehouse have jointly proposed and worked together on many engagements.
A complete description of the Contract Activities that will be performed or provided by the subcontractor.	The subcontractor will primarily be providing assistance in recommending additional research publications and the coordination of communications with comparable states for the analysis. The subcontractor will also participate in meetings with the State of Michigan.
Of the total bid, the price of the subcontractor's work.	Of the total bid price, $5,100 (est.) will be attributable to subcontractor's work.

4. Project Management

4.1. Project Plan

The Contractor will carry out this project under the direction and control of the Program Manager. Within **2** calendar days of the Effective Date, the Contractor must submit a final project plan to the State Program Manager for 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, timeline, and resources required.

4.2. Meetings

The Contractor must attend the following meetings:
A Kick-off meeting must be held within 3-business days of the Effective Date of the Change Notice.

The State may request other meetings, as it deems appropriate.

5. Pricing

5.1. Price Term

Pricing is firm for the entire length of the engagement related to this SOW. Contractor pricing must not exceed rates provided in Schedule B of the master contract.

6. Ordering

6.1. Authorizing Document

See master contract Schedule A - SOW section 7.1 for details.

7. Invoice and Payment

7.1. Invoice Requirements

See master contract Schedule A - SOW section 8.1 for details.

7.2. Payment Methods

See master contract Schedule A - SOW section 8.2 for details.

8. Liquidated Damages

See master contract Schedule A - SOW section 9. for details.

STATE OF MICHIGAN
PROCUREMENT
Michigan.gov/MiProcurement

SCHEDULE B PRICING

Tax Liabilities and Credit Carryforwards Consulting

1. Price proposal 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).

Deliverables	Proposed Hours	Price Per Hour (Flat Fee)	Total Price
Schedule A, Section 1.1, A – D			
Principal / Partner	41.5	$490	**$20,335**
Senior Manager / Associate Director	65.0	$365	**$25,550**
		Total Price:	**$45,885**
Should Schedule A, Section 1.1, E be required, pricing will be time and material based off the Hourly Rates provided in Schedule B of the master contract. Proposed hours and staff involved in the completion of Schedule A, Section 1.1, E must be approved by the State Program Manager prior to commencement of work.			

NOTES:

a. Overtime, holiday pay, and travel expenses will **not** be paid.

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
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 **2**

to

Contract Number **220000000133**

CONTRACTOR	
	THE REHMANN GROUP
	1500 W. Big Beaver Rd., 2nd Floor
	Troy, MI 48084
	Nathan C. Baldermann
	517-841-4235
	nathan.baldermann@rehmann.com
	CV0045122

STATE			
	Program Manager	Various	SW
	Contract Administrator	Marissa Gove	DTMB
		(517) 449-8952	
		govem1@michigan.gov	

CONTRACT SUMMARY

SW FINANCIAL AUDITING AND ACCOUNTING PREQUAL PROGRAM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2024

PAYMENT TERMS	DELIVERY TIMEFRAME
NET 45	N/A

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$174,875.00	$219,600.00	$394,475.00

DESCRIPTION

Effective 3/1/2022, the attached Schedule A - Statement of Work is added to the Contract for use by LARA-MRA. This Contract is hereby increased by $219,600. In addition, Schedule B - Pricing is hereby added to the Contract for these activities per the attached.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on 2/15/2022.

CN 2 - SCHEDULE A
STATEMENT OF WORK
CONTRACT ACTIVITIES

BACKGROUND

The Marijuana Regulatory Agency (MRA) is responsible for the licensing and regulation of medical marijuana facilities under the Michigan Medical Marihuana Facilities Act (MMFLA) and adult-use marijuana establishments under the Michigan Regulation and Taxation of Marihuana Act (MRTMA). These laws establish a regulatory framework for provisioning centers/retailers, growers, processors, secure transporters, safety compliance facilities, and other commercial operations. They also create a statewide monitoring system for the tracking, inventory and verification of marijuana and allows for the manufacture and use of marijuana-infused products. The medical regulatory framework has been in place since December 2017 and the adult-use regulatory framework since November 2019. Applicants for licensure are subject to a thorough background investigation by the State inclusive of all persons holding a direct/indirect of more than 10%, officers, boards of directors and other individuals exercising managerial control to determine eligibility and evaluate applicants' integrity, moral character, reputation, personal and business probity, financial ability and experience, and responsibility or means to operate or maintain a marijuana business.

SCOPE

This is a request for background check services for all applicants and licensees under the MMFLA and MRTMA Background checks for the purpose of this statement of work refer only to the evaluation of character and financial background information for foreign applicants and does not include criminal history information or background investigations of domestic applicants.

This project contains the following scope:

A. Provide financial accounting, integrity oversight monitoring or auditing services as required by this Tier 2 SOW issued by Licensing and Regulatory Affairs (LARA). Services may include, but not be limited to, the following:

1. Cash Management
2. Forensic Accounting/Auditing (e.g. investigative engagements designed to detect fraud or misuse of funds, general auditing procedures to evaluate program operations and financial and other compliance requirements.
3. Budgeting (e.g. evaluating program needs and ensuring proper budgeting, forecasting and related monitoring controls)
4. Financial Forecasting (e.g. Assist with the coordination and development of multiyear financial plans and models.)
5. Internal Controls (e.g. evaluating sufficiency of the design and/or operating effectiveness of controls for business processes and associated IT systems)

6. OPEB (e.g. see B below for more information)
7. Administering Payroll (e.g. – see B below for more information)
8. Managing Debt/Issuing Public Debt (e.g. Assist as needed with the development of debt management strategies including but not limited to cost analysis of outstanding debts and refunding analysis, develop potential rating agency strategies, or develop a plan of finance. Including additional bond related services as requested by the local unit of government or the State, see C below for more information)
9. Applying for Grants/Administering Grant Monies (e.g. associated with COVID19 federal relief funds)
10. Cybersecurity (e.g. focused at evaluating information security objectives)
11. Information Technology Systems (e.g. evaluating proper design of IT in support of critical business processes designed to ensure achievement of business objectives and related compliance requirements) Tasks specifically related to the scope of this project are:
    i. Research on applicants (business entities or individuals) and the direct/indirect owners, beneficiaries, shareholders, officers, directors, partners, members, and managers of applicants, that requires research and investigation outside of the United States.
    ii. Validation of applicant identity.
    iii. Salary/income sources.
    iv. Credit checks.
    v. Bankruptcy checks.
    vi. Litigation checks.
    vii. Regulatory compliance checks.
    viii. Tax compliance checks.
    ix. Public records checks.

B. The following is out of scope:
    a. FBI fingerprint criminal history checks

1. Requirements

1.1. General Requirements

A. The Contractor will utilize its secure portal to transmit background check requests and findings to and from the State. The requests and findings will include sensitive information (e.g. personal, criminal, financial data, etc.). The Contractor must have a security policy in place.

B. The Contractor must conduct background investigations including, but not limited to, all checks listed in the Scope section above to the extent allowable by law.

C. The Contractor must provide a list of documents, disclosures, questionnaires, etc. that will be required of applicants to facilitate the ability to conduct background investigations including, but not limited to, all checks listed in the Scope section above.

D. The Contractor must compile all findings into a summary report to be provided to the State as the result of the background investigation.

E. The Contractor must be able to archive all documentation, memoranda, and correspondence associated with a background investigation for a period of 2 years and make all documentation, memoranda, and correspondence available to the State upon request.

F. The Contractor must be able to submit a detailed billing statement per applicant.

G. The Contractor must provide a complete report including all findings and analysis within 30 business days of the authorized request from the State. Extenuating circumstances (eg. Court closings and delays, international delays) for individual investigations may be considered at the agreement of all parties.

H. The Contractor must provide background checks to the State when requested, at an estimated amount of 30 per year.

1.2. Acceptable Use Policy

To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

2. Service Requirements

2.1. Timeframes

All Contract Activities must be delivered within 30 business days from receipt of order unless otherwise specified in this Schedule A. The receipt of order date is pursuant to the **Notices** section of the Standard Contract Terms.

3. Acceptance

3.1. Acceptance, Inspection, and Testing

The State will use the acceptance process as defined in the **Acceptance** section of the Standard Contract Terms (Section 16).

4. Staffing

4.1. Contractor Representative

The Contractor must appoint a Single Point of Contact (SPOC) specifically assigned to State of Michigan accounts, who will respond to State inquiries regarding the Contract Activities, answer questions related to ordering and delivery, etc. (the "Contractor Representative").

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

Contractor's SPOC is William J. Kowalski, Rehmann CIS Director of Operations

4.2. Program Manager

The Program Manager for each party related to this SOW will monitor and coordinate the day-to-day activities of the Contract (each a "**Program Manager**"):

State:	Contractor:
Andrew Brisbo **2407 N. Grand River Ave.** **Lansing, MI 48906** **brisboa@michigan.gov 517-599-5576**	**William J. Kowalski** **1500 W. Big Beaver Road** **Troy, MI 48084** **Bill.kowalski@rehmann.com** **(248) 458-7870**

4.3. Customer Service Toll-Free Number

See master contract Schedule A - SOW section 4.2 for details.

4.4. Work Hours

See master contract Schedule A - SOW section 4.3 for details.

4.5. Contractor Personnel

The Contractor must appoint the appropriate number of individuals necessary to meet the project deadline. The Contractor must identify the staff who will be involved in the project, including the name of each individual, their role, and the functions they will perform.

Functional Role	Name	Responsibilities
1. Director of Operations	William Kowalski	Oversight management and report review.
2. Director of Financial Investigations	William Edwards	Oversight management and report review.
3. Senior Manager	Anne McDonald	Workflow management, intelligence research, quality control and report review.

4. Intelligence Analyst	Aaron Thompson	Intelligence research and report preparation.
5. Intelligence Analyst	Adam Wilcox	Intelligence research and report preparation.
6. Intelligence Analyst	Lisa Farr	Intelligence research and report preparation.
7. Intelligence Analyst	Nicholas Sierko	Intelligence research and report preparation.
8. Senior Investigator	Joe Miceli	Intelligence research and report preparation.
9. Senior Investigator	Jason Holm	Intelligence research
10. Senior Administrator	Danielle Grabow	Intelligence research and report review.
11. Senior Manager	Rebecca Denyer	Intelligence research and billing management.
12. Manager	Adrienne Hassberger	Intelligence research and administration.
13. Senior Administrator	Stephanie Shaffner	Intelligence research and administration.
14. Administrator	Christine Newman	Intelligence research and administration.

4.6. Disclosure of Subcontractors

The Contractor will not be using subcontractors.

4.7. Security

A. The Contractor will be subject the following security procedures:

i. All employees of the Contractor who will have access to applicant information supplied by the State must undergo a background check facilitated and paid for by the Contractor. Background check results must be provided to the State upon request.

ii. The Contractor must have a training program in place for all staff to ensure appropriate use of all information transmitted to and from the State regarding applicants for licensure.

iii. The Contractor must have policies and procedures in place to ensure the safeguarding of all confidential and sensitive data received from and sent to the State.

iv. The Contractor must explain any additional security measures in place to ensure the security of State data.

B. The Contractor must explain any additional security measures in place to ensure the security of State facilities. The State may require the Contractor's personnel to wear State issued identification badges.

C. The Contractor's staff may be required to make deliveries to or enter State facilities. The Contractor must: (a) explain how it intends to ensure the security of State facilities, (b) whether it uses uniforms and ID badges, etc., (c) identify the company that will perform background checks, and (d) the scope of the background checks.

4.8. Access to Tax Information

The Contractor must comply with the requirements of *IRS Publication 1075* (including *Exhibit 7 Safeguarding Contract Language*) and *Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data*.

5. Project Management

5.1. Project Plan

The Contractor will carry out this project under the direction and control of the Program Manager. Within 30 calendar days of the Effective Date, the Contractor must submit a final project plan to the Program Manager for 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 this SOW; and (b) the project breakdown showing sub-projects, tasks, timeline, and resources required.

The Contractor must provide, in their bid response, both a project plan and a business plan for the project. The Contractor must present a project management plan, identifying methods, tools and processes proposed to oversee the project, address issues/changes as they may arise, and keep the appropriate parties apprised of progress. The business plan should identify how the Contractor will provide service within the timeframes established in this Contract. Included in this plan would be identification of all subcontractors and any other information about the provision of service that the Contractor determines would be helpful to the State in evaluating their ability to meet the terms of this Contract. A work plan and timeline for transition to a new Contractor at the end of the Contractual period should also be included in the event that a different Contractor is selected.

The Contractor must facilitate biweekly meetings during implementation of the contract services. The Contractor must provide a project report that includes an updated project plan, risks, and issues. The meetings may be held in Lansing, Michigan or via webinar, at a date and time mutually acceptable to the State and the Contractor.

5.2. Meetings

The Contractor must attend the following meetings:

Within 30 calendar days of the execution of the contract, the Contractor must attend a project kick-off meeting to discuss the content and procedures of the Contract. The Contractor will review and validate the requirements with the State. The Contractor will identify any general, functional or technical issues that need to be addressed to ensure successful implementation and will propose resolutions to be undertaken and timing thereof. The meeting may be held in Lansing, Michigan or via webinar, at a date and time mutually acceptable to the State and the Contractor. At this meeting, Contractor will provide and review:

- Preliminary project plan and schedule
- Contractor and State resources and responsibilities
- Risk mitigation plan
- Security plan
- Implementation of the secure mechanism for data transfer
- Yearly performance review meetings must be held to review and evaluate performance of the contract terms, management reports, metrics, risks, and issues. The meetings may be held in Lansing, Michigan or via webinar, at a date and time mutually acceptable to the State and the Contractor.

The State may request other meetings, as it deems appropriate.

5.3. Reporting

The Contractor must submit to the Program Manager the following written reports:

Separate monthly billing reports must be sent to the State. The required billing report information will be determined by the State upon award of the contract. The Contractor must have the ability to provide customized billing reports as requested at no additional cost to the State.

The Contractor must provide management reports to the State on a quarterly basis. The report content will be finalized after Contract implementation.

6. Pricing

6.1. Price Term

Pricing is firm for the entire length of the engagement related to this SOW. Contractor pricing must not exceed rates provided in Schedule B of the master contract.

7. Ordering

7.1. Authorizing Document

See master contract Schedule A - SOW section 7.1 for details.

8. Invoice and Payment

8.1. Invoice Requirements

See master contract Schedule A - SOW section 8.1 for details.

8.2. Payment Methods

See master contract Schedule A - SOW section 8.2 for details.

8.3. Procedure

Invoices must be submitted to the State's Program Manager via email (brisboa@michigan.gov).

9. Liquidated Damages

See master contract Schedule A - SOW section 9. for details.

CN 2
SCHEDULE B PRICING

Staff Level/Position	Estimated # Hours per Background Check	Hourly Rate	Estimated # of Background Checks Per Year	Total
Senior Manager/Senior Staff	1 – 5	$100	30	$3,000 - $15,000
Associate Administrator/Analyst	1 - 8	$80	30	$2,400 - $19,200
*Out-of-Pocket Expenses will be passed through to Client and vary depending on country and jurisdictions involved	To Be Determined (TBD)	TBD	30	TBD
NOTE: Due to the low volume of assignments, there will be no client discount for paying within ten (10) business days.				
Annual Total				**$5,400 - $34,200***

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES
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 **220000000133**

CONTRACTOR	
	THE REHMANN GROUP
	1500 W. Big Beaver Rd., 2nd Floor
	Troy, MI 48084
	Nathan C. Baldermann
	517-841-4235
	nathan.baldermann@rehmann.com
	CV0045122

STATE			
	Program Manager	various	SW
	Contract Administrator	Marissa Gove	DTMB
		(517) 449-8952	
		govem1@michigan.gov	

CONTRACT SUMMARY

SW FINANCIAL AUDITING AND ACCOUNTING PREQUAL PROGRAM

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
November 1, 2021	October 31, 2024	3 - 1 Year	October 31, 2024

PAYMENT TERMS	DELIVERY TIMEFRAME
	N/A

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		October 31, 2024

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$0.00	$174,875.00	$174,875.00

DESCRIPTION

Effective 11/16/2021, this contract is hereby increased by $174,875. In addition, the attached Schedule A - Statement of Work is added to the Contract for use by EGLE. Pricing on this contract is hereby updated, per revised Attachment.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

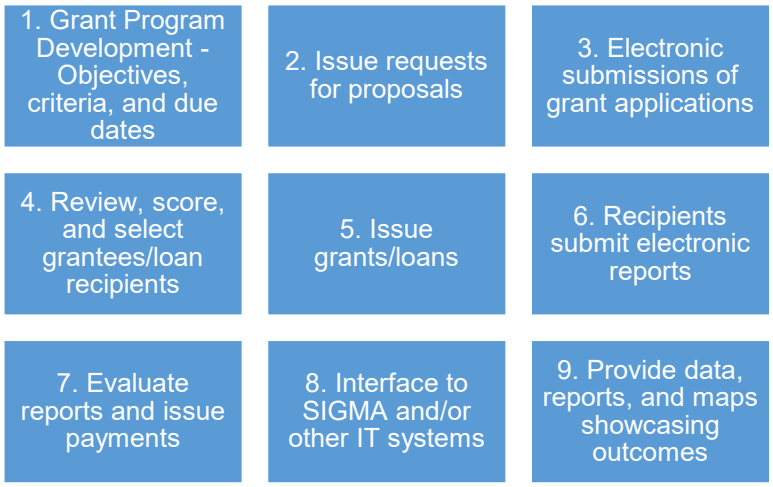
SCHEDULE A
STATEMENT OF WORK
CONTRACT ACTIVITIES

1. BACKGROUND

Over half of EGLE's $500 million budget goes out in the form of grants and loans to local units of government and other organizations. The grants and loans serve as an opportunity to support local communities and achieve the department's mission of protecting public health and the environment. Outgoing grants and loans are administered in several of the department's divisions, and various processes and systems are used dependent on the program. EGLE has an estimated 50 grants and loans programs and issues over 500 grants and loans annually. With increased federal and state resources anticipated in the future, EGLE needs to determine the most effective way to administer future grant and loan funding while maximizing the ability to leverage existing programs and processes.

2. SCOPE/PROJECT APPROACH

The scope of this initiative includes review of the entire outgoing grants and loans processes for the various programs, including but not limited to the following activities:



The project plan includes two phases - 1) process review and 2) IT system implementation - over a 2-year timeframe.

Phase 1 – Process Review (in scope)

The first phase of the project includes the following:

- Inventory existing outgoing grant and loan processes
- Develop as-is and to-be process models
- Identify areas of financial risk
- Provide process improvement recommendations
- Inventory and analyze existing systems
  - Document any process or functional gaps within those systems
- Gather and document high-level business requirements necessary to implement an effective grants and loans IT system used throughout the department
- Evaluate system alternatives for high-level functional fit, including but not limited to the following systems / vendors:
  - SIGMA / CGI
  - Windsor Solutions
  - Agate IGX - Intelligrants
  - Michigan Dept of Treasury – Loans and Bond Mgmt Software (custom build)
  - Plan on 2 other systems TBD

Phase 2 – IT System Implementation (out-of-scope)

The second phase of the project will include utilizing the recommendations from Phase 1 to secure a Contractor to implement an IT solution for the department. The selected vendor for Phase 1 will not be eligible for consideration of Phase 2.

3. Staffing

4.1. Contractor Representative

The Contractor must appoint two individuals, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative").

The Contractor must notify the Contract Administrator at least 14 calendar days before removing or assigning a new Contractor Representative.

The Contractor must submit Key Personnel resumes.

The Contractor's project team will be led by two Principals- Stephen W. Blann and Tony DiVito

4.2. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 7:00 a.m. to 6:00 p.m. EST, and possible night and weekend hours depending on the requirements of the project.

4.3. Organizational Chart

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

4.4. Disclosure of Subcontractors

If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

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.

The relationship of the subcontractor to the Contractor.
Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.

A complete description of the Contract Activities that will be performed or provided by the subcontractor.

4.5 Access to Tax Information

The Contractor must comply with the requirements of IRS Publication 1075 (including Exhibit 7 Safeguarding Contract Language) and Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data.

5. Project Management

5.1. Project Plan

The Contractor should provide a Project Plan with their proposal. The Project Plan should identify items such as the required contact personnel; project management process; project breakdown identifying sub-projects, tasks, and resources required; expected frequency and mechanisms for updates/progress reviews; process for addressing issues/changes; and individuals responsible for receiving/reacting to the requested information.

The Contractor will carry out this project under the direction and control of the Program Manager.

5.2. Meetings

The Contractor will be required to attend the following meetings:

- Meeting with grant and loan administrators of the various programs to gather detailed information to complete the analysis.
- Meeting on a regular basis, such as weekly, with department leadership on the status of the project.
- Virtual meetings are acceptable.
- The State may request other meetings, as it deems appropriate.

5.3. Reporting

The Contractor must submit the following reports to the EGLE Program Manager:

- Monthly draft reports with status of the project
- Final report to the department including the components of Phase 1 of the project plan.

6. Ordering
The appropriate authorizing document for the Contract will be a Delivery Order (DO).

6. Invoice and Payment
6.1. All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.

6.2. Payment Methods
The State will make payment for Contract Activities via Electronic Funds Transfer (EFT).

7. Liquidated Damages
8. See master contract SOW section 9.

SCHEDULE B
PRICING

1. Price proposals include 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 Contractor is offering a discount of 0% Net 30 for this engagement. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

3. The Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.

4. The Contractor must provide the estimated average hours necessary to conduct the background check for an applicant as detailed in the Scope section of the Statement of Work (Schedule A – Section 3). Pricing must not exceed rates provided in original RFP.

Staff Level/Position	Estimated Hours	Hourly Rate	Total
Principals	300	$490	$ 147,000.00
Senior Managers	25	$365	$ 9,125.00
Managers	25	$310	$ 7,750.00
Seniors	25	$250	$ 6,250.00
Staff	25	$190	$ 4,750.00
	400		
Project Total			**$ 174,875.00**

STATE OF MICHIGAN PROCUREMENT

Department of Technology, Management, and Budget –
Central Procurement Services

525 W Allegan St, Lansing, MI 48933
P.O. Box 30026, Lansing, MI 49809

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **220000000133**
between
THE STATE OF MICHIGAN
and

CONTRACTOR	
	Rehmann Robson LLC
	1500 W. Big Beaver Rd., 2nd Floor
	Troy, MI 48084
	Nathan C. Baldermann
	517-841-4235
	Nathan.baldermann@rehmann.com
	CV0045122

STATE			
	Program Manager	Various	SW
	Contract Administrator	Marissa Gove	DTMB
		517-449-8952	
		Govem1@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION:SW Financial Auditing and Accounting Prequal Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
11/1/2021	10/31/2024	3-1 year	
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-card ☐ Payment Request (PRC) ☐ Other			☒ Yes ☐ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation 210000002247. Payments will be issued directly by the agency requiring services associated with specific SOWs.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			**$0**

FOR THE CONTRACTOR:

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Name & Title

Agency

Date

STANDARD CONTRACT TERMS

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and Rehmann Robson LLC ("**Contractor**"), a Michigan limited liability company. This Contract is effective on November 1, 2021 ("**Effective Date**"), and unless terminated, expires on October 31, 2024.

This Contract may be renewed for up to two (2) additional one (1) year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Schedule 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 Schedule 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:
Marissa Gove **525 W Allegan St** **Lansing, MI 48933** **Govem1@michigan.gov** **517-449-8952**	Nathan C. Baldermann, CPA, CGFM, Principal 675 Robinson Rd Jackson, MI 49203 Nathan.baldermann@rehmann.com 517-841-4235

3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a "**Contract Administrator**"):

State:	Contractor:
Marissa Gove **525 W Allegan St** **Lansing, MI 48933** **Govem1@michigan.gov** **517-449-8952**	Nathan C. Baldermann, CPA, CGFM, Principal 675 Robinson Rd Jackson, MI 49203 Nathan.baldermann@rehmann.com 517-841-4235

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**"):

State:	Contractor:
Various by Tier 2 requirements. List will be provided as needs arise.	Nathan C. Baldermann, CPA, CGFM, Principal 675 Robinson Rd Jackson, MI 49203 Nathan.baldermann@rehmann.com 517-841-4235

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 Schedule A – Statement of Work) if, in the opinion of the State, it will ensure performance of the Contract.

6. **Insurance Requirements.** Contractor, at its sole expense, must maintain the insurance coverage identified below. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or otherwise 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 a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: $1,000,000 Each Occurrence $1,000,000 Personal & Advertising Injury	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional

Required Limits	Additional Requirements
$2,000,000 Products/Completed Operations $2,000,000 General Aggregate	insureds using endorsement CG 20 10 11 85, or both CG 20 10 12 19 and CG 20 37 12 19
Automobile Liability Insurance	
If a motor vehicle is used in relation to the Contractor's performance, the Contractor must have vehicle liability insurance on the motor vehicle for bodily injury and property damage as required by law.	
Workers' Compensation Insurance	
Minimum Limits: Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimum Limits: $500,000 Each Accident $500,000 Each Employee by Disease $500,000 Aggregate Disease	
Privacy and Security Liability (Cyber Liability) Insurance	
Minimum Limits: $1,000,000 Each Occurrence $1,000,000 Annual Aggregate	Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Crime (Fidelity) Insurance	
Minimum Limits: $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.
Professional Liability (Errors and Omissions) Insurance	
Minimum Limits: $3,000,000 Each Occurrence $3,000,000 Annual Aggregate	

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the Effective Date of the Contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Contract Effective Date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or delivery order number, at Contract formation and within twenty (20) calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurance contained in this Section; (c) notify the Contract Administrator within five (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.

This Section is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

7. **Administrative Fee and Reporting.** Contractor must pay an administrative fee of 0.75% 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 online by check or credit card at: https://www.thepayplace.com/mi/dtmb/adminfee

   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 MiDeal@michigan.gov.

   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.** This 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) other states (including governmental subdivisions and authorized entities) and (b) State of Michigan employees.

   If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to impose an administrative fee and 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.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, or as may be specified in Schedule A, 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 and provide all necessary documentation and signatures.

14. **Change of Control.** Contractor will notify within 30 days of any public announcement or otherwise once legally permitted to do so, 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 Schedule 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 Schedule 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. **Reserve.**

18. **Reserve.**

19. **Reserve.**

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 Schedule 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 Services purchased under this Agreement are for the State's exclusive use. All prices are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

    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/SIGMAVSS 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 Schedule 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 delivery 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 and Disclaimer of Damages. IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT.** 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 five (5) business days 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 Schedule 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 Schedule 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 or Compromise of Data**. In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor 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) with approval and assistance from the State, 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 five (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) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) 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 incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within ten (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, not be tangentially used for any solicitation purposes, 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. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section 31** are to be considered direct damages and not consequential damages. This section survives termination or expiration of this Contract.

f. **State's Governance, Risk and Compliance (GRC) platform**. Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security plan using the State's automated GRC platform and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.

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 Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

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. **Reserved.**

35. **Reserved.**

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 4 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;(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; and that (i) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. 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. **Reserved.**

42. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq*., the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq*., and Executive Directive 2019-09. 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 (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.

43. **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.

44. **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.

45. **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.

46. **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.

47. **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.

48. **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.

49. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.

50. **Schedules**. All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Schedule A	**Statement of Work**
Schedule B	**Pricing**
Schedule D	**Data Security Requirements**

51. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and schedules and exhibits which are hereby expressly incorporated, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

52. **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.

53. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.

54. **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.

55. **Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

SCHEDULE A – STATEMENT OF WORK CONTRACT ACTIVITIES

BACKGROUND

This contract is part of a pre-qualification for financial accounting, integrity oversight monitoring, auditing services, or other compliance/assurance work associated with financial, compliance and related information technology activities for State Departments and MiDEAL members (authorized local units of government) on a fast-track, as needed basis.

NOTE: Contractors are *not* required to provide *all* services outlined in 1.1 A, B, and C below.

Contractor is to provide independent and objective assurance and consulting services to Tier 2 contract users which are designed to improve the operations of the State of Michigan.

DTMB (the Department of Technology, Management and Budget), assists the State Departments, such as SBO, Treasury, LEO, etc in attaining its objectives by bringing a systematic, disciplined approach to examine, evaluate, and improve the effectiveness of the risk management, control, and governance processes. Agencies utilizing the services need to ensure the State can deploy the appropriate level of expertise to address emerging risks within the State associated with existing or new programs that require auditing, consulting, compliance, and integrity oversight monitor types of engagements. Specialized services from external firms include expertise to evaluate and provide assurances regarding legal compliance, detect misconduct, and promote best practices in the administration of financial and IT related processes. Further, specialized services shall not be limited to, investigative, accounting, forensic accounting, engineering, other professional specialties, risk assessment, information security, developing compliance system constructs, loss prevention, monitoring, contract managers, and independent private inspectors general) for local municipalities.

SCOPE

The scope of services in this Contract and subsequent statements of work may include but are not limited to the following:

1. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, and report such information.
2. Reviewing the internal control systems established to ensure compliance with policies, plans, procedures, laws, and regulations that could have a significant impact on the State's operation and reporting on the State's compliance with them.
3. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
4. Assisting with the investigation of financial and operating irregularities or suspected fraud within departments or agencies.

Work performed will be on as “as-needed” basis. Project frequency and duration will be wholly dependent on the need for services as outlined herein.

The Contractor must provide the services broadly described in this Contract. The initial selection of prequalified vendors was considered the Tier 1 solicitation.

Tier 2 solicitations will consist of formalizing a comprehensive Statement of Work (SOW) and distributing a Request for Proposal (RFP) to the pool of prequalified Contractors by specific State Departments or MiDEAL member. Each Tier 2 contracting effort will evaluate prequalified Contractor qualifications and availability. For each need, a comprehensive SOW, Schedule B – Pricing, and other documents, if required, will be provided in an RFP to all prequalified Contractors. The RFP will identify the SOW, period of performance, deliverables, unique service levels, specific response information required, additional insurance requirements, and any special terms and conditions. Contractors must respond directly to the requesting State Department/MiDEAL member within the timeframe specified in the Tier 2 RFP. The requesting State Department/MiDEAL member will evaluate the responses and determine the Contractor that will provide the best overall value for that specific RFP. For State Departments, upon award a change notice (CN) will be created to add that specific SOW, cost, and other requirements to the selected Contractors State contract. MiDEAL members will follow their own procurement processes to work with selected Contractor.

1. Requirements

1.1. General Requirements

Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work:

A. Provide financial accounting, integrity oversight monitoring or auditing services as required by each Tier 2 SOW issued by State Department/MiDEAL member. Services may include, but not be limited to, the following:

1. Cash Management
2. Forensic Accounting/Auditing (e.g. investigative engagements designed to detect fraud or misuse of funds, general auditing procedures to evaluate program operations and financial and other compliance requirements.
3. Budgeting (e.g. evaluating program needs and ensuring proper budgeting, forecasting and related monitoring controls)
4. Financial Forecasting (e.g. Assist with the coordination and development of multiyear financial plans and models.)
5. Internal Controls (e.g. evaluating sufficiency of the design and/or operating effectiveness of controls for business processes and associated IT systems)
6. OPEB (e.g. see B below for more information)
7. Administering Payroll (e.g. – see B below for more information)
8. Managing Debt/Issuing Public Debt (e.g. Assist as needed with the development of debt management strategies including but not limited to cost analysis of outstanding debts and refunding analysis, develop potential rating

agency strategies, or develop a plan of finance. Including additional bond related services as requested by the local unit of government or the State, see C below for more information)

9. Applying for Grants/Administering Grant Monies (e.g. associated with COVID-19 federal relief funds)
10. Cybersecurity (e.g. focused at evaluating information security objectives)
11. Information Technology Systems (e.g. evaluating proper design of IT in support of critical business processes designed to ensure achievement of business objectives and related compliance requirements)

B. Provide various services to Treasury local units of government (which may include but is not limited municipalities or school districts in the State of Michigan facing financial or economic challenges) as required by each Tier 2 SOW issued by State Department/MiDEAL member. Services may include, but not be limited to, the following:

1. Municipal Finance Service Providers (e.g., financial planning, budgeting, special financial projects, capital improvement planning, and record keeping)
2. Engineering (e.g., road improvements, water system planning and management, sewer system planning and management, building and physical plant planning, capital improvement planning, and broadband, fiber optic, telecommunications and IT-related services planning and management)
3. Planning (e.g., code review, master plan upgrades, capital improvement planning programs, zoning ordinance updates, recreation planning, economic development planning, brownfield-related services, downtown development and tax increment finance related services and corridor, transportation and housing analyses and planning services.)
4. Management/Administration (e.g., management services, human resources services, training, and the development of policies and procedures.)
5. Project Coordination (e.g., strategic planning, regional coordination, project applications and management, grant management and reporting, formulating long-term plans for communities to adjust to changing demographics and economic activity, engaging in community input for projects, and addressing needs in large scale disruption caused by facility closures.)
6. Grant Administration (e.g., applications, grant funding administration, reporting requirements, and procedures to ensure compliance with grantor requirements)
7. Pension/OPEB analysis and actuarial sciences (e.g., reviews of local unit's pension and retiree health care (i.e., OPEB) benefits to help local units manage, control and lower liabilities.
    a. Reviews would include showing trends, risks, options for changes, and estimated cost and savings changes.

C. Provide technical and administrative support for improvements in financial management for school districts in Michigan as required by each Tier 2 SOW

issued by State Department/MiDEAL member. Services may include, but not be limited to, the following:

1. Capital Improvement Plans/Architectural Services

    a. The Contractor may provide services to Treasury and stakeholders to assess and report on the current condition of building facilities and technology infrastructure in pre-determined buildings within Michigan school districts. The Contractor will be responsible for engaging the necessary stakeholders to develop a Capital Improvement Plan with phase deliverables to include:

        i. Building and Technology Site Assessment

        ii. Building and Technology Site Improvement Plan

        iii. Draft Report

        iv. Final Report

        v. Presentation of Findings.

    The Contractor may be a firm or team of firms with the required capabilities and having an in-depth understanding and working knowledge of public education construction projects in Michigan, which includes familiarity with Michigan laws and regulations, school operations, local, state, and federal laws, building codes, minimum and prevailing wage requirements, safety and environmental requirements and specifications for educational construction projects. As well as an understanding and knowledge of educational practices and procedures.

    a. All contract activities are limited strictly to a consultatory capacity. At no time under this contract or any subsequent statement of work shall the Contractor engage in any physical modifications or construction with the selected school district or local unit.

    b. The Contractor must cooperate fully with the District during studies to minimize conflicts with academic purpose, to facilitate building use, and to not interfere with school operations.

    c. The Contractor will evaluate sites and facilities. Anticipated building sites and facilities and services may include, but are not limited to:

        i. Building code conformance

        ii. Paving and Site

        iii. Mechanical Systems

        iv. ADA – Accessibility Design

        v. Architectural services

        vi. Cost estimating

        vii. Playgrounds

        viii. Athletic fields

ix. HVAC/electrical design

x. Plumbing and piping design

xi. Roofing Assessments

xii. General areas of renovation and/or expansion

xiii. Fixed furniture & equipment design

xiv. Technology improvement assessment

2. School Financial Advisory Services – Operational

Bidders must have knowledge of how financial operations work within a Michigan school district including but not limited to an understanding and in-depth knowledge of the Michigan School Code, Michigan school funding, and educational practices and procedures.

a. Assist with the coordination and development of multiyear financial plans and models including deficit elimination plans.

b. Assist stakeholders with mitigating operational and financial risks as identified.

c. Perform cash flow and ratio analysis as needed including pro forma projections for new or existing projects.

d. Development of grant management systems in compliance with federal and state regulations.

e. Assist with the development of internal systems to improve business operations.

f. Assist as needed with the development of debt management strategies including but not limited to cost analysis of outstanding debts and refunding analysis.

g. Additional bond related services as requested by the District or the State.

h. Analysis and calculation of annual per pupil set aside amounts.

i. Develop potential rating agency strategies.

j. Develop a plan of finance which provides the lowest cost of funds for the district.

k. All projects will require a separate statement of work to be added to the Contract through a Change Notice.

3. Academic Advisory Services

a. Academic Assessment

The academic assessment may include but is not limited to; an executive summary, background information, documents used, district benchmarks, and a summary of findings. The assessment may include onsite visits, discussion and analysis, District's academic data and metrics. The metrics identified may include but are not limited to a review and analysis of

academic outcomes, identification of performance gaps, and additional duties as requested. Academic areas of interest may include but are not limited: current curriculum, M-Step, SAT, NAPE, NWEA, 3rd grade reading law, ELA proficiency, and math proficiency.

b. Draft Summary of Findings

After completion of the academic assessment, a draft summary of findings must outline the current academic condition of the District.

c. Academic Improvement Plan

The operating plan must include a strategy for the District moving forward in coordination with the identified stakeholders.

The academic improvement plan will consist of discussions between the Contractor which must include, but is not limited to, identified stakeholders, and other necessary district officials. The recommended plan shall include an operating plan that contains recommendations to address any deficiencies identified in its assessment.

d. All projects will require a separate statement of work to be added to the Contract through a Change Notice.

4. Project Consultant Services

a. The Contractor must assist, as necessary, on all operational needs of the District. The operational needs include but are not limited to:

i. Development of a written Budget and narrative detailing possible cost reductions. The budget shall include a listing of all the assumptions made during the creation of the budget and a plan on how to accomplish the budget goals.

ii. 18-month cash flow projections

iii. Five (5) year projection analysis on student enrollment.

iv. Plan to increase the pool of highly qualified teachers and administrators including the strategic plan to implement a competitive wage compensation system to include a wage and compensation study of its instructional and administrative personnel.

v. Analyze the District's sinking funds including infrastructure improvements and technology upgrades, including building configurations and plans for rightsizing.

vi. Curriculum and instructional audit, including the plan to improve academic outcomes for all.

vii. Strategic communication plan.

viii. Improvements to the organizational structure of business operations including the budget review process.

ix. Real estate plans for all buildings and land.

b. All projects will require a separate statement of work to be added to the Contract through a Change Notice.

D. Each SOW will contain unique service levels and requirements.

E. The State will issue each Tier 2 SOW to pre-qualified Contractors. The process for the State issuing and the Contractor(s) responding to an SOW follows:

1. Issue a Tier 2 SOW to pre-qualified Contractors with a timeline including due dates for questions, due dates for responses, and period of performance. The Tier 2 SOW will identify the deliverables, specific response information required, work evaluation and payment criteria, and any additional terms and conditions that may apply to that SOW.
2. Contractor responses must follow criteria required in each SOW, and Contractor pricing may be lower, but must not exceed rates provided in Schedule B – Pricing attached to this Contract.
3. The selection will be based on a best value evaluation using the criteria identified in the Tier 2 SOW. Other selection criteria or tools which may be in the best interest of the State may be utilized to make a selection.

F. If the Contractor receives a subpoena for any information related to services under contract, the Contractor must contact the Program Manager immediately.

G. The Contractor may be requested to provide legislative testimony.

H. The Contractor must keep costs down to the lowest amount possible by using Contractor staff appropriately throughout the course of project work; be responsible for its own supplies and equipment to perform and complete each project; and work under the direction of specific agency.

I. The Contractor will be subject to the security procedures outlined in the State of Michigan Standard Terms and Conditions.

Contractor personnel proposed for any SOW must satisfy the security requirements for the agencies or local unit in which they will be working, including signing any required security forms. This may include signing the security forms. Any agency specific requirements will be identified in the SOW.

1.2. Training

The Contractor must provide training if required in Tier 2 SOW.

1.3. Projects with Electronic Deliverables

If/when projects require an electronic deliverable the Contractor must follow the standards set forth in this Section.

- "**Digital Content**" means all deliverables, except for IT Components, provided electronically or in a digital format by Contractor under this Contract, including but not limited to documents, reports, content (including content for websites and social media), images, video, and other media productions.

- **"Electronic Deliverable"** means any IT Component or Digital Content Contractor is required to or otherwise provides under this Contract.
- "**IT Component**" means any hardware or software/applications as set forth in a Statement of Work, including without limitation, websites, online surveys, website development and maintenance, the SFTP Server described in Section E, and any other IT products or services provided by Contractor for the performance of the Contract Activities. IT Component does not include Digital Content.

A. **IT Policies, Standards and Procedures (PSP) –** All IT Components provided as a result of this RFP must comply with all applicable public and non-public State IT Policies, Standards and Procedures (PSP), of which the publicly available ones are located at: http://www.michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html

Please Note: Not all applicable PSP's are available publicly. Controlled PSP's applicable to the RFP/resulting contract are available after signing and returning to the State the required Nondisclosure Agreement (NDA).

B. **State of Michigan (SOM) Digital Standard –** All software items provided by the Contractor must adhere to the State of Michigan/Site Standards which can be found at: www.michigan.gov/standards. If software items will be used on a mobile device, the software items must utilize responsive design practices to ensure the application is accessible via a mobile device.

C. **Data Privacy and Information Security**. All IT Components provided/proposed must comply with Schedule D – Data Security Schedule.

D. **End User Operating Environment**. Contractor must accommodate the latest browser versions (including mobile browsers) as well as some pre-existing browsers. To ensure that users with older browsers are still able to access online services, applications must, at a minimum, display and function correctly in standards-compliant browsers and the state standard browser without the use of special plugins or extensions. The rules used to base the minimum browser requirements include:

- Over 2% of site traffic, measured using Sessions or Visitors (or)
- The current browser identified and approved as the State of Michigan standard.

This information can be found at https://www.michigan.gov/browserstats. Please use the most recent calendar quarter to determine browser statistics. For those browsers with over 2% of site traffic, except Internet Explorer which requires support for at minimum version 11, the current browser version as well as the previous two major versions must be supported.

Contractor must support the current and future State standard environment at no additional cost to the State.

E. The Contractor will be required to provide a private SFTP site or equivalent (no free web-based file-sharing options will be accepted) for upload and download of files larger than 15MB in a variety of formats including:

- Beta

- Digital Beta
- wmv files
- mov files
- mp3 files
- Other
- SFTP equivalent sites must not be free web-based sharing options.
- SFTP site is an IT Component and must meet the requirements of this Section 3.

2. Service Requirements

2.1. Timeframes

All Contract Activities must be delivered within the timeframe designated in the Tier 2 SOW as business days from receipt of order. The receipt of order date is pursuant to the **Notices** section of the *Standard Contract Terms*.

2.2. Delivery

Delivery requirements will be specified in each individual Tier 2 SOW.

3. Acceptance

3.1. Acceptance, Inspection, and Testing

The State will use the following criteria to determine acceptance of the Contract Activities:

Unless otherwise provided for in the SOW/RFP document, Acceptance will be determined following the criteria outlined in the State of Michigan Standard Terms and Conditions (Section 16)

4. Staffing

4.1. Contractor Representative

The Contractor must appoint one (1) individual specifically assigned to State of Michigan accounts, who will respond to State inquiries regarding the Contract Activities, answer questions related to ordering and delivery, etc. (the “Contractor Representative”).

The Contractor must notify the Contract Administrator at least 14 calendar days before removing or assigning a new Contractor Representative.

4.2. Customer Service Number

The Contractor must specify its number for the State to contact the Contractor Representative. The Contractor Representative must be available for calls during the hours of 8:00 am to 5:00 pm ET.

4.3. Work Hours

The Contractor must provide Contract Activities during the State’s normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. ET and possible night and weekend hours depending on the requirements of the project. Specific work schedules will be provided with each SOW. No overtime will be authorized or paid. The State reserves the right to modify the work hours in the best interest of the project. Contractors must observe the

same standard holidays as State employees. The Contractor will not be compensated for holiday pay. Contractors will not be reimbursed for travel expenses or travel time.

4.4. Key Personnel

The Contractor must appoint 1 individual 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.

With each individual SOW/RFP, the Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés.

If required, Contractor's Key Personnel must be on-site in the location and during the times specified in each Tier 2 requirement.

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, Contractor will 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.

Contractor will 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 the **Termination for Cause** section of the Standard Contract Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):

i. For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be $25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30-calendar days before the Key Personnel's removal.

ii. If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30-calendar days, in addition to the $25,000.00 credit specified above, Contractor will credit the State $833.33 per calendar day for each day of the 30-calendar day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to $25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30-calendar days of shadowing will not exceed $50,000.00 per individual.

Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under this Contract.

The Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés.

A. The Contractor must identify all Key Personnel that will be assigned to this contract in the table below which includes the following:

1. Name and title of staff that will be designated as Key Personnel.
2. Key Personnel years of experience in the current classification.
3. Identify which of the required key personnel positions they are fulfilling.
4. Key Personnel's roles and responsibilities, as they relate to this RFP, if the Contractor is successful in being awarded the Contract. Descriptions of roles should be functional and not just by title.
5. Identify if each Key Personnel is a direct, subcontract, or contract employee.
6. Identify if each Key Personnel staff member is employed full-time (FT), part-time (PT) or temporary (T), including consultants used for the purpose of providing information for the proposal.
7. List each Key Personnel staff member's length of employment or affiliation with the Contractor's organization.
8. Identify each Key Personnel's percentage of work time devoted to this Contract.
9. Identify where each Key Personnel staff member will be physically located (city and state) during the Contract performance.

   The key personnel for the Contractor on the overall Contract is:

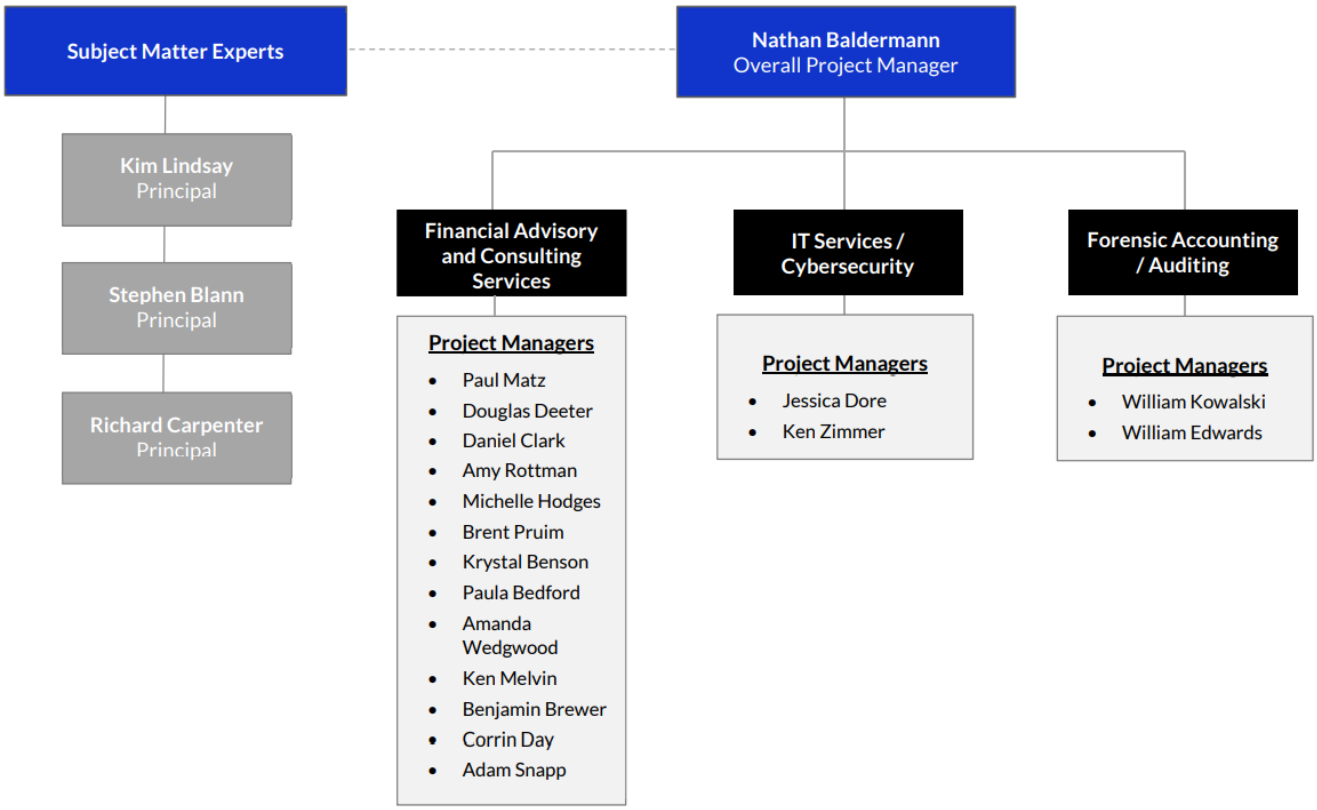
   Nathan C. Baldermann, CPA, CGFM

B. The Contractor must provide **detailed, chronological resumes** of all proposed Key Personnel, including a description of their work experience relevant to their purposed role as it relates to the Tier 2 RFP.

Qualifications will be measured by education and experience with particular reference to experience on projects similar to that described in the Tier 2 RFP.

4.5. Organizational Chart

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



4.6. Disclosure of Subcontractors

If the Contractor intends to utilize subcontractors, the Contractor must disclose the following for each subcontractor.

- 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.
- The relationship of the subcontractor to the Contractor.
- Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.
- A complete description of the Contract Activities that will be performed or provided by the subcontractor.

4.7. Security
If required, the Contractor will be subject to security procedures as outlined in each Tier 2 SOW.

4.8. Access to Tax Information

The Contractor must comply with the requirements of *IRS Publication 1075* (including *Exhibit 7 Safeguarding Contract Language*) and *Michigan Department of Treasury Safeguard Requirements of Confidential Tax Data*, only if required by Tier 2 SOW,

5. Project Management
5.1. Project Plan

Within five (5) business days of the award of any SOW, the Contractor must submit, for final approval, a detailed project plan to the Program Manager. The final Project Plan must be in agreement with the Contractor's SOW proposal and accepted by the State. Detailed requirements will be outlined in the SOW but should identify items such as the required personnel; project management process; project breakdown identifying sub-projects, tasks, and resources required; expected frequency and mechanisms for updates/progress reviews; process for addressing issues/changes; and individuals responsible for receiving/reacting to the requested information, and the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated as outlined in the Contract. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

5.2. Meetings

Although there will be continuous liaison with the Contractor team, the State Program Manager(s) will meet quarterly as a minimum, or as requested by the State, with the Contractor for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

5.3. Reporting
Reporting requirements will be identified in the Tier 2 SOW/RFP and may include but not be limited to, analysis in the form of summaries, reports, spreadsheets, or as otherwise requested.

6. Pricing
6.1. Price Term
Pricing is firm for the entire length of the Contract. Contractor pricing must not exceed rates provided in Schedule B.

7. Ordering
7.1. Authorizing Document
The appropriate authorizing document for the Contract will be a delivery order (DO).

8. Invoice and Payment
8.1. Invoice Requirements
All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any);

(g) vendor-generated invoice number; and (h) total price. *Overtime, holiday pay, and travel expenses will **not** be paid*.

8.2. Payment Methods

The State will make payment for Contract Activities via Electronic Funds Transfer (EFT).

8.3. Procedure

Final pricing will be submitted per the SOW/RFP requirements.

9. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of $5,000 and an additional $100 per day for each day Contractor fails to remedy the late or improper completion of the Work.

10. Service-Level Agreements (SLAs)

Tier 2 SOWs will include appropriate SLAs for the work to be performed.

SCHEDULE B - PRICING

Request For Proposal No. 210000002247

Pre-qualification for Statewide Financial Accounting, Integrity Oversight Monitoring or Auditing Services

1. The Contractor must provide a pricing schedule for the proposed Contract Activities using the table below. The pricing schedule should be submitted in a modifiable format (e.g. Microsoft Word or Excel); however, you may also submit an additional pricing schedule in a non-modifiable format (e.g., PDF). Failure to complete the pricing schedule as requested may result in disqualification of your proposal.

2. Price proposals must include 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).

3. The Contractor is encouraged to offer quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

   Quick payment terms: % discount off invoice if paid within days after receipt of invoice.

4. By submitting its proposal, the Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.

5. **NOTES**:
   a. As a reminder, *overtime, holiday pay, and travel expenses will **not** be paid*.

   b. Any exception to any insurance requirements must be noted ***before*** being qualified, in other words with bidder's response. If bidder is concerned about the cost of coverage, any extra costs must be incorporated into the pricing below with the understanding that this could impact being chosen as a tier two supplier.

   c. **Provide the hourly rate (not-to-exceed) for each staff level and all applicable personnel assigned to the Contract for the proposed services. For example, please indicate positions at Senior Manager, Director, Manager, etc. Senior levels, entry level staff, as well as Specialty Services (e.g., Cyber engineer, Subject Matter Expert, etc.).**

Position	Hourly Rate (Not to Exceed)
Principal	$375-$490
Senior Manager	$275-$365
Manager	$230-$310
Senior	$185-$250
Staff	$140-$190

SCHEDULE D - DATA SECURITY REQUIREMENTS

1 Definitions. For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this Schedule shall have the respective meanings given to them in the Contract.

"**Contractor Security Officer**" has the meaning set forth in **Section 2** of this Schedule.

"**FedRAMP**" means the Federal Risk and Authorization Management Program, which is a federally approved risk management program that provides a standardized approach for assessing and monitoring the security of cloud products and services.

"**FISMA**" means the Federal Information Security Modernization Act of 2014 (Pub.L. No. 113-283 (Dec. 18, 2014.).

"**Hosted Provider**" means any Permitted Subcontractor that is providing any or all of the Hosted Services under this Contract.

"**NIST**" means the National Institute of Standards and Technology.

"**PCI**" means the Payment Card Industry.

"**PSP**" or "PSPs" means the State's IT Policies, Standards and Procedures

"**SSAE**" means Statement on Standards for Attestation Engagements.

"**Security Accreditation Process**" has the meaning set forth in **Section 6** of this Schedule.

2 Security Officer. Contractor will appoint a Contractor employee to respond to the State's inquiries regarding the security of the Hosted Services who has sufficient knowledge of the security of the Hosted Services and the authority to act on behalf of Contractor in matters pertaining thereto **("Contractor Security Officer").**

3 Contractor Responsibilities. 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 any State Data in Contractor's or its subcontractor's possession; and

(e) ensure that all Contractor Representatives comply with the foregoing.

The State has established Information Technology (IT) PSPs to protect IT resources under the authority outlined in the overarching State 1305.00 Enterprise IT Policy. 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 public and non-public State IT policies and standards, of which the publicly available ones are at: https://www.michigan.gov/dtmb/0,5552,7-358-82547_56579_56755---,00.html

4 Acceptable Use Policy. To the extent that Contractor has access to the State's IT environment, Contractor must comply with the State's Acceptable Use Policy, see **ents/dtmb/1340.00.01_Acceptable_Use_of_Information_Technology_Standard_458958_7.pdf**. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing State systems. The State reserves the right to terminate Contractor's and/or subcontractor(s) or any Contractor Personnel's access to State systems if the State determines a violation has occurred.

5 Protection of the State's Information. Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will:

5.1 If Hosted Services are provided by a Hosting Provider, ensure each Hosting Provider maintains FedRAMP authorization for all Hosted Services environments throughout the Term, and in the event a Hosting Provider is unable to maintain FedRAMP authorization, the State, at its sole discretion, may either a) require the Contractor to move the Software and State Data to an alternative Hosting Provider selected and approved by the State at Contractor's sole cost and expense without any increase in Fees, or b) immediately terminate this Contract for cause pursuant to **Section 15.1** of the Contract;

5.2 for Hosted Services provided by the Contractor, maintain either a FedRAMP authorization or an annual SSAE SOC 2 Type II audit based on State required NIST Special Publication 800-53 MOD Controls using identified controls and minimum values as established in applicable State PSPs;

5.3 ensure that the Software and State Data is securely hosted, supported, administered, accessed, and backed up in a data center(s) that resides in the continental United States, and minimally meets Uptime Institute Tier 3 standards (www.uptimeinstitute.com), or its equivalent;

5.4 maintain and enforce an information security program including safety and physical and technical security policies and procedures with respect to its Processing of the State Data that complies with the requirements of the State's data security policies as set forth in this Contract, and must, at a minimum, remain compliant with FISMA and NIST Special Publication 800-53 MOD Controls using identified controls and minimum values as established in applicable State PSPs;

5.5 provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, encryption, transfer, commingling or processing of such information that ensure a level of security appropriate to the risks presented by the processing of State Data and the nature of such State Data, consistent with best industry practice and applicable standards (including, but not limited to, compliance with FISMA, NIST, CMS, IRS, FBI, SSA, HIPAA, FERPA and PCI requirements as applicable);

5.6 take all reasonable measures to:

(a) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Services against "hackers" and others who may seek, without authorization, to disrupt, damage, modify, access or otherwise use Contractor Systems or the information found therein; and

(b) prevent (i) the State and its Authorized Users from having access to the data of other customers or such other customer's users of the Services; (ii) State Data from being commingled with or contaminated by the data of other customers or their users of the Services; and (iii) unauthorized access to any of the State Data;

5.7 ensure that State Data is encrypted in transit and at rest using FIPS validated AES encryption modules and a key size of 256 bits or higher;

5.8 ensure the Hosted Services support Identity Federation/Single Sign-on (SSO) capabilities using Security Assertion Markup Language (SAML), Open Authentication (OAuth) or comparable State approved mechanisms;

5.9 ensure the Hosted Services implements NIST compliant multi-factor authentication for privileged/administrative and other identified access.

6 Security Accreditation Process. Throughout the Term, Contractor will assist the State, at no additional cost, with its **Security Accreditation Process**, which includes the development, completion and on-going maintenance of a system security plan (SSP) using the State's automated governance, risk and compliance (GRC) platform, which requires Contractor to submit evidence, upon request from the State, in order to validate Contractor's security controls within two weeks of the State's request. On an annual basis, or as otherwise required by the State such as for significant changes, re-assessment of the system's controls will be required to receive and maintain authority to operate (ATO). All identified risks from the SSP will be remediated through a Plan of Action and Milestones (POAM) process with remediation time frames based on the risk level of the identified risk. For all findings associated with the Contractor's solution, at no additional cost, Contractor will be required to create or assist with the creation of State approved POAMs and perform related remediation activities. The State will make any decisions on acceptable risk, Contractor may request risk acceptance, supported by compensating controls, however only the State may formally accept risk. Failure to comply with this section will be deemed a material breach of the Contract.

7 Unauthorized Access. Contractor may not access, and shall not permit any access to, State systems, in whole or in part, whether through the Hosted Services or otherwise, without the State's express prior written authorization. Such authorization may be revoked by the State in writing at any time in its sole discretion. Any access to State systems must be solely in accordance with the Contract and this Schedule, and in no case exceed the scope of the State's authorization pursuant to this Section. All State-authorized connectivity or attempted connectivity to State systems shall be only through the State's security gateways and firewalls and in compliance with the State's security policies set forth in the Contract as the same may be supplemented or amended by the State and provided to Contractor from time to time.

8 Security Audits.

8.1 During the Term, Contractor will maintain complete and accurate records of its data protection practices, IT security controls, and the security logs relating to State Data, including but not limited to any backup, disaster recovery or other policies, practices or procedures relating to the State Data and any other information relevant to its compliance with this Contract.

8.2 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 Services and from time to time during the term of this Contract. 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. If the State chooses to perform an on-site audit, Contractor will, make all such records, appropriate personnel and relevant materials available during normal business hours for inspection and audit by the State or an independent data security expert that is reasonably acceptable to Contractor, provided that the State: (i) gives Contractor at least five (5) Business Days prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for good cause shown; and (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract. The State may, but is not obligated to, perform such security audits, which shall, at the State's option and request, include penetration and security tests, of any and all Hosted Services and their housing facilities and operating environments.

8.3 During the Term, Contractor will, when requested by the State, provide a copy of Contractor's or Hosting Provider's FedRAMP System Security Plan(s) or SOC 2 Type 2 report(s) to the State within two weeks of the State's request. The System Security Plan and SSAE audit reports will be recognized as Contractor's Confidential Information.

8.4 With respect to State Data, Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.

8.5 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 8**.

9 Application Scanning. During the Term, Contractor must, at its sole cost and expense, scan all Contractor provided applications, and must analyze, remediate and validate all vulnerabilities identified by the scans as required by the State Secure Web Application and other applicable PSPs.

Contractor's application scanning and remediation must include each of the following types of scans and activities:

9.1 Dynamic Application Security Testing (DAST) – Scanning interactive application for vulnerabilities, analysis, remediation, and validation (may include Interactive Application Security Testing (IAST).

(a) Contractor must either a) grant the State the right to dynamically scan a deployed version of the Software; or b) in lieu of the State performing the scan, Contractor must dynamically scan a deployed version of the Software using a State approved application scanning tool and provide the State a vulnerabilities assessment after Contractor has completed such scan. These scans and assessments i) must be completed and provided to the State quarterly (dates to be provided by the State) and for each major release; and ii) scans must be completed in a non-production environment with verifiable matching source code and supporting infrastructure configurations or the actual production environment.

9.2 Static Application Security Testing (SAST) - Scanning Source Code for vulnerabilities, analysis, remediation, and validation.

(a) For Contractor provided applications, Contractor, at its sole expense, must provide resources to complete static application source code scanning, including the analysis, remediation and validation of vulnerabilities identified by application Source Code scans. These scans must be completed for all Source Code initially, for all updated Source Code, and for all Source Code for each major release and Contractor must provide the State a vulnerability assessment after Contractor has completed the required scans.

9.3 Software Composition Analysis (SCA) – Third Party and/or Open Source Scanning for vulnerabilities, analysis, remediation, and validation.

(a) For Software that includes third party and open source software, all included third party and open source software must be documented and the source supplier must be monitored by the Contractor for notification of identified vulnerabilities and remediation. SCA scans may be included as part of SAST and DAST scanning or employ the use of an SCA tool to meet the scanning requirements. These scans must be completed for all third party and open source software initially, for all updated third party and open source software, and for all third party and open source software in each major release and Contractor must provide the State a vulnerability assessment after Contractor has completed the required scans if not provided as part of SAST and/or DAST reporting.

9.4 In addition, application scanning and remediation may include the following types of scans and activities if required by regulatory or industry requirements, data classification or otherwise identified by the State.

(a) If provided as part of the solution, all native mobile application software must meet these scanning requirements including any interaction with an application programing interface (API).

(b) Penetration Testing – Simulated attack on the application and infrastructure to identify security weaknesses.

10 Infrastructure Scanning.

10.1 For Hosted Services, Contractor must ensure the infrastructure and applications are scanned using an approved scanning tool (Qualys, Tenable, or other PCI Approved Vulnerability Scanning Tool) at least monthly and provide the scan's assessments to the State in a format that is specified by the State and used to track the remediation. Contractor will ensure the remediation of issues identified in the scan according to the remediation time requirements documented in the State's PSPs.

11 Nonexclusive Remedy for Security Breach.

11.1 Any failure of the Services to meet the requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices or procedures, is a material breach of the Contract for which the State, at its option, may terminate the Contract immediately upon written notice to Contractor without any notice or cure period, and Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination.